

**AIDS RESOURCE CENTER OF WISCONSIN, INC.
AND AFFILIATES**

Milwaukee, Wisconsin

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended August 31, 2018 and 2017

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
AIDS Resource Center of Wisconsin, Inc. and Affiliates
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AIDS Resource Center of Wisconsin, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated statements of activities, cash flows and functional expenses 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.

Auditors' 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 consolidated financial position of the Organization as of August 31, 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.

Prior Period Financial Statements

The consolidated financial statements of the Organization as of August 31, 2017, were audited by other auditors whose report dated December 5, 2017, expressed an unmodified opinion on those statements.

Other Matters

Other 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 and state awards, schedule of functional revenue and expenses - Milwaukee County, schedule of functional revenue and expenses - State of Wisconsin, schedule of functional revenue and expenses - City of Milwaukee, schedule of revenue and expenses by funding source and by contract - Dane County, and Settlement of DHS Cost Reimbursement Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, are presented for purposes of additional analysis and are 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 6, 2018

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of August 31, 2018 and 2017

| ASSETS | | |
|---|----------------------|----------------------|
| | <u>2018</u> | <u>2017</u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 14,080,231 | \$ 12,176,922 |
| Contributions receivable, net | 796,737 | 811,910 |
| Accounts and grants receivable, net | 7,241,810 | 7,561,749 |
| Inventory | 2,099,923 | 1,594,272 |
| Prepaid expenses | 342,011 | 379,071 |
| Total Current Assets | <u>24,560,712</u> | <u>22,523,924</u> |
| PROPERTY AND EQUIPMENT, NET | <u>4,367,915</u> | <u>4,429,784</u> |
| OTHER ASSETS | | |
| Contributions receivable, net current portion | 27,660 | 80,160 |
| Deposits | 4,295 | 5,826 |
| HUD restricted escrow | 33,859 | 54,049 |
| Investments | 7,225,911 | 894,456 |
| Total Other Assets | <u>7,291,725</u> | <u>1,034,491</u> |
| TOTAL ASSETS | <u>\$ 36,220,352</u> | <u>\$ 27,988,199</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,764,152 | \$ 1,612,262 |
| Accrued expenses | 1,102,128 | 1,277,322 |
| Other current liabilities | 987 | 1,154 |
| Total Current Liabilities | <u>2,867,267</u> | <u>2,890,738</u> |
| LONG-TERM LIABILITIES | | |
| Deferred compensation obligation | 76,458 | 42,269 |
| Capital advance | 680,090 | 680,090 |
| Total Long-Term Liabilities | <u>756,548</u> | <u>722,359</u> |
| Total Liabilities | <u>3,623,815</u> | <u>3,613,097</u> |
| NET ASSETS | | |
| Unrestricted | | |
| Undesignated | 17,101,512 | 11,194,450 |
| Board designated | 10,312,500 | 8,500,000 |
| Property and equipment less related debt | 3,687,825 | 3,749,694 |
| Total Unrestricted Net Assets | <u>31,101,837</u> | <u>23,444,144</u> |
| Temporarily restricted | 978,551 | 414,809 |
| Permanently restricted | 516,149 | 516,149 |
| Total Net Assets | <u>32,596,537</u> | <u>24,375,102</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 36,220,352</u> | <u>\$ 27,988,199</u> |

See accompanying notes to consolidated financial statements.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES For the Years Ended August 31, 2018 and 2017

| | 2018 | | | | 2017 | | | |
|--|----------------------|------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| REVENUE | | | | | | | | |
| Government grants | \$ 13,055,841 | \$ - | \$ - | \$ 13,055,841 | \$ 11,242,923 | \$ - | \$ - | \$ 11,242,923 |
| Grants and public support | 1,137,550 | 744,237 | - | 1,881,787 | 1,610,751 | 290,448 | - | 1,901,199 |
| Special events | | | | | | | | |
| Special events revenue | 970,008 | - | - | 970,008 | 880,913 | - | - | 880,913 |
| Special events expense | (581,555) | - | - | (581,555) | (883,183) | - | - | (883,183) |
| Contractual partnerships | 338,157 | - | - | 338,157 | 292,667 | - | - | 292,667 |
| Reimbursement for services and pharmacy | 84,401,414 | - | - | 84,401,414 | 65,314,776 | - | - | 65,314,776 |
| Other income | 150,721 | 70,569 | - | 221,290 | 136,977 | 61,716 | - | 198,693 |
| Net assets released from restriction | 251,064 | (251,064) | - | - | 691,662 | (691,662) | - | - |
| Total Revenue | <u>99,723,200</u> | <u>563,742</u> | <u>-</u> | <u>100,286,942</u> | <u>79,287,486</u> | <u>(339,498)</u> | <u>-</u> | <u>78,947,988</u> |
| EXPENSES | | | | | | | | |
| Clinical and program services | | | | | | | | |
| Medical center | 9,419,642 | - | - | 9,419,642 | 8,271,308 | - | - | 8,271,308 |
| Pharmacy | 66,737,354 | - | - | 66,737,354 | 52,535,944 | - | - | 52,535,944 |
| Social services and other | 8,349,784 | - | - | 8,349,784 | 6,568,987 | - | - | 6,568,987 |
| Prevention services | 4,510,835 | - | - | 4,510,835 | 3,903,279 | - | - | 3,903,279 |
| Management and supporting services | 2,233,051 | - | - | 2,233,051 | 1,781,195 | - | - | 1,781,195 |
| Fund development | 814,841 | - | - | 814,841 | 683,313 | - | - | 683,313 |
| Total Expenses | <u>92,065,507</u> | <u>-</u> | <u>-</u> | <u>92,065,507</u> | <u>73,744,026</u> | <u>-</u> | <u>-</u> | <u>73,744,026</u> |
| Change in net assets related to operations | 7,657,693 | 563,742 | - | 8,221,435 | 5,543,460 | (339,498) | - | 5,203,962 |
| Other change in net assets | | | | | | | | |
| Contributions recognized on acquisition of | | | | | | | | |
| Rocky Mountain CARES | - | - | - | - | 918,655 | - | - | 918,655 |
| CARES Pharmacy, LLC | - | - | - | - | 1,414,262 | - | - | 1,414,262 |
| Total other change in net assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,332,917</u> | <u>-</u> | <u>-</u> | <u>2,332,917</u> |
| CHANGE IN NET ASSETS | <u>7,657,693</u> | <u>563,742</u> | <u>-</u> | <u>8,221,435</u> | <u>7,876,377</u> | <u>(339,498)</u> | <u>-</u> | <u>7,536,879</u> |
| NET ASSETS - Beginning of Year | <u>23,444,144</u> | <u>414,809</u> | <u>516,149</u> | <u>24,375,102</u> | <u>15,567,767</u> | <u>754,307</u> | <u>516,149</u> | <u>16,838,223</u> |
| NET ASSETS - END OF YEAR | <u>\$ 31,101,837</u> | <u>\$ 978,551</u> | <u>\$ 516,149</u> | <u>\$ 32,596,537</u> | <u>\$ 23,444,144</u> | <u>\$ 414,809</u> | <u>\$ 516,149</u> | <u>\$ 24,375,102</u> |

See accompanying notes to consolidated financial statements.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS For the Years Ended August 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 8,221,435 | \$ 7,536,879 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Depreciation | 898,917 | 867,892 |
| Provision for uncollectible contributions | - | 8,928 |
| Discounts to net present value of contributions receivable | - | (2,254) |
| Gain on disposal of property and equipment | (300) | (1,669) |
| Deferred compensation | 34,189 | 23,354 |
| Noncash contribution recognized on acquisition of Rocky Mountain CARES and CARES Pharmacy, LLC (Note 3) | - | (1,110,368) |
| Net unrealized gain on investments | (23,753) | - |
| Changes in operating assets and liabilities | | |
| Contributions receivable | 67,673 | 262,863 |
| Accounts and grants receivable | 319,939 | (1,756,246) |
| Inventories | (505,651) | 36,841 |
| Prepaid expenses | 37,060 | (141,221) |
| Change in deposits and HUD restricted escrow | 21,721 | 1,145 |
| Accounts payable | 80,973 | 668,681 |
| Accrued expenses | (175,194) | 317,915 |
| Other current liabilities | (167) | (588,564) |
| Net Cash Flows from Operating Activities | <u>8,976,842</u> | <u>6,124,176</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (766,131) | (511,423) |
| Proceeds from disposal of property and equipment | 300 | 4,269 |
| Purchase of investments | <u>(6,307,702)</u> | <u>(132,804)</u> |
| Net Cash Flows from Investing Activities | <u>(7,073,533)</u> | <u>(639,958)</u> |
| Net Change in Cash and Cash Equivalents | 1,903,309 | 5,484,218 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>12,176,922</u> | <u>6,692,704</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 14,080,231</u> | <u>\$ 12,176,922</u> |
| Noncash investing and financing activities | | |
| Purchase of property and equipment financed with accounts payable | <u>\$ 70,917</u> | <u>\$ -</u> |

See accompanying notes to consolidated financial statements.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2018

| | Medical Center | Pharmacy | Social Services and Other | Prevention Services | Total Clinical and Program Services | Management and Supporting Services | Fundraising | Total |
|---------------------------------------|----------------|---------------|------------------------------|------------------------|---|--|-------------|---------------|
| Salaries and wages | \$ 4,301,370 | \$ 1,834,513 | \$ 3,650,510 | \$ 1,421,665 | \$ 11,208,058 | \$ 2,941,170 | \$ 456,744 | \$ 14,605,972 |
| Payroll taxes | 305,283 | 130,803 | 269,597 | 107,961 | 813,644 | 171,011 | 31,275 | 1,015,930 |
| Employee benefits | 742,839 | 316,018 | 825,716 | 315,635 | 2,200,208 | 561,334 | 43,878 | 2,805,420 |
| Total personnel expenses | 5,349,492 | 2,281,334 | 4,745,823 | 1,845,261 | 14,221,910 | 3,673,515 | 531,897 | 18,427,322 |
| Pharmacy cost of sales | - | 60,923,141 | - | - | 60,923,141 | - | - | 60,923,141 |
| Contracted program services | 1,006,372 | - | 69,029 | 337,644 | 1,413,045 | - | - | 1,413,045 |
| Client and patient assistance | 82,757 | - | 1,293,090 | 4,320 | 1,380,167 | - | - | 1,380,167 |
| Program materials | 122,155 | 2,821 | 38,831 | 1,571,443 | 1,735,250 | 2,726 | - | 1,737,976 |
| Patient medications and laboratory | 1,021,839 | - | - | - | 1,021,839 | - | - | 1,021,839 |
| Employee travel and education | 141,981 | 29,721 | 105,433 | 89,031 | 366,166 | 96,430 | 12,344 | 474,940 |
| Office and insurance | 58,663 | 335,146 | 85,960 | 42,108 | 521,877 | 565,699 | 37,772 | 1,125,348 |
| Professional services | 306,232 | 32,933 | 40,102 | 1,052 | 380,319 | 867,671 | 38,064 | 1,286,054 |
| Repairs and maintenance | 15,191 | 48,936 | 27,628 | 1,400 | 93,155 | 538,372 | 858 | 632,385 |
| Occupancy | 177,946 | 104,180 | 747,147 | 177,946 | 1,207,219 | 36,165 | 22,243 | 1,265,627 |
| Depreciation | 261,769 | 51,836 | 379,483 | 139,318 | 832,406 | 66,511 | - | 898,917 |
| Information technology | 22,136 | 85,556 | 105,479 | 29,319 | 242,490 | 398,526 | 38,632 | 679,648 |
| Other expenses | 35,987 | 210,581 | 18,436 | 2,528 | 267,532 | 485,302 | 46,264 | 799,098 |
| Total direct functional expenses | 8,602,520 | 64,106,185 | 7,656,441 | 4,241,370 | 84,606,516 | 6,730,917 | 728,074 | 92,065,507 |
| ARCW department allocations | 817,122 | - | 693,343 | 269,465 | 1,779,930 | (1,866,697) | 86,767 | - |
| Allocation to ARCW Pharmacy, LLC | - | 2,269,089 | - | - | 2,269,089 | (2,269,089) | - | - |
| Allocation to CARES Pharmacy, LLC | - | 362,080 | - | - | 362,080 | (362,080) | - | - |
| Total Expenses | \$ 9,419,642 | \$ 66,737,354 | \$ 8,349,784 | \$ 4,510,835 | \$ 89,017,615 | \$ 2,233,051 | \$ 814,841 | \$ 92,065,507 |

See accompanying notes to consolidated financial statements.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2017

| | Medical Center | Pharmacy | Social Services and Other | Prevention Services | Total Clinical and Program Services | Management and Supporting Services | Fundraising | Total |
|---------------------------------------|----------------|---------------|------------------------------|------------------------|---|--|-------------|---------------|
| Salaries and wages | \$ 3,811,283 | \$ 1,713,463 | \$ 2,842,921 | \$ 1,261,118 | \$ 9,628,785 | \$ 2,415,255 | \$ 368,698 | \$ 12,412,738 |
| Payroll taxes | 266,007 | 109,148 | 204,370 | 94,505 | 674,030 | 137,427 | 21,931 | 833,388 |
| Employee benefits | 799,619 | 256,538 | 687,534 | 368,184 | 2,111,875 | 413,035 | 33,592 | 2,558,502 |
| Total personnel expenses | 4,876,909 | 2,079,149 | 3,734,825 | 1,723,807 | 12,414,690 | 2,965,717 | 424,221 | 15,804,628 |
| Pharmacy cost of sales | - | 47,135,728 | - | - | 47,135,728 | - | - | 47,135,728 |
| Contracted program services | 947,188 | - | 73,531 | 123,981 | 1,144,700 | - | - | 1,144,700 |
| Client and patient assistance | 99,881 | - | 1,071,446 | 3,960 | 1,175,287 | 85 | - | 1,175,372 |
| Program materials | 142,487 | 22,608 | 38,435 | 1,357,386 | 1,560,916 | 1,315 | - | 1,562,231 |
| Patient medications and laboratory | 802,034 | - | - | - | 802,034 | - | - | 802,034 |
| Employee travel and education | 138,053 | 28,051 | 96,904 | 107,309 | 370,317 | 106,367 | 13,704 | 490,388 |
| Office and insurance | 31,787 | 285,982 | 95,119 | 35,529 | 448,417 | 485,123 | 38,179 | 971,719 |
| Professional services | 224,443 | 57,398 | 12,244 | 4,000 | 298,085 | 629,942 | 43,184 | 971,211 |
| Repairs and maintenance | 9,298 | 28,872 | 14,887 | 6,353 | 59,410 | 348,413 | 696 | 408,519 |
| Occupancy | 152,698 | 76,477 | 610,475 | 152,699 | 992,349 | 76,349 | 19,087 | 1,087,785 |
| Depreciation | 236,356 | 23,095 | 331,336 | 138,551 | 729,338 | 114,103 | 24,451 | 867,892 |
| Information technology | 17,693 | 164,373 | 66,723 | 5,064 | 253,853 | 321,063 | 31,341 | 606,257 |
| Other expenses | 50,105 | 249,554 | 18,491 | 65,173 | 383,323 | 296,258 | 35,981 | 715,562 |
| Total direct functional expenses | 7,728,932 | 50,151,287 | 6,164,416 | 3,723,812 | 67,768,447 | 5,344,735 | 630,844 | 73,744,026 |
| ARCW department allocations | 542,376 | - | 404,571 | 179,467 | 1,126,414 | (1,178,883) | 52,469 | - |
| Allocation to ARCW Pharmacy, LLC | - | 2,258,944 | - | - | 2,258,944 | (2,258,944) | - | - |
| Allocation to CARES Pharmacy, LLC | - | 125,713 | - | - | 125,713 | (125,713) | - | - |
| Total Expenses | \$ 8,271,308 | \$ 52,535,944 | \$ 6,568,987 | \$ 3,903,279 | \$ 71,279,518 | \$ 1,781,195 | \$ 683,313 | \$ 73,744,026 |

See accompanying notes to consolidated financial statements.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 1 - Organization, Nature of Activities and Basis of Consolidation

The AIDS Resource Center of Wisconsin, Inc. and Affiliates (the "Organization") is a provider of HIV health care, social services and prevention services in the States of Wisconsin and Colorado. The ARCW Medical Center has been designated by the Centers for Medicare and Medicaid as the nation's only HIV Medical Home with integrated medical, dental, mental health, pharmacy and social services for all people with HIV disease. The Organization operates throughout Wisconsin with locations in Appleton, Beloit, Eau Claire, Green Bay, La Crosse, Kenosha, Madison, Milwaukee, Schofield/Wausau and Superior. In 2017, the Organization expanded operations to Denver, Colorado.

The consolidated financial statements include the accounts of AIDS Resource Center of Wisconsin, Inc. ("ARCW") and the following entities: Milwaukee AIDS Housing Corporation, Inc. ("MAHC"), ARCW Pharmacy, LLC ("ARCW Pharmacy"), CARES Pharmacy, LLC ("CARES Pharmacy"), and ARCW Endowment Fund, Inc (the "Endowment"). MAHC is registered under Section 811 of the National Affordable Housing Act of 1990. The two pharmacies were created exclusively for HIV patients as limited liability companies and are solely owned by ARCW. ARCW is the sole corporate member of MAHC and the Endowment. All significant intercompany transactions and accounts are eliminated.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization is required to report information regarding its net assets and its activities on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported in the following three classes:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net Assets subject to donor-imposed stipulations that may or will be met by actions of the Organization or passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States 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.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 2 - Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

The Organization invests in various investment securities, which 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 changes could materially affect the amounts reported in these consolidated financial statements.

Tax-Exempt Status

ARCW, MAHC, and the Endowment are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, ARCW, MAHC, and the Endowment qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under section 509(a)(2). ARCW, MAHC, and the Endowment are also exempt from Wisconsin income taxes.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, cash and cash equivalents including short-term investments include all highly liquid debt instruments with original maturities of three months or less. Certificates of deposit with remaining maturities less than one year, if any, are classified as cash and cash equivalents.

Concentration of Credit Risk

The Organization maintains cash accounts, various certificates of deposit and money market accounts at a financial institution. Deposits with the financial institutions are insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 per official custodian. The Organization's cash deposits, certificates of deposit and money market balances may exceed these federally insured limits at times during the year. The Organization has not experienced any losses on these accounts and management believes the Organization is not exposed to any significant credit risk.

Contributions Receivable

Contributions made to the Organization are recorded in the year the unconditional promise is made. Any contributions that are expected to be collected after one year are discounted and are reflected in the consolidated financial statements at their net present value. The allowance for uncollectible contributions is based on previous experiences, adjusted for current conditions.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 2 - Summary of Significant Accounting Policies (continued)

Accounts and Grants Receivable

Accounts and grants receivable consist of reimbursement for medical, dental, mental health and medical home services provided by the ARCW Medical Center as well as case management services. The Organization has agreements with third-party payors that provide for reimbursement at amounts which vary from its established rates. Revenue for services to patients covered under the Medicare and Medicaid programs is reimbursed based on rates established by the federal and state governments, respectively. In addition, accounts and grants receivable include reimbursement for pharmacy services and pharmaceuticals. Accounts and grants receivable are recorded net of contractual allowances, patient subsidies, and estimated uncollectible amounts. Management of the Organization reviews the collectibility of accounts and grants receivable on an ongoing basis based on previous experience and the current status of the receivables. Accounts and grants receivable are written off against the allowance when deemed uncollectible.

Inventory

Inventory is comprised of pharmaceuticals held at the ARCW Pharmacy and CARES Pharmacy. Inventory is valued at the lower of cost, determined using the average cost method, or market.

Property and Equipment

Property and equipment is recorded at cost if purchased and at fair value at date of the gift if donated. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life of the asset. All acquisitions of equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. To date, there have been no such losses.

Investments

The Organization has engaged professional investment advisors to manage its portfolio. The Organization's investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value. The Board of Directors has provided the firm with guidelines consistent with a socially responsible prudent investment policy and the conservative nature of the Organization. Gains and losses that result from market fluctuations are recorded in the period in which the fluctuation occurs.

Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation).

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 2 - Summary of Significant Accounting Policies (continued)

Fiscal Agent

The Organization acts as a fiscal agent for the Latino Health Council. The Organization coordinates the financial activities on behalf of the Latino Health Council through receipt and disbursement of funds. Cash receipts in excess of disbursements are reflected in accounts payable in the consolidated statements of financial position.

Revenue Recognition

Funds due from government grants are recognized as revenue in the accounting period in which the revenue is earned. Unconditional contributions, including promises receivable, are recognized in the period received and are considered available for the Organization's general programs unless specifically restricted by the donor. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or are designated for future periods. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and as an increase unrestricted net assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Certain clinical and program services are billed to third-party payors, including insurance companies, managed care plans, and governmental payors. Reimbursements for services are recognized when the services are delivered. Revenue is recorded net of estimated differences between charges and amounts expected to be collected from third-party payors.

Advertising Costs

The Organization uses advertising to promote its programs and special events and for recruiting employees. The costs of communicating advertisements are expensed as the items or services are received. Advertising costs for special events were \$45,372 and \$82,927 for the years ended August 31, 2018 and 2017 and are included in special events expenses. Advertising costs for programming were \$56,408 and \$31,377 and for recruiting were \$10,739 and \$26,740 for the years ended August 31, 2018 and 2017, respectively.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Measure of Operations

The consolidated statements of activities include change in net assets related to operations that represents the results of operations. Other activities which are excluded from change in net assets related to operations include contributions recognized from acquisitions.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 2 - Summary of Significant Accounting Policies (continued)

Reclassification

For comparability, certain 2017 amounts have been reclassified to conform with classifications adopted in 2018. The reclassifications had no effect on the reported amounts of net assets or change in net assets.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). ASU 2016-14 is intended to simplify and improve current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, expense classifications and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 (2019). Management is currently evaluating the impact of ASU No. 2016-14 on the Organization's consolidated financial statements.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Amendments defer the effective date of ASU No. 2014-09, clarify the implementation guidance on principal versus agent considerations, and clarify the identification of performance obligations and the licensing implementation guidance. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2018 (2020). The Organization may elect to apply the guidance early. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that Topic 606 (as amended) will have on its consolidated financial statements.

During June 2018, FASB issued 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"). The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received during fiscal years beginning after December 15, 2018 (2020) and contributions made during fiscal years beginning after December 15, 2019 (2021). The Organization is currently assessing the impact that ASU 2018-08 will have on its consolidated financial statements.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU No. 2016-18"). This standard will require cash flow statements to explain the change during a reporting period of the totals for cash, cash equivalents, restricted cash, and restricted cash equivalents. Amounts reported as restricted cash should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The update also includes a requirement that the footnotes to the financial statements explain the nature of the restrictions. The Organization will be required to apply the standard for fiscal years beginning after December 15, 2018 (2020). Early adoption will be permitted and the standard should be applied retrospectively upon adoption. Management is currently evaluating the impact of ASU 2016-18 on the Organization's consolidated financial statements.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 2 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In February 2016, FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02") that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. The Organization will be required to apply the standard for fiscal years and reporting periods beginning after December 15, 2019 (2021). Early adoption is permitted. Management is currently evaluating the impact of ASU No. 2016-02 on the Organization's consolidated financial statements.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 6, 2018, the date on which the consolidated financial statements were available to be issued (see Note 23).

NOTE 3 - Merger of Rocky Mountain Cares Network, Inc. and Cares Pharmacy, LLC

On January 31, 2017, ARCW merged operations with Rocky Mountain CARES Network, Inc. (an unrelated non-profit organization) and CARES Pharmacy (an unrelated for-profit organization) to expand operations of the Organization into a new market. Under terms of the transaction, no consideration was transferred to either organization and Rocky Mountain CARES Network, Inc. was dissolved and included in the operations of ARCW. CARES Pharmacy remains a separate entity wholly owned by ARCW. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as acquisitions recognizing the underlying assets and liabilities acquired at fair value resulting in contributions of \$918,655 for Rocky Mountain CARES Network, Inc. and \$1,414,262 for CARES Pharmacy recognized in the statement of activities.

The valuation of net assets acquired at January 31, 2017 for Rocky Mountain CARES Network, Inc. was as follows:

| | | |
|---|----|-----------------|
| Cash | \$ | 840,660 |
| Accounts and grants receivable | | 89,456 |
| Accrued expenses | | <u>(11,461)</u> |
| Contributions recognized on acquisition of Rocky Mountain Cares Network, Inc. | \$ | <u>918,655</u> |

The valuation of net assets acquired at January 31, 2017 for CARES Pharmacy was as follows:

| | | |
|---|----|------------------|
| Cash | \$ | 381,889 |
| Accounts and grants receivable | | 794,828 |
| Inventory | | 334,276 |
| Property and equipment | | 2,180 |
| Accounts payable | | (96,601) |
| Accrued expenses | | <u>(2,310)</u> |
| Contributions recognized on acquisition of CARES Pharmacy | \$ | <u>1,414,262</u> |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 4 - Fair Value Measurements

The Organization follows authoritative accounting guidance which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. These standards apply to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in these standards, 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. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data.

Money market fund and certificates of deposit: Valued at the closing price as reported by the funds and institutions issuing the certificates of deposit. These funds and certificates of deposit are not traded on a regular basis and therefore are classified as level 2 investments.

Bond and equity mutual funds: Valued at the daily closing price as reported by the funds. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are actively traded and are recorded at fair value based on quoted prices and are classified as level 1 investments.

Real estate: Investment represents a timeshare in certain property and is valued at the estimated fair market value and classified as level 3 investment.

The preceding valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 4 - Fair Value Measurements (continued)

The following tables provide by level, within the fair value hierarchy, the Organization's investment assets as of August 31:

| August 31, 2018 | | | | |
|-------------------------|---------------------|---------------------|-----------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| Money market fund | \$ - | \$ 52,936 | \$ - | \$ 52,936 |
| Certificates of deposit | - | 6,164,811 | - | 6,164,811 |
| Bond mutual funds | 155,385 | - | - | 155,385 |
| Equity mutual funds | 844,779 | - | - | 844,779 |
| Real estate | - | - | 8,000 | 8,000 |
| Total investments | <u>\$ 1,000,164</u> | <u>\$ 6,217,747</u> | <u>\$ 8,000</u> | <u>\$ 7,225,911</u> |

| August 30, 2017 | | | | |
|---------------------|-------------------|------------------|-----------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| Money market fund | \$ - | \$ 20,462 | \$ - | \$ 20,462 |
| Bond mutual funds | 141,114 | - | - | 141,114 |
| Equity mutual funds | 724,880 | - | - | 724,880 |
| Real estate | - | - | 8,000 | 8,000 |
| Total investments | <u>\$ 865,994</u> | <u>\$ 20,462</u> | <u>\$ 8,000</u> | <u>\$ 894,456</u> |

NOTE 5 - Investments

Investments at August 31 are as follows:

| | 2018 | 2017 |
|--|---------------------|-------------------|
| Endowment investments | \$ 675,614 | \$ 603,005 |
| Investments held for non-qualified deferred compensation | 182,527 | 132,099 |
| Other investments | 6,367,770 | 159,352 |
| Total | <u>\$ 7,225,911</u> | <u>\$ 894,456</u> |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 6 - Contributions Receivable

Contributions receivable at August 31 are as follows:

| | 2018 | 2017 |
|---|------------------|------------------|
| Less than one year | \$ 829,764 | \$ 844,937 |
| One to five years | <u>30,000</u> | <u>82,500</u> |
| | 859,764 | 927,437 |
| Less: Allowance for uncollectible contributions | (33,027) | (33,027) |
| Less discount to present value | <u>(2,340)</u> | <u>(2,340)</u> |
| Total contributions receivable, net | 824,397 | 892,070 |
| Contributions receivable, current portion | <u>796,737</u> | <u>811,910</u> |
| Contributions receivable, long-term portion | <u>\$ 27,660</u> | <u>\$ 80,160</u> |

Contributions receivable to be collected in excess of one year are discounted using a rate of 1.3% as of August 31, 2018 and 2017.

NOTE 7 - Accounts and Grants Receivable

Accounts and grants receivable consists of the following as of August 31:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Government grants receivable | \$ 2,425,455 | \$ 2,926,686 |
| Patient receivables | 132,895 | 145,553 |
| Insurance receivables | 4,660,668 | 4,431,635 |
| 340b and other receivables | <u>521,112</u> | <u>476,260</u> |
| Total | 7,740,130 | 7,980,134 |
| Less: Allowance and related adjustments | <u>(498,320)</u> | <u>(418,385)</u> |
| Net Accounts and Grants Receivable | <u>\$ 7,241,810</u> | <u>\$ 7,561,749</u> |

NOTE 8 - Restrictions on Cash

MAHC maintains a separate, restricted cash account as required by U.S. Department of Housing and Urban Development ("HUD"). Monthly deposits are made as required by HUD for the reserve for replacement and is maintained in an interest bearing account separate from the operating account of MAHC. Disbursements are restricted to replacement of structural elements or equipment and may be made only upon approval by HUD. Upon satisfaction of the mortgage note related to the capital advance (see Note 12), the balance in this fund reverts to the benefit of MAHC. At August 31, 2018 and 2017 the reserve for replacement of MAHC included within restricted cash on the consolidated statements of financial position was \$33,859 and \$54,049, respectively.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2018 and 2017

NOTE 9 - Property and Equipment

Property and equipment consists of the following at August 31:

| | 2018 | 2017 |
|---------------------------------|---------------------|---------------------|
| Land | \$ 200 | \$ 200 |
| Garden View Apartments | 730,071 | 766,732 |
| Leasehold improvements | 5,743,999 | 5,557,745 |
| Furniture and fixtures | 1,129,964 | 1,205,042 |
| Office equipment and technology | 1,510,336 | 1,648,517 |
| Motor vehicles | 82,351 | 94,256 |
| Health care equipment | 637,029 | 688,262 |
| Leased office equipment | 105,136 | 148,125 |
| Construction in progress | 288,814 | - |
| Total | 10,227,900 | 10,108,879 |
| Less: Accumulated depreciation | (5,859,985) | (5,679,095) |
| Net Property and Equipment | <u>\$ 4,367,915</u> | <u>\$ 4,429,784</u> |

NOTE 10 - Operating Leases

The Organization has several non-cancelable operating leases for the rental of buildings in Beloit, Eau Claire, Green Bay, Kenosha, La Crosse, Wausau, Madison, and Milwaukee, Wisconsin and Denver, Colorado with expirations at various dates through 2029.

Future minimum lease payments under operating leases are as follows:

| <u>Year Ended August 31,</u> | |
|------------------------------|---------------------|
| 2019 | \$ 1,192,249 |
| 2020 | 1,025,391 |
| 2021 | 924,952 |
| 2022 | 859,626 |
| 2023 | 801,979 |
| Thereafter | 2,509,803 |
| | <u>\$ 7,314,000</u> |

Total rent and related occupancy expenses was \$1,007,921 and \$1,049,165 for the years ended August 31, 2018 and 2017, respectively.

NOTE 11 - Line of Credit

The Organization has a \$4,800,000 line of credit with a bank. The line of credit has an interest rate of one month LIBOR plus 1.30% (3.38% as of August 31, 2018) and matures on March 28, 2021. The line of credit is secured by the assets of the Organization. The line of credit had no outstanding balances at August 31, 2018 and 2017.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 12 - Capital Advance

HUD advanced MAHC funds that were used in the construction of MAHC's Garden View Apartments to house people with HIV and AIDS. HUD will not require repayment of these funds provided MAHC continues to provide housing for low income persons with disabilities, as defined in Section 811 of the National Affordable Housing Act of 1990 and applicable HUD regulations. Failure to meet this restriction, which expires July, 2037, would result in the full balance, including interest from inception, to become payable to HUD. As of August 31, 2018 and 2017, the total HUD capital advances were \$680,090. The entire advance is recorded in long-term liabilities on the accompanying consolidated statements of financial position.

NOTE 13 - Letter of Credit For Unemployment Compensation

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, a \$146,184 letter of credit in favor of the Wisconsin unemployment reserve fund is maintained which is collateralized by substantially all assets of the Organization.

NOTE 14 - Deferred Compensation Plan

The Organization and a member of management have entered into a deferred compensation agreement whereby the Organization is obligated to make quarterly contributions, as defined in the agreement, on behalf of the executive. The cumulative contribution payments are maintained in a separate investment account in the Organization's name. Each annual contribution amount will individually vest over a five year period or until the executive's attainment of age 65 as well as other contractual provisions. As of August 31, 2018 and 2017, investments of \$182,527 and \$132,099 are reflected as investments and an accrued liability for the earned deferred compensation obligation of \$76,458 and \$42,269 are included in the accompanying consolidated statements of financial position. Deferred compensation expense was \$34,189 and \$23,354 for the years ended August 31, 2018 and 2017, respectively.

NOTE 15 - Net Assets

Board Designated Net Assets

The Organization's Board of Directors created a board designated fund to establish a reserve and ensure continued success and long-term financial stability for the Organization. The reserves are available for future critical needs of the Organization and use of these reserves require Board of Director approval.

| | 2018 | 2017 |
|--------------------------|--------------|-------------|
| Board designated reserve | \$10,312,500 | \$8,500,000 |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 15 - Net Assets (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets as of August 31 consist of the following:

| | 2018 | 2017 |
|---|-------------------|-------------------|
| United Way | \$ 230,976 | \$ 238,959 |
| Other contributions receivable | 593,421 | 88,994 |
| Unappropriated endowment earnings | 154,154 | 86,856 |
| Total temporarily restricted net assets | <u>\$ 978,551</u> | <u>\$ 414,809</u> |

NOTE 16 - Endowment

The Organization follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and Enhanced Disclosures for All Endowment Funds. A key component of the guidance and UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Another key component of the guidance is a requirement for expanded disclosures about all endowments.

The Board of Directors of the Endowment has adopted a policy that there shall be no active fundraising for the Endowment until the ARCW strategic plan financial reserve goal is achieved.

The Organization's endowment net asset composition by type of fund is as follows for the years ended August 31:

| | August 31, 2018 | | |
|------------------|-----------------|---------------------------|---------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| Donor restricted | <u>\$ -</u> | <u>\$ 154,154</u> | <u>\$ 516,149</u> |
| | | | <u>\$ 670,303</u> |

| | August 30, 2017 | | |
|------------------|-----------------|---------------------------|---------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| Donor restricted | <u>\$ -</u> | <u>\$ 86,856</u> | <u>\$ 516,149</u> |
| | | | <u>\$ 603,005</u> |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 16 - Endowment (continued)

Changes in endowment investment and net asset composition for the years ended August 31 are provided as follows:

| | August 31, 2018 | | | |
|--------------------------------------|-----------------|---------------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Ending net assets, beginning of year | \$ - | \$ 86,856 | \$ 516,149 | \$ 603,005 |
| Investment income | - | 70,569 | - | 70,569 |
| Amounts appropriated for expenditure | - | (3,271) | - | (3,271) |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 154,154</u> | <u>\$ 516,149</u> | <u>\$ 670,303</u> |

| | August 30, 2017 | | | |
|--------------------------------------|-----------------|---------------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Ending net assets, beginning of year | \$ - | \$ 25,315 | \$ 516,149 | \$ 541,464 |
| Investment income | - | 61,716 | - | 61,716 |
| Amounts appropriated for expenditure | - | (175) | - | (175) |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 86,856</u> | <u>\$ 516,149</u> | <u>\$ 603,005</u> |

NOTE 17 - ARCW Uncompensated Care and Treatment

Revenue from reimbursement for health services is net of contractual allowances and patient subsidies. ARCW provided the following uncompensated care and treatment to its medical, dental and mental health patients for the years ended August 31:

| | 2018 | 2017 |
|----------------------------|---------------------|---------------------|
| Contractual allowances | \$ 2,221,744 | \$ 1,982,612 |
| Patient subsidy | 795,027 | 737,134 |
| Patient medications | 528,069 | 416,212 |
| Patient laboratory testing | 6,037 | 70,277 |
| Patient assistance | 36,402 | 93,639 |
| Total | <u>\$ 3,587,279</u> | <u>\$ 3,299,874</u> |

NOTE 18 - ARCW Medical Center and Social Services Expenses

The Organization provides integrated health and social services in its HIV medical home model of care to achieve the best clinical outcomes for its patients and clients. The Organization's consolidated statements of activities identify expenses for the Medical Center and Social Services. These expenses include professional staff expense for physicians, nurse practitioners, nurses, dentists, dental hygienists, mental health therapists, attorneys, social workers and other staff serving HIV patients and clients.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 18 - ARCW Medical Center and Social Services Expenses (continued)

Following is an itemization of the health and social services expenses for the years ended August 31:

| Medical Center | 2018 | 2017 |
|---------------------------------------|---------------------|---------------------|
| Medical Clinic | \$ 5,933,209 | \$ 4,695,643 |
| Dental Clinic | 1,816,226 | 1,713,665 |
| Behavioral Health and Wellness Clinic | 1,670,207 | 1,862,000 |
| Total Medical Center expenses | <u>\$ 9,419,642</u> | <u>\$ 8,271,308</u> |
| Social Services | 2018 | 2017 |
| Case management | \$ 7,046,686 | \$ 5,427,759 |
| Food services | 652,518 | 586,283 |
| Legal services | 523,393 | 423,087 |
| Housing and other | 127,187 | 131,858 |
| Total Social Services expenses | <u>\$ 8,349,784</u> | <u>\$ 6,568,987</u> |

NOTE 19 - Related Parties

The Organization's Board of Directors and staff has made donations totaling \$75,489 and \$29,033 during the years ended August 31, 2018 and 2017, respectively. None of these related party activities had an adverse effect on any governmental or privately funded programs.

NOTE 20 - In-Kind Goods and Services

In-kind goods and services included in the accompanying consolidated financial statements have an estimated value of \$499,814 and \$453,068 for the years ended August 31, 2018 and 2017, respectively. The Organization received \$390,320 and \$390,566 of pharmaceuticals, \$62,654 and \$61,425 of medical services, and \$46,840 and \$1,077 of furniture, respectively.

NOTE 21 - Retirement Plans

The Organization maintains a flexible investment in a safe harbor 401(k) plan. The Organization matched up to 5% of gross wages for all participating employees. Total employer contributions to the 401(k) plan were \$450,474 and \$399,577 for the years ended August 31, 2018 and 2017, respectively.

NOTE 22 - Contingencies

In the normal course of business, the Organization is involved in litigation incidental to the conduct of the business. The Organization does not believe that the ultimate disposition of currently pending claims, individually or in the aggregate, would have a material adverse effect on their consolidated financial position, results of activities or cash flows.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2018 and 2017

NOTE 23 - Subsequent Events

On September 1, 2018, ARCW merged operations with Saint Louis Effort for AIDS (an unrelated non-profit organization) to expand operations of the Organization into a new market. Under terms of the transaction, no consideration was transferred. Saint Louis Effort for AIDS was dissolved and included in the operations of ARCW. Pursuant to generally accepted accounting principles, the Organization accounted for the transaction as an acquisition recognizing the underlying assets and liabilities acquired at fair value resulting in contributions of \$656,027.

The valuation of net assets acquired at September 1, 2018, for Saint Louis Effort for AIDS was as follows:

| | | |
|--|----|----------------|
| Cash | \$ | 245,116 |
| Accounts and grants receivable | | 402,319 |
| Prepaid expenses | | 13,620 |
| Accrued expenses | | <u>(5,028)</u> |
| Contribution to recognize on acquisition of Saint Louis Effort for AIDS in 2019 | \$ | <u>656,027</u> |

OTHER INDEPENDENT AUDITORS' REPORTS

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 AUDITORS' REPORT

Board of Directors
AIDS Resource Center of Wisconsin, Inc. and Affiliates
Milwaukee, Wisconsin

We have audited, in accordance with the 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 financial statements of AIDS Resource Center of Wisconsin, and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 6, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT GUIDELINES

INDEPENDENT AUDITORS' REPORT

Board of Directors
AIDS Resource Center of Wisconsin, Inc. and Affiliates
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Programs

We have audited AIDS Resource Center of Wisconsin, Inc.'s ("ARCW") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* (the "*Guidelines*") that could have a direct and material effect each of ARCW's major federal and major state programs for the year ended August 31, 2018. ARCW's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

ARCW's basic consolidated financial statements include the operations of the subsidiaries of ARCW, as identified in the notes to the schedule of expenditures of federal and state awards, which are not included in AIDS Resource Center of Wisconsin, Inc.'s schedule of expenditures of federal and state awards during the year ended August 31, 2018. Our audit, described below, did not include the operations of those entities because they have separate audits under the Uniform Guidance or do not require an audit under Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ARCW's major federal and major state 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; 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"); and the *Guidelines*. Those standards, the Uniform Guidance and the *Guidelines* 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 or a major state program occurred. An audit includes examining, on a test basis, evidence about ARCW'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 and major state program. However, our audit does not provide a legal determination of ARCW's compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, ARCW 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 and major state programs for the year ended August 31, 2018.

Report on Internal Control Over Compliance

Management of ARCW 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 ARCW's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, 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 ARCW'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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 or state 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.

Purpose of this Report

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 and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 6, 2018

SUPPLEMENTAL INFORMATION

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended August 31, 2018

| FEDERAL AWARDS Grantor/Pass-Through Grantor/Program Title | CFDA Number | Pass-Through Grantor's Number | Program Expenditures | Subrecipient Awards |
|--|----------------|-------------------------------------|-------------------------|------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Direct Funding | | | | |
| Housing Opportunities for Persons with AIDS | | | | |
| May 1, 2016 - April 30, 2019 | 14.241 | N/A | \$ 506,299 | \$ - |
| September 1, 2017 - October 31, 2020 | 14.241 | N/A | 531,879 | - |
| Wisconsin Department of Administration - Bureau of Housing | | | | |
| Housing Opportunities for Persons with AIDS - 2017 Program Year | 14.241 | HOPWA 1701 | 58,417 | 2,761 |
| Housing Opportunities for Persons with AIDS - 2018 Program Year | 14.241 | HOPWA 1801 | 513,526 | 32,440 |
| City of Milwaukee | | | | |
| Housing Opportunities for Persons with AIDS - 2017 Program Year | 14.241 | C15117A001 | 204,405 | 4,089 |
| Housing Opportunities for Persons with AIDS - 2018 Program year | 14.241 | C15118A001 | <u>402,784</u> | <u>16,945</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>2,217,310</u> | <u>56,235</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Dane County, Wisconsin | | | | |
| Residential Substance Abuse Treatment for State Prisoners - Jail Opiate Project | 16.593 | 83791 | 10,778 | - |
| Residential Substance Abuse Treatment for State Prisoners - Outreach | 16.593 | 83791 | 79,064 | - |
| Residential Substance Abuse Treatment for State Prisoners - Needle Exchange | 16.593 | 83791 | <u>39,460</u> | <u>-</u> |
| Total U.S. Department of Justice | | | <u>129,302</u> | <u>-</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| State of Wisconsin - Department of Health Services | | | | |
| ACA - Personal Responsibility Education Program (PREP) | 93.092 | 159354 | <u>147,126</u> | <u>-</u> |
| Medical College of Wisconsin | | | | |
| Coordinated Services and Access to Research for Women, Infants, Children and Youth | 93.153 | 5H12HA2481 10500 | <u>117,686</u> | <u>-</u> |

See accompanying notes to schedule of expenditures of federal and state awards

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended August 31, 2018

| FEDERAL AWARDS Grantor/Pass-Through Grantor/Program Title | CFDA Number | Pass-Through Grantor's Number | Program Expenditures | Subrecipient Awards |
|---|----------------|-------------------------------------|-------------------------|------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued) | | | | |
| Direct Funding | | | | |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance | 93.243 | N/A | \$ 292,834 | \$ 130,125 |
| Waukesha County, Wisconsin | | | | |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance | 93.243 | SP022112 | 6,192 | - |
| Total CFDA 93.243 | | | <u>299,026</u> | <u>130,125</u> |
| City/County of Denver - Department of Environmental Health | | | | |
| Grants to Provide Emergency and Financial Assistance Programs (Ryan White HIV/AIDS Part A) | 93.914 | ENVHL- 201734743- 01 | 248,887 | - |
| State of Wisconsin - Department of Health Services | | | | |
| HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) | 93.917 | 155919 and 155950 | 1,010,882 | - |
| HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) | 93.917 | 155935 | 67,387 | - |
| HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) | 93.917 | 155990 | 1,994,695 | - |
| Colorado Health Network | | | | |
| HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) | 93.917 | CDPHE ADAP | 88,583 | - |
| Colorado Health Network | | | | |
| Ryan White Part B Insurance Program | 93.917 | N/A | 40,885 | - |
| Medical College of Wisconsin | | | | |
| HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) | 93.917 | X07HA00027 | 22,400 | - |
| Total CFDA 93.917 | | | <u>3,224,832</u> | <u>-</u> |
| Direct Funding | | | | |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) | 93.918 | N/A | 520,903 | - |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) - Capacity Development | 93.918 | N/A | 19,692 | - |
| Total CFDA 93.918 | | | <u>540,595</u> | <u>-</u> |

See accompanying notes to schedule of expenditures of federal and state awards

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended August 31, 2018

| FEDERAL AWARDS Grantor/Pass-Through Grantor/Program Title | CFDA Number | Pass-Through Grantor's Number | Program Expenditures | Subrecipient Awards |
|--|----------------|-------------------------------------|-------------------------|------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued) | | | | |
| State of Colorado - Department of Public Health and Environment HIV/STI Bio Medical | 93.940 | N/A | \$ 32,585 | \$ - |
| State of Wisconsin - Department of Health Services Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 155900 | 69,992 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 533125 | 497,659 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 533126 | 531,540 | - |
| Milwaukee County - Department of Health Services Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 585 | 68,778 | - |
| Total CFDA 93.959 | | | <u>1,167,969</u> | - |
| Total U.S. Department of Health and Human Services | | | <u>5,778,706</u> | <u>130,125</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| United Way Worldwide Emergency Food and Shelter National Board Program - Brown County | 97.024 | 910400-033 | 4,356 | - |
| Emergency Food and Shelter National Board Program - La Crosse County | 97.024 | 917000-013 | 1,425 | - |
| Emergency Food and Shelter National Board Program - Rock County | 97.024 | 922600-018 | 2,672 | - |
| Emergency Food and Shelter National Board Program - Eau Claire / Chippewa | 97.024 | 907200-023 | 1,396 | - |
| Emergency Food and Shelter National Board Program - Kenosha County | 97.024 | 916400-018 | 4,125 | - |
| Emergency Food and Shelter National Board Program - Marathon County | 97.024 | 918200-013 | 2,500 | - |
| Total CFDA 97.024 | | | <u>16,474</u> | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 8,141,792</u> | <u>\$ 186,360</u> |

See accompanying notes to schedule of expenditures of federal and state awards

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended August 31, 2018

| STATE AWARDS <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>State ID Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Program Expenditures</u> | <u>Subrecipient Awards</u> |
|---|----------------------------|--|---------------------------------|--------------------------------|
| STATE OF WISCONSIN - DEPARTMENT OF HEALTH SERVICES | | | | |
| HIV Prevention-IDU | 435.155900 | 155900 | \$ 153,985 | \$ - |
| Mike Johnson Life Care and Early Intervention Services | 435.155902 | 155902 | 4,108,434 | - |
| HIV Prevention ASO | 435.155908 | 155908 | <u>586,374</u> | <u>-</u> |
| TOTAL EXPENDITURES OF STATE AWARDS | | | <u>\$ 4,848,793</u> | <u>\$ -</u> |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended August 31, 2018

Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "schedule") includes the federal and state award activity of AIDS Resource Center of Wisconsin, Inc. ("ARCW") under programs of the federal and state government for the year ended August 31, 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") and the *State Single Audit Guidelines* (the "Guidelines"). Because the schedule presents only a selected portion of the operations of AIDS Resource Center of Wisconsin, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets or cash flows of AIDS Resource Center of Wisconsin, Inc. and Affiliates.

Management reviews the expenditures of federal and state awards for each entity that comprises AIDS Resource Center of Wisconsin, Inc. and Affiliates and determines if a separate audit is required under the Uniform Guidance. Expenditures for the following consolidated subsidiaries of ARCW are not included in the accompanying schedule of expenditures of federal and state awards to meet the requirements of the Uniform Guidance because they do not require an audit under the Uniform Guidance:

Milwaukee AIDS Housing Corporation, Inc.
ARCW Endowment Fund, Inc.

ARCW Pharmacy, LLC
CARES Pharmacy, LLC

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the Uniform Guidance, or the Wisconsin allowable cost policies, wherein certain types of expenditures are not allowable or are limited as 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.

Indirect Cost Rate

ARCW has elected not to use the 10-percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended August 31, 2018

Section I: Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were in accordance with GAAP:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

| | | | |
|-------|-----|-------------|----------|
| _____ | yes | _____X_____ | no |
| _____ | yes | _____X_____ | none |
| | | | reported |

Significant deficiency(ies) identified?

Noncompliance material to consolidated financial statements noted?

| | | | |
|-------|-----|-------------|----|
| _____ | yes | _____X_____ | no |
|-------|-----|-------------|----|

Federal Awards

Internal control over major federal and major state programs:

Material weakness(es) identified?

| | | | |
|-------|-----|-------------|----------|
| _____ | yes | _____X_____ | no |
| _____ | yes | _____X_____ | none |
| | | | reported |

Significant deficiency(ies) identified?

Type of auditors' report issued on compliance for major programs:

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

| | | | |
|-------|-----|-------------|----|
| _____ | yes | _____X_____ | no |
|-------|-----|-------------|----|

Identification of major federal programs:

CFDA Number(s)

14.241

Name of Federal Program or Cluster

Housing Opportunities for Persons with AIDS

Identification of major state programs:

CFDA /

State ID Number(s)

14.241

Name of State Program or Cluster

Housing Opportunities for Persons with AIDS

HIV Care Formula Grants (Ryan White HIV/AIDS

Part B)

HIV Prevention ASO

Dollar threshold used to distinguish between

Type A and Type B programs

Federal awards

\$750,000

State of Wisconsin awards

\$250,000

Auditee qualified as low-risk auditee?

| | | | |
|-------------|-----|-------|----|
| _____X_____ | yes | _____ | no |
|-------------|-----|-------|----|

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended August 31, 2018

Section II: Financial Statement Findings

There were no findings.

Section III: Federal and State Award Findings and Questioned Costs

There were no findings or questioned costs.

Section IV: Other Issues

Does the auditors' report or the notes to the consolidated financial statements include disclosure with regard to substantial doubt about as to the auditee's ability to continue as a going concern?

_____ yes X no

Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weaknesses, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Health Services

_____ yes X no

Department of Administration

_____ yes X no

Was a management letter or other document conveying audit comments issued as a result of this audit?

 X yes _____ no

Name and signature of partner


Krista K. Pankop, CPA

Date of the report

December 6, 2018

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2018

The prior year single audit disclosed no findings, and therefore, no uncorrected or unresolved findings exist from prior single audits.

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES -
MILWAUKEE COUNTY
Year Ended August 31, 2018

| | Milwaukee County Contract: 17-2-01 9/1/2017 - 12/31/2017 | Milwaukee County Contract: 18-2-01 1/1/2018 - 08/31/2018 |
|--|--|--|
| REVENUE | | |
| Milwaukee County - | | |
| Department of Health and | | |
| Human Services - | | |
| Behavioral Health Division | \$ 10,871 | \$ 57,907 |
| Total Revenue | 10,871 | 57,907 |
| EXPENSES | | |
| Salaries and wages | 13,826 | 37,092 |
| Payroll taxes | 1,038 | 2,786 |
| Employee benefits | 1,194 | 3,538 |
| Program materials | 504 | 2,883 |
| Employee travel and education | 2 | 4,906 |
| Printing and copying | 583 | 1,167 |
| Postage and delivery | 833 | 227 |
| Telephone | 500 | 1,000 |
| Occupancy | 1,000 | 2,000 |
| Insurance | 1,364 | 2,308 |
| Total Expenses | 20,844 | 57,907 |
| Excess (deficiency) of revenue over expenses | \$ (9,973) | \$ - |

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES - STATE OF WISCONSIN
For the Year Ended August 31, 2018

| | State of Wisconsin Department of Administration HOPWA 9/1/2017-9/30/2017 | State of Wisconsin Department of Administration HOPWA 10/1/17-8/31/18 |
|--|--|---|
| REVENUE | | |
| State of Wisconsin | | |
| Department of Commerce-HOPWA | \$ 58,417 | \$ 513,526 |
| Total Revenue | 58,417 | 513,526 |
| EXPENSES | | |
| Personnel Expenses | | |
| Salaries and wages | 32,910 | 237,636 |
| Payroll taxes | 1,416 | 16,658 |
| Employee benefits | 3,140 | 59,800 |
| Patient and client contracted services | 3,449 | 32,439 |
| Client rental assistance | 22,154 | 171,055 |
| Program materials | 158 | 1,730 |
| Printing and copying | 100 | 1,100 |
| Telephone | 117 | 1,283 |
| Employee travel and education | - | 595 |
| Insurance | 142 | 1,558 |
| Postage and delivery | 133 | 1,467 |
| Occupancy | 333 | 3,667 |
| Total Expenses | 64,052 | 528,988 |
| Excess (deficiency) of revenue over expenses | \$ (5,635) | \$ (15,462) |

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES - CITY OF MILWAUKEE
For the Year Ended August 31, 2018

| | City of Milwaukee HOPWA <u>9/1/2017-12/31/2017</u> | City of Milwaukee HOPWA <u>1/1/2018-08/31/2018</u> |
|--|--|--|
| REVENUE | | |
| City of Milwaukee | | |
| Department of Administration | \$ 204,405 | \$ 402,784 |
| Total Revenue | <u>204,405</u> | <u>402,784</u> |
| EXPENSES | | |
| Personnel Expenses | | |
| Salaries and wages | 98,687 | 178,745 |
| Payroll taxes | 6,411 | 10,818 |
| Employee benefits | 20,016 | 39,153 |
| Patient and client contracted services | 4,089 | 16,945 |
| Client rental assistance | 119,531 | 166,335 |
| Professional services | | |
| Program materials | 400 | 683 |
| Employee travel and education | - | - |
| Dues and subscriptions | | |
| Insurance | 700 | 1,342 |
| Postage and delivery | - | - |
| Occupancy | 2,398 | 4,797 |
| Total Expenses | <u>252,232</u> | <u>418,818</u> |
| Excess (deficiency) of revenue over expenses | <u>\$ (47,827)</u> | <u>\$ (16,034)</u> |

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES BY FUNDING SOURCE AND BY CONTRACT -
DANE COUNTY
Year Ended August 31, 2018

| | Outreach | | | Jail Opiate | | | Needle Exchange | | | Total All Programs |
|--|---------------------|--------------------|-----------|---------------------|--------------------|-----------|---------------------|--------------------|-----------|--------------------|
| | 9/1/17- 12/31/17 | 1/1/18- 8/31/18 | Total | 9/1/17- 12/31/17 | 1/1/18- 8/31/18 | Total | 9/1/17- 12/31/17 | 1/1/18- 8/31/18 | Total | |
| REVENUE | | | | | | | | | | |
| Dane County | \$ 24,350 | \$ 54,714 | \$ 79,064 | \$ 5,305 | \$ 5,473 | \$ 10,778 | \$ 11,270 | \$ 28,190 | \$ 39,460 | \$ 129,302 |
| Total Revenue | 24,350 | 54,714 | 79,064 | 5,305 | 5,473 | 10,778 | 11,270 | 28,190 | 39,460 | 129,302 |
| EXPENSES | | | | | | | | | | |
| Program expenses | | | | | | | | | | |
| Personnel | 17,349 | 40,191 | 57,540 | 4,577 | 4,690 | 9,267 | 6,044 | 18,224 | 24,268 | 91,075 |
| Operating | 1,650 | 3,476 | 5,126 | - | - | - | 3,033 | 4,432 | 7,465 | 12,591 |
| Space | 1,465 | 2,931 | 4,396 | - | - | - | 356 | 712 | 1,068 | 5,464 |
| Total Program expenses | 20,464 | 46,598 | 67,062 | 4,577 | 4,690 | 9,267 | 9,433 | 23,368 | 32,801 | 109,130 |
| Administrative expenses | | | | | | | | | | |
| Personnel | 1,496 | 3,999 | 5,495 | - | - | - | 355 | 1,155 | 1,510 | 7,005 |
| Operating | 655 | 1,110 | 1,765 | - | - | - | 1,147 | 3,000 | 4,147 | 5,912 |
| Space | 1,672 | 3,007 | 4,679 | 726 | 783 | 1,509 | 333 | 667 | 1,000 | 7,188 |
| Total Administrative expenses | 3,823 | 8,116 | 11,939 | 726 | 783 | 1,509 | 1,835 | 4,822 | 6,657 | 20,105 |
| Total Expenses | 24,287 | 54,714 | 79,001 | 5,303 | 5,473 | 10,776 | 11,268 | 28,190 | 39,458 | 129,234 |
| Excess (deficiency) of revenue over expenses | \$ 63 | \$ - | \$ 63 | \$ 2 | \$ - | \$ 2 | \$ 2 | \$ 0 | \$ 2 | \$ 68 |

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES BY FUNDING SOURCE AND BY CONTRACT -
DANE COUNTY
Year Ended August 31, 2018

| | Outreach | | | Jail Opiate | | | Needle Exchange | | | Total All Programs |
|--|--------------------|---------------------|-----------|--------------------|---------------------|-----------|--------------------|---------------------|-----------|--------------------|
| | 1/1/17- 8/31/17 | 9/1/17- 12/31/17 | Total | 1/1/17- 8/31/17 | 9/1/17- 12/31/17 | Total | 1/1/17- 8/31/17 | 9/1/17- 12/31/17 | Total | |
| REVENUE | | | | | | | | | | |
| Dane County | \$ 51,563 | \$ 24,350 | \$ 75,913 | \$ 8,502 | \$ 5,305 | \$ 13,807 | \$ 25,541 | \$ 11,270 | \$ 36,811 | \$ 126,531 |
| Total Revenue | 51,563 | 24,350 | 75,913 | 8,502 | 5,305 | 13,807 | 25,541 | 11,270 | 36,811 | 126,531 |
| EXPENSES | | | | | | | | | | |
| Program expenses | | | | | | | | | | |
| Personnel | 39,036 | 17,349 | 56,385 | 7,210 | 4,577 | 11,787 | 16,978 | 6,044 | 23,022 | 91,194 |
| Operating | 2,350 | 1,650 | 4,000 | - | - | - | 4,286 | 3,033 | 7,319 | 11,319 |
| Space | 2,931 | 1,465 | 4,396 | - | - | - | 712 | 356 | 1,068 | 5,464 |
| Total Program expenses | 44,317 | 20,464 | 64,781 | 7,210 | 4,577 | 11,787 | 21,976 | 9,433 | 31,409 | 107,977 |
| Administrative expenses | | | | | | | | | | |
| Personnel | 3,557 | 1,496 | 5,053 | - | - | - | 1,047 | 355 | 1,402 | 6,455 |
| Operating | 913 | 655 | 1,568 | - | - | - | 1,853 | 1,147 | 3,000 | 4,568 |
| Space | 2,839 | 1,672 | 4,511 | 1,294 | 726 | 2,020 | 667 | 333 | 1,000 | 7,531 |
| Total Administrative expenses | 7,309 | 3,823 | 11,132 | 1,294 | 726 | 2,020 | 3,567 | 1,835 | 5,402 | 18,554 |
| Total Expenses | 51,626 | 24,287 | 75,913 | 8,504 | 5,303 | 13,807 | 25,543 | 11,268 | 36,811 | 126,531 |
| Excess (deficiency) of revenue over expenses | \$ (63) | \$ 63 | \$ - | \$ (2) | \$ 2 | \$ - | \$ (2) | \$ 2 | \$ - | \$ - |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SCHEDULE OF REVENUE AND EXPENSES BY FUNDING SOURCE AND BY CONTRACT - DANE COUNTY
FOR THE YEAR ENDED AUGUST 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

December-17

| | | | | | |
|-----------------------|-------------------------------|-------------------------|-------|--------------------------------|-------------|
| Provider Name: | AIDS Resource Ctr of WI, Inc. | Contract #: | 83791 | *Provider Certified By: | |
| Program Name: | Outreach | Program Group #: | 6971 | | Date |

| | 1 Approved County-Funded Budget | 2 YTD County-Funded Admin Expense | 3 YTD County-Funded Program Expense | 4 YTD County-Funded Expense Total (= Col. 2 + 3) | 5 YTD County-Funded Budget | 6 YTD % Variance from Budget |
|--|--|--|--|--|-------------------------------------|---------------------------------------|
| A PERSONNEL | | | | | | |
| Salaries | 45,594 | 3,394 | 40,040 | 43,434 | 45,594 | |
| Taxes | 3,231 | 229 | 2,653 | 2,882 | 3,231 | |
| Benefits | 12,613 | 1,430 | 13,692 | 15,122 | 12,613 | |
| Subtotal A | 61,438 | 5,053 | 56,385 | 61,438 | 61,438 | 0.00% |
| B OPERATING | | | | | | |
| Insurance | | | | 0 | | |
| Professional Fees | | | | 0 | | |
| Audit | | | | 0 | | |
| Data Processing Fees | | | | 0 | | |
| Postage, Office, and Program Sup | 2,400 | | 1,939 | 1,939 | 2,400 | |
| Equipment/Furnishings | | | | 0 | | |
| Depreciation | | | | 0 | | |
| Telephone | | | | 0 | | |
| Training/Conference | | | | 0 | | |
| Food/Household Supplies | | | | 0 | | |
| Auto Allowance | 1,600 | | 2,061 | 2,061 | 1,600 | |
| Vehicle Costs | 1,568 | 1,568 | | 1,568 | 1,568 | |
| Other1 | | | | 0 | | |
| Other2: | | | | 0 | | |
| Subtotal B | 5,568 | 1,568 | 4,000 | 5,568 | 5,568 | 0.00% |
| C SPACE | | | | | | |
| Rent | 7,396 | 3,000 | 4,396 | 7,396 | 7,396 | |
| Utilities | | | | 0 | | |
| Maintenance | 1,511 | 1,511 | | 1,511 | 1,511 | |
| Mortgage Interest, Depreciation, | | | | 0 | | |
| Property Taxes | | | | 0 | | |
| Subtotal C | 8,907 | 4,511 | 4,396 | 8,907 | 8,907 | 0.00% |
| D SPECIAL COSTS | | | | | | |
| Assistance to Individuals | | | | 0 | | |
| Subtotal D | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| E OTHER | | | | | | |
| Other3 | | | | 0 | | |
| Other4: | | | | 0 | | |
| Subtotal E | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| This section for Adult - DD only. | | | | | | |
| F. OFF-SETTING REVENUE | | | | | | |
| Show as negative numbers: | | | | | | |
| Government Benefits (SSI, SSDI, etc.) | | | | 0 | | |
| Private Pay (Trust Funds, etc.) | | | | 0 | | |
| Cost Share | | | | 0 | | |
| Other | | | | 0 | | |
| Subtotal F | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| TOTAL A THROUGH F | 75,913 | 11,132 | 64,781 | 75,913 | 75,913 | 0.00% |

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SCHEDULE OF REVENUE AND EXPENSES BY FUNDING SOURCE AND BY CONTRACT - DANE COUNTY
FOR THE YEAR ENDED AUGUST 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH: December-17

| | | | | | |
|----------------|------------------------------|------------------|-------|-------------------------|------|
| Provider Name: | AIDS Resource Ctr of WI, Inc | Contract #: | 83791 | *Provider Certified By: | |
| Program Name: | Jail Opiate | Program Group #: | 11022 | | Date |

| | 1 Approved County-Funded Budget | 2 YTD County-Funded Admin Expense | 3 YTD County-Funded Program Expense | 4 YTD County-Funded Expense Total (= Col. 2 + 3) | 5 YTD County-Funded Budget | 6 YTD % Variance from Budget |
|--|--|--|--|---|-------------------------------------|---------------------------------------|
| A PERSONNEL | | | | | | |
| Salaries | 8,738 | | 9,460 | 9,460 | 8,738 | |
| Taxes | 607 | | 730 | 730 | 607 | |
| Benefits | 2,442 | | 1,597 | 1,597 | 2,442 | |
| Subtotal A | 11,787 | 0 | 11,787 | 11,787 | 11,787 | 0.00% |
| B OPERATING | | | | | | |
| Insurance | | | | 0 | | |
| Professional Fees | | | | 0 | | |
| Audit | | | | 0 | | |
| Data Processing Fees | | | | 0 | | |
| Postage, Office, and Program Supplies | | | | 0 | | |
| Equipment/Furnishings | | | | 0 | | |
| Depreciation | | | | 0 | | |
| Telephone | | | | 0 | | |
| Training/Conference | | | | 0 | | |
| Food/Household Supplies | | | | 0 | | |
| Auto Allowance | | | | 0 | | |
| Vehicle Costs | | | | 0 | | |
| Other1: | | | | 0 | | |
| Other2: | | | | 0 | | |
| Subtotal B | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| C SPACE | | | | | | |
| Rent | 2,020 | 2,020 | | 2,020 | 2,020 | |
| Utilities | | | | 0 | | |
| Maintenance | | | | 0 | | |
| Mortgage Interest, Depreciation, | | | | 0 | | |
| Property Taxes | | | | 0 | | |
| Subtotal C | 2,020 | 2,020 | 0 | 2,020 | 2,020 | 0.00% |
| D SPECIAL COSTS | | | | | | |
| Assistance to Individuals | | | | 0 | | |
| Subtotal D | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| E OTHER | | | | | | |
| Other3: | | | | 0 | | |
| Other4: | | | | 0 | | |
| Subtotal E | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| This section for Adult - DD only. | | | | | | |
| F. OFF-SETTING REVENUE | | | | | | |
| Show as negative numbers: | | | | | | |
| Government Benefits (SSI, SSDI, etc.) | | | | 0 | | |
| Private Pay (Trust Funds, etc.) | | | | 0 | | |
| Cost Share | | | | 0 | | |
| Other | | | | 0 | | |
| Subtotal F | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| TOTAL A THROUGH F | 13,807 | 2,020 | 11,787 | 13,807 | 13,807 | 0.00% |

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SCHEDULE OF REVENUE AND EXPENSES BY FUNDING SOURCE AND BY CONTRACT - DANE COUNTY
FOR THE YEAR ENDED AUGUST 31, 2018

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH: December-17

| | | | | | |
|----------------|------------------------------|------------------|-------|-------------------------|------|
| Provider Name: | AIDS Resource Ctr of WI, Inc | Contract #: | 83791 | *Provider Certified By: | |
| Program Name: | Needle Exchange | Program Group #: | 11957 | | Date |

| | 1 Approved County-Funded Budget | 2 YTD County-Funded Admin Expense | 3 YTD County-Funded Program Expense | 4 YTD County-Funded Expense Total (= Col. 2 + 3) | 5 YTD County-Funded Budget | 6 YTD % Variance from Budget |
|--|--|--|--|---|-------------------------------------|---------------------------------------|
| A PERSONNEL | | | | | | |
| Salaries | 18,122 | 958 | 17,147 | 18,105 | 18,122 | |
| Taxes | 1,304 | 67 | 1,157 | 1,224 | 1,304 | |
| Benefits | 4,998 | 377 | 4,718 | 5,095 | 4,998 | |
| Subtotal A | 24,424 | 1,402 | 23,022 | 24,424 | 24,424 | 0.00% |
| B OPERATING | | | | | | |
| Insurance | | | | 0 | | |
| Professional Fees | | | | 0 | | |
| Audit | | | | 0 | | |
| Data Processing Fees | | | | 0 | | |
| Postage, Office, and Program Supp | 5,953 | | 7,136 | 7,136 | 5,953 | |
| Equipment/Furnishings | | | | 0 | | |
| Depreciation | | | | 0 | | |
| Telephone | | | | 0 | | |
| Training/Conference | | | | 0 | | |
| Food/Household Supplies | | | | 0 | | |
| Auto Allowance | 1,366 | | 183 | 183 | 1,366 | |
| Vehicle Costs | 3,000 | 3,000 | | 3,000 | 3,000 | |
| Other1: | | | | 0 | | |
| Other2: | | | | 0 | | |
| Subtotal B | 10,319 | 3,000 | 7,319 | 10,319 | 10,319 | 0.00% |
| C SPACE | | | | | | |
| Rent | 2,068 | 1,000 | 1,068 | 2,068 | 2,068 | |
| Utilities | | | | 0 | | |
| Maintenance | | | | 0 | | |
| Mortgage Interest, Depreciation, | | | | 0 | | |
| Property Taxes | | | | 0 | | |
| Subtotal C | 2,068 | 1,000 | 1,068 | 2,068 | 2,068 | 0.00% |
| D SPECIAL COSTS | | | | | | |
| Assistance to Individuals | | | | 0 | | |
| Subtotal D | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| E. OTHER | | | | | | |
| Other3: | | | | 0 | | |
| Other4: | | | | 0 | | |
| Subtotal E | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| This section for Adult - DD only. | | | | | | |
| F. OFF-SETTING REVENUE | | | | | | |
| Show as negative numbers: | | | | | | |
| Government Benefits (SSI, SSDI, etc.) | | | | 0 | | |
| Private Pay (Trust Funds, etc.) | | | | 0 | | |
| Cost Share | | | | 0 | | |
| Other | | | | 0 | | |
| Subtotal F | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| TOTAL A THROUGH F | 36,811 | 5,402 | 31,409 | 36,811 | 36,811 | 0.00% |

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SETTLEMENT OF DHS COST REIMBURSEMENT AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

| DHS Identification Number | CARS 155919 | CARS 155950 | CARS 155935 | CARS 155935 | CARS 155990 |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| Award amount | \$1,417,845 | \$1,625,000 | \$66,198 | \$66,198 | \$1,142,244 |
| Award period | 04/01/17-03/31/18 | 04/01/18-03/31/19 | 04/01/17-03/31/18 | 04/01/18-03/31/19 | 10/01/16-09/30/17 |
| Period of Award within audit period | 09/01/17-03/31/18 | 04/01/18-08/31/18 | 09/01/17-03/31/18 | 04/01/18-08/31/18 | 9/01/17-09/30/17 |
| Expenditures Reported to DHS for payment | \$ 738,435 | \$ 272,447 | \$ 37,392 | \$ 29,995 | \$ 224,647 |
| Actual allowable cost of award | | | | | |
| Program Expenses | | | | | |
| Grants and other assistance to individuals in the US | 49,426 | 141,227 | - | - | 47,314 |
| Salaries and wages | 435,180 | 50,635 | 23,993 | 21,179 | 95,526 |
| Employee benefits | 130,264 | 9,913 | 6,856 | 6,056 | 14,585 |
| Program materials | 233,895 | 2,529 | 8,659 | - | 7,214 |
| Program equipment | - | - | - | - | 2,250 |
| Employee travel, meetings and education | 21,754 | 441 | - | - | 2,299 |
| Patient/client parking | 25,522 | - | - | - | - |
| Employee licenses and dues | 355 | - | - | - | - |
| Professional services | 64,778 | - | - | - | - |
| Total Program Expenses | 961,174 | 204,745 | 39,508 | 27,235 | 169,188 |
| Management and General expenses allocated to program | | | | | |
| Salaries and wages- indirect cost limitations of grant contract | 58,746 | 48,071 | 2,753 | 1,960 | 6,166 |
| Employee benefits | 23,995 | 19,634 | 1,125 | 800 | 2,519 |
| Directory advertising | 3,616 | - | - | - | 11,350 |
| Printing and copying | 1,467 | - | - | - | - |
| Telephone | - | - | - | - | 8,400 |
| Vehicle insurance | - | - | - | - | - |
| Shipping and postage | 1,684 | - | - | - | - |
| Occupancy | - | - | - | - | - |
| Service contract-software support | - | - | - | - | 36,600 |
| Total Management and General expense allocated to program | 89,508 | 67,705 | 3,878 | 2,760 | 65,035 |
| Less program revenue and other offsets to costs | - | - | - | - | - |
| Total Allowable Costs | \$ 1,050,682 | \$ 272,450 | \$ 43,386 | \$ 29,995 | \$ 234,223 |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SETTLEMENT OF DHS COST REIMBURSEMENT AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

| DHS Identification Number | CARS 155990 | CARS 155900 | CARS 155900 | CARS 155900 | CARS 533125 |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| Award amount | \$2,043,960 | \$236,807 | \$120,000 | \$240,000 | \$251,680 |
| Award period | 10/01/17-09/30/18 | 01/01/17-12/31/17 | 01/01/18-06/30/18 | 07/01/18-12/31/18 | 01/01/17-12/31/17 |
| Period of Award within audit period | 10/01/17-08/31/18 | 09/01/17-12/31/17 | 01/01/18-06/30/18 | 07/01/18-08/31/18 | 09/01/17-12/31/17 |
| Expenditures Reported to DHS for payment | \$ 1,770,048 | \$ 68,062 | \$ 120,000 | \$ 35,915 | \$ 185,356 |
| Actual allowable cost of award | | | | | |
| Program Expenses | | | | | |
| Grants and other assistance to individuals in the US | 7,630 | - | - | - | - |
| Salaries and wages | 998,208 | 47,836 | 76,191 | 19,737 | 18,260 |
| Employee benefits | 314,396 | 11,777 | 23,332 | 5,613 | 5,961 |
| Program materials | 60,249 | 10,244 | 12,390 | 6,354 | 158,658 |
| Program equipment | 2,673 | - | 478 | - | - |
| Employee travel, meetings and education | 41,056 | - | - | - | 407 |
| Patient/client parking | 27,902 | - | - | - | - |
| Employee licenses and dues | - | - | - | - | - |
| Professional services | 43,200 | - | - | - | - |
| Total Program Expenses | 1,495,314 | 69,857 | 112,391 | 31,704 | 183,286 |
| Management and General expenses allocated to program | | | | | |
| Salaries and wages- indirect cost limitations of grant contract | 127,691 | 5,649 | 8,360 | 2,724 | 1,650 |
| Employee benefits | 52,156 | 2,308 | 3,415 | 1,112 | 674 |
| Directory advertising | 505 | - | - | - | - |
| Printing and copying | 523 | - | - | - | - |
| Telephone | 88,800 | - | - | - | - |
| Vehicle insurance | - | 1,364 | 1,731 | 577 | - |
| Shipping and postage | - | - | - | - | - |
| Occupancy | 33,704 | 3,667 | 5,917 | 2,000 | - |
| Service contract-software support | 1,999 | - | - | - | - |
| Total Management and General expense allocated to program | 305,378 | 12,988 | 19,423 | 6,413 | 2,324 |
| Less program revenue and other offsets to costs | - | - | - | - | - |
| Total Allowable Costs | \$ 1,800,692 | \$ 82,845 | \$ 131,814 | \$ 38,117 | \$ 185,610 |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SETTLEMENT OF DHS COST REIMBURSEMENT AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

| DHS Identification Number | CARS 533125 | CARS 533126 | CARS 533126 | CARS 155-902 | CARS 155902 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Award amount | \$426,680 | \$500,000 | \$500,000 | \$4,000,000 | \$4,000,000 |
| Award period | 01/01/18-12/31/18 | 01/01/17-12/31/17 | 01/01/18-12/31/18 | 07/01/17-06/30/18 | 07/01/18-06/30/19 |
| Period of Award within audit period | 01/01/18-08/31/18 | 09/01/17-12/31/17 | 01/01/18-08/31/18 | 09/01/17-06/30/18 | 07/01/18-08/31/18 |
| Expenditures Reported to DHS for payment | \$ 312,303 | \$ 175,842 | \$ 355,698 | \$ 3,358,188 | \$ 750,246 |
| Actual allowable cost of award | | | | | |
| Program Expenses | | | | | |
| Grants and other assistance to individuals in the US | - | - | - | 45,650 | 160 |
| Salaries and wages | 39,906 | 120,973 | 236,575 | 1,747,164 | 366,031 |
| Employee benefits | 19,487 | 32,455 | 73,793 | 546,216 | 100,988 |
| Program materials | 228,137 | 1,654 | 377 | 202,486 | 73,520 |
| Program equipment | - | 162 | 126 | 746 | - |
| Employee travel, meetings and education | 1,037 | 8,299 | 13,323 | 34,025 | 10,278 |
| Patient/client parking | - | - | - | (1,691) | (276) |
| Employee licenses and dues | - | - | - | 100 | - |
| Professional services | - | - | - | 213,259 | 57,598 |
| Total Program Expenses | 288,567 | 163,543 | 324,194 | 2,787,955 | 608,299 |
| Management and General expenses allocated to program | | | | | |
| Salaries and wages- indirect cost limitations of grant contract | 16,854 | 10,758 | 21,516 | 240,488 | 47,334 |
| Employee benefits | 6,884 | 4,394 | 8,788 | 98,228 | 19,333 |
| Directory advertising | - | - | - | - | - |
| Printing and copying | - | - | - | 3,415 | 667 |
| Telephone | - | 600 | 1,200 | - | - |
| Vehicle insurance | - | - | - | - | - |
| Shipping and postage | - | - | - | - | - |
| Occupancy | - | - | - | 187,693 | 37,539 |
| Service contract-software support | - | - | - | 67,578 | 13,516 |
| Total Management and General expense allocated to program | 23,738 | 15,752 | 31,504 | 597,402 | 118,388 |
| Less program revenue and other offsets to costs | - | - | - | - | - |
| Total Allowable Costs | \$ 312,305 | \$ 179,295 | \$ 355,698 | \$ 3,385,357 | \$ 726,687 |

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
SETTLEMENT OF DHS COST REIMBURSEMENT AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

| DHS Identification Number | CARS 155908 | CARS 155908 | CARS 155908 | CARS 159354 | CARS 159354 |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|
| Award amount | \$585,780 | \$292,890 | \$585,780 | \$200,000 | \$170,000 |
| Award period | 01/01/17-12/31/17 | 01/01/18-06/30/18 | 07/01/18-06/30/19 | 10/1/16-9/30/17 | 10/1/17-9/30/18 |
| Period of Award within audit period | 09/01/17-12/31/17 | 01/01/18-06/30/18 | 07/01/18-08/31/18 | 09/01/17-09/30/17 | 10/1/17-8/31/18 |
| Expenditures Reported to DHS for payment | \$ 173,443 | \$ 292,890 | \$ 120,041 | \$ 6,296 | \$ 140,830 |
| Actual allowable cost of award | | | | | |
| Program Expenses | | | | | |
| Grants and other assistance to individuals in the US | - | - | - | - | - |
| Salaries and wages | 121,723 | 200,528 | 67,260 | 9,532 | 74,147 |
| Employee benefits | 30,725 | 58,526 | 18,179 | 2,672 | 33,681 |
| Program materials | 33,561 | 31,721 | 15,633 | - | 8,824 |
| Program equipment | - | - | - | - | - |
| Employee travel, meetings and education | - | - | - | 445 | 6,790 |
| Patient/client parking | - | - | - | - | - |
| Employee licenses and dues | - | - | - | - | - |
| Professional services | 13,256 | 19,941 | 6,666 | - | - |
| Total Program Expenses | 199,265 | 310,716 | 107,738 | 12,649 | 123,442 |
| Management and General expenses allocated to program | | | | | |
| Salaries and wages- indirect cost limitations of grant contract | 12,419 | 18,442 | 6,160 | 1,076 | 10,124 |
| Employee benefits | 5,073 | 7,532 | 2,516 | 439 | 4,135 |
| Directory advertising | - | - | - | - | - |
| Printing and copying | 1,333 | 2,473 | 712 | 67 | 931 |
| Telephone | - | - | - | 100 | 2,200 |
| Vehicle insurance | 2,728 | 3,462 | 1,154 | - | - |
| Shipping and postage | - | - | - | - | - |
| Occupancy | 5,604 | 11,151 | 3,900 | - | - |
| Service contract-software support | - | - | - | 1,749 | - |
| Total Management and General expense allocated to program | 27,157 | 43,060 | 14,442 | 3,431 | 17,390 |
| Less program revenue and other offsets to costs | - | - | - | - | - |
| Total Allowable Costs | \$ 226,422 | \$ 353,776 | \$ 122,180 | \$ 16,080 | \$ 140,832 |