

**VIVENT HEALTH AND AFFILIATES**

Milwaukee, Wisconsin

**CONSOLIDATED FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended August 31, 2020 and 2019

# VIVENT HEALTH AND AFFILIATES

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Vivent Health and Affiliates  
Milwaukee, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Vivent Health and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of August 31, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Report on Consolidating Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating 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 consolidating 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 14, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 US, LLP*

Milwaukee, Wisconsin  
December 14, 2020

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As of August 31, 2020 and 2019

<b>ASSETS</b>		
	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 26,417,261	\$ 18,574,701
Contributions receivable, net	1,013,604	2,032,791
Accounts and grants receivable	13,089,137	9,879,130
Inventory	3,726,552	2,605,601
Prepaid expenses	591,387	520,540
<b>Total Current Assets</b>	<b>44,837,941</b>	<b>33,612,763</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>10,835,343</b>	<b>5,510,078</b>
<b>OTHER ASSETS</b>		
Contributions receivable, net current portion	24,341	248,571
HUD restricted escrow and other assets	61,022	51,994
Other assets	707,530	-
Investments	11,519,759	9,436,994
<b>Total Other Assets</b>	<b>12,312,652</b>	<b>9,737,559</b>
<b>TOTAL ASSETS</b>	<b>\$ 67,985,936</b>	<b>\$ 48,860,400</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,815,461	\$ 2,214,662
Accrued expenses	2,655,067	1,495,449
Other current liabilities	50,338	8,631
Capital advance	680,090	680,090
Refundable advance	2,978,500	-
<b>Total Current Liabilities</b>	<b>9,179,456</b>	<b>4,398,832</b>
<b>LONG-TERM LIABILITIES</b>		
Deferred compensation obligation	145,085	80,914
<b>Total Liabilities</b>	<b>9,324,541</b>	<b>4,479,746</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	29,963,978	23,370,714
Board designated	15,450,032	13,200,032
Property and equipment less related debt	10,155,253	4,829,988
<b>Total Net Assets Without Donor Restrictions</b>	<b>55,569,263</b>	<b>41,400,734</b>
With donor restrictions	3,092,132	2,979,920
<b>Total Net Assets</b>	<b>58,661,395</b>	<b>44,380,654</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 67,985,936</b>	<b>\$ 48,860,400</b>

See accompanying notes to consolidated financial statements.

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATED STATEMENTS OF ACTIVITIES For the Years Ended August 31, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>REVENUE</b>						
Government grants	\$ 20,667,422	\$ -	\$ 20,667,422	\$ 17,397,989	\$ -	\$ 17,397,989
Grants and public support	1,534,622	1,310,869	2,845,491	1,104,289	2,266,952	3,371,241
Special events						
Special events revenue	821,995	-	821,995	1,169,733	-	1,169,733
Special events expense	(621,133)	-	(621,133)	(683,415)	-	(683,415)
Contractual partnerships	685,061	-	685,061	436,217	-	436,217
Reimbursement for services and pharmacy	144,310,283	-	144,310,283	101,773,981	-	101,773,981
Other income	172,968	169,028	341,996	63,881	28,255	92,136
Net assets released from restriction	2,422,808	(2,422,808)	-	809,987	(809,987)	-
Total Revenue	<u>169,994,026</u>	<u>(942,911)</u>	<u>169,051,115</u>	<u>122,072,662</u>	<u>1,485,220</u>	<u>123,557,882</u>
<b>EXPENSES</b>						
Clinical and program services						
Medical center	15,445,202	-	15,445,202	10,938,612	-	10,938,612
Pharmacy	110,623,118	-	110,623,118	75,760,152	-	75,760,152
Social services and other	15,398,199	-	15,398,199	11,911,661	-	11,911,661
Prevention services	5,844,551	-	5,844,551	5,075,878	-	5,075,878
Management and general	11,451,480	-	11,451,480	7,771,571	-	7,771,571
Fundraising	1,414,026	-	1,414,026	971,918	-	971,918
Total Expenses	<u>160,176,576</u>	<u>-</u>	<u>160,176,576</u>	<u>112,429,792</u>	<u>-</u>	<u>112,429,792</u>
Change in Net Assets Related to Operations	9,817,450	(942,911)	8,874,539	9,642,870	1,485,220	11,128,090
<b>OTHER CHANGE IN NET ASSETS</b>						
Inherent contribution from acquisitions	4,351,079	1,055,123	5,406,202	656,027	-	656,027
<b>CHANGE IN NET ASSETS</b>	14,168,529	112,212	14,280,741	10,298,897	1,485,220	11,784,117
NET ASSETS - Beginning of Year	41,400,734	2,979,920	44,380,654	31,101,837	1,494,700	32,596,537
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 55,569,263</u>	<u>\$ 3,092,132</u>	<u>\$ 58,661,395</u>	<u>\$ 41,400,734</u>	<u>\$ 2,979,920</u>	<u>\$ 44,380,654</u>

See accompanying notes to consolidated financial statements.

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATED STATEMENTS OF CASH FLOWS For the Years Ended August 31, 2020 and 2019

	<u>2020</u>	(As Adjusted) <u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 14,280,741	\$ 11,784,117
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,486,381	1,183,587
Amortization of intangible assets	131,500	-
Contribution restricted for the endowment	(25,000)	-
Loss on write-off of other assets	300,682	-
Deferred compensation	64,171	4,456
Inherent contribution from acquisition of St. Louis Effort for AIDS, Inc.	-	(656,027)
Inherent contribution from acquisition of AIDS Services of Austin, Inc.	(5,406,202)	-
Net realized and unrealized gain on investments	(284,886)	(99,225)
Changes in operating assets and liabilities		
Contributions receivable	1,243,417	(1,456,965)
Accounts and grants receivable	(1,376,181)	(2,235,001)
Inventory	(889,016)	(505,678)
Prepaid expenses	(2,676)	(164,909)
Change in deposits	(5,911)	(10,706)
Accounts payable	240,343	521,427
Refundable advance	2,978,500	-
Accrued expenses	485,899	388,293
Other current liabilities	41,707	7,644
Net Cash Flows from Operating Activities	<u>13,263,469</u>	<u>8,761,013</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,356,779)	(2,396,667)
Purchase of investments	(1,797,879)	(2,111,858)
Cash acquired from acquisition of St. Louis Effort for AIDS, Inc.	-	245,116
Cash acquired from acquisition of AIDS Services of Austin, Inc.	1,211,866	-
Purchase of Scales Pharmacy, LLC	(1,500,000)	-
Net Cash Flows from Investing Activities	<u>(5,442,792)</u>	<u>(4,263,409)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received for the endowment fund	<u>25,000</u>	-
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	7,845,677	4,497,604
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of Year	<u>18,611,694</u>	<u>14,114,090</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 26,457,371</u>	<u>\$ 18,611,694</u>

See accompanying notes to consolidated financial statements.

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATED STATEMENTS OF CASH FLOWS (continued) For the Years Ended August 31, 2020 and 2019

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<b>Reconciliation of cash, cash equivalents, and restricted cash to consolidated statements of financial position:</b>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 26,417,261	\$ 18,574,701
HUD restricted escrow	<u>40,110</u>	<u>36,993</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 26,457,371</u>	<u>\$ 18,611,694</u>
 Noncash investing and financing activities		
Acquisition of AIDS Services of Austin assets and liabilities	\$ 4,194,336	\$ -
Acquisition of St. Louis Effort for AIDS, Inc. assets and liabilities	\$ -	\$ 410,911

See accompanying notes to consolidated financial statements.



**VIVENT HEALTH AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended August 31, 2020

	Medical Center	Pharmacy	Social Services and Other	Prevention Services	Total Clinical and Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 6,903,125	\$ 3,434,688	\$ 6,545,968	\$ 2,428,994	\$ 19,312,775	\$ 4,717,141	\$ 687,970	\$ 24,717,886
Payroll taxes	581,157	241,016	588,311	233,554	1,644,038	279,269	65,421	1,988,728
Employee benefits	<u>1,462,538</u>	<u>662,684</u>	<u>1,748,382</u>	<u>792,437</u>	<u>4,666,041</u>	<u>841,072</u>	<u>141,452</u>	<u>5,648,565</u>
Total personnel expenses	8,946,820	4,338,388	8,882,661	3,454,985	25,622,854	5,837,482	894,843	32,355,179
Pharmacy cost of sales	800,209	104,440,202	-	-	105,240,411	-	-	105,240,411
Contracted program services	965,471	-	396,222	116,722	1,478,415	126,211	-	1,604,626
Client and patient assistance	98,074	-	3,717,609	5,117	3,820,800	332	-	3,821,132
Program materials	466,232	56,277	48,641	1,101,848	1,672,998	5,547	482	1,679,027
Patient medications and laboratory	1,688,762	-	112	-	1,688,874	-	-	1,688,874
Employee travel and education	84,808	42,874	109,399	61,986	299,067	139,277	9,343	447,687
Office and insurance	334,797	644,078	376,574	208,420	1,563,869	1,217,113	65,748	2,846,730
Professional services	375,249	79,484	95,086	50,163	599,982	1,790,741	204,232	2,594,955
Repairs and maintenance	248,756	57,344	249,895	103,767	659,762	131,625	18,789	810,176
Occupancy	600,708	236,813	747,381	367,255	1,952,157	238,141	59,730	2,250,028
Depreciation	293,825	58,655	400,370	169,014	921,864	533,314	31,203	1,486,381
Information technology	391,573	91,955	330,638	140,866	955,032	546,605	62,878	1,564,515
Other expenses	<u>149,918</u>	<u>577,048</u>	<u>43,611</u>	<u>64,408</u>	<u>834,985</u>	<u>885,092</u>	<u>66,778</u>	<u>1,786,855</u>
Total Expenses	<u>\$ 15,445,202</u>	<u>\$ 110,623,118</u>	<u>\$ 15,398,199</u>	<u>\$ 5,844,551</u>	<u>\$ 147,311,070</u>	<u>\$ 11,451,480</u>	<u>\$ 1,414,026</u>	<u>\$ 160,176,576</u>

See accompanying notes to consolidated financial statements.

**VIVENT HEALTH AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended August 31, 2019

	Medical Center	Pharmacy	Social Services and Other	Prevention Services	Total Clinical and Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 5,189,455	\$ 2,569,139	\$ 5,386,423	\$ 2,041,158	\$ 15,186,175	\$ 3,267,023	\$ 537,479	\$ 18,990,677
Payroll taxes	374,681	186,770	412,203	153,833	1,127,487	161,599	37,837	1,326,923
Employee benefits	886,966	460,758	1,209,623	478,647	3,035,994	635,673	60,890	3,732,557
Total personnel expenses	6,451,102	3,216,667	7,008,249	2,673,638	19,349,656	4,064,295	636,206	24,050,157
Pharmacy cost of sales	-	71,454,008	-	-	71,454,008	-	-	71,454,008
Contracted program services	1,112,020	-	816,171	191,760	2,119,951	16,500	-	2,136,451
Client and patient assistance	103,746	-	1,909,041	4,351	2,017,138	-	-	2,017,138
Program materials	238,210	9,515	45,791	1,373,145	1,666,661	5,666	-	1,672,327
Patient medications and laboratory	1,197,539	-	-	-	1,197,539	-	-	1,197,539
Employee travel and education	137,494	42,759	182,941	131,746	494,940	161,717	17,029	673,686
Office and insurance	152,359	438,951	215,568	96,813	903,691	587,781	51,846	1,543,318
Professional services	364,212	11,700	80,785	22,124	478,821	1,623,574	88,404	2,190,799
Repairs and maintenance	129,167	33,318	209,066	72,960	444,511	90,489	13,948	548,948
Occupancy	453,790	96,505	798,689	258,408	1,607,392	150,672	48,827	1,806,891
Depreciation	382,569	73,513	439,027	169,242	1,064,351	89,490	29,746	1,183,587
Information technology	165,984	96,534	169,456	58,215	490,189	228,297	48,290	766,776
Other expenses	50,420	286,682	36,877	23,476	397,455	753,090	37,622	1,188,167
Total Expenses	<u>\$ 10,938,612</u>	<u>\$ 75,760,152</u>	<u>\$ 11,911,661</u>	<u>\$ 5,075,878</u>	<u>\$ 103,686,303</u>	<u>\$ 7,771,571</u>	<u>\$ 971,918</u>	<u>\$ 112,429,792</u>

See accompanying notes to consolidated financial statements.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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

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Vivent Health (formerly known as 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, Colorado, Missouri and Texas. The Vivent Health 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 in Denver, Colorado, St. Louis, Missouri, Austin, Texas and throughout Wisconsin with locations in Appleton, Beloit, Eau Claire, Green Bay, La Crosse, Kenosha, Madison, Milwaukee, Schofield/Wausau and Superior.

The consolidated financial statements include the accounts of Vivent Health ("Vivent") and the following entities: Milwaukee AIDS Housing Corporation, Inc. ("MAHC"), Vivent Health Pharmacy, LLC ("VH Pharmacy"), CARES Pharmacy, LLC ("CARES Pharmacy"), AMC Pharmacy, LLC ("EFA Pharmacy"), Scales Pharmacy, LLC ("Scales Pharmacy"), AIDS Services of Austin, Inc. ("ASA") and Vivent Health Endowment Fund, Inc (the "Endowment"). MAHC is registered under Section 811 of the National Affordable Housing Act of 1990. The pharmacies exclusively service HIV patients as limited liability companies and are solely owned by Vivent. Vivent is the sole corporate member of MAHC, ASA, and the Endowment. All significant intercompany transactions and accounts are eliminated.

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### **NOTE 2 - Summary of Significant Accounting Policies**

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#### *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 two classes:

**Without Donor Restriction** - Net assets that are not subject to donor-imposed stipulations.

**With Donor Restriction** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization or passage of time. 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.

#### *Board Designated Net Assets*

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. See Note 17 for more information regarding the amount and purpose of board designated net assets of the Organization.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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### **NOTE 2 - Summary of Significant Accounting Policies** (continued)

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#### *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.

#### *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*

Vivent Health, MAHC, ASA, and the Endowment are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Vivent Health, ASA, 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). Vivent Health, ASA, MAHC, and the Endowment are also exempt from state income taxes.

#### *Cash and Cash Equivalents*

For purposes of the consolidated financial statements, cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

#### *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.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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### **NOTE 2 - Summary of Significant Accounting Policies** (continued)

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#### *Accounts and Grants Receivable*

Accounts and grants receivable consist of insurance and patient receivables, government grants receivable, and other receivables. After September 1, 2019 the Organization assesses collectibility of insurance and patient receivables when revenue is recognized. These receivables are recorded at the net realizable value when the amounts are due in accordance with contracts with customers. Accounts are written-off through bad debt expense when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. At August 31, 2019 the insurance and patient receivables are recorded net of the estimated uncollectible amount of \$502,136, which was estimated based on previous experience and the current status of the receivables.

During both years, government grants receivable and other receivables are recorded net of estimated uncollectible amounts. Management of the Organization reviews the collectibility of these receivables on an ongoing basis based on previous experience and the current status of the receivables. At August 31, 2020 and 2019, no allowance was considered necessary for these receivables. Government grants receivable and other receivables are written off against the allowance when deemed uncollectible.

#### *Inventory*

Inventory is comprised of pharmaceuticals held at the VH Pharmacy, CARES Pharmacy, and EFA Pharmacy. Scales Pharmacy inventory was transferred to CARES Pharmacy during 2020. 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.

#### *Intangible Assets*

During the acquisition of Scales Pharmacy during 2020, the Organization expanded the number of patients being served. The value of these additional patients is reflected within other assets on the consolidated statements of financial position and is being amortized over three years. At August 31, 2020 and 2019, the gross value of this intangible asset was \$789,000 and \$0, respectively, and the related accumulated amortization was \$131,500 and \$0, respectively.

#### *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. During 2020, \$300,682 of intangible asset was written-off due to a change in the operations plan decreasing the value of the assets. No such losses occurred during 2019.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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### **NOTE 2 - Summary of Significant Accounting Policies** (continued)

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#### *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).

#### *Refundable Advance*

Vivent participated in and received funds in April 2020 under the Payroll Protection Program ("PPP") through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in the amount of \$4,978,500. The PPP is designed to provide a direct financial incentive for small businesses to keep their workers on the payroll. The program will forgive loan balances to the extent employees are kept on the payroll and the loan principal is used for payroll, rent, mortgage interest, or utilities during the eight or twenty-four week period following receipt. Any portion of the loan that is not forgiven will carry interest at 1% and is due to be paid back within two years. The first payment can be deferred until ten months after the end of the twenty-four week covered period.

Vivent determined this was a conditional contribution when received and concluded that the right of return and barriers associated with forgiveness were not met prior to August 31, 2020. During 2020, Vivent returned \$2,000,000 of the funds to the lender and considers the remaining PPP funding to be a refundable advance as of August 31, 2020. The refundable advance is reflected as a liability on the consolidated statements of financial position. Vivent's management believes that it will comply with the requirements for forgiveness and fully expects this amount to be recognized as a contribution in 2021.

#### *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*

The Organization adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU No. 2014-09"), and all related amendments during the year ending August 31, 2020, using the modified retrospective transition method. There was no cumulative effect related to the adoption of the standard. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Adoption of ASU No. 2014-09 did not have a significant impact on the consolidated financial statements, but disclosures related to revenue recognition were enhanced.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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### **NOTE 2 - Summary of Significant Accounting Policies** (continued)

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#### *Revenue Recognition* (continued)

A portion of the the Organization's revenue results from the sale of goods and services under contracts with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component.

Reimbursement for services and pharmacy revenues are for pharmaceutical sales or treatment services the Organization provides to its customers and are subsequently reimbursed for, either by the patient or via third-party payers on behalf of the patients. Each patient enters into an implicit contract with the Organization when they register, detailing the medication or treatment to be provided and the payment terms. Net transaction price for the contract is determined and recorded using a portfolio approach, relative to the medication provided or services to be performed and the insurance status of the patient. Revenue is recognized upon the delivery of the medication or performance of the treatment as the performance obligation is satisfied at that point in time.

Certain clinical and program services are billed to third-party payers, including insurance companies, managed care plans, and governmental payors. Revenue 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 to reach the net transaction price.

The Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* during the year ending August 31, 2020, using the modified prospective transition method. Adopting ASU No. 2018-08 did not have a significant impact on the consolidated financial statements of the Organization.

Unconditional contributions or grants are recognized when cash, securities, other assets, or promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Most of the Organization's federal, state and other grants or contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of August 31, 2020 there was approximately \$10,800,000 of conditional grant revenue, which is expected to be recognized in future years when the conditions are met.

All contributions restricted for a specific purpose by a donor are recorded as contributions with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as contributions without donor restrictions. When a donor restriction is met or expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All grants with government agencies are reported as without donor restrictions when the Organization satisfies any conditions.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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### **NOTE 2 - Summary of Significant Accounting Policies** (continued)

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#### *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 recognized by the Organization were \$568,387 and \$538,994 for the years ended August 31, 2020 and 2019, 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. Expenses are directly charged throughout the year to the appropriate program or supporting service. Certain costs, such as personnel expenses have been allocated based on time and effort of employees. Expenses such as occupancy, depreciation, and information technology are allocated based on full-time equivalents within departments.

#### *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 activities incidental to the operations of the Organization including the inherent contributions from the acquisitions.

#### *Adopted Accounting Pronouncements*

In 2020, the Organization adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU No. 2016-18"). The amendments in this update require that a statement of cash flows explains the change during the period in the total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents 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 adoption of ASU No. 2016-18 did not cause a reclassification or restatement of net asset balances or change in net assets. ASU No. 2016-18 as been applied retrospectively to all periods presented.



## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### **NOTE 2 - Summary of Significant Accounting Policies** (continued)

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##### *Adopted Accounting Pronouncements* (continued)

As a result of the adoption of ASU No. 2016-18, the consolidated statement of cash flows of the Organization for the year ended August 31, 2019 was adjusted as follows:

	After Adoption of ASU No. 2016-18	As Originally Presented	Effect of Change
Change in deposits and HUD restricted escrow	N/A	\$ (13,840)	\$ (13,840)
Change in deposits	(10,706)	N/A	(10,706)
Net Cash Flows from Operating Activities	8,761,013	8,757,879	3,134
Net Change in Cash and Cash Equivalents	N/A	4,494,470	(4,494,470)
Net Change in Cash, Cash Equivalents and Restricted Cash	4,497,604	N/A	4,497,604
Cash and Cash Equivalents - Beginning of Year	N/A	14,080,231	(14,080,231)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	14,114,090	N/A	14,114,090
Cash and Cash Equivalents - End of Year	N/A	18,574,701	(18,574,701)
Cash, Cash Equivalents, and Restricted Cash - End of Year	18,611,694	N/A	18,611,694

##### *New Accounting Pronouncements*

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU No. 2020-07"). ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 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 annual periods beginning after December 15, 2021 (2023). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2016-02 will have on its consolidated financial statements.

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### NOTE 3 - Availability of Financial Assets

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The following represents the Organization's financial assets at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 26,417,261	\$ 18,574,701
Contributions receivable, net	1,013,604	2,032,791
Accounts and grants receivable	13,089,137	9,879,130
Investments	11,519,759	9,436,994
Less: Cash and cash equivalents held for others	(41,528)	(37,158)
Less: Net assets with donor restrictions	(3,092,132)	(2,979,920)
Less: Board designated net assets	<u>(15,450,032)</u>	<u>(13,200,032)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,456,069</u>	<u>\$ 23,706,506</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. If needed, the Board designated funds could be released for general expenditures after receiving Board approval. In addition, as referenced in Note 13, the Organization has a line of credit of \$10,000,000 that could be drawn upon to support expenditures, if needed.

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#### NOTE 4 - Merger of St. Louis Effort for AIDS, LLC

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On September 1, 2018, Vivent merged operations with St. Louis Effort for AIDS, Inc. (an unrelated non-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 St. Louis Efforts for AIDS, Inc. was dissolved and included in the operations of Vivent. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value, resulting in an inherent contribution of \$656,027 recognized in the consolidated statements of activities.

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

Cash	\$ 245,116
Accounts and grants receivable	402,319
Prepaid expenses	13,620
Accrued expenses	<u>(5,028)</u>
Contributions recognized on acquisition of St. Louis Effort for AIDS, Inc.	<u>\$ 656,027</u>

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### **NOTE 5 - Acquisition of Scales Pharmacy**

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On January 31, 2020, the Organization acquired Scales Pharmacy (an unrelated for-profit organization) to expand operations of the Organization in an existing market. Under terms of the transaction, \$1,500,000 was paid by Vivent. Additional payments, up to \$1,500,000, can be earned by the sellers contingent upon meeting future benchmarks. During 2020, operations of Scales Pharmacy were transferred to CARES Pharmacy and subsequent to year end Scales Pharmacy was dissolved. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value. Subsequent to the purchase, \$300,682 of the other assets noted below was written-off prior to August 31, 2020.

The valuation of net assets acquired at January 31, 2020 for Scales Pharmacy was as follows:

Inventory	\$	231,935
Property and equipment		168,792
Prepaid expenses		9,591
Other assets		<u>1,089,682</u>
Net assets recognized on acquisition of Scales Pharmacy	\$	<u>1,500,000</u>

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#### **NOTE 6 - Merger of ASA**

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On April 1, 2020, Vivent merged operations with ASA (an unrelated non-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 Vivent became the sole corporate member of ASA. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value, resulting in an inherent contribution of \$5,406,202 recognized in the consolidated statements of activities.

The valuation of net assets acquired at April 1, 2020 for ASA was as follows:

Cash	\$	1,211,866
Accounts and grants receivable		1,833,826
Prepaid expenses		58,580
Property and equipment		3,286,075
Other assets		50,030
Accounts payable		(360,456)
Accrued expenses		<u>(673,719)</u>
Contributions recognized on acquisition of AIDS Services of Austin, Inc.	\$	<u>5,406,202</u>

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### **NOTE 7 - Fair Value Measurements**

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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.

*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.

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

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

#### **NOTE 7 - Fair Value Measurements (continued)**

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

	2020			Total
	Level 1	Level 2	Level 3	
Investments				
Bond mutual funds	\$ 276,230	\$ -	\$ -	\$ 276,230
Equity mutual funds	1,158,465	-	-	1,158,465
Certificates of deposit	-	7,736,538	-	7,736,538
Real estate	-	-	8,000	8,000
Total investments at fair value	<u>\$ 1,434,695</u>	<u>\$ 7,736,538</u>	<u>\$ 8,000</u>	9,179,233
Money market fund				2,340,526
Total investments				<u>\$ 11,519,759</u>

	2019			Total
	Level 1	Level 2	Level 3	
Investments				
Bond mutual funds	\$ 267,825	\$ -	\$ -	\$ 267,825
Equity mutual funds	879,090	-	-	879,090
Certificates of deposit	-	7,053,969	-	7,053,969
Real estate	-	-	8,000	8,000
Total investments at fair value	<u>\$ 1,146,915</u>	<u>\$ 7,053,969</u>	<u>\$ 8,000</u>	8,208,884
Money market fund				1,228,110
Total investments				<u>\$ 9,436,994</u>

Investments at August 31 are as follows:

	2020	2019
Endowment investments	\$ 897,897	\$ 703,869
Investments held for non-qualified deferred compensation	387,585	296,718
Other investments	10,234,277	8,436,407
Total	<u>\$ 11,519,759</u>	<u>\$ 9,436,994</u>

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### NOTE 8 - Contributions Receivable

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Contributions receivable at August 31 are as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 1,046,631	\$ 2,065,818
One to five years	<u>26,231</u>	<u>253,796</u>
	1,072,862	2,319,614
Less: Allowance for uncollectible contributions	(33,027)	(33,027)
Less: Discount to present value	<u>(1,890)</u>	<u>(5,225)</u>
Total contributions receivable, net	1,037,945	2,281,362
Contributions receivable, current portion	<u>1,013,604</u>	<u>2,032,791</u>
Contributions receivable, long-term portion	<u>\$ 24,341</u>	<u>\$ 248,571</u>

Contributions receivable to be collected in excess of one year are discounted using a rate of 2% as of August 31, 2020 and 2019.

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#### NOTE 9 - Accounts and Grants Receivable

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

	<u>2020</u>	<u>2019</u>
Government grants receivable	\$ 5,291,413	\$ 3,622,609
Insurance and patient receivables (net in 2020)	6,937,888	6,203,747
340b and other receivables	<u>859,836</u>	<u>554,910</u>
Total	13,089,137	10,381,266
Less: Allowance and related adjustments	-	(502,136)
Net Accounts and Grants Receivable	<u>\$ 13,089,137</u>	<u>\$ 9,879,130</u>

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#### NOTE 10 - Restrictions on Cash

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MAHC maintains a separate, restricted cash account as required by the 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 14), the balance in this fund reverts to the benefit of MAHC. At August 31, 2020 and 2019, the reserve for replacement of MAHC included within HUD restricted escrow and other assets on the consolidated statements of financial position was \$40,110 and \$36,993, respectively.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

### NOTE 11 - Property and Equipment

Property and equipment consists of the following at August 31:

	2020	2019
Land	\$ 120,201	\$ 200
Garden View Apartments	717,536	717,536
Leasehold improvements	9,240,741	7,382,711
Furniture and fixtures	1,268,719	958,672
Office equipment and technology	2,212,330	955,658
Motor vehicles	354,543	170,233
Health care equipment	1,801,720	669,393
Leased office equipment	105,136	105,136
Buildings	3,698,179	-
Construction in progress	177,756	-
Total	19,696,861	10,959,539
Less: Accumulated depreciation	(8,861,518)	(5,449,461)
Net Property and Equipment	\$ 10,835,343	\$ 5,510,078

### NOTE 12 - 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, Denver, Colorado, St. Louis, Missouri and Austin, Texas with expirations at various dates through 2030.

Future minimum lease payments under operating leases are as follows:

Year Ended August 31,	
2021	\$ 2,056,621
2022	1,895,735
2023	1,720,031
2024	1,724,588
2025	1,437,128
Thereafter	5,680,766
	\$ 14,514,869

Total rent and related occupancy expenses was \$1,514,975 and \$1,488,381 for the years ended August 31, 2020 and 2019, respectively. During 2019, the Organization terminated an operating lease early due to no longer using the space being rented and recognized a loss on the contract of \$443,764 within other income on the consolidated statements of activities.

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### **NOTE 13 - Line of Credit**

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The Organization has a \$10,000,000 line of credit with a bank. The line of credit has an interest rate of one month LIBOR plus 1.30% (1.80% as of August 31, 2020) and matures on September 30, 2025. The line of credit is secured by the assets of the Organization. The line of credit had no outstanding balances at August 31, 2020 and 2019.

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#### **NOTE 14 - Capital Advance**

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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, 2020 and 2019, the total HUD capital advances were \$680,090. The entire amount is recorded in capital advance on the accompanying consolidated statements of financial position. At August 31, 2020 the capital advance is classified as a current liability due to management's plan to settle the advance with HUD during fiscal 2021.

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#### **NOTE 15 - Letter of Credit For Unemployment Compensation**

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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.

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#### **NOTE 16 - Deferred Compensation Plan**

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The Organization and members of management have entered into deferred compensation agreements whereby the Organization is obligated to make quarterly contributions, as defined in the agreement, on behalf of the executives. 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 executives' attainment of age 65 as well as other contractual provisions. As of August 31, 2020 and 2019, investments of \$387,585 and \$296,718 are reflected as investments and an accrued liability for the earned deferred compensation obligation of \$145,085 and \$80,914 are included in the accompanying consolidated statements of financial position. Deferred compensation expense was \$85,556 and \$4,456 for the years ended August 31, 2020 and 2019, respectively.



## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

#### **NOTE 17 - 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 Directors approval. The amount of Board designated net assets is as follows at August 31:

	2020	2019
Board designated reserve	\$ 15,450,032	\$ 13,200,032

Net assets with donor restrictions as of August 31 consist of the following:

	2020	2019
United Way	\$ 214,894	\$ 356,938
Other contributions receivable	660,484	1,924,424
Unappropriated endowment earnings	351,437	182,409
AIDS Services of Austin, Inc.	1,324,168	-
Investments held in perpetuity	541,149	516,149
Total net assets with donor restrictions	\$ 3,092,132	\$ 2,979,920

#### **NOTE 18 - 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 as net assets with donor restrictions 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 Vivent 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:

	2020		
	Accumulated Earnings	Original Gift	Total
Donor restricted	\$ 351,437	\$ 541,149	\$ 892,586
	2019		
	Accumulated Earnings	Original Gift	Total
Donor restricted	\$ 182,409	\$ 516,149	\$ 698,558

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

#### **NOTE 18 - Endowment (continued)**

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

	2020		
	Accumulated Earnings	Original Gift	Total
Endowment net assets, beginning of year	\$ 182,409	\$ 516,149	\$ 698,558
Contributions	-	25,000	25,000
Investment income	<u>169,028</u>	-	<u>169,028</u>
Endowment net assets, end of year	<u>\$ 351,437</u>	<u>\$ 541,149</u>	<u>\$ 892,586</u>
	2019		
	Accumulated Earnings	Original Gift	Total
Endowment net assets, beginning of year	\$ 154,154	\$ 516,149	\$ 670,303
Investment income	<u>28,255</u>	-	<u>28,255</u>
Endowment net assets, end of year	<u>\$ 182,409</u>	<u>\$ 516,149</u>	<u>\$ 698,558</u>

#### **NOTE 19 - Uncompensated Care and Treatment**

The Organization provided the following uncompensated care and treatment to its medical, dental and mental health patients for the years ended August 31:

	2020	2019
Contractual allowances	\$ 3,375,598	\$ 2,829,535
Patient subsidy	834,508	729,410
Patient medications	790,119	563,015
Patient laboratory testing	221,371	301,788
Patient assistance	<u>703,672</u>	<u>397,706</u>
Total	<u>\$ 5,925,268</u>	<u>\$ 4,821,454</u>

## VIVENT HEALTH AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended August 31, 2020 and 2019

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#### **NOTE 20 - Medical Center and Social Services Expenses**

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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.

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

	<u>2020</u>	<u>2019</u>
Medical Center		
Medical Clinic	\$ 10,053,464	\$ 7,027,018
Dental Clinic	3,394,844	1,847,468
Behavioral Health and Wellness Clinic	<u>1,996,894</u>	<u>2,064,126</u>
Total Medical Center expenses	<u>\$ 15,445,202</u>	<u>\$ 10,938,612</u>
	<u>2020</u>	<u>2019</u>
Social Services and Other		
Case management	\$ 13,174,921	\$ 10,326,660
Food services	1,587,633	937,933
Legal services	<u>635,645</u>	<u>647,068</u>
Total Social Services and Other expenses	<u>\$ 15,398,199</u>	<u>\$ 11,911,661</u>

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#### **NOTE 21 - Related Parties**

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The Organization's Board of Directors and staff has made donations totaling \$31,713 and \$71,036 during the years ended August 31, 2020 and 2019, respectively.

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#### **NOTE 22 - Retirement Plans**

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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 \$798,987 and \$607,612 for the years ended August 31, 2020 and 2019, respectively.

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#### **NOTE 23 - Contingencies**

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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.

## VIVENT HEALTH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2020 and 2019

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### **NOTE 24 - Subsequent Events**

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The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 14, 2020, the date on which the consolidated financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATING SCHEDULE OF FINANCIAL POSITION As of August 31, 2020

	Vivent Health	Vivent Health Pharmacy, LLC	CARES Pharmacy, LLC and Scales Pharmacy, LLC *	EFA Pharmacy, LLC	AIDS Services of Austin	Vivent Health Fund, Inc.	Milwaukee AIDS Housing Corporation, Inc.	Eliminations	Consolidated
<b>CURRENT ASSETS</b>									
Cash and cash equivalents	\$ 6,357,356	\$ 9,251,558	\$ 4,501,546	\$ 2,598,774	\$ 3,582,894	\$ -	\$ 125,133	\$ -	\$ 26,417,261
Contributions receivable, net	851,037	-	-	-	207,567	-	-	(45,000)	1,013,604
Accounts and grants receivable	4,019,558	3,750,658	2,226,666	1,422,098	1,670,157	-	-	-	13,089,137
Inventory	-	1,975,396	1,043,370	707,786	-	-	-	-	3,726,552
Prepaid expenses	430,768	46,259	37,554	2,681	68,782	-	5,343	-	591,387
Amount due from affiliates	24,504,011	8,896,497	-	295,254	-	-	-	(33,695,762)	-
Total Current Assets	<u>36,162,730</u>	<u>23,920,368</u>	<u>7,809,136</u>	<u>5,026,593</u>	<u>5,529,400</u>	<u>-</u>	<u>130,476</u>	<u>(33,740,762)</u>	<u>44,837,941</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>6,809,840</u>	<u>52,050</u>	<u>496,755</u>	<u>176,733</u>	<u>3,159,864</u>	<u>-</u>	<u>140,101</u>	<u>-</u>	<u>10,835,343</u>
<b>OTHER ASSETS</b>									
Contributions receivable, net current portion	24,341	-	-	-	-	-	-	-	24,341
HUD restricted escrow and other assets	20,912	-	-	-	-	-	40,110	-	61,022
Other assets	-	-	-	-	50,030	-	-	657,500	707,530
Investment in subsidiaries	5,166,720	-	-	-	-	-	-	(5,166,720)	-
Investments	10,621,852	-	-	-	10	897,897	-	-	11,519,759
Total Other Assets	<u>15,833,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,040</u>	<u>897,897</u>	<u>40,110</u>	<u>(4,509,220)</u>	<u>12,312,652</u>
<b>TOTAL ASSETS</b>	<u>\$ 58,806,395</u>	<u>\$ 23,972,418</u>	<u>\$ 8,305,891</u>	<u>\$ 5,203,326</u>	<u>\$ 8,739,304</u>	<u>\$ 897,897</u>	<u>\$ 310,687</u>	<u>\$ (38,249,982)</u>	<u>\$ 67,985,936</u>
<b>CURRENT LIABILITIES</b>									
Accounts payable	\$ 1,999,891	\$ 380,411	\$ 90,109	\$ 34,016	\$ 355,349	\$ -	\$ 685	\$ (45,000)	\$ 2,815,461
Accrued expenses	1,529,326	556,733	233,931	178,688	156,389	-	-	-	2,655,067
Other current liabilities	50,000	-	-	-	-	-	338	-	50,338
Capital advance	-	-	-	-	-	-	680,090	-	680,090
Refundable advance	2,978,500	-	-	-	-	-	-	-	2,978,500
Amounts due to affiliates	8,998,565	12,027,037	5,053,475	3,740,091	3,024,527	5,311	846,756	(33,695,762)	-
Total Current Liabilities	<u>15,556,282</u>	<u>12,964,181</u>	<u>5,377,515</u>	<u>3,952,795</u>	<u>3,536,265</u>	<u>5,311</u>	<u>1,527,869</u>	<u>(33,740,762)</u>	<u>9,179,456</u>
<b>LONG-TERM LIABILITIES</b>									
Deferred compensation obligation	145,085	-	-	-	-	-	-	-	145,085
Total Liabilities	<u>15,701,367</u>	<u>12,964,181</u>	<u>5,377,515</u>	<u>3,952,795</u>	<u>3,536,265</u>	<u>5,311</u>	<u>1,527,869</u>	<u>(33,740,762)</u>	<u>9,324,541</u>
<b>NET ASSETS (DEFICIT)</b>									
Undesignated (deficit)	19,969,778	10,956,187	2,431,621	1,073,798	719,007	-	(677,193)	(4,509,220)	29,963,978
Board designated	15,450,032	-	-	-	-	-	-	-	15,450,032
Property and equipment less related debt (deficit)	6,809,840	52,050	496,755	176,733	3,159,864	-	(539,989)	-	10,155,253
Total Net Assets Without Donor Restrictions	<u>42,229,650</u>	<u>11,008,237</u>	<u>2,928,376</u>	<u>1,250,531</u>	<u>3,878,871</u>	<u>-</u>	<u>(1,217,182)</u>	<u>(4,509,220)</u>	<u>55,569,263</u>
With donor restrictions	875,378	-	-	-	1,324,168	892,586	-	-	3,092,132
Total Net Assets	<u>43,105,028</u>	<u>11,008,237</u>	<u>2,928,376</u>	<u>1,250,531</u>	<u>5,203,039</u>	<u>892,586</u>	<u>(1,217,182)</u>	<u>(4,509,220)</u>	<u>58,661,395</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 58,806,395</u>	<u>\$ 23,972,418</u>	<u>\$ 8,305,891</u>	<u>\$ 5,203,326</u>	<u>\$ 8,739,304</u>	<u>\$ 897,897</u>	<u>\$ 310,687</u>	<u>\$ (38,249,982)</u>	<u>\$ 67,985,936</u>

\* Scales Pharmacy, LLC was acquired during fiscal 2020 and all activity was transferred to CARES Pharmacy, LLC before year end, therefore all activity for both entities is reported in one column

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATING SCHEDULE OF FINANCIAL POSITION As of August 31, 2019

	Vivent Health	Vivent Health Pharmacy, LLC	CARES Pharmacy, LLC	EFA Pharmacy, LLC	Vivent Health Endowment Fund, Inc.	Milwaukee AIDS Housing Corporation, Inc.	Eliminations	Consolidated
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 4,910,375	\$ 10,099,013	\$ 2,408,252	\$ 1,029,874	\$ -	\$ 127,187	\$ -	\$ 18,574,701
Contributions receivable, net	2,032,791	-	-	-	-	-	-	2,032,791
Accounts and grants receivable	3,842,512	3,955,887	1,169,318	904,942	-	6,471	-	9,879,130
Inventory	-	1,648,646	660,487	296,468	-	-	-	2,605,601
Prepaid expenses	463,964	41,780	8,243	2,789	-	3,764	-	520,540
Amount due from affiliates	<u>13,306,479</u>	<u>-</u>	<u>-</u>	<u>295,254</u>	<u>-</u>	<u>-</u>	<u>(13,601,733)</u>	<u>-</u>
Total Current Assets	<u>24,556,121</u>	<u>15,745,326</u>	<u>4,246,300</u>	<u>2,529,327</u>	<u>-</u>	<u>137,422</u>	<u>(13,601,733)</u>	<u>33,612,763</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>5,058,930</u>	<u>74,005</u>	<u>10,773</u>	<u>197,731</u>	<u>-</u>	<u>168,639</u>	<u>-</u>	<u>5,510,078</u>
<b>OTHER ASSETS</b>								
Contributions receivable, net current portion	248,571	-	-	-	-	-	-	248,571
HUD restricted escrow and other assets	15,001	-	-	-	-	36,993	-	51,994
Investments	<u>8,733,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,869</u>	<u>-</u>	<u>-</u>	<u>9,436,994</u>
Total Other Assets	<u>8,996,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,869</u>	<u>36,993</u>	<u>-</u>	<u>9,737,559</u>
<b>TOTAL ASSETS</b>	<u>\$ 38,611,748</u>	<u>\$ 15,819,331</u>	<u>\$ 4,257,073</u>	<u>\$ 2,727,058</u>	<u>\$ 703,869</u>	<u>\$ 343,054</u>	<u>\$ (13,601,733)</u>	<u>\$ 48,860,400</u>
<b>CURRENT LIABILITIES</b>								
Accounts payable	1,887,117	323,779	2,648	934	-	184	-	2,214,662
Accrued expenses	780,761	517,195	154,808	42,685	-	-	-	1,495,449
Other current liabilities	7,477	-	-	-	-	1,154	-	8,631
Capital advance	-	-	-	-	-	680,090	-	680,090
Amounts due to affiliates	<u>-</u>	<u>7,865,714</u>	<u>2,355,182</u>	<u>2,579,504</u>	<u>5,311</u>	<u>796,022</u>	<u>(13,601,733)</u>	<u>-</u>
Total Current Liabilities	<u>2,675,355</u>	<u>8,706,688</u>	<u>2,512,638</u>	<u>2,623,123</u>	<u>5,311</u>	<u>1,477,450</u>	<u>(13,601,733)</u>	<u>4,398,832</u>
<b>LONG-TERM LIABILITIES</b>								
Deferred compensation obligation	<u>80,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,914</u>
Total Liabilities	<u>2,756,269</u>	<u>8,706,688</u>	<u>2,512,638</u>	<u>2,623,123</u>	<u>5,311</u>	<u>1,477,450</u>	<u>(13,601,733)</u>	<u>4,479,746</u>
<b>NET ASSETS (DEFICIT)</b>								
Undesignated (deficit)	15,315,155	7,038,638	1,733,662	(93,796)	-	(622,945)	-	23,370,714
Board designated	13,200,032	-	-	-	-	-	-	13,200,032
Property and equipment less related debt (deficit)	<u>5,058,930</u>	<u>74,005</u>	<u>10,773</u>	<u>197,731</u>	<u>-</u>	<u>(511,451)</u>	<u>-</u>	<u>4,829,988</u>
Total Net Assets Without Donor Restrictions	<u>33,574,117</u>	<u>7,112,643</u>	<u>1,744,435</u>	<u>103,935</u>	<u>-</u>	<u>(1,134,396)</u>	<u>-</u>	<u>41,400,734</u>
With donor restrictions	<u>2,281,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,558</u>	<u>-</u>	<u>-</u>	<u>2,979,920</u>
Total Net Assets	<u>35,855,479</u>	<u>7,112,643</u>	<u>1,744,435</u>	<u>103,935</u>	<u>698,558</u>	<u>(1,134,396)</u>	<u>-</u>	<u>44,380,654</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 38,611,748</u>	<u>\$ 15,819,331</u>	<u>\$ 4,257,073</u>	<u>\$ 2,727,058</u>	<u>\$ 703,869</u>	<u>\$ 343,054</u>	<u>\$ (13,601,733)</u>	<u>\$ 48,860,400</u>

## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATING SCHEDULE OF ACTIVITIES For the Year Ended August 31, 2020

	Vivent Health	Vivent Health Pharmacy, LLC	CARES Pharmacy, LLC and Scales Pharmacy, LLC *	EFA Pharmacy, LLC	AIDS Services of Austin	Vivent Health Endowment Fund, Inc.	Milwaukee AIDS Housing Corporation, Inc.	Eliminations	Consolidated
<b>REVENUE</b>									
Government grants	\$ 17,842,632	\$ -	\$ -	\$ -	\$ 2,824,790	\$ -	\$ -	\$ -	\$ 20,667,422
Grants and public support	2,351,866	-	-	-	818,625	25,000	-	(350,000)	2,845,491
Special events									
Special events revenue	696,314	-	-	-	125,681	-	-	-	821,995
Special events expense	(605,090)	-	-	-	(16,043)	-	-	-	(621,133)
Contractual partnerships	685,061	-	-	-	-	-	-	-	685,061
Reimbursement for services and pharmacy	2,886,970	82,779,940	38,777,204	18,698,718	1,167,451	-	-	-	144,310,283
Other income	462,256	-	-	-	-	169,028	11,394	(300,682)	341,996
Total Revenue	<u>24,320,009</u>	<u>82,779,940</u>	<u>38,777,204</u>	<u>18,698,718</u>	<u>4,920,504</u>	<u>194,028</u>	<u>11,394</u>	<u>(650,682)</u>	<u>169,051,115</u>
<b>EXPENSES</b>									
Clinical and program services									
Medical center	13,627,564	-	-	-	1,817,638	-	-	-	15,445,202
Pharmacy	-	64,467,283	32,751,717	13,729,118	-	-	-	(325,000)	110,623,118
Social services and other	13,407,720	-	-	-	1,896,299	-	94,180	-	15,398,199
Prevention services	5,230,696	-	-	-	613,855	-	-	-	5,844,551
Management and general	6,865,821	2,685,280	881,077	293,218	619,584	-	-	106,500	11,451,480
Fundraising	1,237,735	-	-	-	176,291	-	-	-	1,414,026
Total Expenses	<u>40,369,536</u>	<u>67,152,563</u>	<u>33,632,794</u>	<u>14,022,336</u>	<u>5,123,667</u>	<u>-</u>	<u>94,180</u>	<u>(218,500)</u>	<u>160,176,576</u>
Change in Net Assets Related to Operations	<u>(16,049,527)</u>	<u>15,627,377</u>	<u>5,144,410</u>	<u>4,676,382</u>	<u>(203,163)</u>	<u>194,028</u>	<u>(82,786)</u>	<u>(432,182)</u>	<u>8,874,539</u>
<b>OTHER CHANGES IN NET ASSETS</b>									
Inherent contribution from acquisition	3,666,720	-	-	-	1,739,482	-	-	-	5,406,202
Transfer from related parties	19,632,356	-	-	-	-	-	-	(19,632,356)	-
Transfer to related parties	-	(11,731,783)	(4,370,787)	(3,529,786)	-	-	-	19,632,356	-
Total Other Changes in Net Assets	<u>23,299,076</u>	<u>(11,731,783)</u>	<u>(4,370,787)</u>	<u>(3,529,786)</u>	<u>1,739,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,406,202</u>
Change in Net Assets	7,249,549	3,895,594	773,623	1,146,596	1,536,319	194,028	(82,786)	(432,182)	14,280,741
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<u>35,855,479</u>	<u>7,112,643</u>	<u>2,154,753</u>	<u>103,935</u>	<u>3,666,720</u>	<u>698,558</u>	<u>(1,134,396)</u>	<u>(4,077,038)</u>	<u>44,380,654</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u>\$ 43,105,028</u>	<u>\$ 11,008,237</u>	<u>\$ 2,928,376</u>	<u>\$ 1,250,531</u>	<u>\$ 5,203,039</u>	<u>\$ 892,586</u>	<u>\$ (1,217,182)</u>	<u>\$ (4,509,220)</u>	<u>\$ 58,661,395</u>

\* Scales Pharmacy, LLC was acquired during fiscal 2020 and all activity was transferred to CARES Pharmacy, LLC before year end, therefore all activity for both entities is reported in one column



## VIVENT HEALTH AND AFFILIATES

### CONSOLIDATING SCHEDULE OF ACTIVITIES For the Year Ended August 31, 2019

	Vivent Health	Vivent Health Pharmacy, LLC	CARES Pharmacy, LLC	EFA Pharmacy, LLC	Vivent Health Endowment Fund, Inc.	Milwaukee AIDS Housing Corporation, Inc.	Eliminations	Consolidated
<b>REVENUE</b>								
Government grants	\$ 17,397,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,397,989
Grants and public support	3,683,241	-	-	-	-	-	(312,000)	3,371,241
Special events								
Special events revenue	1,169,733	-	-	-	-	-	-	1,169,733
Special events expense	(683,415)	-	-	-	-	-	-	(683,415)
Contractual partnerships	436,217	-	-	-	-	-	-	436,217
Reimbursement for services and pharmacy	2,446,749	73,732,771	20,990,509	4,603,952	-	-	-	101,773,981
Other income	(21,723)	-	-	-	28,255	85,604	-	92,136
Total Revenue	<u>24,428,791</u>	<u>73,732,771</u>	<u>20,990,509</u>	<u>4,603,952</u>	<u>28,255</u>	<u>85,604</u>	<u>(312,000)</u>	<u>123,557,882</u>
<b>EXPENSES</b>								
Clinical and program services								
Medical center	10,938,612	-	-	-	-	-	-	10,938,612
Pharmacy	-	56,714,097	15,169,840	4,188,215	-	-	(312,000)	75,760,152
Social services and other	11,788,728	-	-	-	-	122,933	-	11,911,661
Prevention services	5,075,878	-	-	-	-	-	-	5,075,878
Management and general	4,987,211	2,161,164	623,196	-	-	-	-	7,771,571
Fundraising	971,918	-	-	-	-	-	-	971,918
Total Expenses	<u>33,762,347</u>	<u>58,875,261</u>	<u>15,793,036</u>	<u>4,188,215</u>	<u>-</u>	<u>122,933</u>	<u>(312,000)</u>	<u>112,429,792</u>
Change in Net Assets Related to Operations	<u>(9,333,556)</u>	<u>14,857,510</u>	<u>5,197,473</u>	<u>415,737</u>	<u>28,255</u>	<u>(37,329)</u>	<u>-</u>	<u>11,128,090</u>
<b>OTHER CHANGES IN NET ASSETS</b>								
Inherent contribution from acquisition	656,027	-	-	-	-	-	-	656,027
Transfer from related parties	12,989,077	-	-	-	-	-	(12,989,077)	-
Transfer to related parties	-	(7,809,975)	(4,867,300)	(311,802)	-	-	12,989,077	-
Total Other Changes in Net Assets	<u>13,645,104</u>	<u>(7,809,975)</u>	<u>(4,867,300)</u>	<u>(311,802)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>656,027</u>
Change in Net Assets	4,311,548	7,047,535	330,173	103,935	28,255	(37,329)	-	11,784,117
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>31,543,931</u>	<u>65,108</u>	<u>1,414,262</u>	<u>-</u>	<u>670,303</u>	<u>(1,097,067)</u>	<u>-</u>	<u>32,596,537</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 35,855,479</u>	<u>\$ 7,112,643</u>	<u>\$ 1,744,435</u>	<u>\$ 103,935</u>	<u>\$ 698,558</u>	<u>\$ (1,134,396)</u>	<u>\$ -</u>	<u>\$ 44,380,654</u>