

**EISNERAMPER**

**BROADWAY CARES/  
EQUITY FIGHTS AIDS, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019 and 2018**



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Broadway Cares/Equity Fights AIDS, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), which are comprised of the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Broadway Cares/Equity Fights AIDS, Inc. as of September 30, 2019 and 2018, 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.



EISNERAMPER LLP  
New York, New York  
August 1, 2020



**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.****Statements of Financial Position**

	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,698,063	\$ 2,796,123
Contributions and other receivables	330,919	729,955
Inventory	330,133	308,805
Prepaid expenses and other current assets	330,363	362,280
Property and equipment, net	100,332	81,151
Security deposit	<u>84,173</u>	<u>84,173</u>
Total assets	<u>\$ 5,873,983</u>	<u>\$ 4,362,487</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 218,196	\$ 194,016
Event revenue received in advance	417,196	171,054
Grants payable	651,000	-
Accrued pension liability	<u>1,686,585</u>	<u>764,782</u>
Total liabilities	<u>2,972,977</u>	<u>1,129,852</u>
Commitments and Contingency (Notes G and J)		
Net assets:		
Without donor restrictions:		
Net assets from operations	769,406	2,091,814
Accrued postretirement benefit liability	<u>1,686,585</u>	<u>764,782</u>
Total net assets without donor restrictions	2,455,991	2,856,596
With donor restrictions:		
Purpose restrictions	<u>445,015</u>	<u>376,039</u>
Total net assets	<u>2,901,006</u>	<u>3,232,635</u>
Total net assets and liabilities	<u>\$ 5,873,983</u>	<u>\$ 4,362,487</u>

See notes to financial statements.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Statements of Activities

	Year Ended September 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions	\$ 22,823,697	\$ 379,000	\$ 23,202,697	\$ 21,186,655	\$ 330,610	\$ 21,517,265
Special events (net of direct benefits to donors of \$808,771 and \$625,788 in 2019 and 2018, respectively)	2,169,177	-	2,169,177	2,594,074	-	2,594,074
Merchandise sales	313,540	-	313,540	382,099	-	382,099
Donated goods and services	50,600	-	50,600	119,177	-	119,177
Realized losses on sale of assets	(1,714)	-	(1,714)	(2,821)	-	(2,821)
Interest and other income	56,518	-	56,518	36,961	-	36,961
Total public support and revenue before net assets released from restrictions	25,411,818	379,000	25,790,818	24,316,145	330,610	24,646,755
Net assets released from restrictions	310,024	(310,024)	-	292,757	(292,757)	-
Total public support and revenue	25,721,842	68,976	25,790,818	24,608,902	37,853	24,646,755
<b>Expenses:</b>						
Program services	20,557,941	-	20,557,941	18,925,308	-	18,925,308
Supporting services:						
Management and general	1,782,970	-	1,782,970	1,762,546	-	1,762,546
Fund-raising	2,615,302	-	2,615,302	2,587,820	-	2,587,820
Total supporting services	4,398,272	-	4,398,272	4,350,366	-	4,350,366
Total expenses	24,956,213	-	24,956,213	23,275,674	-	23,275,674
Increase in net assets before other adjustments	765,629	68,976	834,605	1,333,228	37,853	1,371,081
Pension-related changes other than periodic costs	(1,166,234)	-	(1,166,234)	290,250	-	290,250
<b>Change in net assets</b>	(400,605)	68,976	(331,629)	1,623,478	37,853	1,661,331
Net assets - beginning of year	2,856,596	376,039	3,232,635	1,233,118	338,186	1,571,304
<b>Net assets - end of year</b>	\$ 2,455,991	\$ 445,015	\$ 2,901,006	\$ 2,856,596	\$ 376,039	\$ 3,232,635

See notes to financial statements.

**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

**Statement of Functional Expenses**

**Year Ended September 30, 2019**

(with summarized financial information for 2018)

	Program Services		Supporting Services		Total	
	Grantmaking and Related Costs	Management and General	Fund-Raising	Total Supporting Services	2019	2018
Salaries	\$ 2,529,866	\$ 752,762	\$ 728,410	\$ 1,481,172	\$ 4,011,038	\$ 3,821,476
Payroll taxes and employee benefits	1,151,604	342,660	331,575	674,235	1,825,839	1,488,944
Professional fees and consultants	93,363	74,918	14,058	88,976	182,339	196,961
Rent	561,678	167,128	161,721	328,849	890,527	818,049
Telephone	56,226	18,139	16,189	34,328	90,554	75,871
Printing, advertising and publicity	162,193	59,468	123,852	183,320	345,513	308,429
Postage and shipping	66,253	24,095	107,599	131,694	197,947	195,900
Conference and meetings	54,745	10,727	27,536	38,263	93,008	85,472
Mobilization and production costs	306,054	-	664,373	664,373	970,427	1,035,656
Merchandising expenses	234,473	-	113,843	113,843	348,316	350,687
Insurance	26,893	8,002	7,743	15,745	42,638	43,649
Dues and subscriptions	14,000	6,290	1,338	7,628	21,628	16,089
Security	18,375	14,366	16,080	30,446	48,821	31,918
Transportation and meals	32,335	23,363	152,710	176,073	208,408	130,513
Office supplies and expenses	127,648	103,935	57,069	161,004	288,652	222,131
Purchase of theater tickets	59,135	10,309	-	10,309	69,444	175,322
Repairs and maintenance	-	16,254	-	16,254	16,254	20,755
Credit card commissions	199,327	69,147	57,391	126,538	325,865	386,846
Corporate taxes and license fees	3,402	32,443	19,038	51,481	54,883	45,607
Online processing fees	44,097	12,351	12,697	25,048	69,145	88,011
Depreciation and amortization	-	35,958	-	35,958	35,958	36,708
Catering and venue costs	-	-	808,771	808,771	808,771	625,788
Miscellaneous	2,076	655	2,080	2,735	4,811	15,422
	<u>5,743,743</u>	<u>1,782,970</u>	<u>3,424,073</u>	<u>5,206,983</u>	<u>10,950,786</u>	10,216,204
Grants provided	<u>14,814,198</u>	-	-	-	<u>14,814,198</u>	<u>13,685,258</u>
Subtotal expenses	20,557,941	1,782,970	3,424,073	5,206,983	25,764,984	23,901,462
Less: direct benefit to donors	-	-	(808,771)	(808,771)	(808,771)	(625,788)
Total expenses per statements of activities	<u>\$ 20,557,941</u>	<u>\$ 1,782,970</u>	<u>\$2,615,302</u>	<u>\$ 4,398,272</u>	<u>\$ 24,956,213</u>	<u>\$ 23,275,674</u>

See notes to financial statements.

**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

**Statement of Functional Expenses  
Year Ended September 30, 2018**

	Program Services		Supporting Services		Total Expenses
	Grantmaking and Related Costs	Management and General	Fund-Raising	Total Supporting Services	
Salaries	\$ 2,392,598	\$ 722,444	\$ 706,434	\$ 1,428,878	\$ 3,821,476
Payroll taxes and employee benefits	933,839	286,030	269,075	555,105	1,488,944
Professional fees and consultants	56,741	81,472	58,748	140,220	196,961
Rent	512,174	154,651	151,224	305,875	818,049
Telephone	46,607	15,503	13,761	29,264	75,871
Printing, advertising and publicity	148,867	61,172	98,390	159,562	308,429
Postage and shipping	66,707	37,078	92,115	129,193	195,900
Conference and meetings	37,673	13,770	34,029	47,799	85,472
Mobilization and production costs	363,325	-	672,331	672,331	1,035,656
Merchandising expenses	230,675	30,410	89,602	120,012	350,687
Insurance	27,328	8,252	8,069	16,321	43,649
Dues and subscriptions	11,240	3,253	1,596	4,849	16,089
Security	-	14,593	17,325	31,918	31,918
Transportation and meals	29,094	30,220	71,199	101,419	130,513
Office supplies and expenses	85,407	87,869	48,855	136,724	222,131
Purchase of theater tickets	2,714	16,013	156,595	172,608	175,322
Repairs and maintenance	-	20,755	-	20,755	20,755
Credit card commissions	235,095	82,338	69,413	151,751	386,846
Corporate taxes and license fees	3,186	29,988	12,433	42,421	45,607
Online processing fees	55,103	16,638	16,270	32,908	88,011
Depreciation and amortization	-	36,708	-	36,708	36,708
Catering and venue costs	-	-	625,788	625,788	625,788
Miscellaneous	1,677	13,389	356	13,745	15,422
	5,240,050	1,762,546	3,213,608	4,976,154	10,216,204
Grants provided	13,685,258	-	-	-	13,685,258
Subtotal expenses	18,925,308	1,762,546	3,213,608	4,976,154	23,901,462
Less: direct benefits to donors	-	-	(625,788)	(625,788)	(625,788)
Total expenses per statements of activities	<u>\$ 18,925,308</u>	<u>\$ 1,762,546</u>	<u>\$ 2,587,820</u>	<u>\$ 4,350,366</u>	<u>\$ 23,275,674</u>

See notes to financial statements.

**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.****Statements of Cash Flows**

	Year Ended September 30,	
	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (331,629)	\$ 1,661,331
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	35,958	36,708
Donated investments	(118,991)	(165,632)
Proceeds from sales of donated investments	117,277	159,287
Realized losses on sale of donated investments	1,714	2,821
Changes in:		
Contributions and other receivables	399,036	(640,600)
Inventory	(21,328)	(107,538)
Prepaid expenses and other current assets	31,917	(94,202)
Accounts payable and accrued expenses	24,180	14,135
Event revenue received in advance	246,142	72,727
Grants payable	651,000	(600,000)
Accrued pension liability	<u>921,803</u>	<u>(1,225,069)</u>
Net cash provided by (used in) operating activities	<u>1,957,079</u>	<u>(886,032)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of securities	-	3,524
Purchases of property and equipment	<u>(55,139)</u>	<u>(40,205)</u>
Net cash used in investing activities	<u>(55,139)</u>	<u>(36,681)</u>
<b>Change in cash and cash equivalents</b>	<b>1,901,940</b>	<b>(922,713)</b>
Cash and cash equivalents - beginning of year	<u>2,796,123</u>	<u>3,718,836</u>
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 4,698,063</u></b>	<b><u>\$ 2,796,123</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Noncash donations of goods and services	<u>\$ 50,600</u>	<u>\$ 119,177</u>

See notes to financial statements.

## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2019 and 2018**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] The Organization:**

Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), a not-for-profit entity formed in 1988 in the State of New York, raises money to provide grants to (i) organizations providing assistance for healthcare to those individuals in the entertainment industry who are affected by critical health issues, including but not limited to HIV/AIDS, and (ii) organizations and programs nationwide and internationally that provide care and services to people living with HIV/AIDS. The Organization also facilitates the fund-raising capabilities of the theater community to address and support an urgent crisis or need, as directed by the Board of Trustees.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws.

##### **[2] Basis of accounting:**

The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, public support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

##### **[4] Cash and cash equivalents:**

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

##### **[5] Contributions and other receivables:**

These receivables consist of contributions and payments owed from fund-raising events. The amounts are expected to be fully collected within the next fiscal-year; accordingly, no allowance for doubtful amounts has been established.

##### **[6] Inventory:**

Inventory consists of merchandise available for sale and is valued at the lower of cost or market at the fiscal year-end. Certain items have been contributed to inventory and have been recorded at their approximate fair values at the dates of donation. Obsolete inventory is written off as necessary.

##### **[7] Grants payable:**

Grants are recognized as obligations at the time of approval. Grants approved but unpaid as of year-end are reported as liabilities in the statements of financial position. There were grants payable of \$651,000 as of September 30, 2019 which were unconditional and scheduled to be paid within the subsequent fiscal-year. There were no grants payable as of September 30, 2018.



## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2019 and 2018**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[8] Property and equipment:**

Property and equipment are stated at their costs at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, less accumulated depreciation. The Organization capitalizes as assets those items of property and equipment that both have a cost of \$2,000 or more and useful lives greater than five years; whereas the costs of minor repairs and maintenance are expensed as incurred. Depreciation of furniture, fixtures, and equipment is provided using the straight-line method over estimated useful life of five years, and leasehold improvements are amortized using the straight-line method over the term of the underlying lease.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2019 and 2018, respectively, and, in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

##### **[9] Accrued vacation:**

Accrued vacation represents the Organization's obligation for the cost of unused employee vacation time that would be payable in the event that all employees left the Organization. As of September 30, 2019 and 2018, the accrued vacation obligation was approximately \$57,000 and \$38,000, respectively, and was reported as a part of accounts payable and accrued expenses in the accompanying statements of financial position.

##### **[10] Event revenue received in advance:**

The revenue from advance ticket sales related to a future year's event is deferred and recognized as income in the year in which the performance is held.

##### **[11] Net assets:**

###### *(i) Net Assets Without Donor Restrictions:*

The Organization's net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions by donors regarding their use.

The accrued postretirement benefit liability reserve represents the portion of net assets held for the purpose of funding the 403(b) plan in future years.

###### *(ii) Net Assets With Donor Restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or specified period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." For the Organization net assets with donor restrictions is comprised of funds received for fiscal-sponsorships whereby the Organization serves as a sponsor for groups that engage in activities that relate to the Organization's mission. Funds received by the Organization under this program are considered with donor restrictions until expenditures occur, at which point they are released from restriction. Contributions with restrictions, the requirements of which are met in the year of donation, are reported as without donor restrictions.

## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2019 and 2018**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[12] Revenue recognition:**

*(i) Contributions:*

Contributions made to the Organization are recorded as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use.

*(ii) Special events:*

The Organization conducts special events for which the use of a host Broadway theater may be donated and the performers and support staff donate their time. A portion of the gross proceeds paid by the attendees represents payment for the direct cost of the benefits received by the attendees at the event. Such special-event income is reported net of the direct cost of the event that is attributable to the benefit that the donors receive. In the absence of a verifiable objective means to demonstrate otherwise, the fair value of entertainment provided at these special events is measured at the actual cost to the Organization.

*(iii) Merchandise sales:*

The Organization operates a retail outreach program that sells AIDS-awareness red-ribbon items; items crafted by workshops sheltered for people living with AIDS; general Broadway-show-related memorabilia, and various other collector items. Sales are conducted via a printed catalog and on-line through the Organization's website.

*(iv) Care-Tix sales:*

The Organization has access to available seats at Broadway and Off-Broadway shows, which are sold to the general public generally for double the face value of the ticket, resulting in the recording of 50% of the ticket price as a contribution to the Organization. In the financial statements, the amount reported in contributions is net of the actual cost of the tickets.

##### **[13] Advertising costs:**

The Organization expenses the cost of advertising as incurred.

##### **[14] Functional allocation of expenses:**

The costs of providing the Organization's various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expense present expenses by functional and natural classification. Accordingly, direct costs have been allocated among the program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of time with the exception of rent which has been allocated based on square footage.

##### **[15] Volunteers:**

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed services required under U.S. GAAP and, accordingly, is not included in the financial statements.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2019 and 2018

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [16] Income tax uncertainties:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of unrelated business taxable income ("UBTI") attributable to certain of its merchandise sales. Because the Organization has always recorded the potential liability for this tax, when applicable, and because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the financial statements.

##### [17] Adoption of accounting principle:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and the availability of resources. ASU 2016-14 was effective for annual reporting periods issued for years beginning after December 15, 2017. Accordingly, the Organization was required to adopt ASU 2016-14 for its fiscal-year ended September 30, 2019, which under U.S. GAAP, was a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas are to be adopted on a prospective basis. Although the Organization's adoption of ASU 2016-14 had no effect on the Organization's total net assets or its changes in net assets for fiscal-years 2019 and 2018, certain reclassifications were required. Accordingly, the Organization changed its presentation of its net asset classes and expanded certain footnote disclosures.

##### [18] Upcoming accounting pronouncements:

###### (i) *Revenue from Contracts with Customers:*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. The new standard is effective for fiscal-years beginning after December 15, 2019; accordingly, the Organization will adopt this for its fiscal-year ending September 30, 2021. Management is in the process of assessing the impact of this ASU on the financial statements.

###### (ii) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:*

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as non-exchange transactions. For non-exchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. The standard is effective for years beginning after December 15, 2018 for entities receiving resources and years beginning after December 15, 2019 for entities providing resources. As a resource recipient, the Organization will adopt this new standard for its fiscal-year 2020. Management is in the process of assessing the impact of this ASU on the financial statements.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2019 and 2018

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [18] Upcoming accounting pronouncements: (continued)

###### (iii) Leases:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require entities to recognize lease assets and lease liabilities (related to leases previously classified as operating under previous U.S. GAAP) on the statement of financial position. The ASU will be effective for the Organization's fiscal-year ending September 30, 2023. Management is in the process of assessing the impact of this ASU on the financial statements.

##### [19] Reclassification:

Certain information included the prior-year's financial statements has been reclassified to conform to the current-years presentation.

##### [20] Subsequent events:

The Organization evaluated subsequent events through August 1, 2020, the date on which the financial statements were available to be issued.

#### NOTE B - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Office furniture and fixtures	\$ 189,618	\$ 189,618
Equipment	151,564	151,564
Leasehold improvements	<u>222,574</u>	<u>167,435</u>
	563,756	508,617
Less: accumulated depreciation and amortization	<u>(463,424)</u>	<u>(427,466)</u>
	<u>\$ 100,332</u>	<u>\$ 81,151</u>

#### NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Revolution Latina	\$ 71,424	\$ 58,747
Green Alliance	133,312	120,810
Broadway Serves	<u>240,279</u>	<u>196,482</u>
	<u>\$ 445,015</u>	<u>\$ 376,039</u>

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2019 and 2018

#### NOTE C - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each fiscal-year, net assets were released from restrictions as the following donor restrictions were satisfied:

	September 30,	
	2019	2018
Purpose restrictions:		
Revolution Latina	\$ 168,846	\$ 169,036
Green Alliance	134,975	114,731
Broadway Serves	6,203	8,990
	<u>\$ 310,024</u>	<u>\$ 292,757</u>

#### NOTE D - DONATED GOODS AND SERVICES

For recognition of donated services within the Organization's financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require a specialized skill; and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the statements of activities.

During fiscal-years 2019 and 2018, the Organization received donated goods and services as follows:

	Year Ended September 30,	
	2019	2018
Donated goods - airline tickets	\$ -	\$ 85,000
Donated services - advertising	50,600	34,177
Total donated goods and services	<u>\$ 50,600</u>	<u>\$ 119,177</u>

During fiscal-years 2019 and 2018, the Organization received donated auction items for experiences and autographed memorabilia, for which there are no readily determinable fair market values. These contributions were recorded within these financial statements at the values for which they were sold during the auction process.

#### NOTE E - RELATED-PARTY TRANSACTIONS

##### [1] Professional services:

A member of the Board of Trustees is a principal owner of the press agency used by the Organization. Fees paid for services and expense reimbursements to the press agency were \$16,940 and \$16,945 for fiscal-years 2019 and 2018, respectively.

##### [2] Grants:

For fiscal-years 2019 and 2018, grants of approximately \$6,255,100 and \$5,896,575, respectively, were made to not-for-profit organizations that have board members in common with the Organization's Board of Trustees.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2019 and 2018

#### NOTE F - RETIREMENT BENEFITS

The Organization has a defined-benefit retirement plan formed under Internal Revenue Code Section 403(b) that covers all employees who meet certain length-of-service requirements. Vesting of the Organization's contributions occurs after the completion of five years of service.

At each fiscal year-end, the plan's funded status, accrued benefit cost, and other underlying data were as follows:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Accumulated benefit obligation	<u>\$ (7,005,080)</u>	<u>\$ (5,873,252)</u>
Projected benefit obligation	<u>\$ (7,005,080)</u>	<u>\$ (5,873,252)</u>
Fair value of plan assets	<u>5,318,495</u>	<u>5,108,470</u>
Funded status (obligation in excess of assets)	<u>\$ (1,686,585)</u>	<u>\$ (764,782)</u>
Accrued benefit cost reported in the statements of financial position	<u>\$ (1,686,585)</u>	<u>\$ (764,782)</u>
Changes in retirement benefits other than included in operating expenses	<u>\$ (1,166,234)</u>	<u>\$ 290,250</u>
Net periodic pension cost included the following components:		
Service cost benefits earned during the period	\$ 351,127	\$ 345,795
Interest cost on projected benefit obligation	263,542	234,478
Amortization of net loss	117,473	129,793
Actual return on assets	(149,044)	(163,153)
Net asset loss deferred during period	(203,791)	(89,316)
Amortization of prior service cost	(42,416)	(42,416)
Additional expense recognized due to significant event	<u>318,678</u>	<u>-</u>
Net periodic pension costs	<u>\$ 655,569</u>	<u>\$ 415,181</u>
Weighted-average assumptions:		
Discount rate	3.34%	4.54%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	3.00%	3.00%
Employer contributions	<u>\$ 900,000</u>	<u>\$ 1,350,000</u>
Benefits paid	<u>\$ (65,019)</u>	<u>\$ (73,421)</u>
Settlements	<u>\$ 774,000</u>	<u>\$ -</u>

There is no required funding for 2020. The Organization has made a contribution of \$114,000 to the plan subsequent to September 30, 2019.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2019 and 2018

#### NOTE F - RETIREMENT BENEFITS (CONTINUED)

As of January 1, 2016, the Board amended the defined benefit pension plan. This amendment resulted in the conversion to a 1.5% unit accrual plan and benefits accrued prior to December 31, 2015 were preserved. The amended plan is based on a projected cost to the Organization of approximately 7% of eligible payroll each year.

At each fiscal year-end, plan assets were invested as follows:

	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
Money-market funds	4%	5%
Equity securities	41	35
Fixed-income funds	<u>55</u>	<u>60</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

Based on expected future service, the benefit distributions expected to be paid in future fiscal-years are:

<b>Year Ending September 30,</b>	<b>Expected Benefit Distributions</b>
2020	\$ 178,000
2021	198,000
2022	195,000
2023	225,000
2024	224,000
2025 - 2029	1,599,000

#### NOTE G - COMMITMENTS

##### [1] Operating leases:

The Organization rents office space under an operating lease agreement that expires on August 31, 2021. The lease requires minimum lease payments plus escalation charges. Rent expense for fiscal-years 2019 and 2018 was approximately \$638,000 and \$614,000, respectively. The estimated future minimum annual obligations under this lease are as follows:

<b>Year Ending September 30,</b>	<b>Amount</b>
2020	\$ 657,099
2021	618,864

##### [2] Other contracts:

In the normal course of business, the Organization enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2019 and 2018

#### NOTE H - CREDIT RISK

The Organization maintains its cash and cash equivalents in amounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant risk of loss due to the failure of these banking institutions.

#### NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets available for general expenditure (including scheduled grant payments) within one year of the statement of financial position date September 30, 2019, reduced by amounts not available for general use within one year because of donor-imposed restrictions and internal designations.

Cash, and cash equivalents	\$ 4,047,063
Contributions and other receivables	<u>330,919</u>
Total financial assets available within one year	<u>4,377,982</u>
Less:	
Amounts unavailable for general expenditures within one year, due to donor restrictions:	
Restricted for purpose	<u>(445,015)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,932,967</u>

#### Liquidity policy:

As part of the Organization's liquidity management, the Organization maintains a sufficient level of operating cash to be available as its general expenditures, liabilities, and other obligations come due.

#### NOTE J - CONTINGENCY AND UNCERTAINTY

The extent of the impact of the coronavirus ("COVID-19") outbreak on the operational and financial performance of the Organization will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on the overall availability of contributions towards the Organization's programs, all of which are highly uncertain and cannot be predicted. If contributions towards the Organization's programs are impacted for an extended period, results of operations may be materially adversely affected.