

EISNERAMPER

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 and 2020



BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees of
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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for each of 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, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
April 12, 2022



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

	September 30,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 14,526,744	\$ 5,528,677
Contributions and other receivables	2,471	249,262
Inventory	344,704	349,533
Prepaid expenses and other current assets	320,134	327,948
Property and equipment, net	121,580	168,460
Security deposit	84,173	84,173
	<u>15,399,806</u>	<u>6,708,053</u>
Total assets		
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 167,740	\$ 152,427
Paycheck Protection Program loan payable	-	749,600
Event revenue received in advance	12,910	-
Accrued pension liability	1,614,915	2,345,509
	<u>1,795,565</u>	<u>3,247,536</u>
Total liabilities		
Commitments and other uncertainty (Note H)		
Net assets:		
Without donor restrictions:		
Net assets from operations	11,696,402	810,517
Accrued postretirement benefit liability	1,614,915	2,345,509
	<u>13,311,317</u>	<u>3,156,026</u>
Total net assets without donor restrictions		
With donor restrictions:		
Purpose restrictions	292,924	304,491
	<u>13,604,241</u>	<u>3,460,517</u>
Total net assets		
Total liabilities and net assets	<u>\$ 15,399,806</u>	<u>\$ 6,708,053</u>

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statements of Activities

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions (net of direct benefits to donors of \$119,033 in 2020)	\$ 30,863,195	\$ 132,302	\$ 30,995,497	\$ 25,087,037	\$ 223,769	\$ 25,310,806
Special events (net of direct benefits to donors of \$32,682 and \$49,913 in 2021 and 2020, respectively)	161,024	-	161,024	2,494,806	-	2,494,806
Merchandise sales (net of cost of goods sold of \$133,708 and \$240,922 in 2021 and 2020, respectively)	92,498	-	92,498	31,542	-	31,542
Donated goods and services	10,206	-	10,206	14,468	-	14,468
Interest and other income	19,980	-	19,980	28,149	-	28,149
Total public support and revenue before net assets released from restrictions	31,146,903	132,302	31,279,205	27,656,002	223,769	27,879,771
Net assets released from restrictions	143,869	(143,869)	-	364,293	(364,293)	-
Total public support and revenue	31,290,772	(11,567)	31,279,205	28,020,295	(140,524)	27,879,771
Expenses:						
Program services	19,226,694	-	19,226,694	23,419,167	-	23,419,167
Supporting services:						
Management and general	1,652,947	-	1,652,947	1,553,301	-	1,553,301
Fund-raising	1,858,197	-	1,858,197	2,066,051	-	2,066,051
Total supporting services	3,511,144	-	3,511,144	3,619,352	-	3,619,352
Total expenses	22,737,838	-	22,737,838	27,038,519	-	27,038,519
Change in net assets before other adjustments	8,552,934	(11,567)	8,541,367	981,776	(140,524)	841,252
Pension – other components of net periodic costs	(29,613)	-	(29,613)	14,727	-	14,727
Pension-related changes other than operating expense portion	882,370	-	882,370	(296,468)	-	(296,468)
Gain on Paycheck Protection Program loan forgiveness	749,600	-	749,600	-	-	-
Change in net assets	10,155,291	(11,567)	10,143,724	700,035	(140,524)	559,511
Net assets - beginning of year	3,156,026	304,491	3,460,517	2,455,991	445,015	2,901,006
Net assets - end of year	\$ 13,311,317	\$ 292,924	\$ 13,604,241	\$ 3,156,026	\$ 304,491	\$ 3,460,517

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statement of Functional Expenses

Year Ended September 30, 2021

(with summarized financial information for 2020)

	Program Services	Supporting Services			Total	
	Grantmaking and Mobilization of Theater Community	Management and General	Fund-Raising	Total Supporting Services	2021	2020
Salaries	\$ 1,923,085	\$ 646,483	\$ 574,606	\$ 1,221,089	\$ 3,144,174	\$ 3,887,100
Payroll taxes and employee benefits	1,063,410	357,486	317,740	675,226	1,738,636	1,743,492
Professional fees and consultants	80,813	54,347	69,084	123,431	204,244	193,451
Rent	623,533	209,613	186,308	395,921	1,019,454	959,351
Telephone	55,820	21,065	16,679	37,744	93,564	82,933
Printing, advertising and publicity	61,349	41,583	95,365	136,948	198,297	210,642
Postage and shipping	23,162	25,196	16,195	41,391	64,553	132,087
Conference and meetings	175	250	454	704	879	36,856
Mobilization and production costs	2,748	-	423,308	423,308	426,056	542,432
Merchandising expenses	133,708	9,958	2,718	12,676	146,384	286,076
Insurance	26,566	8,931	7,938	16,869	43,435	43,177
Dues and subscriptions	1,543	6,128	8,284	14,412	15,955	12,440
Security	-	15,413	-	15,413	15,413	33,516
Transportation and meals	2,380	13,025	16,829	29,854	32,234	102,884
Office supplies and expenses	79,934	51,936	20,515	72,451	152,385	174,633
Purchase of theater tickets	200	2,302	463	2,765	2,965	229,921
Repairs and maintenance	-	5,499	-	5,499	5,499	7,839
Credit card commissions	273,036	98,735	81,581	180,316	453,352	318,534
Corporate taxes and license fees	26	36,017	18,646	54,663	54,689	37,885
Online processing fees	23,197	7,798	6,931	14,729	37,926	52,636
Depreciation and amortization	-	46,880	-	46,880	46,880	50,704
Catering and venue costs	-	-	32,682	32,682	32,682	49,913
Miscellaneous	-	389	66	455	455	1,143
	<u>4,374,685</u>	<u>1,659,034</u>	<u>1,896,392</u>	<u>3,555,426</u>	<u>7,930,111</u>	<u>9,189,645</u>
Grants provided	<u>15,003,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,003,830</u>	<u>18,244,015</u>
Subtotal expenses	19,378,515	1,659,034	1,896,392	3,555,426	22,933,941	27,433,660
Less:						
Other components of net periodic costs	(18,112)	(6,089)	(5,412)	(11,501)	(29,613)	14,727
Costs of goods sold	(133,708)	-	-	-	(133,708)	(240,922)
Direct benefits to donors	-	-	(32,782)	(32,782)	(32,782)	(168,946)
Total expenses per statements of activities	<u>\$ 19,226,695</u>	<u>\$ 1,652,945</u>	<u>\$ 1,858,198</u>	<u>\$ 3,511,143</u>	<u>\$ 22,737,838</u>	<u>\$ 27,038,519</u>

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statement of Functional Expenses Year Ended September 30, 2020

	Program Services	Supporting Services			Total
	Grantmaking and Mobilization of Theater Community	Management and General	Fund-Raising	Total Supporting Services	
Salaries	\$ 2,544,967	\$ 675,644	\$ 666,489	\$ 1,342,133	\$ 3,887,100
Payroll taxes and employee benefits	1,141,501	303,048	298,943	601,991	1,743,492
Professional fees and consultants	90,160	68,395	34,896	103,291	193,451
Rent	628,108	166,751	164,492	331,243	959,351
Telephone	49,278	20,750	12,905	33,655	82,933
Printing, advertising and publicity	71,136	45,911	93,595	139,506	210,642
Postage and shipping	45,900	29,476	56,711	86,187	132,087
Conference and meetings	15,314	7,363	14,179	21,542	36,856
Mobilization and production costs	158,812	-	383,620	383,620	542,432
Merchandising expenses	250,888	7,328	27,860	35,188	286,076
Insurance	28,269	7,505	7,403	14,908	43,177
Dues and subscriptions	743	7,452	4,245	11,697	12,440
Security	-	18,541	14,975	33,516	33,516
Transportation and meals	15,560	14,320	73,004	87,324	102,884
Office supplies and expenses	83,364	59,204	32,065	91,269	174,633
Purchase of theater tickets	-	2,662	227,259	229,921	229,921
Repairs and maintenance	-	7,399	440	7,839	7,839
Credit card commissions	204,092	60,993	53,449	114,442	318,534
Corporate taxes and license fees	-	35,293	2,592	37,885	37,885
Online processing fees	34,462	9,149	9,025	18,174	52,636
Depreciation and amortization	43,786	3,035	3,883	6,918	50,704
Catering and venue costs	-	-	49,913	49,913	49,913
Miscellaneous	92	522	529	1,051	1,143
	5,406,432	1,550,741	2,232,472	3,783,213	9,189,645
Grants provided	18,244,015	-	-	-	18,244,015
Subtotal expenses	23,650,447	1,550,741	2,232,472	3,783,213	27,433,660
Less:					
Other components of net periodic costs	9,642	2,560	2,525	5,085	14,727
Costs of goods sold	(240,922)	-	-	-	(240,922)
Direct benefits to donors	-	-	(168,946)	(168,946)	(168,946)
Total expenses per statements of activities	\$ 23,419,167	\$ 1,553,301	\$ 2,066,051	\$ 3,619,352	\$ 27,038,519

See notes to financial statements.

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

	Year Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 10,143,724	\$ 559,511
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	46,880	50,704
Donated investments	(558,195)	(149,955)
Proceeds from sales of donated investments	572,906	155,045
Realized gains on sale of donated investments	(14,711)	(5,090)
Gain on Paycheck Protection Program loan forgiveness	(749,600)	-
Changes in:		
Contributions and other receivables	246,791	81,657
Inventory	4,829	(19,400)
Prepaid expenses and other current assets	7,814	2,415
Accounts payable and accrued expenses	15,313	(65,769)
Event revenue received in advance	12,910	(417,196)
Grants payable	-	(651,000)
Accrued pension liability	(730,594)	658,924
Net cash provided by operating activities	<u>8,998,067</u>	<u>199,846</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(118,832)
Net cash used in investing activities	<u>-</u>	<u>(118,832)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	749,600
Net cash provided by financing activities	<u>-</u>	<u>749,600</u>
Increase in cash and cash equivalents	8,998,067	830,614
Cash and cash equivalents - beginning of year	<u>5,528,677</u>	<u>4,698,063</u>
Cash and cash equivalents - end of year	<u>\$ 14,526,744</u>	<u>\$ 5,528,677</u>
Supplemental disclosure of cash flow information:		
Noncash donations of services	<u>\$ 10,206</u>	<u>\$ 14,468</u>

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

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 "Board").

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("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. Certain items have been contributed to inventory and have been recorded at their approximate fair values at the dates of donation. Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in-first-out principle. Trade goods purchased from third parties are valued at the purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to complete the sale. Obsolete inventory is written off as necessary.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

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

[7] 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. There were no triggering events occurring which would impact property and equipment requiring management to test for, or adjust for, impairment losses during 2021 or 2020. 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.

[8] 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, 2021 and 2020, the accrued vacation obligation was approximately \$72,000 and \$55,000, respectively, and was reported as a part of accounts payable and accrued expenses in the accompanying statements of financial position.

[9] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid Relief, and Economic Security ("CARES") Act. The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. During fiscal year 2020, the Organization elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470 *Debt*. During the year ended September 30, 2021, the Organization applied for and received full forgiveness of its loan from the bank and the SBA in the amount of \$749,600. Accordingly, this forgiven amount is reflected as a gain on PPP loan forgiveness on the statements of activities as of September 30, 2021.

[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.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

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

[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 a 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 are 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.

[12] Revenue recognition:

(i) Contributions:

Contributions made to the Organization are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. The Organization records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Organization's management or necessary events have taken place, and, if received in advance, are recognized in the statements of financial position as funds received in advance.

(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. Due to the impact of COVID-19, there was no such donated theater space or time as of September 30, 2021 or 2020. A portion of the gross proceeds paid by the attendees represents payment for the direct costs of the benefits received by the attendees at the event. Such special-event income is reported net of the direct costs 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.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

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

[12] Revenue recognition: (continued)

(iii) Revenue from contracts with customers:

The Organization recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing services. The primary sources of revenue from contracts with customers for the Organization are Care-Tix and merchandise sales.

a. 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. Revenue from Care-Tix sales is recognized at the time of a related event or performance. In the financial statements, the amount reported in contributions is net of the actual cost of the tickets, which are considered direct benefits to donors. Should amounts be received in advance of the show, the exchange portion of the proceeds is deferred until the show takes place.

b. 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. Revenue is recognized once the merchandise has been shipped.

[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 expenses have been allocated on the basis of time allocation with the exception of rent, insurance, depreciation and amortization, which are allocated based on square footage.

[15] Grants expense:

Unconditional 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 no grants payable as of September 30, 2021 and 2020, respectively.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

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

[16] 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.

[17] Income tax uncertainties:

The Organization is subject to the provisions of the FASB's 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.

[18] Measure of operations:

The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Non-operating activities include: (i) pension-related changes other than the operating portion of periodic costs; and (ii) gain on Payroll Protection Program loan forgiveness.

[19] Adoption of accounting principles:

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

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 clarified and improved guidance concerning: 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution; and 2) determining whether a contribution received is conditional. ASU 2018-08 should be applied on a modified prospective basis. ASU 2018-08 was effective for annual periods beginning after December 15, 2018 for entities that are resource recipients. Accordingly, the Organization adopted the resource recipient portion for its fiscal-year ended September 30, 2020. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource providers. The Organization adopted the resource provider portion for its fiscal-year ended September 30, 2021, and this accounting guidance did not have a material effect on the Organization's financial statements.

(ii) *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. The standard permits the use of either the retrospective or cumulative effect transition method. The standard is effective for fiscal years beginning after December 15, 2019, and accordingly, the Organization adopted this pronouncement for its fiscal-year ended September 30, 2021 on the retrospective basis. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

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

[20] Upcoming accounting pronouncements:

(i) *Leases:*

In February 2016, the FASB issued its new lease accounting guidance ASU 2016-02, *Leases*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date, the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use-asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-statement of financial position financing. The standard is effective for the Organization for the fiscal year beginning after December 15, 2021. Upon the adoption of the guidance, operating leases are capitalized on the statements of financial position at the present value of lease payments, using the applicable incremental borrowing rate at the date of adoption. The impact on the Organization's financial statements is currently being evaluated. Information about the Organization's lease and the timing of those payments is provided in Note H.

(ii) *Contributed Nonfinancial Assets:*

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (iv) the valuation and techniques and inputs used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements and related note disclosures.

[21] Subsequent events:

The Organization evaluated subsequent events through April 12, 2022, the date on which the financial statements were available to be issued.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

NOTE B - PROPERTY AND EQUIPMENT

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

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Office furniture and fixtures	\$ 189,618	\$ 189,618
Equipment	151,564	151,564
Leasehold improvements	<u>341,406</u>	<u>341,406</u>
	682,588	682,588
Less: accumulated depreciation and amortization	<u>(561,008)</u>	<u>(514,128)</u>
	<u>\$ 121,580</u>	<u>\$ 168,460</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>2021</u>	<u>2020</u>
Purpose restrictions:		
Revolution Latina	\$ 69,604	\$ 85,795
Green Alliance	61,478	56,618
Broadway Serves	<u>161,842</u>	<u>162,078</u>
	<u>\$ 292,924</u>	<u>\$ 304,491</u>

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

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Revolution Latina	\$ 85,795	\$ 131,678
Green Alliance	56,618	128,640
Broadway Serves	<u>1,456</u>	<u>103,975</u>
	<u>\$ 143,869</u>	<u>\$ 364,293</u>

NOTE D - DONATED GOODS AND SERVICES

For recognition of donated services in the Organization's financial statements, such services must: (i) require a specialized skill, (ii) be provided by individuals possessing these skills, and (iii) typically need to be acquired if not provided by donation. Donated services are recorded as support at their estimated fair values at the dates of donation. Donated services are reported as both contributions and offsetting expenses in the statements of activities.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

**Notes to Financial Statements
September 30, 2021 and 2020**

NOTE D - DONATED GOODS AND SERVICES (CONTINUED)

During fiscal-years 2021 and 2020, the Organization received donated services as follows:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Advertising	<u>\$ 10,206</u>	<u>\$ 14,468</u>

During fiscal-years 2021 and 2020, 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 is a principal owner of the press agency used by the Organization. Fees paid for services and expense reimbursements to the press agency were \$12,000 and \$14,470 for fiscal-years 2021 and 2020, respectively.

[2] Grants:

For fiscal-years 2021 and 2020, grants of approximately \$7,777,500 and \$11,242,500, respectively, were made to not-for-profit organizations that have board members in common with the Organization's Board.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

NOTE F - RETIREMENT BENEFITS

The Organization has a defined-benefit retirement plan formed under the 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>2021</u>	<u>2020</u>
Accumulated benefit obligation	<u>\$ (7,911,006)</u>	<u>\$ (7,692,126)</u>
Projected benefit obligation	<u>\$ (7,911,006)</u>	<u>\$ (7,692,126)</u>
Fair value of plan assets	<u>6,296,091</u>	<u>5,346,617</u>
Funded status (obligation in excess of assets)	<u>\$ (1,614,915)</u>	<u>\$ (2,345,509)</u>
Accrued benefit cost reported in the statements of financial position	<u>\$ (1,614,915)</u>	<u>\$ (2,345,509)</u>
Adjustments to net assets, reported as "pension-related changes other than periodic costs" in the statements of activities:		
Changes in retirement benefits other than included in operating expenses	<u>\$ 882,370</u>	<u>\$ (296,468)</u>
Other components of net periodic costs	<u>(29,613)</u>	<u>14,727</u>
	<u>\$ 852,757</u>	<u>\$ (281,741)</u>
Net periodic pension cost included the following components:		
Service cost benefits earned during the period	<u>\$ 442,163</u>	<u>\$ 487,183</u>
Interest cost on projected benefit obligation	<u>232,616</u>	<u>232,705</u>
Amortization of net loss	<u>181,123</u>	<u>164,652</u>
Actual return on assets	<u>(754,308)</u>	<u>(191,429)</u>
Net asset loss (gain) deferred during period	<u>412,598</u>	<u>(178,239)</u>
Amortization of prior service cost	<u>(42,416)</u>	<u>(42,416)</u>
Additional expense recognized due to significant event	<u>-</u>	<u>-</u>
Net periodic pension costs	<u>\$ 471,776</u>	<u>\$ 472,456</u>
Weighted-average assumptions:		
Discount rate	<u>3.32%</u>	<u>3.06%</u>
Expected return on plan assets	<u>6.50%</u>	<u>7.00%</u>
Rate of compensation increase	<u>2.80%</u>	<u>2.80%</u>
Employer contributions	<u>\$ 320,000</u>	<u>\$ 110,000</u>
Benefits paid	<u>\$ (124,834)</u>	<u>\$ (273,307)</u>

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

NOTE F - RETIREMENT BENEFITS (CONTINUED)

There is no required funding for fiscal-year 2022.

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:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Money-market funds	5%	3%
Equity securities	61	44
Fixed-income funds	<u>34</u>	<u>53</u>
Total	<u>100%</u>	<u>100%</u>

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

<u>Year Ending September 30,</u>	<u>Expected Benefit Distributions</u>
2022	\$ 209,000
2023	236,000
2024	235,000
2025	238,000
2026	263,000
2027 - 2031	1,861,000

NOTE G – EVENT REVENUE RECEIVED IN ADVANCE

The following table provides information about significant changes in the contract liabilities during for fiscal year:

	<u>Year Ending September 30, 2021</u>
Deferred event revenue in advance, beginning of year	\$ -
Revenue recognized that was included in deferred event revenue in advance at the beginning of the year	-
Increase in deferred event revenue in advance due to cash received during the period	<u>12,910</u>
Deferred event revenue in advance, end of year	<u>\$ 12,910</u>

There were no other significant contract liabilities or assets at September 30, 2021, nor as of September 30, 2020.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

NOTE H - COMMITMENTS AND OTHER UNCERTAINTY

[1] Operating leases:

The Organization rents office space under an operating lease agreement that expires on August 31, 2021. During fiscal-year 2021, the Organization extended the lease through August 31, 2031. The lease requires minimum lease payments plus escalation charges. Rent expense for fiscal-years 2021 and 2020 was approximately \$749,000 and \$657,000, respectively.

The estimated future minimum annual obligations under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 727,065
2023	745,242
2024	763,873
2025	782,970
2026	802,544
Thereafter	<u>2,728,104</u>
Total	<u>\$ 6,549,798</u>

[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.

[3] COVID-19:

The extent of the impact of COVID-19 outbreak on the Organization's programming, operational and financial performance is uncertain and will depend on the continued future developments of the outbreak and external restrictions imposed. The potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict and may potentially have an adverse impact on the Organization's operations.

NOTE I - 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.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2021 and 2020

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statements of financial position date available for general expenditure (which includes scheduled grant payments and contributions to the defined-benefit plan) within one year of September 30, 2021 and 2020, reduced by amounts not available because of donor-imposed restrictions:

	September 30,	
	2021	2020
Cash and cash equivalents	\$ 14,526,744	\$ 5,528,677
Contributions and other receivables	<u>2,471</u>	<u>249,262</u>
Total financial assets available within one year	<u>14,529,215</u>	<u>5,777,939</u>
Less:		
Amounts unavailable for general expenditures within one year, due to donor restrictions for:		
Purpose restrictions	<u>(292,924)</u>	<u>(304,491)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,236,291</u>	<u>\$ 5,473,448</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.