

EISNERAMPER

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 and 2021



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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
June 22, 2023



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

	September 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 12,916,048	\$14,526,744
Contributions and other receivables	277,437	2,471
Pension plan asset	135,107	-
Inventory	334,576	344,704
Prepaid expenses and other current assets	213,054	320,134
Property and equipment, net	92,637	121,580
Security deposit	84,673	84,173
	<u>14,053,532</u>	<u>15,399,806</u>
Total assets	\$ 14,053,532	\$15,399,806
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 194,293	\$ 167,740
Event revenue received in advance	-	12,910
Accrued pension liability	-	1,614,915
	<u>194,293</u>	<u>1,795,565</u>
Total liabilities	194,293	1,795,565
Commitments and Other Uncertainty (Note H)		
Net assets:		
Without donor restrictions:		
Net assets from operations	13,004,865	11,696,402
Accrued postretirement benefit liability	-	1,614,915
	<u>13,004,865</u>	<u>13,311,317</u>
Total net assets without donor restrictions	13,004,865	13,311,317
With donor restrictions:		
Purpose restrictions	306,507	292,924
Time-restricted for future periods	547,867	-
	<u>854,374</u>	<u>292,924</u>
Total net assets with donor restrictions	854,374	292,924
Total net assets	<u>13,859,239</u>	<u>13,604,241</u>
	\$ 14,053,532	\$15,399,806

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statements of Activities

	Year Ended September 30,					
	2022			2021		
	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 \$136,033 in 2022)	\$ 22,118,912	\$ 693,357	\$ 22,812,269	\$ 30,863,195	\$ 132,302	\$ 30,995,497
Special events (net of direct benefits to donors of \$746,368 and \$32,682 in 2022 and 2021, respectively)	1,967,980	-	1,967,980	161,024	-	161,024
Merchandise sales (net of cost of goods sold of \$126,040 and \$133,708 in 2022 and 2021, respectively)	86,168	-	86,168	92,498	-	92,498
Donated services	56,133	-	56,133	10,206	-	10,206
Interest and other income	16,362	-	16,362	19,980	-	19,980
Total public support and revenue before net assets released from restrictions	24,245,555	956,825	24,938,912	31,146,903	132,302	31,279,205
Net assets released from restrictions	131,907	(131,907)	-	143,869	(143,869)	-
Total public support and revenue	24,377,462	561,450	24,938,912	31,290,772	(11,567)	31,279,205
Expenses:						
Program services	21,611,388	-	21,611,388	19,226,694	-	19,226,694
Supporting services:						
Management and general	2,324,840	-	2,324,840	1,652,947	-	1,652,947
Fund-raising	2,656,963	-	2,656,963	1,858,197	-	1,858,197
Total supporting services	4,981,803	-	4,981,803	3,511,144	-	3,511,144
Total expenses	26,593,191	-	26,593,191	22,737,838	-	22,737,838
Change in net assets before other adjustments	(2,215,729)	561,450	(1,654,279)	8,552,934	(11,567)	8,541,367
Pension – other components of net periodic costs	54,216	-	54,216	(29,613)	-	(29,613)
Pension-related changes other than operating expense portion	1,855,061	-	1,855,061	882,370	-	882,370
Gain on Paycheck Protection Program loan forgiveness	-	-	-	749,600	-	749,600
Change in net assets	(306,452)	561,450	254,998	10,155,291	(11,567)	10,143,724
Net assets - beginning of year	13,311,317	292,924	13,604,241	3,156,026	304,491	3,460,517
Net assets - end of year	\$ 13,004,865	\$ 854,374	\$ 13,859,239	\$ 13,311,317	\$ 292,924	\$ 13,604,241

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statement of Functional Expenses

Year Ended September 30, 2022

(with summarized financial information for 2021)

	Program Services	Supporting Services			Total	
	Grantmaking and Mobilization of Theater Community	Management and General	Fund-Raising	Total Supporting Services	2022	2021
Salaries	\$ 2,437,972	\$ 1,091,261	\$ 783,292	\$ 1,874,553	\$ 4,312,525	\$ 3,144,174
Payroll taxes and employee benefits	978,225	437,863	314,292	752,155	1,730,380	1,738,636
Professional fees and consultants	62,302	61,146	59,628	120,774	183,076	204,244
Rent	504,270	225,716	162,016	387,732	892,002	1,019,454
Telephone	31,983	15,575	10,276	25,851	57,834	93,564
Printing, advertising and publicity	84,297	51,860	171,853	223,713	308,010	198,297
Postage and shipping	23,253	15,296	31,671	46,967	70,220	64,553
Conference and meetings	11,414	837	11,106	11,943	23,357	879
Mobilization and production costs	39,300	-	749,649	749,649	788,949	426,056
Merchandising expenses	126,040	6,316	46,622	52,938	178,978	146,384
Insurance	23,335	10,445	7,497	17,942	41,277	43,435
Dues and subscriptions	2,277	6,340	12,392	18,732	21,009	15,955
Security	-	15,263	25,625	40,888	40,888	15,413
Transportation and meals	16,423	17,099	82,289	99,388	115,811	32,234
Office supplies and expenses	169,976	124,065	62,759	186,824	356,800	152,385
Purchase of theater tickets	1,451	5,740	179,891	185,631	187,082	2,865
Repairs and maintenance	-	7,592	-	7,592	7,592	5,499
Credit card commissions	126,080	114,580	40,508	155,088	281,168	453,352
Corporate taxes and license fees	427	46,255	23,175	69,430	69,857	54,689
Online processing fees	26,133	11,697	8,396	20,093	46,226	37,926
Depreciation and amortization	-	45,936	-	45,936	45,936	46,880
Catering and venue costs	-	-	746,368	746,368	746,368	32,682
Miscellaneous	21	239	212	451	472	455
	<u>4,665,179</u>	<u>2,311,121</u>	<u>3,529,517</u>	<u>5,840,638</u>	<u>10,369,785</u>	<u>7,930,011</u>
Grants provided	<u>17,041,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,041,599</u>	<u>15,003,830</u>
Subtotal expenses	21,706,778	2,311,121	3,529,517	5,840,638	27,411,384	22,933,841
Change:						
Other components of net periodic costs	30,650	13,719	9,847	23,566	54,216	(29,613)
Costs of goods sold	(126,040)	-	-	-	(126,040)	(133,708)
Direct benefits to donors	-	-	(882,401)	(882,401)	(882,401)	(32,682)
Total expenses per the statements of activities	<u>\$ 21,611,388</u>	<u>\$ 2,324,840</u>	<u>\$ 2,656,963</u>	<u>\$ 4,981,803</u>	<u>\$ 26,593,191</u>	<u>\$ 22,737,838</u>

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statement of Functional Expenses Year Ended September 30, 2021

	Program Services	Supporting Services			Total
	Grantmaking and Mobilization of Theater Community	Management and General	Fund-Raising	Total Supporting Services	
Salaries	\$ 1,923,085	\$ 646,483	\$ 574,606	\$ 1,221,089	\$ 3,144,174
Payroll taxes and employee benefits	1,063,410	357,486	317,740	675,226	1,738,636
Professional fees and consultants	80,813	54,347	69,084	123,431	204,244
Rent	623,533	209,613	186,308	395,921	1,019,454
Telephone	55,820	21,065	16,679	37,744	93,564
Printing, advertising and publicity	61,349	41,583	95,365	136,948	198,297
Postage and shipping	23,162	25,196	16,195	41,391	64,553
Conference and meetings	175	250	454	704	879
Mobilization and production costs	2,748	-	423,308	423,308	426,056
Merchandising expenses	133,708	9,958	2,718	12,676	146,384
Insurance	26,566	8,931	7,938	16,869	43,435
Dues and subscriptions	1,543	6,128	8,284	14,412	15,955
Security	-	15,413	-	15,413	15,413
Transportation and meals	2,380	13,025	16,829	29,854	32,234
Office supplies and expenses	79,934	51,936	20,515	72,451	152,385
Purchase of theater tickets	200	2,302	363	2,665	2,865
Repairs and maintenance	-	5,499	-	5,499	5,499
Credit card commissions	273,036	98,735	81,581	180,316	453,352
Corporate taxes and license fees	26	36,017	18,646	54,663	54,689
Online processing fees	23,196	7,800	6,930	14,730	37,926
Depreciation and amortization	-	46,880	-	46,880	46,880
Catering and venue costs	-	-	32,682	32,682	32,682
Miscellaneous	-	389	66	455	455
	<u>4,374,684</u>	<u>1,659,036</u>	<u>1,896,291</u>	<u>3,555,327</u>	<u>7,930,011</u>
Grants provided	<u>15,003,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,003,830</u>
Subtotal expenses	19,378,514	1,659,036	1,896,291	3,555,327	22,933,841
Less:					
Other components of net periodic costs	(18,112)	(6,089)	(5,412)	(11,501)	(29,613)
Costs of goods sold	(133,708)	-	-	-	(133,708)
Direct benefits to donors	-	-	(32,682)	(32,682)	(32,682)
Total expenses per the statements of activities	<u>\$ 19,226,694</u>	<u>\$ 1,652,947</u>	<u>\$ 1,858,197</u>	<u>\$ 3,511,144</u>	<u>\$ 22,737,838</u>

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 254,998	\$ 10,143,724
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	45,936	46,880
Donated investments	(365,884)	(558,195)
Proceeds from sales of donated investments	362,303	572,906
Realized losses (gains) on sale of donated investments	3,581	(14,711)
Gain on Paycheck Protection Program loan forgiveness	-	(749,600)
Changes in:		
Contributions and other receivables	(274,966)	246,791
Pension plan asset	(135,107)	-
Inventory	10,128	4,829
Prepaid expenses and other current assets	107,080	7,814
Security deposit	(500)	-
Accounts payable and accrued expenses	26,553	15,313
Event revenue received in advance	(12,910)	12,910
Accrued pension liability	(1,614,915)	(730,594)
Net cash (used in) provided by operating activities	<u>(1,593,703)</u>	<u>8,998,067</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(16,993)</u>	<u>-</u>
Net cash used in investing activities	<u>(16,993)</u>	<u>-</u>
Net change in cash and cash equivalent	(1,610,696)	8,998,067
Cash and cash equivalents - beginning of year	<u>14,526,744</u>	<u>5,528,677</u>
Cash and cash equivalents - end of year	<u>\$ 12,916,048</u>	<u>\$ 14,526,744</u>
Supplemental disclosure of cash flow information:		
Noncash donations of services	<u>\$ 56,133</u>	<u>\$ 10,206</u>

See notes to financial statements.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

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, 2022 and 2021

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 when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, 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 2022 or 2021. 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, 2022 and 2021, the accrued vacation obligation was approximately \$66,000 and \$72,000, respectively, and was reported as a part of accounts payable and accrued expenses in the accompanying statements of financial position.

[9] Paycheck Protection Program:

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 were two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities could 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 Paycheck Protection Program loan forgiveness on the statement of activities for the fiscal year ended 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, 2022 and 2021

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 as of September 30, 2021, 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 restricted for purpose 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 fiscal-sponsorship 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. 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.

(iii) *Contributed 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 expenses in the statements of activities.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

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

[12] Revenue recognition: (continued)

(iv) 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 proceeds received and the actual costs of the tickets (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, 2022 and 2021, respectively.

[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.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

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

[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 Paycheck Protection Program loan forgiveness.

[19] Adoption of accounting principle:

In September 2020, the FASB issued Accounting Standards Update ("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 statements 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 have been applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributed nonfinancial assets and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

[20] Upcoming accounting pronouncement:

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.

[21] Subsequent events:

The Organization evaluated subsequent events through June 22, 2023, the date on which the financial statements were available to be issued.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

NOTE B - PROPERTY AND EQUIPMENT

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

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Office furniture and fixtures	\$ 189,618	\$ 189,618
Equipment	168,557	151,564
Leasehold improvements	<u>341,406</u>	<u>341,406</u>
	699,581	682,588
Less: accumulated depreciation and amortization	<u>(606,944)</u>	<u>(561,008)</u>
	<u>\$ 92,637</u>	<u>\$ 121,580</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>2022</u>	<u>2021</u>
Purpose restrictions:		
Revolution Latina	\$ 95,638	\$ 69,604
Green Alliance	39,852	61,478
Broadway Serves	<u>171,017</u>	<u>161,842</u>
	306,507	292,924
Time-restricted for future periods	<u>547,867</u>	-
	<u>\$ 854,374</u>	<u>\$ 292,924</u>

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

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Revolution Latina	\$ 69,604	\$ 85,795
Green Alliance	61,478	56,618
Broadway Serves	<u>825</u>	<u>1,456</u>
	<u>\$ 131,907</u>	<u>\$ 143,869</u>

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

NOTE D - DONATED SERVICES

The Organization received contributed services for advertising. Revenue for such contributed services has been recognized, with an equivalent expense to program or general and administrative expenses, based on a fair value. In-kind contributions (contributions of nonfinancial assets) consisted of the following:

Year Ended September 30, 2022

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Donated advertising	\$ 56,133	Fundraising-related activities	N/A	Standard industry pricing for similar services/actual costs incurred by contributor.

Year Ended September 30, 2021

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Donated advertising	\$ 10,206	Fundraising-related activities	N/A	Standard industry pricing for similar services/actual costs incurred by contributor.

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 \$16,940 and \$12,000 for fiscal-years 2022 and 2021, respectively.

[2] Grants:

For fiscal-years 2022 and 2021, grants of approximately \$7,226,000 and \$7,777,500, respectively, were made to a not-for-profit organization that has board members in common with the Organization's Board.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Accumulated benefit obligation	<u>\$ (5,529,699)</u>	<u>\$ (7,911,006)</u>
Projected benefit obligation	<u>\$ (5,529,699)</u>	<u>\$ (7,911,006)</u>
Fair value of plan assets	<u>5,664,806</u>	<u>6,296,091</u>
Funded status and recognized asset (liability)	<u>\$ 135,107</u>	<u>\$ (1,614,915)</u>
Pension plan asset/Accrued benefit cost reported in the statements of financial position	<u>\$ 135,107</u>	<u>\$ (1,614,915)</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>\$ 1,855,061</u>	<u>\$ 882,370</u>
Other components of net periodic costs	<u>54,216</u>	<u>(29,613)</u>
	<u>\$ 1,909,277</u>	<u>\$ 852,757</u>
Net periodic pension cost included the following components:		
Service cost benefits earned during the period	<u>\$ 409,255</u>	<u>\$ 442,163</u>
Interest cost on projected benefit obligation	<u>259,151</u>	<u>232,616</u>
Amortization of net loss	<u>131,507</u>	<u>181,123</u>
Actual return on assets	<u>804,261</u>	<u>(754,308)</u>
Net asset (gain) loss deferred during period	<u>(1,206,719)</u>	<u>412,598</u>
Amortization of prior service cost	<u>(42,416)</u>	<u>(42,416)</u>
Net periodic pension costs	<u>\$ 355,039</u>	<u>\$ 471,776</u>
Weighted-average assumptions:		
Discount rate	<u>6.20%</u>	<u>3.32%</u>
Expected return on plan assets	<u>6.50%</u>	<u>6.50%</u>
Rate of compensation increase	<u>2.80%</u>	<u>2.80%</u>
Employer contributions	<u>\$ 250,000</u>	<u>\$ 320,000</u>
Benefits paid	<u>\$ (77,024)</u>	<u>\$ (124,834)</u>

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

NOTE F - RETIREMENT BENEFITS (CONTINUED)

There is no required funding for fiscal-year 2023.

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>2022</u>	<u>2021</u>
Money-market funds	6%	5%
Equity securities	74	61
Fixed-income funds	<u>20</u>	<u>34</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>
2023	\$ 247,000
2024	245,000
2025	248,000
2026	275,000
2027	346,000
2028 - 2032	2,116,000

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, 2022</u>
Deferred event revenue in advance, beginning of year	\$ 12,910
Revenue recognized that was included in deferred event revenue in advance at the beginning of the year	(12,910)
Increase in deferred event revenue in advance due to cash received during the period	<u>-</u>
Deferred event revenue in advance, end of year	<u>\$ -</u>

There were no other significant contract liabilities or assets at September 30, 2022, nor as of September 30, 2021.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

NOTE H - COMMITMENTS AND OTHER UNCERTAINTY

[1] Operating leases:

The Organization rents office space under an operating lease agreement that expires on August 31, 2031. The lease requires minimum lease payments plus escalation charges. Rent expense for fiscal-years 2022 and 2021 was approximately \$727,000 and \$749,000, respectively.

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

<u>Year</u>	<u>Amount</u>
2023	\$ 745,242
2024	763,873
2025	782,970
2026	802,544
2027	822,607
Thereafter	<u>1,905,497</u>
Total	<u>\$ 5,822,733</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 and other worldwide events on the Organization's programming, operational and financial performance is uncertain and will depend on the continued future developments and external restrictions imposed. The potential economic impact and the duration are 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 balances in established financial institutions in amounts which, at times, may be in excess of federally insured limits. The Organization has not experienced any losses in such accounts, and management monitors the risk associated with concentrations on an on-going basis. Management believes the Organization does not face a significant risk of loss on these accounts that might result from the failure of the financial institutions.

BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

Notes to Financial Statements September 30, 2022 and 2021

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, 2022 and 2021, reduced by amounts not available because of donor-imposed restrictions:

	September 30,	
	2022	2021
Cash and cash equivalents	\$ 12,916,048	\$ 14,526,744
Contributions and other receivables	277,437	2,471
Total financial assets available within one year	<u>13,193,485</u>	<u>14,529,215</u>
Less:		
Amounts unavailable for general expenditures within one year, due to donor restrictions for:		
Purpose restrictions	(306,507)	(292,924)
Time-restricted for future periods	(547,867)	-
	<u>(854,374)</u>	<u>(292,924)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,339,111</u>	<u>\$ 14,236,291</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.