

Financial Statements and Report of  
Independent Certified Public  
Accountants

**The Foundation for AIDS Research  
(formerly known as The American Foundation  
for AIDS Research)**

September 30, 2021 and 2020

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
The Foundation for AIDS Research

**Report on the financial statements**

We have audited the accompanying financial statements of The Foundation for AIDS Research (a New York not-for-profit corporation, also known as “amfAR”), which comprise the statements of financial position as of September 30, 2021 and 2020, 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**

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 amfAR’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 amfAR’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 The Foundation for AIDS Research as of September 30, 2021 and 2020, 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.

*Grant Thornton LLP*

New York, New York  
March 31, 2022

**The Foundation for AIDS Research**  
(formerly known as The American Foundation for AIDS Research)

**STATEMENTS OF FINANCIAL POSITION**

September 30,

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 2)	\$ 2,387,272	\$ 3,725,042
Pledges receivable, net (Note 4)	558,346	639,936
Accounts receivable, net (Note 2)	5,657,274	3,839,668
Prepaid expenses and other current assets	2,952,283	2,483,358
Total current assets	11,555,175	10,688,004
Investments (Note 3)	40,993,248	40,425,763
Investments - other (Note 3)	323,338	323,338
Fixed assets, net (Note 5)	2,491,626	2,925,831
Other assets	480,208	376,582
Total assets	\$ 55,843,595	\$ 54,739,518
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,834,273	\$ 2,489,524
CARES Act Paycheck Protection Program Loan (Note 6)	-	1,643,364
Line of Credit (Note 7)	3,509,082	-
Short-term grants and fellowships payable (Note 8)	1,246,435	1,052,816
Deferred support and refundable advances (Note 2)	7,916,273	6,138,184
Total current liabilities	15,506,063	11,323,888
Other long-term liabilities	1,717,253	1,769,736
Total liabilities	17,223,316	13,093,624
<b>Commitments and contingencies (Note 12)</b>		
<b>Net assets</b>		
Without donor restrictions:		
Undesignated	24,200,006	23,043,920
Board designated (Note 2)	11,166,524	14,630,199
Total net assets without donor restrictions	35,366,530	37,674,119
With donor restrictions (Note 9)	3,253,749	3,971,775
Total net assets	38,620,279	41,645,894
Total liabilities and net assets	\$ 55,843,595	\$ 54,739,518

The accompanying notes are an integral part of these financial statements.

**The Foundation for AIDS Research**  
(formerly known as The American Foundation for AIDS Research)

**STATEMENTS OF ACTIVITIES**

Years ended September 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue</b>						
Grants and contributions:						
Public support (Note 10)	\$ 4,518,163	\$ 496,969	\$ 5,015,132	\$ 2,331,408	\$ 368,755	\$ 2,700,163
Special events, (net of direct donor benefit expenses of \$7,778,459 and \$4,406,464 in 2021 and 2020), respectively	2,294,424	255,231	2,549,655	4,160,852	1,599,944	5,760,796
Planned giving	2,149,353	50,000	2,199,353	2,921,019	145,219	3,066,238
Total grants and contributions	8,961,940	802,200	9,764,140	9,413,279	2,113,918	11,527,197
Government funding	7,809,988	-	7,809,988	6,657,827	-	6,657,827
PPP loan forgiveness and funding (Note 6)	3,321,294	-	3,321,294	-	-	-
Net investment return (Note 3)	3,489,367	48,499	3,537,866	2,583,062	22,435	2,605,497
Other revenues	7,860	-	7,860	3,067	-	3,067
Net assets released from restrictions (Note 8)	1,568,725	(1,568,725)	-	2,394,230	(2,394,230)	-
Total public support and revenue	25,159,174	(718,026)	24,441,148	21,051,465	(257,877)	20,793,588
<b>Expenses</b>						
Program services:						
Research	10,940,454	-	10,940,454	11,753,894	-	11,753,894
TREAT Asia	4,446,646	-	4,446,646	4,546,418	-	4,546,418
Public policy	1,722,629	-	1,722,629	1,776,060	-	1,776,060
Public information	3,085,757	-	3,085,757	3,664,653	-	3,664,653
Total program services	20,195,486	-	20,195,486	21,741,025	-	21,741,025
Supporting services:						
Fundraising	4,953,774	-	4,953,774	4,533,696	-	4,533,696
Management and general	2,317,503	-	2,317,503	2,357,534	-	2,357,534
Total supporting services	7,271,277	-	7,271,277	6,891,230	-	6,891,230
Total expenses	27,466,763	-	27,466,763	28,632,255	-	28,632,255
<b>CHANGE IN NET ASSETS</b>	(2,307,589)	(718,026)	(3,025,615)	(7,580,790)	(257,877)	(7,838,667)
Net assets, beginning of year	37,674,119	3,971,775	41,645,894	45,254,909	4,229,652	49,484,561
Net assets, end of year	<u>\$ 35,366,530</u>	<u>\$ 3,253,749</u>	<u>\$ 38,620,279</u>	<u>\$ 37,674,119</u>	<u>\$ 3,971,775</u>	<u>\$ 41,645,894</u>

The accompanying notes are an integral part of these financial statements.

**The Foundation for AIDS Research**  
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**STATEMENT OF FUNCTIONAL EXPENSES**

Year ended September 30, 2021

	Program Services				Supporting Services				Total
	Research	TREAT Asia	Public Policy	Public Information	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Grants and awards	\$ 4,260,993	\$ 1,863,626	\$ 190,233	\$ -	\$ 6,314,852	\$ -	\$ -	\$ -	\$ 6,314,852
Salaries	1,518,381	1,430,493	803,130	1,530,394	5,282,398	1,717,534	954,464	2,671,998	7,954,396
Payroll taxes and benefits	687,840	379,995	345,158	811,136	2,224,129	658,568	461,556	1,120,124	3,344,253
Program technical support	331,356	188,572	159,778	7,674	687,380	-	-	-	687,380
Professional fees	117,747	48,473	43,815	110,807	320,842	892,043	218,362	1,110,405	1,431,247
Supplies, printing, postage and shipping	2,650,903	4,547	1,139	68,938	2,725,527	432,042	4,749	436,791	3,162,318
Occupancy and telecommunication	800,066	272,570	107,768	189,250	1,369,654	544,199	260,371	804,570	2,174,224
Travel, conferences and meetings	29,901	76,494	(392)	74,309	180,312	367,353	380	367,733	548,045
Depreciation and amortization	171,274	58,146	23,053	40,053	292,526	69,089	55,645	124,734	417,260
Equipment, subscription and dues	273,218	86,773	35,647	113,093	508,731	119,795	86,995	206,790	715,521
Administrative fees	7,476	2,782	1,011	1,767	13,036	3,229	211,738	214,967	228,003
Other	91,299	34,175	12,289	138,336	276,099	149,922	63,243	213,165	489,264
Total expenses	<u>\$ 10,940,454</u>	<u>\$ 4,446,646</u>	<u>\$ 1,722,629</u>	<u>\$ 3,085,757</u>	<u>\$ 20,195,486</u>	<u>\$ 4,953,774</u>	<u>\$ 2,317,503</u>	<u>\$ 7,271,277</u>	<u>\$ 27,466,763</u>

The accompanying notes are an integral part of this financial statement.

**The Foundation for AIDS Research**  
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**STATEMENT OF FUNCTIONAL EXPENSES**

Year ended September 30, 2020

	Program Services				Supporting Services				Total
	Research	TREAT Asia	Public Policy	Public Information	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Grants and awards	\$ 4,168,242	\$ 1,728,984	\$ -	\$ -	\$ 5,897,226	\$ -	\$ -	\$ -	\$ 5,897,226
Salaries	1,595,585	1,435,643	841,661	1,668,743	5,541,632	1,694,985	968,086	2,663,071	8,204,703
Payroll taxes and benefits	660,855	338,856	310,920	811,701	2,122,332	637,950	427,456	1,065,406	3,187,738
Program technical support	499,113	152,044	193,344	9,311	853,812	-	-	-	853,812
Professional fees	113,923	64,876	64,186	326,576	569,561	746,653	215,100	961,753	1,531,314
Supplies, printing, postage and shipping	3,077,715	7,061	10,927	150,950	3,246,653	251,451	8,865	260,316	3,506,969
Occupancy and telecommunication	732,104	236,204	125,257	216,246	1,309,811	380,795	232,216	613,011	1,922,822
Travel, conferences and meetings	74,680	316,386	76,952	108,730	576,748	324,245	6,254	330,499	907,247
Depreciation and amortization	139,920	45,065	23,822	39,975	248,782	63,565	44,323	107,888	356,670
Equipment, subscription and dues	245,593	79,354	47,165	134,223	506,335	116,433	79,301	195,734	702,069
Administrative fees	5,371	1,986	1,017	1,671	10,045	2,175	179,801	181,976	192,021
Other	144,702	44,594	30,397	111,933	331,626	180,931	102,338	283,269	614,895
Bad debt	296,091	95,365	50,412	84,594	526,462	134,513	93,794	228,307	754,769
<b>Total expenses</b>	<b>\$ 11,753,894</b>	<b>\$ 4,546,418</b>	<b>\$ 1,776,060</b>	<b>\$ 3,664,653</b>	<b>\$ 21,741,025</b>	<b>\$ 4,533,696</b>	<b>\$ 2,357,534</b>	<b>\$ 6,891,230</b>	<b>\$ 28,632,255</b>

The accompanying notes are an integral part of this financial statement.



**The Foundation for AIDS Research**  
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**STATEMENTS OF CASH FLOWS**

**Years ended September 30,**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (3,025,615)	\$ (7,838,667)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized gains on investments	(2,789,058)	(1,629,839)
Donated securities	(217,327)	(22,526)
Depreciation and amortization	417,260	356,670
Donor contributions restricted in perpetuity	(5,380)	(7,933)
Provision for bad debts	(61,800)	754,769
Paycheck protection program loan forgiveness and funding	(3,321,294)	-
Changes in operating assets and liabilities:		
Pledges receivable	81,590	228,016
Accounts receivable	(1,755,806)	1,744,732
Prepaid expenses and other assets	(555,605)	279,871
Accounts payable and accrued expenses	344,749	(279,775)
Short-term and long-term grants and fellowships payable	193,619	(1,033,252)
Deferred support and refundable advances	1,778,089	(1,809,605)
Other long-term liabilities	(52,483)	(99,650)
	<u>(8,969,061)</u>	<u>(9,357,189)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchase of investments	(12,103,929)	(16,477,819)
Sale of investments	14,542,828	21,563,532
Purchase of fixed assets	-	(481,692)
	<u>2,438,899</u>	<u>4,604,021</u>
<b>Net cash provided by investing activities</b>		
<b>Cash flows from financing activities:</b>		
Donor contributions restricted in perpetuity	5,380	7,933
Proceeds from paycheck protection program loan	1,677,930	1,643,364
Proceeds from line of credit	3,509,082	-
	<u>5,192,392</u>	<u>1,651,297</u>
<b>Net cash provided by financing activities</b>		
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,337,770)</u>	<u>(3,101,871)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>3,725,042</u>	<u>6,826,913</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 2,387,272</u></u>	<u><u>\$ 3,725,042</u></u>

The accompanying notes are an integral part of these financial statements.

**The Foundation for AIDS Research  
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**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2021 and 2020**

**NOTE 1 - NATURE OF OPERATIONS**

The Foundation for AIDS Research (the “Foundation”) or (“amfAR”) is an international not-for-profit organization incorporated in New York in 1989. amfAR was formed through the unification of two not-for-profit organizations, the AIDS Medical Foundation (“AMF”), incorporated in New York in April 1983, and the National AIDS Research Foundation, incorporated in California in August 1985. First based in California, amfAR transferred its legal domicile to New York in 1989, using the initial incorporation documents of AMF, making it AMF’s legal successor. amfAR has offices in New York, NY; Washington, D.C.; and Bangkok, Thailand. On March 7, 2005, the Board of Trustees of the American Foundation for AIDS Research approved a change in legal name to “The Foundation for AIDS Research.” On October 18, 2005, the New York State Department of State approved this change. In addition, the Foundation has secured approval for doing business as (“DBA”) the following:

- American Foundation for AIDS Research
- amfAR
- AIDS Research Foundation

amfAR is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code (the “Code”) and corresponding New York Revenue and Taxation Code sections, and contributions to amfAR are deductible in accordance with the Code.

amfAR is dedicated to ending the global AIDS epidemic through innovative research. The Foundation accomplishes this mission through:

- Research to explore scientific approaches for preventing, treating, and curing HIV infection and enhancing the health and survival of people with HIV/AIDS
- International initiatives to facilitate the development and implementation of effective research, treatment, prevention, and education strategies in developing countries
- Public policy analysis and the advocacy of rational and compassionate policies that promote public health and protect the rights of people threatened by HIV/AIDS
- Public information programs to build awareness of the continued threat HIV/AIDS poses and to provide up-to-date medical, scientific, and prevention information to people with HIV/AIDS, healthcare professionals, and the public

amfAR’s programmatic activities include the following:

***Research***

amfAR supports research projects that explore novel approaches to scientifically sound, but untested hypotheses in all areas of research on HIV/AIDS, funding goal-oriented grants and fellowships that often lack the preliminary data required for support from traditional grant-makers. The Foundation plays a vital role in HIV/AIDS research, identifying critical gaps in knowledge and providing essential seed money that enables scientists to test the merits of new concepts or technologies, which can subsequently be validated through large-scale studies. amfAR’s top research priority is the pursuit of a cure for HIV/AIDS. In 2014, amfAR launched the Countdown to a Cure for AIDS, a research initiative aimed at developing the scientific basis for a cure. To that end, amfAR initiated a multi-year investment strategy designed to advance a range of scientific approaches with the potential to achieve HIV remission or cure. The cornerstone of the strategy

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

is the amfAR Institute for HIV Cure Research, established in 2016 with a five-year \$20 million grant to the University of California, San Francisco. Additionally, amfAR's Mathilde Krim Fellowships in Basic Biomedical Research program supports the development of outstanding young researchers who have demonstrated a commitment to preventing, treating, and curing HIV/AIDS. In response to the COVID-19 pandemic, in early 2020 amfAR temporarily expanded its efforts to include research on the coronavirus by establishing the amfAR Fund to Fight COVID-19. In FY2021, amfAR awarded seven research grants and fellowships that are leading to important advances in our understanding of HIV/AIDS and our pursuit of a cure, and two grants investigating the intersection of HIV and COVID-19. amfAR-funded researchers published 45 HIV research papers and four COVID-19 scientific papers in leading peer-reviewed journals.

***TREAT Asia***

amfAR's TREAT Asia program is a network of hospitals, clinics, and research institutions working with civil society to ensure the safe and effective delivery of HIV treatments across Asia and the Pacific. The network currently encompasses 14 pediatric and 21 adult sites caring for people living with HIV. Established in 2003, the TREAT Asia HIV Observational Database generates critical information on disease and treatment patterns in adults, and a parallel pediatric database was initiated in 2008 for children and adolescents living with HIV. TREAT Asia manages the Asia-Pacific region of the International Epidemiology Databases to Evaluate AIDS, a global collaboration supported by the U.S. National Institutes of Health. TREAT Asia scientists produced 28 publications in peer-reviewed medical journals in FY2021. Through its HIV, mental health, and implementation science research training program, TREAT Asia is building regional capacity among junior researchers to guide and study integration of mental health services into routine HIV care. TREAT Asia's work in FY2021 included projects to improve treatment outcomes and mental health of children, adolescents, and adults living with HIV; studies of substance use and PrEP for men who have sex with men and transgender women; and advocacy initiatives to improve access to newer HIV and hepatitis C medications and to help implement community-led monitoring of HIV treatment programs.

***Public Policy***

Informed by thorough research and analysis, amfAR is a highly respected advocate of rational and compassionate AIDS-related public policy. Through its Public Policy office, amfAR is engaged in efforts to secure necessary increases in funding for HIV/AIDS research and global HIV/AIDS programs, expand access to treatment and care, and protect the civil rights of all people affected by HIV/AIDS. In FY2021, the Foundation deepened involvement in the community-led monitoring (CLM) space, including developing tools and dashboards for CLM in South Africa, Malawi, and Uganda, among others. A milestone in this work was the public launch of the Ritshidze (South Africa) dashboard ([data.ritshidze.org.za](http://data.ritshidze.org.za)). The Public Policy office maintained the successful amfAR Ending the HIV Epidemic ("EHE") database ([ehe.amfar.org](http://ehe.amfar.org)), which continues to impact discussions about the domestic HIV response. This work builds on the successful opioid database ([opioid.amfar.org](http://opioid.amfar.org)). These free online resources provide data across the interrelated epidemics of opioid use, hepatitis C, and HIV, and allow users to connect policy, service availability, and epidemiological data at the state and county levels. Past amfAR work resulting from the database was cited in the new U.S. National HIV/AIDS Strategy (2022–2025). amfAR also maintains a comprehensive database ([copsdata.amfar.org](http://copsdata.amfar.org)) of allocations and expenditures by the U.S. President's Emergency Plan for AIDS Relief ("PEPFAR"), and a companion PEPFAR Monitoring, Evaluation, and Reporting Database ([mer.amfar.org](http://mer.amfar.org)), which makes PEPFAR's performance data usable for advocates. Among numerous papers and reports authored by amfAR staff were papers describing the role of contraception in the HIV response, PEPFAR key populations funding policy, and the inclusion of transgender populations in National Strategic Plans. The key population funding paper was presented in a panel at the 2021 International AIDS Society conference. The Director of Public Policy also participated in panels throughout the year on HIV and COVID-19, including events hosted by the Center for Strategic and International Studies and the White House.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

**Public Information**

amfAR translates and disseminates information on important HIV/AIDS-related research, treatment, prevention, and policy issues to diverse audiences worldwide in order to increase awareness and knowledge of HIV/AIDS. The Foundation publishes a wide range of educational materials including its biannual newsletter, *Innovations*; a monthly e-mail newsletter; and program reports, infographics, and updates on important HIV/AIDS issues. amfAR also works with the media to raise the public profile of HIV/AIDS and provides expert commentary on HIV/AIDS-related issues. Articles and reports involving amfAR were carried in numerous media outlets in FY2021, including ABC News, NBC News, CNN, Associated Press, Reuters, *The New York Times*, *USA Today*, *U.S. News & World Report*, *Vanity Fair*, *Vogue*, *People*, *Variety*, *CR Fashion Book*, *POZ Magazine*, *Women's Wear Daily*, *Us Weekly*, *The Hollywood Reporter*, *Deadline*, *Yahoo*, *Page Six*, *Daily Mail*, *The Daily Beast*, and *The Hill*. amfAR also has a lively and growing social media presence, helping expand its reach to a younger demographic. In 2021 amfAR was honored with a Drama League Award for its virtual production of scenes from *Angels in America*, a Best Video Storytelling award from PRNEWS for its *Epic Voices* video interview series, and a Commitment to End AIDS Award from the Elizabeth Taylor AIDS Foundation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

amfAR's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

**Basis of Financial Statement Presentation**

amfAR's net assets are classified and reported based upon the existence or absence of donor-imposed restrictions as follows:

Net Assets without Donor Restriction

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Trustees and management, for amfAR to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by amfAR's Board of Trustees or may be limited by legal requirements or contractual agreements with outside parties.

amfAR's Board of Trustees has designated certain net assets without donor restriction for the C2C program. For 2021, amfAR will no longer designate net assets to C2C as the program is near completion. The following schedule represents the related activity for the years ended September 30, 2021 and 2020:

	2021	2020
Balance, beginning of year	\$ 3,138,327	\$ 3,980,364
Designations - C2C	-	1,614,632
Utilizations	(2,667,752)	(2,456,669)
Balance, end of year	\$ 470,575	\$ 3,138,327

In addition, amfAR's Board of Trustees has designated a general reserve for potential operating shortfalls of \$10,695,949 and \$11,491,872 as of September 30, 2021 and 2020, respectively.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

**Net Assets with Donor Restriction**

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of amfAR's net assets with donor restrictions are subject to donor-imposed restrictions that require amfAR to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

***Cash and Cash Equivalents***

Cash equivalents include highly liquid investments with original maturities of three months or less from the date of purchase.

Financial instruments which potentially subject amfAR to concentrations of credit risk consist primarily of cash and cash equivalents. amfAR maintains its cash and cash equivalents in various bank deposit accounts, which, at times, may exceed federally insured limits. amfAR does not anticipate, nor has it experienced, any losses in such accounts.

***Investments***

Investments in debt and equity securities, mutual funds and money market funds are carried at fair value based upon published market prices at the end of the fiscal year or management's estimate of amounts to be realized on settlement. Contributed investments are recorded at fair value at the date of gift.

Gains and losses on the sale of investments are calculated by the specific-identification method. Investment return and net gains and losses on the sale of investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by the donor.

***Fair Value Measurements***

amfAR follows guidance that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical financial instruments as of the measurement date. The types of investments in Level 1 include listed equities held in the name of amfAR, and exclude listed equities and other securities held directly through commingled funds;

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies; and

Level 3 - Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instruments. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by amfAR. amfAR considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to amfAR's perceived risk of that instrument.

***Fixed Assets***

Fixed assets purchased in excess of \$2,500, which include furniture and fixtures, equipment, computer hardware and software, and leasehold improvements, are capitalized and recorded at cost or fair value at date of acquisition. If multiple units of the same or a similar item are purchased together, with an individual cost between \$1,000 and \$2,500 and a total cost of at least \$5,000, the multiple items will be capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on a straight-line basis over the shorter of their estimated life or the remaining life of the lease.

The estimated useful lives of amfAR's fixed assets are as follows:

Computer hardware	3 years
Computer software	3 to 5 years
Office equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	5 to 15 years

***Revenue Recognition***

amfAR recognizes revenue from contributions, special events, grants and contracts in accordance with guidance that requires amfAR to evaluate whether a transfer of assets is (1) a contribution or (2) an exchange transaction. An exchange transaction is one in which the resource provider is receiving commensurate value in return for the resources transferred. If the transfer of assets is determined to be a contribution, amfAR evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before amfAR is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

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*Special Events*

Revenues and expenses relative to special events are recognized upon occurrence of the respective event, with the exception of revenues from the auction of unique experiences which are recognized once amfAR has substantially fulfilled its responsibility to the donor purchasing the auction item. As of September 30, 2021 and 2020, amfAR had balances pertaining to donor commitments of \$5,111,473 and \$4,953,988, respectively, from the auction of unique experiences where amfAR has not substantially fulfilled its responsibility to the donor. These amounts are reflected within deferred support and refundable advances in the statements of financial position. Of these amounts, \$1,385,638 and \$1,408,331 remain unpaid and are included within accounts receivable, net as of September 30, 2021 and 2020, respectively. Additionally, amfAR has received payment for event sponsorships, ticket and table sales, and other items pertaining to future events in the amount of \$2,415,067 and \$506,053 as of September 30, 2021 and 2020, respectively, that is included in deferred support and refundable advances in the statements of financial position.

*Public Support and Planned Giving*

Contributions, both cash and in-kind, are recorded at fair value when received. Contributions received with donor stipulations that limit the use of the donated assets are reported within net assets with donor restrictions. When donor restrictions are fulfilled, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. amfAR records planned giving income (e.g., bequests) at the time it has an established right to such income and the proceeds are measurable. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. amfAR did not have any conditional pledges as of September 30, 2021 or 2020.

amfAR entered into a two-year grant agreement on April 4th, 2020 with ViiV Healthcare UK Limited, a company incorporated and registered in England with company number 06990358, whose registered office is at 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom ("ViiV"). The total grant is for £440,000 Sterling Pounds or approximately \$536,000. amfAR received the first installment of £220,000 on July 20, 2020 or \$268,173. As of September 30, 2021, amfAR has incurred \$121,629 of expenses toward the project leaving an unspent balance of \$146,544.

*Government Funding*

Grants and contracts from government agencies are recorded based on the terms of the agreements, which generally state that revenue is earned as allowable costs are incurred. Amounts received in advance are recorded as deferred support and refundable advances in the statements of financial position.

amfAR receives and expends resources in connection with its administration of federal and other governmental grants and contracts. The terms of these agreements generally allow granting agencies the right to audit costs incurred thereunder, and potentially disallow a portion thereof and/or adjust funding on a prospective basis. In the opinion of management, audit adjustments, if any, are not expected to have a significant effect on the financial statements.

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***Accounts Receivable***

Receivables contain some level of uncertainty surrounding timing and amount of collection; therefore, amfAR maintains an allowance for doubtful accounts for estimated losses that may result from the inability of its donors to make planned payments. Such allowances are based upon several factors including, but not limited to, historical collection experience and the nature of the fundraising activity. amfAR writes off receivables when they are deemed to be uncollectible and any amounts subsequently collected are recorded as income in the period received. As of September 30, 2021, accounts receivable of approximately \$4.2 million were due to be collected within one year, and the remaining approximately \$1.4 million pertains to the auction of unique experiences of special events where timing of collection is uncertain. See the special event note above. The allowance for doubtful accounts for accounts receivable at September 30, 2021 and 2020 was \$125,000 and \$1,300,000, respectively.

***Donated Goods and Services***

Certain donated professional services for technical advisory support have been reflected in the financial statements as public support and expenses based on the estimated fair value for such services on the date received if they met the criteria for recognition. The value of donated services reflected in the financial statements for the years ended September 30, 2021 and 2020, is \$34,800 and \$39,074, respectively. amfAR also benefits from volunteer time; provided, however, such services do not meet the criteria for recognition under U.S. GAAP and are not reflected in the financial statements.

Donated goods that meet the criteria for capitalization are recorded as revenues and assets (at fair value when received) on the financial statements. amfAR did not receive any donated goods that met the criteria for capitalization during the years ended September 30, 2021 and 2020.

***Grants and Awards***

Upon making grants, amfAR evaluates whether the transfer of assets is (1) a grant or (2) an exchange transaction in which amfAR is receiving commensurate value in return for the resources transferred. If the transfer of assets is determined to be a grant, amfAR evaluates whether the grant is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the recipient is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of amfAR's obligation to transfer assets.

amfAR's grants and awards are generally awarded for a period of one to four years. Conditional multiyear grants are not reflected in the grants payable balance until the conditions are satisfied. Grants and awards are expensed over their periods of performance.

***Income Taxes***

amfAR follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.



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amfAR is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. amfAR has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. amfAR has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions relate to the determination of allowances for doubtful accounts; the reserve for estimated unexpended grants and fellowships; allocation of expenses amongst functional categories and useful lives of fixed assets. Actual results could differ from those estimates.

***Allocated Expenses***

amfAR's expenses have been summarized on a functional basis in accordance with generally accepted accounting standards for voluntary health and welfare organizations. Most expenses may be directly identified to their related program or supporting service function, and are recorded accordingly. Indirect expenses have been allocated based on a percentage of each program's direct expenses over total program costs, or other basis considered appropriate given the nature of the expense.

**NOTE 3 - INVESTMENTS**

Investments, which are classified under Level 1 within the fair value hierarchy, consisted of the following at September 30, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 926,675	\$ 926,675	\$ 1,283,866	\$ 1,283,866
Mutual funds - equity	14,394,121	17,572,043	11,531,208	12,640,615
Mutual funds - fixed income	12,119,755	12,480,571	12,233,089	12,423,291
Government securities	5,691,632	5,758,397	7,565,000	7,968,262
Corporate bonds	3,369,353	3,435,239	3,493,782	3,718,604
Equities	619,360	820,323	1,609,784	2,391,125
	<u>\$ 37,120,896</u>	<u>\$ 40,993,248</u>	<u>\$ 37,716,729</u>	<u>\$ 40,425,763</u>

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2021 and 2020**

amfAR's investments in certificates of deposit of \$323,338 as of September 30, 2021 and 2020 are classified as Investments - other in the accompanying statements of financial position and are carried at amortized cost. These investments do not qualify as securities as defined by the guidance, and as such, fair value disclosures are not provided. Investment return for the years ended September 30, 2021 and 2020 is as follows:

	2021	2020
Interest and dividends, net of expenses	\$ 748,808	\$ 975,658
Realized and unrealized gains	2,789,058	1,629,839
	\$ 3,537,866	\$ 2,605,497

**NOTE 4 - PLEDGES RECEIVABLE, NET**

Pledges receivable totaled \$558,346 and \$639,936, net of allowances for doubtful accounts and discount of \$50,000 and \$58,000 at September 30, 2021 and 2020, respectively. As of September 30, 2021, pledge receivable of \$208,346 were due to be collected within one year, and \$400,000 were due to be collected in future years. Pledges receivable were discounted at the rate of 1.5%.

**NOTE 5 - FIXED ASSETS, NET**

Fixed assets, net at September 30, 2021 and 2020, consisted of the following:

	2021	2020
Computer hardware	\$ 1,484,433	\$ 1,484,433
Computer software	2,495,942	2,495,942
Office equipment	307,521	307,521
Furniture and fixtures	744,407	744,407
Leasehold improvements	2,542,490	2,542,490
Construction in progress	185,425	202,370
Total	7,760,218	7,777,163
Less: accumulated depreciation and amortization	(5,268,592)	(4,851,332)
Fixed assets, net	\$ 2,491,626	\$ 2,925,831

**NOTE 6 - CARES ACT**

PPP Loans

On May 6, 2020, amfAR was granted a loan in aggregate amount of \$1,643,364 pursuant to the Small Business Administration Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act (the "PPP Loan").

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The PPP Loan, which was in the form of a note dated May 1, 2020, matures on May 6, 2022 and bears interest at a rate of 1% per annum. The PPP Loan may be prepaid by amfAR at any time prior to maturity with no repayment penalties. Funds from the PPP Loan may only be used for certain costs, such as payroll costs and occupancy expenses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds as described in the CARES Act.

On February 22, 2021, amfAR was granted a second draw PPP loan in aggregate amount of \$ 1,677,930 pursuant to the Small Business Administration Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act (the "PPP Loan").

The PPP Loan, which was in the form of a note dated February 19, 2021, matures on February 22, 2026 and bears interest at a rate of 1% per annum. The PPP Loan may be prepaid by amfAR at any time prior to maturity with no repayment penalties. Funds from the PPP Loan may only be used for certain costs, such as payroll costs and occupancy expenses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds as described in the CARES Act.

amfAR used the entire PPP Loans for qualifying expenses as of September 30, 2021, as described in the CARES Act and the loans were forgiven. The forgiveness was recognized as income for the year ended September 30, 2021.

**Employee Retention Credit**

The CARES Act also provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes for eligible employers. amfAR qualifies for the tax credit under the CARES Act and expects to continue to receive additional tax credits under the additional relief provisions for qualified wages through December 31, 2021. During the fiscal year ended September 30, 2021, amfAR recorded \$1,760,531 related to the CARES Employee Retention credit within government funding on the accompanying statements of activities. As of September 30, 2021, amfAR has a \$1,289,113 receivable balance from the United States government related to the CARES Act, which is recorded within accounts receivable on the accompanying statements of financial position.

**NOTE 7 - LINE OF CREDIT**

As of February 11, 2021, amfAR had a \$10,000,000 commercial line of credit (on demand) with a Merrill Lynch. Drawdowns on the line are collateralized by amfAR's investment account. There was approximately \$3,500,000 of drawdowns on the line of credit during the years ended September 30, 2021 and none in 2020. Drawdowns are subject to interest of 1 Month Bloomberg Short Term Bank Yield Index plus net spread of 1.00%. As of September 30, 2021, amfAR had an accrued interest balance of \$9,081.

**NOTE 8 - GRANTS AND FELLOWSHIPS PAYABLE, NET**

amfAR provides grants and fellowships to independent not-for-profit organizations through a peer-review process. Grant applications are first reviewed by the Foundation's volunteer scientific advisory committee, which comprises recognized experts in the medical, scientific, and social sciences disciplines relevant to HIV and AIDS.

The scientific advisory committee then sends its evaluations to one of the three committees (research, global initiatives or public policy) of the Foundation's program board, which serves in an advisory capacity to the Board of Trustees. After a program committee has completed its review of the applications, it presents its funding recommendations to amfAR's executive committee and/or the full Board of Trustees for final approval and funding authorization.

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Grants and fellowships are payable over a one-to-four-year period and are revocable at amfAR's option if the recipient's performance or use of funds is not consistent with the terms of the grant or fellowships. In certain cases, the actual amounts paid under grants and fellowship awards may be less than the original award if the recipient does not use the full amount awarded. Therefore, a reserve for unexpended grants and fellowships has been recorded.

Subawards are grants awarded to not-for-profit organizations to support the costs of collaboration and participation in HIV/AIDS-related research projects for which amfAR has secured restricted funds. Subawards are payable over a one-year period, although advance payments, in full or in part, may be issued following execution of the subaward agreement. Subawards are contingent upon the availability of funds and are revocable if the recipients' performance or use of funds is not consistent with the subaward terms.

Grants and fellowships payable at September 30, 2021 and 2020, are as follows:

	2021	2020
	Short Term	Short Term
Research	\$ 1,689,582	\$ 1,613,347
TREAT Asia	704	39,469
Public policy	6,149	-
	1,696,435	1,652,816
Less: reserve for estimated unexpended grants and fellowships	(450,000)	(600,000)
Grants and fellowships payable, net	\$ 1,246,435	\$ 1,052,816

**NOTE 9 - NET ASSETS**

Net assets with donor restrictions at September 30, 2021 and 2020 are restricted as follows:

	Net Assets With Donor Restrictions as of September 30, 2020	Contributions With Donor Restrictions in Fiscal 2021	Net Assets Released from Restrictions in Fiscal 2021	Net Assets With Donor Restrictions as of September 30, 2021
Time restrictions:	\$ -	\$ 20,000	\$ -	\$ 20,000
Purpose restrictions:				
Research	2,286,533	776,820	(1,428,500)	1,634,851
TREAT Asia	140,225	-	(140,225)	-
Public policy	526,916	-	-	526,916
Public information	107,865	-	-	107,865
Special events	178,500	-	-	178,500
Donor-restricted endowment funds:				
Corpus	387,266	5,380	-	392,646
Accumulated unspent earnings	344,470	48,499	-	392,969
	\$ 3,971,775	\$ 850,699	\$ (1,568,725)	\$ 3,253,749

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**September 30, 2021 and 2020**

	Net Assets With Donor Restrictions as of September 30, 2019	Contributions With Donor Restrictions in Fiscal 2020	Net Assets Released from Restrictions in Fiscal 2020	Net Assets With Donor Restrictions as of September 30, 2020
Purpose restrictions:				
Research	\$ 2,491,551	\$ 2,100,985	\$ (2,306,003)	\$ 2,286,533
TREAT Asia	225,952	-	(85,727)	140,225
Public policy	526,916	2,500	(2,500)	526,916
Public information	107,865	-	-	107,865
Special events	176,000	2,500	-	178,500
Donor-restricted endowment funds:				
Corpus	379,333	7,933	-	387,266
Accumulated unspent earnings	322,035	22,435	-	344,470
	<u>\$ 4,229,652</u>	<u>\$ 2,136,353</u>	<u>\$ (2,394,230)</u>	<u>\$ 3,971,775</u>

**NOTE 10 - PUBLIC SUPPORT**

Public support for the years ended September 30, 2021 and 2020 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Corporate contributions	\$ 25,000	\$ -	\$ 25,000
Individual contributions	1,104,845	139,180	1,244,025
Foundation contributions	350,200	340,000	690,200
Grants	1,035,844	-	1,035,844
Direct response	1,890,585	16,253	1,906,838
Workplace campaigns	111,689	1,536	113,225
	<u>\$ 4,518,163</u>	<u>\$ 496,969</u>	<u>\$ 5,015,132</u>
Total			
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Corporate contributions	\$ 29,474	\$ -	\$ 29,474
Individual contributions	345,118	29,313	374,431
Foundation contributions	180,200	165,640	345,840
Grants	279,377	-	279,377
Direct response	1,417,267	173,802	1,591,069
Workplace campaigns	79,972	-	79,972
	<u>\$ 2,331,408</u>	<u>\$ 368,755</u>	<u>\$ 2,700,163</u>
Total			

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**September 30, 2021 and 2020**

**NOTE 11 - PENSION PLAN**

amfAR sponsors a defined contribution plan for employees who elect to participate and have completed two years of service. Eligibility requirements were reduced to six months of service effective July 1, 2008. Under the plan, amfAR contributed \$572,478 and \$581,569 for the years ended September 30, 2021 and 2020, respectively, calculated using a two-for-one match of employee contributions.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

***Conditional Grants***

amfAR's Board of Trustees approved certain conditional grants with a period of performance in future fiscal years. Those grants were awarded subject to amfAR's availability of funds and the grantee's encumbrance of expenditures. If these conditions are satisfied, expenditures will be recognized, and payments will be made over the remaining terms of the grants. Remaining commitments at September 30, 2021 and 2020, under these grants totaled \$8,202,782 and \$10,040,467, respectively.

***Litigation***

amfAR, in the normal course of its operations, may be a party to legal proceedings and complaints. While it is not feasible to predict the ultimate outcomes of such matters, management of amfAR is not aware of any claims or contingencies that would have a material adverse effect on amfAR's financial position, changes in net assets or cash flows.

***Operating Leases and Other Long-Term Commitments***

The approximate future minimum rental commitments required under long-term lease commitments for office space in New York, New York, Washington, D.C. and Bangkok, Thailand, and other long-term commitments are as follows:

Years Ending September 30,

2022	\$ 1,428,964
2023	1,519,822
2024	1,495,685
2025	1,361,921
2026	1,239,431
Thereafter	<u>1,054,522</u>
	<u>\$ 8,100,345</u>

Rent expense for the years ended September 30, 2021 and 2020, was \$1,522,030 and \$1,489,748, respectively.

Certain of amfAR's lease agreements include rent escalation clauses. Since the payments are not equal over the term of the leases, the total rental payments are accounted for on a straight-line basis over the life of the leases. Accordingly, a deferred rent liability of \$1,316,127 and \$1,446,603 existed at September 30, 2021 and 2020, respectively, and has been recorded on the statements of financial position within other long-term liabilities.

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In June 2011, amfAR signed a lease amendment for its office in New York. Under the terms of the amendment, the lease is extended through August 2027. In addition, amfAR signed an irrevocable letter of credit in the amount of \$323,338 in lieu of the existing security deposit.

**NOTE 13 - ENDOWMENTS**

amfAR's endowment consists of donor-restricted endowment funds.

amfAR adopted New York State's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") or ("NYPMIFA") during the year ended September 30, 2010 and classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) the accumulations to the endowment made in accordance with the directions of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund represent accumulated unspent earnings and remains within the endowment assets until those amounts are appropriated for expenditure by amfAR in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

In making a determination to appropriate or accumulate, amfAR considers the following factors: (1) the duration and preservation of its endowment fund; (2) the purposes of amfAR and its endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of amfAR; and (7) the investment policy of amfAR.

The following presents information relative to amfAR's endowment net assets with donor restrictions by type of fund as of September 30, 2021 and 2020:

	2021	2020
Donor-restricted endowment funds	\$ 785,615	\$ 731,736

The following presents the changes in endowment net assets for the fiscal years ended September 30, 2021 and 2020:

	2021	2020
Endowment net assets, beginning of year	\$ 731,736	\$ 701,368
Contributions	5,380	7,933
Interest and dividends from the endowment	28,926	16,852
Realized and unrealized gain	19,573	5,583
Endowment net assets, end of year	\$ 785,615	\$ 731,736

amfAR uses a total-return approach for its portfolio, as such, endowment assets are invested in the same securities as the overall portfolio as described in Note 3.

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**NOTE 14 - LIQUIDITY**

amfAR's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<u>As of September 30,</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,387,272	\$ 3,752,042
Accounts and pledges receivable*	4,829,982	2,597,936
Investments	<u>40,993,248</u>	<u>40,425,763</u>
 Total financial assets	 <u>48,210,502</u>	 <u>46,775,741</u>
 Less:		
Contractual, legal or donor-imposed restrictions	3,253,749	3,971,775
Board-designated net assets	<u>11,166,524</u>	<u>14,630,199</u>
 Total amount unavailable for general expenditures within one year	 <u>14,420,273</u>	 <u>18,601,974</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 33,790,229</u>	 <u>\$ 28,173,767</u>

\*Net of receivables related to special events due to uncertainty of collection periods

amfAR is primarily supported by contributions (both with and without donor restriction). Due to donor restrictions requiring resources to be used in a particular manner or in future periods, amfAR maintains sufficient resources to meet those responsibilities to its donors. As such, financial assets may not be available for general expenditures within one year. amfAR manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To follow these principles, the entity forecasts its future cash flows and monitors its liquidity regularly and monitors its reserves annually. During the years ended September 30, 2021 and 2020, the level of liquidity and reserves was managed within this requirement.

**NOTE 15 - IMPACT OF COVID-19**

The emergence and rapid spread of COVID-19 across the United States in early 2020 has impacted worldwide economic activity and financial markets, had an immediate, substantial and sustained impact on amfAR's operational and fundraising capacity. With fundraising performance tied in large part to amfAR's ability to orchestrate and execute benefit galas across the U.S. and around the world, the coronavirus lockdown and strict limitations on international travel and congregate events brought this revenue stream to a halt almost overnight. Since the spring of 2020, all live fundraising events have been suspended, all nonessential expenses have been eliminated, and amfAR has been dependent on its financial reserves. The foundation remains in a holding pattern until such time as widespread vaccine distribution has controlled the pandemic to the extent that unfettered international travel and large gatherings of people can resume. Management has considered the consequences of COVID and determined that there is no current material uncertainty identified that would affect its ability to continue its mission to end the global AIDS epidemic through innovative research. However, there is significant uncertainty around the breadth and



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duration of business disruptions related to COVID, as well as its impact on the U.S. and international economies and, as such, the Foundation is unable to determine if it will have a future material negative impact on its operations or financial condition.

**NOTE 16 - SUBSEQUENT EVENTS**

amfAR evaluated its September 30, 2021 financial statements for subsequent events through March 31, 2022, the date the financial statements were available to be issued.

amfAR is not aware of any other subsequent events which would require recognition or disclosure in the accompanying financial statements.