



**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES,  
EDUCATION AND SERVICES**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES,  
EDUCATION AND SERVICES**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES,  
EDUCATION AND SERVICES

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SEPTEMBER 30, 2020 AND 2019

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VT License #92-0000171

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Vermont Committee for A.I.D.S. Resources,  
Education and Services  
Burlington, Vermont

We have audited the accompanying financial statements of Vermont Committee for A.I.D.S. Resources, Education and Services (Vermont CARES or the Organization), a nonprofit organization, which comprise the statements of financial position as of September 30, 2020 and 2019, 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 audits 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vermont CARES as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Substantial Doubt about the Organization's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 12 to the financial statements, the Organization had a deficiency in net assets as of September 30, 2019, has limited reserves and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

*Jmm & Associates*

September 9, 2021

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2020 AND 2019**

**A S S E T S**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 25,580	\$ 16,922
Grants and other receivables	133,710	69,659
<b>TOTAL CURRENT ASSETS</b>	<u>159,290</u>	<u>86,581</u>
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles	70,957	70,957
Furniture and equipment	57,879	57,879
Subtotal - property and equipment	<u>128,836</u>	<u>128,836</u>
Less accumulated depreciation	<u>(75,763)</u>	<u>(67,696)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>53,073</u>	<u>61,140</u>
<b>OTHER ASSET</b>		
Prepaid deposits	<u>2,000</u>	<u>2,000</u>
<b>TOTAL OTHER ASSET</b>	<u>2,000</u>	<u>2,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 214,363</u>	<u>\$ 149,721</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 49,280	\$ 18,128
Accrued salaries and related liabilities	14,018	9,745
Accrued vacation	15,019	12,263
Note payable - line of credit	96,912	89,343
Note payable - current portion	<u>4,000</u>	<u>4,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>179,229</u>	<u>133,479</u>
<b>LONG-TERM DEBT</b>		
Note payable, net of current portion	<u>14,599</u>	<u>18,406</u>
<b>TOTAL LONG-TERM DEBT</b>	<u>14,599</u>	<u>18,406</u>
<b>TOTAL LIABILITIES</b>	<u>193,828</u>	<u>151,885</u>
<b>NET ASSETS (DEFICIT)</b>		
Without donor restrictions	2,905	(45,576)
With donor restrictions	<u>17,630</u>	<u>43,412</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>20,535</u>	<u>(2,164)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 214,363</u>	<u>\$ 149,721</u>

See accompanying notes.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Government grants	\$ 809,462	\$ 874,038
Grants - local	1,900	3,360
Program fees	32,017	28,688
Foundation grants	46,909	5,562
Special events	16,266	34,798
Contributions	28,251	42,454
Donated services	3,240	3,240
United Way	39	69
Miscellaneous	1,047	566
	<u>939,131</u>	<u>992,775</u>
Net assets released from restrictions	<u>33,682</u>	<u>13,120</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>972,813</u>	<u>1,005,895</u>
 <b>EXPENSES</b>		
Program services	<u>827,534</u>	<u>870,113</u>
Support services:		
General and administrative	75,073	56,271
Fundraising	21,725	30,692
Subtotal - support services	<u>96,798</u>	<u>86,963</u>
<b>TOTAL EXPENSES</b>	<u>924,332</u>	<u>957,076</u>
 <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	48,481	48,819
 <b>BEGINNING NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS</b>	<u>(45,576)</u>	<u>(94,395)</u>
 <b>ENDING NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS</b>	<u><u>\$ 2,905</u></u>	<u><u>\$ (45,576)</u></u>

See accompanying notes.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Foundation grants	\$ 7,900	\$ 42,300
Net assets released from restrictions	<u>(33,682)</u>	<u>(13,120)</u>
 <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	 (25,782)	 29,180
 <b>BEGINNING RESTRICTED NET ASSETS WITH DONOR RESTRICTIONS</b>	 <u>43,412</u>	 <u>14,232</u>
 <b>ENDING NET ASSETS WITH DONOR RESTRICTIONS</b>	 <u><u>\$ 17,630</u></u>	 <u><u>\$ 43,412</u></u>
 <b>TOTAL CHANGE IN NET ASSETS</b>		
Without donor restrictions	\$ 48,481	\$ 48,819
With donor restrictions	<u>(25,782)</u>	<u>29,180</u>
	 <u><u>\$ 22,699</u></u>	 <u><u>\$ 77,999</u></u>

See accompanying notes.



**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**STATEMENT OF FUNCTIONAL EXPENSES - 2020**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Direct Program Services</u>	<u>Prevention Services</u>	<u>Client Assistance Fund</u>	<u>Total Program Services</u>
Salaries	\$ 257,929	\$ 129,513	\$ -	\$ 387,442
Employee benefits	59,944	30,100	-	90,044
Payroll taxes	19,767	9,926	-	29,693
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - personnel costs	337,640	169,539	-	507,179
Program supplies	-	91,138	-	91,138
Client assistance	-	-	86,944	86,944
Occupancy	33,677	16,910	-	50,587
Professional services	14,049	7,055	-	21,104
Office expenses	11,828	5,051	-	16,879
Travel	7,893	13,380	-	21,273
Insurance	6,245	3,136	-	9,381
Events	-	-	-	-
Interest and bank fees	5,448	2,735	-	8,183
Volunteer training	4,427	-	-	4,427
Advertising	833	62	-	895
Staff development	1,747	678	-	2,425
Bad debt expense	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	423,787	309,684	86,944	820,415
<b>DEPRECIATION</b>	4,739	2,380	-	7,119
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<u>\$ 428,526</u>	<u>\$ 312,064</u>	<u>\$ 86,944</u>	<u>\$ 827,534</u>

See accompanying notes.

	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Support Services</b>	<b>2020 Total</b>	<b>2019 Total</b>
Salaries	\$ 43,903	\$ 7,683	\$ 51,586	\$ 439,028	\$ 445,520
Employee benefits	10,203	1,786	11,989	102,033	92,742
Payroll taxes	3,365	589	3,954	33,647	39,136
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - personnel costs	57,471	10,058	67,529	574,708	577,398
Program supplies	-	-	-	91,138	63,610
Client assistance	-	-	-	86,944	106,055
Occupancy	5,732	1,003	6,735	57,322	56,383
Professional services	2,391	418	2,809	23,913	27,077
Office expenses	5,159	370	5,529	22,408	20,423
Travel	106	101	207	21,480	34,731
Insurance	1,063	186	1,249	10,630	14,689
Events	-	9,286	9,286	9,286	21,110
Interest and bank fees	927	162	1,089	9,272	15,141
Volunteer training	-	-	-	4,427	4,876
Advertising	1,525	-	1,525	2,420	3,863
Staff development	(108)	-	(108)	2,317	1,172
Bad debt expense	-	-	-	-	2,901
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	74,266	21,584	95,850	916,265	949,429
<b>DEPRECIATION</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	807	141	948	8,067	7,647
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<u>\$ 75,073</u>	<u>\$ 21,725</u>	<u>\$ 96,798</u>	<u>\$ 924,332</u>	<u>\$ 957,076</u>

See accompanying notes.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**STATEMENT OF FUNCTIONAL EXPENSES - 2019**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Direct Program Services</u>	<u>Prevention Services</u>	<u>Client Assistance Fund</u>	<u>Total Program Services</u>
Salaries	\$ 323,002	\$ 84,649	\$ -	\$ 407,651
Employee benefits	67,238	17,621	-	84,859
Payroll taxes	28,374	7,436	-	35,810
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - personnel costs	418,614	109,706	-	528,320
Client assistance	-	-	106,055	106,055
Program supplies	-	63,610	-	63,610
Occupancy	40,877	10,713	-	51,590
Travel	17,696	16,521	-	34,217
Professional services	19,631	5,145	-	24,776
Events	-	-	-	-
Office expenses	12,020	2,747	-	14,767
Interest and bank fees	10,977	2,877	-	13,854
Insurance	10,649	2,791	-	13,440
Volunteer training	-	4,876	-	4,876
Advertising	2,803	734	-	3,537
Bad debt expense	-	2,901	-	2,901
Staff development	310	862	-	1,172
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	533,577	223,483	106,055	863,115
<b>DEPRECIATION</b>	<hr/>	<hr/>	<hr/>	<hr/>
	5,545	1,453	-	6,998
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<u>\$ 539,122</u>	<u>\$ 224,936</u>	<u>\$ 106,055</u>	<u>\$ 870,113</u>

See accompanying notes.

	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Support Services</b>	<b>2019 Total</b>
Salaries	\$ 32,300	\$ 5,569	\$ 37,869	\$ 445,520
Employee benefits	6,724	1,159	7,883	92,742
Payroll taxes	2,837	489	3,326	39,136
Subtotal - personnel costs	41,861	7,217	49,078	577,398
Client assistance	-	-	-	106,055
Program supplies	-	-	-	63,610
Occupancy	4,088	705	4,793	56,383
Travel	219	295	514	34,731
Professional services	1,963	338	2,301	27,077
Events	-	21,110	21,110	21,110
Office expenses	5,143	513	5,656	20,423
Interest and bank fees	1,098	189	1,287	15,141
Insurance	1,065	184	1,249	14,689
Volunteer training	-	-	-	4,876
Advertising	280	46	326	3,863
Bad debt expense	-	-	-	2,901
Staff development	-	-	-	1,172
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	55,717	30,597	86,314	949,429
<b>DEPRECIATION</b>	554	95	649	7,647
<b>TOTAL EXPENSES</b>	<b>\$ 56,271</b>	<b>\$ 30,692</b>	<b>\$ 86,963</b>	<b>\$ 957,076</b>

See accompanying notes.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from government and local grants	\$ 747,311	\$ 804,513
Cash received from contributions and other grants	99,365	125,183
Other operating cash receipts	33,064	30,947
Cash paid for personnel	(567,679)	(585,478)
Cash paid to suppliers for goods and services	(297,893)	(361,003)
Interest paid	<u>(9,272)</u>	<u>(15,141)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>4,896</u>	<u>(979)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>-</u>	<u>(24,632)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>(24,632)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	73,000	112,608
Payments on line of credit	(65,431)	(98,265)
Proceeds from related party loans	11,000	15,000
Principal payments on related party loans	(11,000)	(15,000)
Proceeds from long-term debt	-	22,632
Principal payments on long-term debt	<u>(3,807)</u>	<u>(226)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>3,762</u>	<u>36,749</u>
<b>INCREASE IN CASH</b>	8,658	11,138
<b>BEGINNING CASH</b>	<u>16,922</u>	<u>5,784</u>
<b>ENDING CASH</b>	<u>\$ 25,580</u>	<u>\$ 16,922</u>

See accompanying notes.

# VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

### 1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Operations

Vermont Committee for A.I.D.S. Resources, Education and Services (Vermont CARES or the Organization) is an independent, nonprofit corporation formed in 1986 to provide life-saving harm reduction services, education, and resources to Vermonters affected by HIV, Hepatitis C, and substance use by increasing access to care, reducing social stigmas, and building relationships. Vermont CARES has offices located in Burlington, Montpelier, St. Johnsbury, Rutland, Barre, and Colchester, Vermont. Vermont CARES receives revenue primarily through federal, state and foundation grants, and private support.

#### Cash and investments

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts on deposit in financial institutions and other short-term investments with original maturities of three months or less. Cash and cash equivalents are stated at cost, which approximates market value.

#### Revenue recognition

Vermont CARES recognizes contributions when cash, securities, or other assets, and unconditional promise to give, or notification of a beneficial interest, is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend are met.

A portion of Vermont CARES' revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statements of Financial Position.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the Statements of Activities as net assets released from restrictions.

Vermont CARES recognizes revenue from clinical testing and other program fees when clinical studies are completed or when a service is provided to a customer, at which time the performance obligation is considered complete.

#### Financial statement presentation

Vermont CARES is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of accounting

The financial statements of Vermont CARES have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Income taxes

Vermont CARES is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 501(a) of the Code.

Vermont CARES does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated services

Vermont CARES receives noncash contributions in the form of volunteers performing various clerical functions to support various program and support activities. Contributed professional services are recognized at fair value if the services rendered (a) create or enhance long-lived assets or (b) require specialized skills, and would typically need to be purchased if not provided by donation. The Organization recognized \$3,240 in donated IT services for the years ended September 30, 2020 and 2019. Unrecognized donated services totaled 2,396 and 2,463 volunteer hours for the years ended September 30, 2020 and 2019, respectively.

Property and equipment

It is the policy of Vermont CARES to capitalize items with a value of \$500 or more. Property and equipment are stated at cost if purchased. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Vermont CARES reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Vermont CARES reclasses net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method over the estimated useful lives.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect expenses are allocated between support functions and program services based on percentages of employee effort. Employee effort calculations are based on employee timesheet records.

Advertising

Advertising costs are charged to expense when incurred.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Grants and other receivables

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grants receivable using the allowance method. The allowance method is based on experience, third-party contracts and other circumstances which may affect the ability of third parties to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible grants receivable when management determines the receivable will not be collected.

Changes in accounting principles

Effective October 1, 2019, Vermont CARES adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and, therefore, no changes to the previously-issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Effective October 1, 2019, Vermont CARES also adopted ASU 2016-18, *Statement of Cash Flows* (Topic 230), as amended. This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents and amounts generally described as restricted cash. The Organization has applied the provisions of ASU 2016-18 retrospectively to all periods presented with no effect on net assets.



**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Changes in accounting principles (continued)

Effective October 1, 2019, Vermont CARES adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. There was no material impact to the financial statements as a result of adoption, and no effect on net assets or previously-issued financial statements.

Pending accounting standard update

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842), which will replace the current guidance for leases found in FASB ASC 840. ASU No. 2016-02 will affect most not-for-profits for annual reporting periods beginning on or after December 15, 2020 (Vermont CARES' fiscal year ending September 30, 2022). ASU No. 2016-02 applies to both lessees and lessors and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more. Management has not yet determined the impact of this ASU on the Organization's financial statements.

**2) LIQUIDITY**

Vermont CARES regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit (Note 4).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Vermont CARES operates with a balanced budget. However, in recent years, the Organization has not maintained appropriate amounts of cash and cash equivalents to fulfill donor-imposed restrictions and meet general expenditures, as evidenced by the Organization's deficit in net assets without donor restrictions and deficit in total net assets as of the year ended September 30, 2019.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**2) LIQUIDITY (continued)**

The total financial assets held by Vermont CARES, and the amounts of those financial assets that could readily be made available within one year of the dates of the Statements of Financial Position to meet general expenditures, consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 25,580	\$ 16,922
Grants receivable and other receivables	<u>133,710</u>	<u>69,659</u>
 Total financial assets at year-end	 159,290	 86,581
 Less amounts not available to meet general expenditures:		
Restricted by donor for specific purposes	<u>(17,630)</u>	<u>(43,412)</u>
 Financial assets available to meet general expenditures over the next 12 months	 <u>\$ 141,660</u>	 <u>\$ 43,169</u>

**3) GRANTS RECEIVABLE**

Grants receivable represent grants payable in less than one year. Due to their current nature, no allowance is deemed necessary.

**4) LINE OF CREDIT**

Vermont CARES has a line of credit agreement which is guaranteed by all assets of the Organization. The line of credit bears interest at the Wall Street Journal Prime Rate plus 1.5% (5% and 6.65% at September 30, 2020 and 2019, respectively), with a minimum rate of not less than 5%. The maximum amount available is \$100,000 and renewal is contingent on the bank's annual review and payable upon demand. The amounts outstanding on the line of credit were \$96,912 and \$89,343 at September 30, 2020 and 2019, respectively.

**5) NOTE PAYABLE**

Note payable consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Vehicle loan through Ford Credit, payable in monthly installments of \$470, including interest at 8.84 %, due August 2024, collateralized by the vehicle	\$ 18,599	\$ 22,406
Less current portion	<u>(4,000)</u>	<u>(4,000)</u>
	 <u>\$ 14,599</u>	 <u>\$ 18,406</u>

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**5) NOTE PAYABLE (continued)**

Future maturities of the note payable are as follows for the years ending September 30:

2021	\$	4,000
2022		5,000
2023		5,000
2024		4,599
		<hr/>
	\$	18,599
		<hr/>

In April 2020, Vermont CARES signed a promissory note for a loan under the U.S. Small Business Administration (US SBA) Paycheck Protection Program to assist the Organization in its continued operations during the pandemic. The total loan is \$104,800, bears interest at 1% and will be repaid over 24 months. Under the US SBA guidelines, all or a portion of the loan may be forgiven if the funds are utilized for eligible purposes, including personnel and occupancy costs. Vermont CARES met the eligible expense requirements as of September 30, 2020 and has recognized the entire amount as grant revenue. In August 2021, Vermont CARES received notification that the entire balance was forgiven.

In March 2021, Vermont CARES received a second Paycheck Protection Program (PPP) loan of \$85,705, bearing interest at 1%, with a maturity date five years from the date of the promissory note (March 2026). Under the US SBA guidelines, all or a portion of the loan may be forgiven if the funds are utilized for eligible purposes, including personnel and occupancy costs.

**6) CONCENTRATION OF GRANT REVENUE**

Vermont CARES recognized approximately 85% and 84% of its total support and revenue from federal and state grants in fiscal years 2020 and 2019, respectively. Any significant decrease in that funding could have a severe negative impact on the Organization.

**7) LEASES**

Vermont CARES has several noncancelable operating leases, primarily for rental space and various forms of equipment, that expire at various dates through October 2021. The leases generally contain renewal options for periods ranging from one to five years, and require the Organization to pay all executory costs such as taxes, maintenance and insurance. Rental expenses for the noncancelable leases were \$52,461 and \$51,360 for the years ended September 30, 2020 and 2019, respectively.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**7) LEASES (continued)**

Future minimum lease payments, including common area maintenance fees under all operating leases, are as follows for the years ending September 30:

2021	\$ 12,600
2022	400
	<u>13,000</u>
	<u>\$ 13,000</u>

In November 2020, Vermont CARES renewed its lease for the Burlington office through November 2023.

**8) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available to support a future period or a specific activity not completed by Vermont CARES. Net assets with donor restrictions are as follows as of September 30:

	<u>2020</u>	<u>2019</u>
Future programs	<u>\$ 17,630</u>	<u>\$ 43,412</u>

**9) REVENUE FROM CONTRACTS WITH CUSTOMERS**

Vermont CARES provides clinical trial services to entities who manufacture diagnostic products as well as other services to customers. A contract with a customer may create legal rights and obligations whether or not the contract is in writing. The rights and obligations under a contract may, in turn, give rise to contract assets and contract liabilities.

For clinical trial services, revenue is recognized when a study is completed. For other services, revenue is recognized as the performance obligation is met.

Revenue from contracts with customers consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Clinical trial services	\$ 14,000	\$ 12,500
Other	850	9,315
	<u>\$ 14,850</u>	<u>\$ 21,815</u>

Vermont CARES had \$0 and \$4,411 outstanding in contract receivables as of the end of fiscal years 2020 and 2019, respectively. Vermont CARES did not have any outstanding contract liabilities as of the beginning or end of fiscal years 2020 or 2019.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**10) COMMITMENTS AND CONTINGENCIES**

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote since by accepting the awards and their terms, it has accommodated objectives to the provisions of the gift.

**11) RELATED PARTY LOANS**

During the year ended September 30, 2020, Vermont CARES borrowed and repaid a total of \$11,000 from a board member and an employee. During the year ended September 30, 2019, Vermont CARES borrowed and repaid a total of \$15,000 from two board members. Related party loan balances were \$0 at September 30, 2020 and 2019.

**12) GOING CONCERN**

As indicated in the accompanying financial statements, Vermont CARES increased its net assets by \$22,699 during the year ended September 30, 2020 from its net asset deficit of (\$2,164) as of September 30, 2019. Although there is no longer a net asset deficit, the Organization's reserves are minimal. The Organization's current liabilities exceeded its current assets by \$19,939 and \$46,898 as of September 30, 2020 and 2019, respectively. Additionally, some sources of government funding were reduced during the year ended September 30, 2020. These factors create substantial doubt about the Organization's ability to continue as a going concern for the year following the date the financial statements are available to be issued.

The Board of Directors and management team of Vermont CARES understand these conditions and the cumulative dynamics that have resulted in them, and are prioritizing paying down the line of credit as aggressively as possible so that funds can be used for more productive purposes than servicing debt. Other projects include speeding up the processing of internal invoices to be paid by grantors and funders, projecting and tracking revenue and reimbursements with more accuracy, securing more grants without donor restrictions, and attempting to increase other revenue sources. In fiscal year 2020, the Organization continued to build out partnerships, new contracts and grants, and new events and fundraising campaigns more compatible with COVID-19 precautions. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**13) GLOBAL PANDEMIC**

In March 2020 the world experienced a global pandemic, COVID-19, which dramatically decreased economic activity. Vermont CARES has continued to provide many of its services with procedures in place to reduce the risk of exposure to the virus. These programs include syringe exchange, prevention presentations (held remotely) and case management. Other programs were temporarily paused while new protocols were being approved. These include testing and presentations in educational settings. Payroll Protection Program loans from the U.S. Small Business Administration helped keep staffing relatively stable during turbulent times, and cash flow roughly steady for the final months of fiscal year 2020. As of the report date, it is not possible to determine the full impact of this health crisis on Vermont CARES' operations.

**14) SUBSEQUENT EVENTS**

As disclosed in Note 5, in March 2021, Vermont CARES signed a promissory note for a \$85,705 loan under the US SBA Paycheck Protection Program. Additionally, the Organization received notification in August 2021 that the entire balance of the first Paycheck Protection Program loan had been forgiven.

As disclosed in Note 7, in November 2020, Vermont CARES renewed its lease for the Burlington office through November 2023.

Vermont CARES has evaluated events and transactions for potential recognition or disclosure through September 9, 2021, the date the financial statements were available to be issued.