

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Independent Auditors' Report
Consolidated Financial Statements

December 31, 2021 and 2020



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Advancing Connecticut Together, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Advancing Connecticut Together, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, functional expenses, and cash flows are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
February 16, 2023

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidated Statements of Financial Position

December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,195,842	\$ 1,589,725
Cash - fiscal agent funds	372,017	174,834
Grants, fees and contributions receivable	2,994,522	1,123,116
Investments - mutual funds	133,173	496,634
Prepaid expenses	38,507	34,920
Total current assets	4,734,061	3,419,229
Non-current assets:		
Unemployment trust reserve	40,683	42,392
Security deposits	5,180	5,180
Property and equipment, net	173,779	88,641
Total non-current assets	219,642	136,213
Total assets	\$ 4,953,703	\$ 3,555,442
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 376,937	\$ 274,647
Refundable advances	1,139,825	283,691
Refundable advance - Paycheck Protection Program	167,607	534,919
Grants payable	29,966	-
Fiscal agent funds	85,044	96,236
Total current liabilities	1,799,379	1,189,493
Non-current liabilities:		
Unemployment trust reserve	40,683	42,392
Total liabilities	1,840,062	1,231,885
Net assets:		
Net assets without donor restrictions:		
Undesignated	2,619,371	1,522,489
Board designated	283,173	646,634
Total net assets without donor restrictions	2,902,544	2,169,123
Net assets with donor restrictions	211,097	154,434
Total net assets	3,113,641	2,323,557
Total liabilities and net assets	\$ 4,953,703	\$ 3,555,442

The accompanying notes are an integral part of the consolidated financial statements.

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidated Statements of Activities

For the years ended December 31, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions:		
Support and revenues:		
Grants	\$ 11,603,340	\$ 8,512,526
Contributions	961,626	1,168,903
Investment/interest income	2,699	8,313
Unrealized gains on investments	122,562	15,496
Paycheck Protection Program loan forgiveness	534,919	-
Miscellaneous income	128,693	68,745
Net assets released from restrictions	200,031	186,341
 Total support and revenues	 13,553,870	 9,960,324
 Expenses:		
Program services:		
HIV services	1,890,171	2,179,599
Financial assistance and training	9,180,921	5,736,023
CAHS Programs	839,633	1,060,845
Early Childhood Development	103,611	167,662
Keep the Promise	65,247	49,654
Advocacy	29,602	29,660
Commission on Women, Children & Seniors	46,904	-
Total program services	12,156,089	9,223,443
Supporting services:		
Management and general	598,756	673,478
Fundraising	65,604	70,533
 Total expenses	 12,820,449	 9,967,454
 Change in net assets without donor restrictions	 733,421	 (7,130)
 Changes in net assets with donor restrictions:		
Contributions	256,694	213,580
Net assets released from restrictions	(200,031)	(186,341)
 Change in net assets with donor restrictions	 56,663	 27,239
 Change in net assets	 790,084	 20,109
Net assets, beginning of year	2,323,557	2,303,448
Net assets, end of year	\$ 3,113,641	\$ 2,323,557

The accompanying notes are an integral part of the consolidated financial statements.

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidated Statement of Functional Expenses

For the year ended December 31, 2021

(with comparative totals for the year ended December 31, 2020)

	2021										2020	
	Program Services											
	HIV Services	Financial Assistance and Training	CAHS Programs	Early Childhood Alliance	Keep the Promise	Commission on Women, Children & Seniors	Advocacy	Total Program Services	Management and General	Fundraising	Total	Total
Wages, taxes, and benefits	\$ 1,360,616	\$ 211,376	\$ 636,205	\$ 97,393	\$ 51,622	\$ -	\$ 4,352	\$ 2,361,564	\$ 315,708	\$ 52,699	\$ 2,729,971	\$ 2,824,767
Client assistance	267,557	8,484,438	-	-	-	-	-	8,751,995	2,643	-	8,754,638	5,718,766
Program	148,932	8,221	94,654	21	2,500	343	-	254,671	41,293	5,656	301,620	359,392
Occupancy	50,374	120,765	5,373	-	4,975	957	-	182,444	52,615	602	235,661	270,395
Office	313	72,534	4,893	-	898	-	-	78,638	1,114	1,045	80,797	52,670
Subcontractors	15,117	175,923	82,009	-	-	7,330	-	280,379	35,180	205	315,764	461,793
Professional	62	322	4,338	6,174	5,252	38,111	4,000	58,259	93,228	4,903	156,390	105,061
Provision for uncollectible grant	-	57,956	-	-	-	-	-	57,956	-	-	57,956	-
Information technology	22,551	34,779	4,266	-	-	-	-	61,596	14,850	343	76,789	96,635
Insurance	19,409	11,806	1,332	-	-	-	-	32,547	6,242	59	38,848	30,917
Lobbying	-	-	-	-	-	-	21,250	21,250	-	-	21,250	23,078
Other expenses	4,602	60	4,791	23	-	163	-	9,639	6,776	75	16,490	7,782
Depreciation	638	2,741	1,772	-	-	-	-	5,151	29,107	17	34,275	16,198
	<u>\$ 1,890,171</u>	<u>\$ 9,180,921</u>	<u>\$ 839,633</u>	<u>\$ 103,611</u>	<u>\$ 65,247</u>	<u>\$ 46,904</u>	<u>\$ 29,602</u>	<u>\$ 12,156,089</u>	<u>\$ 598,756</u>	<u>\$ 65,604</u>	<u>\$ 12,820,449</u>	<u>\$ 9,967,454</u>

The accompanying notes are an integral part of the consolidated financial statements.

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 790,084	\$ 20,109
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Unrealized gains on investments	(122,562)	(15,496)
Depreciation	34,275	16,198
(Increase)/decrease in operating assets:	-	
Grants, fees and contributions receivable	(1,871,406)	(320,868)
Prepaid expenses	(3,587)	132,050
Increase/(decrease) in operating liabilities:	-	
Accounts payable and accrued liabilities	102,290	22,457
Refundable advances	856,134	(392,831)
Refundable advance - Paycheck Protection Program	(367,312)	476,963
Grants payable	29,966	-
Fiscal agent funds	(11,192)	(9,498)
Unemployment trust reserve liability	(1,709)	416
	(565,019)	(70,500)
Net change in cash from operating activities		
Cash flows from investing activities:		
Purchases of investments - mutual funds	-	(3,870)
Sales of marketable securities	486,023	-
Purchases of property and equipment	(119,413)	(100,561)
	366,610	(104,431)
Net change in cash from investing activities		
Net change in cash	(198,409)	(174,931)
Cash, cash equivalents, and restricted cash, beginning of year	1,806,951	1,981,882
Cash, cash equivalents, and restricted cash, end of year	\$ 1,608,542	\$ 1,806,951
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 1,195,842	\$ 1,589,725
Restricted cash:		
Cash - fiscal agents funds	372,017	174,834
Unemployment trust reserve	40,683	42,392
Cash, cash equivalents, and restricted cash, as presented above	\$ 1,608,542	\$ 1,806,951

The accompanying notes are an integral part of the consolidated financial statements.

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

NOTE 1 - PURPOSE OF ORGANIZATION:

AIDS Connecticut, Inc.'s ("AIDS CT") mission was to improve the lives of people impacted by HIV through care and supportive services, housing, advocacy and prevention throughout the State of Connecticut. Its vision is to be a recognized leader in the prevention and care of people impacted by HIV, creating new approaches to service, working in collaboration with all stakeholders, and advocating for a dignified, respectful system of service delivery.

The Connecticut Association for Human Services, Inc. ("CAHS") improves opportunity and prosperity for Connecticut's children and families by shaping policies and programs that significantly and measurably reduce poverty and promote a secure future. In operation since 1910, CAHS envisions a Connecticut where all children and families thrive and, regardless of income, contribute to and share in Connecticut's growth. To realize this, CAHS:

- Convenes and builds coalitions that engage policy makers, existing networks, and general public in building a family-friendly economy in Connecticut.
- Develops the capacity of leaders and communities to take action on statewide family economic security issues.
- Provides information on and access to basic resources, financial education, and the building of assets.
- Researches, analyzes, and evaluates current trends, needs, gaps, and progress being made in the economic well-being of children and families, and then shares these findings with target audiences.

Effective May 5, 2020, AIDS CT merged its operations and financial activity with CAHS to form Advancing Connecticut Together, Inc and Subsidiary (the "Organization"). The mission of ACT, with its partners, ensures that all low income and moderate income children and families in Connecticut shall be afforded full access to necessary health and housing resources through an integrated service delivery system in order to achieve economic stability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Consolidation

The accompanying consolidated financial statements present consolidated financial position, activities, functional expenses, and cash flows for the Organization. All intercompany activity has been eliminated in consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Basis of Presentation

The Organization complies with the *Financial Statements of Not-for-Profit Organizations* topic of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification. Under this topic, the Organization reports information regarding its financial position and activities according to the following net asset categories:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by the Board of Directors (the “Board”).

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or which may be perpetual.

Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Cash - Fiscal Agent Funds

CAHS acts as a fiscal agent for certain programs. The funding received for these programs is held in separate bank accounts which are restricted for use in accordance with the respective programs. See Note 4 for additional disclosure.

Endowment Assets and Investment Policies

The Organization complies with the *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* topic of the FASB Codification. This topic provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”).

Endowment Spending Policy

The Board policy specifies that the capital to the endowment will be retained and invested and that there will be no withdrawal of capital or earnings except upon approval by the Board.

Grants

The Organization receives grant and contract funding from various federal and state governments and foundations to provide a variety of program services to the public based on certain performance requirements included in the agreement, and the incurrence of allowable qualifying expenses and other requirements. Such government and foundation grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and foundations and are, therefore, accounted for as conditional contributions. Public support is recognized as revenue when conditions are satisfied, typically when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Management believes grants receivable represent negligible credit risk. Accordingly, management has not established an allowance for potential credit losses. Cash received on government and foundation grants and contracts prior to incurring allowable expenses are recorded as refundable advances.

For the years ended December 31, 2021 and 2020, approximately 86% and 85% of the Organization's funding came from the State of Connecticut and the Federal government. These funds are mainly received through the Department of Housing and Urban Development, Department of Health and Human Services, State of Connecticut Department of Public Health, State of Connecticut Department of Housing, and the City of Hartford Health Department.

Conditional Promises to Give

At December 31, 2021, AIDS CT also had unexpended grants of approximately \$7,342,864 that have not been recognized pending fulfillment of conditions associated with the awards.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as net assets with donor restrictions support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions that are received and released in the same period are presented as without donor restrictions. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Contributions receivable are all expected to be collected within one year. Management has determined all receivables are collectible.

Cost Allocation

The consolidated financial statements report certain categories of expenses that are attributable to one or more program functions of the Organization. Payroll and staffing costs are allocated based on the time and effort expended by the Organization's employees. Rent, utilities and travel costs are allocated based on the proportion of full-time employee equivalents of an individual program or other supporting service versus the total full-time employee equivalents of the Organization.

Donated Services

Donated services are recognized if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services were provided, but were not recognized as revenue in the consolidated financial statements since they do not meet the criteria for recognition.

Income Taxes

The Organization is organized as a Connecticut non-stock corporation and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Estimates

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

Fair Value of Financial Instruments

The FASB Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 — Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs that reflect the AIDS CT’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the quoted net asset value of shares held by the Organization at year end.

There have been no changes in the methodologies used at December 31, 2021 and 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different value measurement at the reporting date.

Prior-Year Information

The consolidated statements of financial position and activities include certain prior-year summarized comparative information in total but not by net asset class and the consolidated statement of functional expense includes certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Subsequent Events Measurement Date

The Organization monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its consolidated financial statements for the period from December 31, 2021 through February 16, 2023, the date on which consolidated financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following represents the Organization's financial assets available to meet general expenditures over the next twelve months at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 1,195,842	\$ 1,589,725
Grants, fees and contributions receivable	2,994,522	1,123,116
Investments - mutual funds	133,173	496,634
	<u>4,323,537</u>	<u>3,209,475</u>
Less those unavailable for general expenditure within one year:		
Net assets restricted by donor with time or purpose restrictions	(211,097)	(154,434)
Investments designated for restriction by the Board	(283,173)	(646,634)
	<u>(494,270)</u>	<u>(801,068)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,829,267</u>	<u>\$ 2,408,407</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$75,000, which it could draw upon. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

The Organization's marketable securities are available to be released by the Board for general expenditures should the need arise, as there is no donor-imposed restriction on those funds. The Organization's spending policy stipulates that they are to be retained and invested except upon approval of the Board to spend.

The Organization is substantially supported by state and federal grants. The Organization closely tracks grants that have been received with donor restrictions to assure that these funds are only used for their intended purpose. At this time, the Organization anticipates there being sufficient liquidity to meet its general obligations.

NOTE 4 - FISCAL AGENT FUNDS:

Fiscal agent funds consisted of the following at December 31:

	2021	2020
Early Childhood Alliance	\$ 157,606	\$ 101,613
Commission on Women, Children & Seniors	101,314	25,720
Keep the Promise	113,097	47,501
Total fiscal agent funds	\$ 372,017	\$ 174,834

NOTE 5 - INVESTMENTS – MUTUAL FUNDS:

Marketable securities are stated at fair value using Level 1 inputs, and are comprised of equity mutual funds at December 31, 2021 and 2020.

NOTE 6 - UNEMPLOYMENT TRUST RESERVE:

CAHS maintains an Unemployment Trust Reserve account to manage its unemployment claims. The account is held and managed by Unemployment Services Trust (“UST”). CAHS has recorded an asset on the statement of financial position which represents the amount of cash in the reserve account, and a liability for expected claims to be paid.

NOTE 7 - FUNDS HELD BY OTHER:

On July 27, 2007, a designated fund was established by Joel Fried, in the name of Richard B. Fried, through the Hartford Foundation for Public Giving (“HFPG”). The Organization is the sole income interest beneficiary of the Richard B. Fried Fund, of which these funds are designated for the use to advocate on behalf of people living with HIV/AIDS in Connecticut to ensure a full range of quality housing and services necessary to maximize their potential and live their lives in dignity. 100% of the income generated by the fund will be distributed to AIDS CT, based on HFPG’s spending policy. HFPG uses a total return investment approach, with annual spending for designated funds set at 5% of the previous quarters’ average market values. This is subject to a floor of 4.25% of current assets and a ceiling of 5.75% of current assets. In the event that the Organization was unable to continue its operations, HFPG would retain sole possession of the designated fund and spend the remaining funds according to other charitable purposes described in the original mission statement. Total interest income received from the Richard B. Fried Fund for the years ended December 31, 2021 and 2020 was \$2,824 and \$2,726, respectively. The total asset value of the Richard B. Fried Fund at December 31, 2021 and 2020 was \$82,918 and \$73,943, respectively. The total asset value is not recorded on the financial statements.

NOTE 8 - REFUNDABLE ADVANCE – PAYCHECK PROTECTION PROGRAM:

During May 2020, AIDS CT received approval for a Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loan in the amount of \$365,619. CAHS received approval for a SBA PPP loan in the amount of \$169,300 during April 2020. Under the PPP, funds are forgivable if utilized for qualified expenditures according to the program criteria incurred over a period of eight to twenty-four weeks following the date of funding. In order to qualify for forgiveness, at least 60% of the funding must be spent on eligible payroll expenses, and up to 40% may be spent on other eligible expenditures, such as rent and utilities. As outlined by the SBA, any unforgiven balance must be repaid over two years at an annual interest rate of 1% with an initial deferment period of ten months from the end of the covered period (interest will accrue). AIDS CT and CAHS received forgiveness on the loans during the year ended December 31, 2021. The PPP funds are reported as income for the year ended December 31, 2021.

NOTE 8 - REFUNDABLE ADVANCE – PAYCHECK PROTECTION PROGRAM (CONTINUED):

During July 2021, CAHS received a second PPP loan in the amount of \$167,607. Subsequent to December 31, 2021, CAHS received full forgiveness on the loan.

NOTE 9 - LINES OF CREDIT:

During the year ended December 31, 2020, AIDS CT obtained a \$100,000 bank line of credit with a variable interest rate. The line of credit was secured by investments held by AIDS CT. During the year ended December 31, 2021, the line of credit was closed. No balances were outstanding as of December 31, 2021 and 2020.

CAHS has a \$75,000 bank line of credit with an interest rate of 4%. The line of credit is secured by net assets held by CAHS. There is no expiration date on the line. No balances were outstanding as of December 31, 2021 and 2020.

NOTE 10 - BOARD DESIGNATED ENDOWMENT:

The Board of Directors has deemed it prudent operating policy to maintain a “reserve”, representing a minimum level of funds required to continue current core operations. Board designated endowment activity, which is included in net assets without donor restrictions, is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Endowment, beginning of year	\$ 646,634	\$ 477,268
Transfer	-	150,000
Investment income	1,976	3,870
Unrealized gains on investment	122,562	15,496
Endowment, end of year	<u>\$ 771,172</u>	<u>\$ 646,634</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions related to purpose are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Early Childhood Alliance	\$ 64,334	\$ 87,555
Naloxone/Narcan	5,826	26,531
Donation for Connections	-	2,551
Purchase of Nutritional Supplements	-	6,706
PhRMA	7,146	7,146
RTI Int'l-SAT2HIV	-	1,834
Leadership Development	1,665	4,750
Advocacy	5,000	5,000
Food Pantry Reserve	3,029	4,604
Child Development Centers Directors Forum	12,692	7,757
Racial and Ethnic Impact Statements	80,791	-
Stand Up Speak Out	791	-
Literacy How	136	-
Service Employees International Union	29,687	-
	<u>\$ 211,097</u>	<u>\$ 154,434</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

Net assets were released from donor restrictions for the following purposes during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Early Childhood Alliance	\$ 107,044	\$ 166,191
Naloxone/Narcan	20,705	-
Donation for Connections	2,551	1,505
Purchase of Nutritional Supplements	6,706	3,395
RTI Int'l-SAT2HIV	1,834	-
Leadership Development	22,185	5,250
Food Pantry Reserve	1,575	-
Child Development Centers Directors Forum	2,365	-
Racial and Ethnic Impact Statements	25,609	-
Literacy How	7,894	-
Service Employees International Union	1,563	-
Community Outreach	-	10,000
	<u>\$ 200,031</u>	<u>\$ 186,341</u>

NOTE 12 - LEASES:

AIDS CT leases office facilities under operating leases which expire on various dates through September 30, 2027. Rental expense was \$180,366 and \$195,525 for the years ended December 31, 2021 and 2020, respectively. CAHS leases two copiers. Future minimum lease payments on these leases are as follows for the years ending December 31:

2022	\$ 158,037
2023	156,004
2024	159,125
2025	138,851
2026	37,482
Thereafter	28,112
Total	<u>\$ 677,611</u>

NOTE 13 - EMPLOYEE BENEFIT PLANS:

AIDS CT's eligible employees participate in a 403(b) matching plan. Under this plan, AIDS CT has the option to contribute 3% of eligible employee salary. Eligible employees are defined as any employees who work 500 hours per year. Pension expense totaled \$29,769 and \$36,982 for the years ended December 31, 2021 and 2020, respectively.

CAHS maintains a defined contribution plan based on a calendar year. Full-time employees who have attained 21 years of age and completed one year of service are eligible to participate in the plan. The employer contribution amount is 3% of the respective employees' annual compensation. Total contributions to this plan were \$15,827 and \$16,305 for the years ended December 31, 2021 and 2020, respectively.

NOTE 14 - CONTINGENCY:

Grants require the fulfillment of certain conditions as set forth in the instrument of the grants. Failure to fulfill the conditions could result in the return of funds to grantors.

NOTE 15 - CREDIT RISK:

The Organization maintains cash in bank accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

NOTE 16 - RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The Organization’s operating activities, liquidity, and cash flows may be affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while the Organization expects this matter to impact the business, the related financial impact cannot be reasonably estimated at this time.

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidating Statement of Financial Position

December 31, 2021

(with comparative totals for December 31, 2020)

	2021			2020	
	ACT	CAHS	Eliminations	Consolidated Totals	Consolidated Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 747,702	\$ 448,140	\$ -	\$ 1,195,842	\$ 1,589,725
Cash - fiscal agent funds	-	372,017	-	372,017	174,834
Grants, fees and contributions receivable	2,928,318	66,204	-	2,994,522	1,123,116
Investments - mutual funds	133,173	-	-	133,173	496,634
Due from affiliate	-	502,787	(502,787)	-	-
Prepaid expenses	36,791	1,716	-	38,507	34,920
Total current assets	<u>3,845,984</u>	<u>1,390,864</u>	<u>(502,787)</u>	<u>4,734,061</u>	<u>3,419,229</u>
Non-current assets:					
Unemployment trust reserve	-	40,683	-	40,683	42,392
Security deposits	2,250	2,930	-	5,180	5,180
Property and equipment, net	157,829	15,950	-	173,779	88,641
Total non-current assets	<u>160,079</u>	<u>59,563</u>	<u>-</u>	<u>219,642</u>	<u>136,213</u>
Total assets	<u>\$ 4,006,063</u>	<u>\$ 1,450,427</u>	<u>\$ (502,787)</u>	<u>\$ 4,953,703</u>	<u>\$ 3,555,442</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 305,945	\$ 70,992	\$ -	\$ 376,937	\$ 274,647
Refundable advances	1,079,825	60,000	-	1,139,825	283,691
Refundable advance - Paycheck Protection Program	-	167,607	-	167,607	534,919
Grants payable	29,966	-	-	29,966	-
Fiscal agent funds	-	85,044	-	85,044	96,236
Due to affiliate	502,787	-	(502,787)	-	-
Total current liabilities	<u>1,918,523</u>	<u>383,643</u>	<u>(502,787)</u>	<u>1,799,379</u>	<u>1,189,493</u>
Non-current liabilities:					
Unemployment trust reserve	-	40,683	-	40,683	42,392
Total liabilities	<u>1,918,523</u>	<u>424,326</u>	<u>(502,787)</u>	<u>1,840,062</u>	<u>1,231,885</u>
Net assets:					
Net assets without donor restrictions:					
Undesignated	1,781,701	837,670	-	2,619,371	1,522,489
Board designated	283,173	-	-	283,173	646,634
Total net assets without donor restrictions	<u>2,064,874</u>	<u>837,670</u>	<u>-</u>	<u>2,902,544</u>	<u>2,169,123</u>
Net assets with donor restrictions	<u>22,666</u>	<u>188,431</u>	<u>-</u>	<u>211,097</u>	<u>154,434</u>
Total net assets	<u>2,087,540</u>	<u>1,026,101</u>	<u>-</u>	<u>3,113,641</u>	<u>2,323,557</u>
Total liabilities and net assets	<u>\$ 4,006,063</u>	<u>\$ 1,450,427</u>	<u>\$ (502,787)</u>	<u>\$ 4,953,703</u>	<u>\$ 3,555,442</u>

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidating Statement of Activities

For the year ended December 31, 2021

(with comparative totals for the year ended December 31, 2020)

	2021			Consolidated Totals	2020
	ACT	CAHS	Eliminations		Consolidated Totals
Changes in net assets without donor restrictions:					
Support and revenues:					
Grants	\$ 11,353,785	\$ 249,555	\$ -	\$ 11,603,340	\$ 8,512,526
Contributions	136,251	816,646	-	952,897	1,168,903
Investment/interest income	1,976	723	-	2,699	8,313
Unrealized gains on investments	122,562	-	-	122,562	15,496
Paycheck Protection Program loan forgiveness	365,619	169,300	-	534,919	-
Miscellaneous income	104,368	24,325	-	128,693	68,745
Net assets released from restrictions	55,556	144,475	-	200,031	186,341
Total support and revenues	12,140,117	1,405,024	-	13,545,141	9,960,324
Expenses:					
Program services:					
HIV services	1,890,171	-	-	1,890,171	2,179,599
Financial assistance and training	9,180,921	-	-	9,180,921	5,736,023
CAHS Programs	-	839,633	-	839,633	1,060,845
Early Childhood Development	-	103,611	-	103,611	167,662
Keep the Promise	-	65,247	-	65,247	49,654
Advocacy	18,750	10,852	-	29,602	29,660
Commission on Women, Children & Seniors	-	46,904	-	46,904	-
Total program services	11,089,842	1,066,247	-	12,156,089	9,223,443
Supporting services:					
Management and general	493,396	105,360	-	598,756	673,478
Fundraising	65,604	-	-	65,604	70,533
Total expenses	11,648,842	1,171,607	-	12,820,449	9,967,454
Change in net assets without donor restrictions	491,275	233,417	-	724,692	(7,130)
Changes in net assets with donor restrictions:					
Contributions	27,829	237,594	-	265,423	213,580
Net assets released from restrictions	(55,556)	(144,475)	-	(200,031)	(186,341)
Change in net assets with donor restrictions	(27,727)	93,119	-	65,392	27,239
Change in net assets	463,548	326,536	-	790,084	20,109
Net assets, beginning of year	1,623,992	699,565	-	2,323,557	2,303,448
Net assets, end of year	\$ 2,087,540	\$ 1,026,101	\$ -	\$ 3,113,641	\$ 2,323,557

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Supplementary Statement of Functional Expenses

For the year ended December 31, 2021

(with comparative totals for the year ended December 31, 2020)

	ACT						
	2021						2020
	Program Services						Total
	HIV Services	Financial Assistance and Training		Advocacy	Management and General	Fundraising	
Total		Total					
Wages, taxes, and benefits	\$ 1,360,616	\$ 211,376	\$ -	\$ 300,225	\$ 52,699	\$ 1,924,916	\$ 1,968,558
Client assistance	267,557	8,484,438	-	2,643	-	8,754,638	5,718,766
Program	148,932	8,221	-	38,697	5,656	201,506	244,761
Occupancy	50,374	120,765	-	5,928	602	177,669	192,633
Office	313	72,534	-	969	1,045	74,861	13,568
Subcontractors	15,117	175,923	-	1,686	205	192,931	86,425
Professional	62	322	-	87,358	4,903	92,645	74,452
Provision for uncollectible grants	-	57,956	-	-	-	57,956	-
Information technology	22,551	34,779	-	14,750	343	72,423	86,169
Insurance	19,409	11,806	-	5,357	59	36,631	26,875
Lobbying	-	-	18,750	-	-	18,750	15,750
Other expenses	4,602	60	-	6,676	75	11,413	3,146
Depreciation	638	2,741	-	29,107	17	32,503	16,198
	<u>\$ 1,890,171</u>	<u>\$ 9,180,921</u>	<u>\$ 18,750</u>	<u>\$ 493,396</u>	<u>\$ 65,604</u>	<u>\$ 11,648,842</u>	<u>\$ 8,447,301</u>

	CAHS								
	2021							2020	
	Program Services							Total	
	CAHS Programs	Early Childhood Alliance	Keep the Promise	Advocacy	Commission on Women, Children & Seniors	Management and General	Fundraising		Total
Total									
Wages, taxes, and benefits	\$ 636,205	\$ 97,393	\$ 51,622	\$ 4,352	\$ -	\$ 15,483	\$ -	\$ 805,055	\$ 856,209
Program	94,654	21	2,500	-	343	2,596	-	100,114	114,631
Occupancy	5,373	-	4,975	-	957	46,687	-	57,992	77,762
Office	4,893	-	898	-	-	145	-	5,936	39,102
Subcontractors	82,009	-	-	-	7,330	33,494	-	122,833	375,368
Professional	4,338	6,174	5,252	4,000	38,111	5,870	-	63,745	30,609
Information technology	4,266	-	-	-	-	100	-	4,366	10,466
Insurance	1,332	-	-	-	-	885	-	2,217	4,042
Lobbying	-	-	-	2,500	-	-	-	2,500	7,328
Other expenses	4,791	23	-	-	163	100	-	5,077	4,636
Depreciation	1,772	-	-	-	-	-	-	1,772	-
	<u>\$ 839,633</u>	<u>\$ 103,611</u>	<u>\$ 65,247</u>	<u>\$ 10,852</u>	<u>\$ 46,904</u>	<u>\$ 105,360</u>	<u>\$ -</u>	<u>\$ 1,171,607</u>	<u>\$ 1,520,153</u>

**ADVANCING CONNECTICUT TOGETHER, INC.
AND SUBSIDIARY**

Consolidating Statement of Cash Flows

For the year ended December 31, 2021

(with comparative totals for the year ended December 31, 2020)

	2021			Consolidated Totals
	ACT	CAHS	Eliminations	
Cash flows from operating activities:				
Change in net assets	\$ 463,548	\$ 326,536	\$ -	\$ 790,084
Adjustments to reconcile change in net assets to net change in cash from operating activities:				
Unrealized gains on investments	(122,562)	-	-	(122,562)
Depreciation	32,503	1,772	-	34,275
(Increase)/decrease in operating assets:				
Grants, fees and contributions receivable	(1,942,228)	70,822	-	(1,871,406)
Due from affiliate	-	(502,787)	502,787	-
Prepaid expenses	(5,210)	1,623	-	(3,587)
Increase/(decrease) in operating liabilities:				
Accounts payable and accrued liabilities	93,006	9,284	-	102,290
Refundable advances	809,364	46,770	-	856,134
Refundable advance - Paycheck Protection Program	(365,619)	(1,693)	-	(367,312)
Grants payable	29,966	-	-	29,966
Fiscal agent funds	-	(11,192)	-	(11,192)
Due to affiliate	502,787	-	(502,787)	-
Unemployment trust reserve liability	-	(1,709)	-	(1,709)
Net change in cash from operating activities	(504,445)	(60,574)	-	(565,019)
Cash flows from investing activities:				
Purchases of investments - mutual funds	-	-	-	-
Sales of marketable securities	486,023	-	-	486,023
Purchases of property and equipment	(101,691)	(17,722)	-	(119,413)
Net change in cash from investing activities	384,332	(17,722)	-	366,610
Net change in cash	(120,113)	(78,296)	-	(198,409)
Cash, cash equivalents, and restricted cash, beginning of year	867,815	939,136	-	1,806,951
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 747,702</u>	<u>\$ 860,840</u>	<u>\$ -</u>	<u>\$ 1,608,542</u>
Reconciliation of cash, cash equivalents, and restricted cash:				
Cash and cash equivalents	\$ 747,702	\$ 448,140	\$ -	\$ 1,195,842
Restricted cash:				
Cash - fiscal agents funds	-	372,017	-	372,017
Unemployment trust reserve	-	40,683	-	40,683
Cash, cash equivalents, and restricted cash, as presented above	<u>\$ 747,702</u>	<u>\$ 860,840</u>	<u>\$ -</u>	<u>\$ 1,608,542</u>

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