



Elizabeth Glaser Pediatric AIDS Foundation

Financial Statements, Schedule of
Expenditures of Federal Awards, and
Independent Auditor's Reports Required by
Government Auditing Standards and the
Uniform Guidance
Years Ended December 31, 2019 and 2018

Elizabeth Glaser Pediatric AIDS Foundation

Financial Statements, Schedule of
Expenditures of Federal Awards, and Independent Auditor's Reports
Required by *Government Auditing Standards*
and the Uniform Guidance
Years Ended December 31, 2019 and 2018

Elizabeth Glaser Pediatric AIDS Foundation

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-26
Schedule of Expenditures of Federal Awards	
Schedule of Expenditures of Federal Awards	27-28
Notes to Schedule of Expenditures of Federal Awards	29
Independent Auditor's Reports Required by <i>Government Auditing Standards</i> and the Uniform Guidance	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	32-34
Schedule of Findings and Questioned Costs	35-37
Management Prepared Documents	
Status of Prior Year Finding of Noncompliance	M-1
Management's Corrective Action Plan	M-2



Tel: 703-896-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

The Board of Directors
Elizabeth Glaser Pediatric AIDS Foundation
Washington, D.C.

We have audited the accompanying financial statements of **Elizabeth Glaser Pediatric AIDS Foundation** ("the Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Elizabeth Glaser Pediatric AIDS Foundation** as of December 31, 2019 and 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated June 5, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

BDO USA, LLP

June 5, 2020

Financial Statements

Elizabeth Glaser Pediatric AIDS Foundation

Statements of Financial Position

<i>December 31,</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 10,901,415	\$ 14,551,607
Cash held at foreign offices	5,031,002	1,806,426
Investments	5,734,620	5,194,387
Due from government agencies	7,075,855	5,068,201
Contribution receivables	42,742	47,266
Other receivables	2,109,972	4,444,139
Charitable remainder trust contribution receivables	274,468	215,569
Prepaid expenses and other assets	6,031,975	6,226,057
Property and equipment, net	177,535	56,598
Total assets	\$ 37,379,584	\$ 37,610,250
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 13,563,393	\$ 13,263,753
Grants payable - private	34,482	2,529
Grants payable - federal	1,290,243	607,594
Refundable advances - non-U.S. government grants	11,020,502	13,344,742
Deferred rent	1,649,523	2,182,568
Total liabilities	27,558,143	29,401,186
Net assets		
Without donor restrictions	8,765,875	7,647,338
With donor restrictions	1,055,566	561,726
Total net assets	9,821,441	8,209,064
Total liabilities and net assets	\$ 37,379,584	\$ 37,610,250

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Activities

<i>Year ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 2,279,570	\$ 702,317	\$ 2,981,887
Non-U.S. government grant revenue	23,865,130	-	23,865,130
U.S. government grant revenue	175,192,794	-	175,192,794
Investment return, net	586,765	-	586,765
Other revenue	410,691	-	410,691
Change in beneficial interest	-	(495)	(495)
Net assets released from restrictions	207,982	(207,982)	-
Total public support and revenue	202,542,932	493,840	203,036,772
Expenses			
Program services:			
Program implementation	177,694,440	-	177,694,440
Research	2,968,523	-	2,968,523
Communications	2,016,533	-	2,016,533
Public policy	1,070,958	-	1,070,958
Total program services	183,750,454	-	183,750,454
Supporting services:			
Management and general	14,431,030	-	14,431,030
New business development	1,834,283	-	1,834,283
Fund-raising	1,408,628	-	1,408,628
Total supporting services	17,673,941	-	17,673,941
Total expenses	201,424,395	-	201,424,395
Changes in net assets	1,118,537	493,840	1,612,377
Net assets at beginning of year	7,647,338	561,726	8,209,064
Net assets at end of year	\$ 8,765,875	\$ 1,055,566	\$ 9,821,441

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Activities

<i>Year ended December 31, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 3,076,232	\$ 170,432	\$ 3,246,664
Non-U.S. government grant revenue	34,655,930	-	34,655,930
U.S. government grant revenue	161,342,411	-	161,342,411
Contributed services	53,451	-	53,451
Investment return, net	(111,297)	-	(111,297)
Other revenue	824,434	-	824,434
Change in beneficial interest	-	(156)	(156)
Net assets released from restrictions	117,394	(117,394)	-
Total public support and revenue	199,958,555	52,882	200,011,437
Expenses			
Program services:			
Program implementation	176,488,050	-	176,488,050
Research	2,758,717	-	2,758,717
Communications	1,987,978	-	1,987,978
Public policy	941,892	-	941,892
Total program services	182,176,637	-	182,176,637
Supporting services:			
Management and general	14,557,071	-	14,557,071
New business development	1,935,689	-	1,935,689
Fund-raising	1,582,802	-	1,582,802
Total supporting services	18,075,562	-	18,075,562
Total expenses	200,252,199	-	200,252,199
Changes in net assets	(293,644)	52,882	(240,762)
Net assets at beginning of year	7,940,982	508,844	8,449,826
Net assets at end of year	\$ 7,647,338	\$ 561,726	\$ 8,209,064

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Functional Expenses

Year ended December 31, 2019	Program Services					Supporting Services					Total Expenses
	Program Implementation	Research	Communications	Public Policy	Total Program Services	Management and General	New Business Development	Fund-raising	Total Supporting Services		
Salary	\$ 69,535,478	\$ 1,618,008	\$ 1,183,942	\$ 635,444	\$ 72,972,872	\$ 6,788,211	\$ 1,237,962	\$ 505,604	\$ 8,531,777	\$ 81,504,649	
Fringe benefits	16,516,055	434,055	320,085	150,979	17,421,174	1,873,431	291,038	130,685	2,295,154	19,716,328	
Travel	8,599,509	237,493	115,237	123,478	9,075,717	657,299	94,205	65,171	816,675	9,892,392	
Equipment, hardware, and software	3,230,413	12,718	3,647	406	3,247,184	168,476	462	120	169,058	3,416,242	
General office supplies	832,034	2,272	6,042	909	841,257	91,184	949	21,514	113,647	954,904	
Medical supplies and equipment	19,300,443	-	2,140	671	19,303,254	-	-	-	-	19,303,254	
Contract and professional services	11,620,425	451,599	194,825	20,516	12,287,365	1,724,187	61,052	524,933	2,310,172	14,597,537	
Sub-agreements to implementing partners	26,548,499	-	-	15,000	26,563,499	-	-	-	-	26,563,499	
Office expenses	3,953,237	79,743	63,661	41,580	4,138,221	1,735,984	51,875	60,398	1,848,257	5,986,478	
Telecommunications	1,866,559	8,942	8,864	6,085	1,890,450	201,479	8,434	2,061	211,974	2,102,424	
Depreciation and amortization	24,372	-	-	-	24,372	34,801	-	-	34,801	59,173	
Rent and utilities	3,102,821	105,601	98,929	40,561	3,347,912	507,408	73,400	48,897	629,705	3,977,617	
Foreign exchange (gain)/loss (net), bank and merchant fees	141,233	2,292	25	1,329	144,879	121,370	4	20,298	141,672	286,551	
Employee development and training	644,639	10,662	13,327	3,470	672,098	69,495	10,056	2,272	81,823	753,921	
Training programs for implementing partners	9,069,071	-	-	4,879	9,073,950	-	114	-	114	9,074,064	
Special event expenses	-	-	-	-	-	-	-	14,261	14,261	14,261	
Other	2,709,652	5,138	5,809	25,651	2,746,250	457,705	4,732	9,281	471,718	3,217,968	
Contributed goods and services expenses	-	-	-	-	-	-	-	3,133	3,133	3,133	
Total expenses	\$ 177,694,440	\$ 2,968,523	\$ 2,016,533	\$ 1,070,958	\$ 183,750,454	\$ 14,431,030	\$ 1,834,283	\$ 1,408,628	\$ 17,673,941	\$ 201,424,395	

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Functional Expenses

Year ended December 31, 2018	Program Services					Supporting Services				
	Program Implementation	Research	Communications	Public Policy	Total Program Services	Management and General	New Business Development	Fund-raising	Total Supporting Services	Total Expenses
Salary	\$ 64,205,334	\$ 1,449,042	\$ 1,066,535	\$ 542,089	\$ 67,263,000	\$ 6,397,688	\$ 1,255,558	\$ 533,056	\$ 8,186,302	\$ 75,449,302
Fringe benefits	15,802,032	383,535	279,240	136,765	16,601,572	1,747,128	256,154	128,768	2,132,050	18,733,622
Travel	7,997,026	258,505	158,825	107,885	8,522,241	740,009	113,580	77,123	930,712	9,452,953
Equipment, hardware, and software	2,445,361	993	2,235	251	2,448,840	479,695	-	-	479,695	2,928,535
General office supplies	771,939	2,108	12,741	5,335	792,123	137,322	1,563	43,914	182,799	974,922
Medical supplies and equipment	17,306,841	-	-	-	17,306,841	203	-	-	203	17,307,044
Contract and professional services	12,605,456	442,527	245,674	4,443	13,298,100	1,473,713	168,810	596,140	2,238,663	15,536,763
Sub-agreements to implementing partners	29,755,128	-	-	-	29,755,128	-	-	-	-	29,755,128
Office expenses	5,234,969	46,151	70,264	51,917	5,403,301	2,185,485	35,703	73,231	2,294,419	7,697,720
Telecommunications	1,821,545	7,904	8,067	6,258	1,843,774	195,428	9,929	2,215	207,572	2,051,346
Depreciation and amortization	32,043	-	-	-	32,043	28,839	-	-	28,839	60,882
Rent and utilities	3,374,038	151,293	126,252	46,623	3,698,206	579,256	84,463	52,605	716,324	4,414,530
Foreign exchange (gain)/loss (net), bank and merchant fees	356,894	1,304	109	1,975	360,282	153,275	14	20,081	173,370	533,652
Employee development and training	645,218	6,845	12,786	2,397	667,246	66,932	5,405	3,768	76,105	743,351
Training programs for implementing partners	10,436,096	-	-	-	10,436,096	2,112	-	-	2,112	10,438,208
Special event expenses	-	-	-	-	-	-	-	24,718	24,718	24,718
Other	3,691,697	8,510	5,250	35,954	3,741,411	369,986	4,510	4,275	378,771	4,120,182
Contributed goods and services expenses	6,433	-	-	-	6,433	-	-	22,908	22,908	29,341
Total expenses	\$ 176,488,050	\$ 2,758,717	\$ 1,987,978	\$ 941,892	\$ 182,176,637	\$ 14,557,071	\$ 1,935,689	\$ 1,582,802	\$ 18,075,562	\$ 200,252,199

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statements of Cash Flows

<i>December 31,</i>	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 1,612,377	\$ (240,762)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	59,173	60,882
Net realized and unrealized (gain) loss on investments	(430,391)	239,332
Change in value of charitable remainder trust contribution receivables	(58,899)	37,211
Donated stock	(25,372)	(28,312)
(Increase) decrease in assets:		
Cash held at foreign offices	(3,224,576)	808,668
Due from government agencies	(2,007,654)	7,175,259
Contribution receivables	4,524	28,733
Other receivables	2,334,167	455,928
Prepaid expenses and other assets	194,082	(978,082)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	299,640	429,063
Grants payable - private	31,953	(64,435)
Grants payable - federal	682,649	(934,533)
Refundable advances - non-U.S. government grants	(2,324,240)	(1,228,392)
Deferred rent	(533,045)	140,902
Net cash (used in) provided by operating activities	(3,385,612)	5,901,462
Cash flows from investing activities:		
Purchases of property and equipment	(180,110)	-
Purchases of investments	(1,069,582)	(1,408,111)
Proceeds from sale of investments	985,112	1,419,116
Net cash (used in) provided by investing activities	(264,580)	11,005
Net change in cash and cash equivalents	(3,650,192)	5,912,467
Cash and cash equivalents at beginning of year	14,551,607	8,639,140
Cash and cash equivalents at end of year	\$ 10,901,415	\$ 14,551,607

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

1. Organization

The Elizabeth Glaser Pediatric AIDS Foundation (the Foundation) is a non-profit 501(c)(3) organization established in 1988 whose mission is to prevent pediatric HIV infection and to eradicate pediatric AIDS through research, advocacy, prevention, and treatment programs. Its research programs, advocacy efforts, and international programs are intended to bring dramatic changes to the lives of children worldwide.

The Foundation's financial support is derived through cooperative agreements with the United States government, and other contributions and grants from other government and multilateral organizations, individuals, corporations, and foundations. The Foundation uses these funds to expand its ability to prevent mother-to-child transmission of HIV through counseling, testing, and preventative treatments in the developing world, and to expand the scope of the project to include care and treatment to mothers and families at many of its sites.

Other program activities include the Foundation's HIV/AIDS research programs to identify, fund, and conduct critical pediatric research leading to better treatments and prevention of HIV infection in infants and children.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents. Substantially all cash equivalents are held in a short-term money market account with a bank.

Cash Held at Foreign Offices

Cash held at foreign offices represents monies held in overseas field offices to be used for operating expenses. These accounts consist of petty cash accounts, U.S. dollar accounts, host country denomination accounts, payroll withholding taxes, reimbursable value-added taxes and travel advances to host country staff.

Investments

Investments are recorded at fair value based upon quoted market prices. Donated assets are recorded at fair value at the date of donation or, if sold immediately upon receipt, at the amount of the sales proceeds received (which are considered a fair measure of the value at the date of the donation).

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Financial Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of checking accounts, certificates of deposits and grant receivables. The Foundation maintains these accounts at a high credit-quality institution. Cash and certificates of deposits held at institutions insured by the Federal Deposit Insurance Corporation (FDIC) that exceeded federally insured limits or are not insured by FDIC were \$10,518,913 and \$14,231,473 at December 31, 2019 and 2018, respectively. Credit risk with respect to grant receivables is limited because services are rendered mainly to the federal government and other well-established non-U.S. private and government institutions.

The Foundation has operations in many countries throughout the world, many of which have politically and economically volatile environments. As a result, the Foundation may have financial and operational risks associated with these operations which could negatively impact the Foundation.

Due from Government Agencies

Due from government agencies are amounts that various government agencies owe to the Foundation for expenditures that were billed through December 31, 2019 and 2018, but not paid as of year-end.

Contribution Receivables

Contribution receivables are contributions that donors have pledged to the Foundation but have not provided payment as of December 31, 2019 and 2018.

Other Receivables

Other receivables are made up of accounts receivable and end-of-month unbilled accounts receivable. Accounts receivable are balances owed to the Foundation for services provided to other organizations. End-of-month unbilled accounts relate to expenditures that the Foundation has incurred for grants that were not billed to the relevant donor by the end of the December.

Charitable Remainder Trust Contribution Receivables

Charitable Remainder Trust Contribution Receivables (CRTCR) consists of split-interest agreements and charitable bequests.

Split-interest agreements with donors consist solely of beneficial interests in irrevocable remainder trusts. The charitable remainder trusts are included in charitable remainder trust contribution receivable at the present value of the estimated future benefits to be received when the trust assets are distributed. Contribution revenue is recognized at the date the Foundation becomes aware that the trust has become irrevocable. The receivable is adjusted during the term of the trust for the accretion of discounts, revaluation of the present value of the estimated future payments to the current beneficiaries, and changes in life expectancies. The change in split-interest is recorded as contribution revenue. The discount rates used to calculate the present value of the estimated future benefits at December 31, 2019 and 2018, was 2.25% and 2.87%, respectively, and the expected rate of return on trust assets was 4.46%. The change in the value of split-interest agreements recognized

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

for charitable remainder trusts was \$58,899 and \$(37,211) for the years ended December 31, 2019 and 2018, respectively, and is recognized as contribution revenue.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of travel advances and prepaid expenses provided either to Foundation employees to cover travel expenses, or vendors to meet or secure future obligations.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. As the Foundation does not retain full beneficial ownership of property purchased with federal and/or nonfederal funds for direct program use, these purchases are charged to program expense at the date of acquisition. Purchases of property costing \$5,000 with a useful life of one year or greater and used for indirect purposes are capitalized and depreciated over the estimated useful life of the asset:

Computer and equipment	Three years
Automobile	Five years

Maintenance, repairs, and renewal costs related to property are charged to expense as incurred.

Leasehold and Tenant Improvements

Leasehold and tenant improvements are recorded at cost and are amortized over the lesser of the term of the related lease or the life of the asset using the straight-line method.

Grants Payable

As part of ASU 2018-08, the Foundation elected to adopt the standards for “contributions made” using the prospective approach to adoption. As payments are made to the recipients of unconditional grants, the grants payable balance is reduced. Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. Payments made in advance to other organizations for which conditions have not yet been satisfied are classified as “prepaid expenses and other assets” in the statements of financial position. As the conditions are satisfied, expenses are recorded in the statements of activities and the “prepaid expenses and other assets” balance is reduced.

“Grants payable - private” consists of payments due to grants made primarily to other research and partner organizations and typically have a term of one-to-three years.

“Grants payable - federal” are payments due to sub-recipients for expenses incurred through December 31, 2019 and 2018, respectively.

Net Asset Classification

The Foundation’s net assets are classified as follows:

- Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

for use at management's discretion. The Foundation did not have board designated net assets as of December 31, 2019 and 2018.

- Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Revenue Recognition

Contributions - Historically, contribution revenue was accounted for under Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 958-605, *Not-for-Profit Entities, Revenue Recognition*, before the implementation of the new standards. With the clarifications outlined in FASB Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), Foundation management reviewed existing agreements as of the effective date, as well as new agreements for 2019, and concluded that there are no material changes in revenue related to contributions.

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These contributions also increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as contributions without donor restrictions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Foundation uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions to be received after one year, are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Conditional promises to give, including those received under multi-year grant agreements are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Foundation is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Non-U.S. and U.S. Government Grant Revenue - Under ASU 2018-08, these arrangements constitute contributions since the customer does not receive commensurate value for the consideration received by the Foundation; rather, the purpose of an arrangement is for the benefit of the general public. Therefore, Foundation management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. Therefore, under the modified prospective approach, there was no material change in the revenue recognition for government grants and contracts. Under ASU 2018-08, a refundable advance is recorded when the Foundation receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. The Foundation amounts previously reported as deferred revenue in the December 31, 2018 statements are now presented as refundable advances due to adoption of ASU 2018-08. At December 31, 2019, the Foundation had remaining available award balances on U.S. government, bilateral, and multilateral grants and contracts for sponsored projects of \$81,968,354. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Contributed Services - Contributed services are recognized as revenue if the services received create or enhance nonfinancial assets, require specialized skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair market value of the services provided. Contributed services primarily consist of donated airline mileage. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying financial statements. There were no contributed services for the year ended December 31, 2019. The contributed services amount to \$53,451 for the year ended December 31, 2018.

Refundable Advances - non-U.S. government grants consist of grants from nongovernmental organizations and from international government agencies. Once expenses have been incurred in accordance with the provisions in the applicable donor agreements, the revenue is recognized.

Foreign Currency Transactions

The functional currency of the Foundation is the U.S. Dollar. The financial statements and transactions of the Foundation's foreign operations are generally maintained in the relevant local currency. Where local currencies are used, assets and liabilities are remeasured at the statement of financial position date using the spot rate as of December 31, 2019 and 2018. Foreign currency exchange rate gains were \$169,349 and \$58,995 in 2019 and 2018 respectively. These amounts are included in foreign exchange (gain)/loss (net), bank and merchant fees line on the statements of functional expenses.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a departmental basis in the statements of activities. In the statements of functional expenses, costs that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Management and general expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Foundation. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Office expenses

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

and rent and utilities are allocated to various functions based on the staff count. The statement of functional expenses present the natural classification detail of expenses by function. Functional costs are defined by their purpose below as:

Program Implementation: The Foundation's programs include supporting activities in countries around the world to provide and expand access to HIV prevention, care, and treatment to all children, women, and families affected by HIV in order to achieve and sustain an AIDS-free generation. Strengthening health systems, and integrating HIV services with primary health care services, particularly maternal and child health services, is critical to achieving this goal.

Research: The Foundation's research programs lay a critical role in both defining the pediatric AIDS research agenda and supporting and conducting research to improve the lives of women, children, and families affected by HIV. Its focus is optimizing health service delivery; building an evidence base for new and innovative interventions; and effectively scaling up promising HIV and maternal, newborn, and child health interventions.

Communications: The Foundation's communications expenditures are incurred in order to further the outreach of the Foundation's programs to parts of populations who might not otherwise realize the help that can be provided by Foundation's U.S. government and Non-U.S. government programs.

Public Policy: The Foundation's public policy and advocacy team builds on the Foundation's legacy of fighting for the best policies for women, children, and families living with and affected by HIV. The Foundation is well positioned to champion children's rights in several realms-including those of national governments, African regional bodies, and multilateral organizations to produce victories for children.

Management and General: Management and general expenses represent expenses incurred by the Foundation's offices for administration of the various programs and to manage operations of the Foundation.

New Business Development Expenses: The Foundation incurs certain expenses reporting to bids and proposals for U.S. government and non-U.S. government cost-reimbursable cooperative agreements and U.S. government contracts which are tracked separately from general fund-raising expenses.

Fund-raising: General fundraising expenses represent expenses incurred to solicit contributions to the Foundation from corporations, foundations, and members of the general public.

Income Taxes

The Foundation is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding state revenue and taxation statutes, except for any federal income that may be a result of unrelated business transactions. Accordingly, no provision for income taxes is required.

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Foundation. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions, and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken. The Foundation has

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

recognized no interest or penalties related to uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years prior to 2016.

Accounting Pronouncement Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customer (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606), Narrow-Scope Improvements and Practical Expedients*, established a comprehensive revenue recognition standard. The updates require that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional disclosures are also required to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation adopted these updates (collectively ASC 606) in 2019 under the modified retrospective approach to adoption. The adoption of this update did not materially impact the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The ASU provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider regarding whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The Foundation adopted this update in 2019 under the modified prospective basis. The adoption of this update did not materially impact the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, to address the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Thus, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance was implemented for the Foundation's fiscal year 2019. The adoption of this update did not materially impact the financial statements.

Recent Accounting Pronouncements to be Adopted

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU modifies certain disclosure requirements in FASB ASC 820, *Fair Value Measurement and Disclosures*. The ASU is effective for the financial statements for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the impact of this ASU on its financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. ASU 2016-02 is effective for the Foundation's financial statements issued for fiscal years beginning after December 15, 2021. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Management is in the process of assessing the impact this new standard will have on the financial statements.

3. Liquidity and Availability of Resources

The following reflects assets as of the statement of position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside for satisfaction of donor restrictions or pledged contributions that will not be received within the next year.

<i>December 31,</i>	2019	2018
Cash and cash equivalents	\$ 10,901,415	\$ 14,551,607
Cash held at foreign offices	5,031,002	1,806,426
Investments	5,734,620	5,194,387
Due from government agencies	7,075,855	5,068,201
Contribution receivables	42,472	47,266
Other receivables	2,109,972	4,444,139
Total financial assets	30,895,336	31,112,026
Fixed-income investments that do not mature within one year	(495,941)	(739,408)
Grants restricted by donor with purpose restrictions	(768,128)	(333,314)
Financial assets available to meet cash needs for general expenditures within one year	\$ 29,631,267	\$ 30,039,304

The Foundation's operations are primarily funded by grants, contracts, and contributions from various donors, mainly the U.S. Government. In order to satisfy donors' restrictions on contributions as well as liabilities incurred in the performance of U.S. and Non-U.S. Government grants, the Foundation must maintain sufficient resources to meet those responsibilities to its donors.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

As part of the Foundation's liquidity management, it has a policy to maintain the financial assets necessary for the performance of grants, contracts, and restricted contributions as its general expenditures, liabilities, and other obligations come due. Most of the Foundation's liquidity is generated through a U.S. Government line of credit through which the Foundation draws down funds as needed to cover expenditures and liabilities incurred on its U.S. Government grants. As of December 31, 2019, and 2018, the amount available through the U.S. Government line of credit totaled \$81,968,354 and \$88,376,493, respectively. As expenditures are incurred the Foundation will be able to utilize this line-of-credit without any additional funding obligations from the U.S. Government. Non-U.S. Government grants are funded through advances from various donors. Net unused advances (refundable advances) as of December 31, 2019, and 2018 totaled \$11,020,502 and \$13,344,742 respectively. In addition, the Foundation has short-term investments that could be used to cover cash shortfalls as needed.

4. Contribution Receivables

Contribution receivables consist of the following at:

<i>December 31,</i>	2019		2018	
Less than one year	\$	42,742	\$	47,266
One to five years		-		-
	\$	42,742	\$	47,266

The Foundation makes estimates about the collectability of these receivables based on collection experience. Management believes contribution receivables to be fully realizable and consequently, did not record an allowance for uncollectible amounts. There were no contribution receivables written off during the years ended December 31, 2019 and 2018, respectively.

The Foundation had no conditional pledges for the years ended December 31, 2019 and 2018, respectively.

5. Property and Equipment

Property and equipment consisted of the following at:

<i>December 31,</i>	2019		2018	
Computers and equipment	\$	1,152,176	\$	972,066
Automobiles		492,541		492,541
Leasehold and tenant improvements		263,193		263,193
		1,907,910		1,727,800
Less accumulated depreciation and amortization		1,730,375		1,671,202
Property and equipment, net	\$	177,535	\$	56,598

Depreciation and amortization expense for the years ended December 31, 2019 and 2018, was \$59,173 and \$60,882, respectively.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of:

<i>December 31,</i>	2019	2018
Subject to expenditure for a specified purpose:		
International Family AIDS Initiative	\$ 616,694	\$ 187,822
Basic research	140,629	134,697
Outside events	3,840	3,840
Other	6,965	6,955
	768,128	333,314
Subject to the passage of time:		
Assets held in charitable remainder trusts	197,542	138,148
Contributions due in future years	12,970	12,843
Perpetual in nature:		
Beneficial interest in perpetual trust	76,926	77,421
	\$ 1,055,566	\$ 561,726

The change in beneficial interest in perpetual trust is recorded within the accompanying statement of activities based on annual underlying trust valuation changes.

7. Released from Net Assets with Donor Restrictions

Net assets were released from donor restrictions by the Foundation incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors, as follows:

<i>Years ended December 31,</i>	2019	2018
Purpose restrictions accomplished:		
International Family AIDS Initiative	\$ 144,318	\$ 87,966
Basic research	63,664	29,428
	\$ 207,982	\$ 117,394

8. Private and Federal Grants Payable

The multi-year grants payable consisted of the following at:

<i>December 31,</i>	2019	2018
Private grants payable:		
International Family AIDS Initiative - private	\$ 34,482	\$ 2,529
Federal grants payable:		
International Family AIDS Initiative	\$ 1,290,243	\$ 607,594

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

9. Fair Value Measurements

FASB ASC 820 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under ASC 820 as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. These include equity securities and publicly-traded mutual funds that are actively traded on a major exchange or over-the-counter markets.

Level 2 - Observable market-based inputs or unobservable inputs corroborated by market data that are not considered to be active.

Level 3 - Unobservable inputs that are not corroborated by market data. Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. These reflects limited partnerships, corporate investments, and real investment funds.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment and split-interest agreement.

The following tables set forth by level within the fair value hierarchy the Foundation's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2019 and 2018, respectively. As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

December 31, 2019	Fair Value at December 31, 2019	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Certificates of deposit	\$ 2,721,581	\$ 2,721,581	\$ -	\$ -
Mutual funds	2,452,471	2,452,471	-	-
Common stocks	560,568	560,568	-	-
Split-interest agreements/ Charitable remainder trust contribution receivables	274,468	-	-	274,468
Total assets	\$ 6,009,088	\$ 5,734,620	\$ -	\$ 274,468

December 31, 2018	Fair Value at December 31, 2018	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Certificates of deposit	\$ 2,658,713	\$ 2,658,713	\$ -	\$ -
Mutual funds	2,085,667	2,085,667	-	-
Common stocks	450,007	450,007	-	-
Split-interest agreements/ Charitable remainder trust contribution receivables	215,569	-	-	215,569
Total assets	\$ 5,409,956	\$ 5,194,387	\$ -	\$ 215,569

The fair value of investments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy.

The following tables provide a reconciliation of the beginning and ending balances of split-interest agreements measured at fair value on a recurring basis in the tables above that used significant unobservable inputs (Level 3). As such, the amount of actual cash received is reflected in Level 1 at December 31, 2019 and 2018.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Description	Fair Value at December 31, 2018	Unrealized Gains	Transfers In (Out) of Level 3	Fair Value at December 31, 2019
Split-interest agreements/ Charitable remainder trust contribution receivables	\$ 215,569	\$ 58,899	\$ -	\$ 274,468

Description	Fair Value at December 31, 2017	Unrealized Losses	Transfers In (Out) of Level 3	Fair Value at December 31, 2018
Split-interest agreements/ Charitable remainder trust contribution receivables	\$ 252,780	\$ (37,211)	\$ -	\$ 215,569

Quantitative Information

The following tables provide quantitative information about the Foundation's financial assets and liabilities that were measured at fair value on a recurring basis in the tables above that used significant unobservable inputs (Level 3) as of December 31, 2019 and 2018, respectively.

Description	Fair Value at December 31, 2019	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Split-interest agreements/ Charitable remainder trust contribution receivables	\$ 274,468	Income Approach	Discount Rates Life Expectancies Trust Payouts Allocation percentages	N/A

Description	Fair Value at December 31, 2018	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Split-interest agreements/ Charitable remainder trust contribution receivables	\$ 215,569	Income Approach	Discount Rates Life Expectancies Trust Payouts Allocation percentages	N/A

Level 3 Valuation

For split-interest agreements/charitable remainder trust contribution receivables, the Foundation gathers as much information as possible for each instrument, including the initial and current trust value, the amount allocated to the Foundation, the date of birth of any other beneficiaries and payout amounts. The Foundation uses a standard charitable gift calculation model using these inputs and a standard discount rate reset each year based on current IRS discount rates. For any input not readily available, management develops a best estimate for use in the calculation. There were no changes in valuation techniques for these receivables for 2019 and 2018.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Level 3 Sensitivity of Fair Value Measurements and Changes in Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the Foundation's split-interest agreements/charitable remainder trust contribution receivables are subject to market risks resulting from changes in the market value of their underlying investments.

10. Pension Benefits

The Foundation has a defined contribution retirement plan (the Plan) under Section 403(b) of the IRC. The effective date of the Plan is January 1, 2006. Employees, as defined, are eligible to participate in the Plan after they have completed 90 days of service and attainment of age 21. Benefits are not subject to, nor covered by, federal plan termination insurance. The Foundation will match the employee's contribution dollar-for-dollar up to a maximum 7% of eligible compensation per pay period. Employees are immediately vested 100% in their own contributions and become vested over a three-year period in the Foundation's matching contributions. Total employer contributions to the Plan for the years ended December 31, 2019 and 2018, were \$1,126,447 and \$1,096,752, respectively.

11. Commitments and Contingencies

Leases

The Foundation leases office facilities and copiers under operating leases that expire on various dates through April 2023. Future minimum lease payments by year and in the aggregate, under noncancelable operating leases, consisted of the following at December 31, 2019:

2020	\$ 3,931,203
2021	3,108,557
2022	1,333,037
2023	150,745
<hr/>	
Total future minimum lease payments	\$ 8,523,542

Rent expense for the years ended December 31, 2019 and 2018, was \$3,161,228 and \$3,498,344, respectively.

12. Litigation

In the ordinary course of business, the Foundation is from time to time a party to various claims and lawsuits. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. Management has not identified any open litigation matters occurring in the normal course of business as of December 31, 2019.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

13. Federal Programs

The Foundation receives a majority of its revenue from U.S. Government funded grants and cooperative agreements, all of which are subject to audit. The ultimate determination of amounts received under these grants is generally based upon allowable costs reported to and subject to audit by sponsoring agencies. Management believes that disallowed costs, if any, will be immaterial to the financial statements.

14. Subsequent Events

The Foundation has evaluated subsequent events for recognition and disclosure through June 5, 2020, the date the financial statements were available to be issued. Other than the matters described below, the Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In order to further limit health risks associated with the COVID-19 virus, the Foundation has closed its headquarters in Washington, D.C. and curtailed some international programmatic activities, where required by local authorities, to mitigate further spread of the virus. The Foundation is complying with District of Columbia health officials, WHO recommendations, and local country ministries of health to do its part in reducing the impact to its employees and consultants globally.

As of the date of issuance, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets. The Foundation cannot reasonably estimate the length or severity of this pandemic or the impact on the economy. Management is continually monitoring the impact of the pandemic on its operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020. If the pandemic continues it may have a material effect on the Foundation’s results of future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Foundation has elected to forgo use of the SBA Paycheck Protection Program.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operations, or liquidity.

**Schedule of Expenditures
of Federal Awards**

Elizabeth Glaser Pediatric AIDS Foundation

Schedule of Expenditures of Federal Awards Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Project Name	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Award	Provided to Subrecipients	Total Federal Expenditures
U.S. Agency for International Development (USAID)				
USAID Foreign Assistance for Programs Overseas -				
Direct Grants:				
USAID Uganda (RHITES)	98.001	AID-617-A-15-00010	\$ 4,829,806	\$ 17,877,915
USAID Saving Lives at Birth - Uganda	98.001	AID-OAA-A-16-00010	46,524	164,832
USAID Lesotho - PUSH	98.001	AID-674-A-16-00005	3,096,100	20,739,158
USAID Tanzania - CHSD	98.001	AID-621-A-16-00004	4,455,585	22,666,375
USAID IHAP - DRC	98.001	AID-660-A-17-00002	500,354	3,778,849
USAID EHPCS - Eswatini	98.001	72067419CA00017	-	1,369,200
Subtotal USAID Foreign Assistance for Programs Overseas - Direct Grants			12,928,369	66,596,329
USAID Foreign Assistance for Programs Overseas -				
Pass-Through Grants from:				
JSI Research & Training Institute, Inc. (JSI) -				
Strengthening High Impact Interventions				
for an AIDS-free Generation (AIDSFree) Project				
Population Council - Project SOAR	98.001	AID-OAA-A-14-00046	132,174	4,322,657
(Supporting Operational AIDS Research)	98.001	AID-OAA-A-14-00060	61,455	1,078,534
PACT - Triple R Project	98.001	72067418CA00007	-	1,181,274
PACT - Caring for Children and Empowering Young People (C2EYP)	98.001	AID-621-A-16-00001	-	465,059
Subtotal USAID Foreign Assistance for Programs Overseas - Pass-Through Grants			193,629	7,047,524
Total U.S. Agency for International Development			13,121,998	73,643,853
U.S. Department of Health and Human Services (HHS)				
Global AIDS - Direct Grants:				
Supporting Sustainable Implementation of HIV and TB Services for Epidemic Control in the Republic of Mozambique				
	93.067	1 NU2GGH001945	2,102,008	27,190,668
Supporting the Implementation and Expansion of High Quality, Sustainable and Comprehensive HIV Prevention, Care and Treatment Programs in the Western Region and Turkana County of the Republic of Kenya under PEPFAR				
	93.067	1 NU2GGH001948	993,557	15,030,538
Develop, Implement, and Sustain High Quality Comprehensive HIV Cascade Activities for Children, Adolescents, and Adults in Facility and Community Based Settings in Cameroon under the President's Emergency Plan for AIDS Relief				
	93.067	1 NU2GGH002178	38,969	10,226,051
Increase Access to Comprehensive HIV/AIDS Prevention Care and Treatment Services in the Democratic Republic of Congo under PEPFAR				
	93.067	1U2GGH001042	-	2,363,686
Capacity Strengthening to Support Provision of Health (Kenya)				
	93.067	1U2GGH001026	63,894	545,470
Supporting HIV and Tuberculosis Response in the Kingdom of Lesotho through District-based Comprehensive Prevention, Care and Treatment Programs and Health Systems Strengthening under PEPFAR				
	93.067	1U2GGH001457	1,697,154	12,457,560

Elizabeth Glaser Pediatric AIDS Foundation

Schedule of Expenditures of Federal Awards Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Project Name	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Award	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Global AIDS - Direct Grants (continued)				
Implementation of Programs for the Prevention, Care and Treatment of HIV/AIDS in the Republic of Côte d'Ivoire under PEPFAR	93.067	NU2GGH002016	\$ 962,250	\$ 7,737,772
Strengthening Care and Support Services for Highly Vulnerable Populations, Orphans and Vulnerable Children and their Families, plus HIV Prevention for Youth in the Republic of Côte d'Ivoire under PEPFAR	93.067	NU2GGH002031	1,283,899	3,743,590
Achieving HIV Epidemic Control through Scaling up Quality Testing, Care and Treatment in Malawi under PEPFAR	93.067	NU2GGH002010	4,688,479	18,862,807
CDC-RFA-GH19-1950: EGPAF DELTA 2	93.067	NU2GGH002211	53,336	98,824
Technical Assistance Services to Countries Supported by PEPFAR and the Global Fund to Fight AIDS, Tuberculosis and Malaria	93.067	1U2GGH000985	273,344	1,716,884
Subtotal HHS Global AIDS - Direct Grants			12,156,890	99,973,850
HHS Global AIDS - Pass-Through Grants from:				
Cameroon Baptist Convention Health Board - Expand coverage and improve the quality of facility & community-based prevention of mother to child transmission of HIV (PMTCT) support for rollout of Option B+ Services in the Littoral and Center Regions of Cameroon under PEPFAR				
	93.067	1U2GGH001354	-	795,355
GH15-1538, HQ: Strengthening the Capacity of Faith-based organizations (FBOs) and Faith-Based Health Systems to Sustain the Role of FBOs in a Coordinated Response to HIV/AIDS				
	93.067	NU2GGH001463	-	67,058
Subtotal HHS Global AIDS Pass-Through Grants			-	862,413
HHS Child Health and Human Development Extramural Research Pass-Through Grants from:				
District of Columbia Development Center for AIDS Research, at The George Washington University - Support Groups for HIV+ Adolescents in Tanzania: A Pilot Study				
	93.865	P30A117970	-	(20,441)
Total U.S. Department of Health and Human Services			12,156,890	100,815,822
U.S Department of Defense Department of Defense HIV/AIDS Prevention Program				
	12.350	N00244-19-1-0011	-	712,489
Total U.S. Department of Defense			-	712,489
Total Expenditures of Federal Awards			\$ 25,278,888	\$ 175,172,164

See accompanying notes to schedule of expenditures of federal awards.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of **Elizabeth Glaser Pediatric AIDS Foundation** (the Foundation) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Sub-awards made to organizations assisting in the project implementation are expensed when the sub-awardee has incurred valid expenses in compliance with the federal grant. The schedule for the year ended December 31, 2019 includes only payments made by the Foundation to subrecipients through December 31, 2019.

During the year ended December 31, 2019, the Foundation provided its own resources to assist subrecipients to carry out certain aspects of each federal grant. As of December 31, 2019, these advances to subrecipients totaled \$2,571,308 and have not been included within the Schedule. The Foundation does not record these payments as federal expenditures until such time as subrecipient expenditure support is received to validate funds were expended in compliance with the federal grant.

The Foundation had no federally funded insurance programs or loan guarantees during the year ended December 31, 2019.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget (OMB) Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Costs

The reimbursement of indirect costs reflected in the accompanying financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to the Foundation's financial position or change in net assets. The Foundation elected not to utilize the 10% de minimis indirect rate allowed by the Uniform Guidance.

	2019
Total direct expenses	\$ 175,532,180
Indirect costs allocated	23,926,429
Costs excluded from indirect cost pool	1,965,786
Total functional expenses	\$ 201,424,395

**Independent Auditor's Reports Required by
Government Auditing Standards
and the Uniform Guidance**



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Elizabeth Glaser Pediatric AIDS Foundation
Washington D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Elizabeth Glaser Pediatric AIDS Foundation** (the Foundation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

June 5, 2020



Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Elizabeth Glaser Pediatric AIDS Foundation
Washington D.C.

Report on Compliance for the Major Federal Program

We have audited the **Elizabeth Glaser Pediatric AIDS Foundation's** (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2019. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on the Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item **2019-001**. Our opinion on the major federal program is not modified with respect to this matter.

The Foundation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and management's corrective action plan. The Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item **2019-001**, that we consider to be a significant deficiency.



The Foundation's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and management's corrective action plan. The Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

June 5, 2020

Elizabeth Glaser Pediatric AIDS Foundation

Schedule of Findings and Questioned Costs Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? X Yes _____ None reported

Type of auditor's report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of the major program:

<u>CFDA Number(s)/Grant/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
93.067	Global AIDS

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? X Yes _____ No

Elizabeth Glaser Pediatric AIDS Foundation

Schedule of Findings and Questioned Costs Year Ended December 31, 2019

Section II - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

2019-001 Equipment Real Property Management

Information on the Federal Program:

United States Department of Health and Human Services

CFDA Number: 93.067

CFDA Name: Global AIDS

Grant Award Numbers under the Uniform Guidance Requirements:

<u>Award Number</u>	<u>Award Period</u>
U62/CCU123541	02/23/2004 - 02/22/2012
1U2GGH000422	09/30/2011 - 09/28/2018

Criteria or Specific Requirement: In accordance with §200.313(d), *Equipment*, a non-federal entity must establish and adhere to procedures for managing equipment, whether acquired in whole or in part under a Federal award, until disposition takes place. The non-federal entity must meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Award Identification Number), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award number under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Condition: To test equipment compliance, we selected 40 samples of equipment purchased with federal funds from management's equipment listing. We obtained and examined the property records for those samples. Our testing identified the following instances of noncompliance that resulted in the lack of adherence to internal control policies and procedures around management of equipment.

Elizabeth Glaser Pediatric AIDS Foundation

Schedule of Findings and Questioned Costs Year Ended December 31, 2019

Management is required to perform a physical inventory of equipment and match the physical inventory with the equipment records. We examined the 2019 physical inventory records of equipment for the awards listed below; however, in each of the five instances, the equipment selected had been previously legally transferred to a 3rd party, but not removed from the Foundation's 2019 physical inventory listing. Therefore, the physical inventory was not properly reconciled to the equipment listing nor the transfer accurately recorded within the equipment listing.

Award Number	Instances
U62/CCU123541	3
1U2GGH000422	2

Cause: The Foundation's country offices did not comply with established internal procedures in relation to equipment record maintenance requirements for equipment procured with Federal funds nor related requirements to have an accurate physical inventory performed.

Effect: Failure to properly track and maintain equipment purchased with U.S. Government funds could ultimately lead to loss of equipment procured with Federal funds, reduced funding, or cancellation of a federal award.

Questioned Costs: None.

Context: This is a condition identified per examination of the Foundation's compliance with the equipment provisions within the Uniform Guidance. The prevalence of these findings is detailed in the condition section above. The sample was selected using a non-statistical method.

Recommendation: We recommend management perform a training to address the deficiencies identified above given the equipment inventory process was not performed in a manner that complied with documented policies and procedures. We also recommend management establish a periodic review of the documentation that is maintained to comply with §200.313, *Equipment*, to ensure that the documentation encompasses all the required elements of the regulation, including sale or transfer requirements.

Views of Responsible Officials: The Foundation's management agrees with the finding and recommendations set forth within and has developed a corrective action plan to address the instances of noncompliance identified and lapses in prescribed internal controls.

Management Prepared Documents



Elizabeth Glaser
Pediatric AIDS
Foundation

*Until no
child has
AIDS.*

Status of Prior Year Finding of Noncompliance

Individual Responsible for Corrective Action Plan

Dan Warco

Vice President, Finance and Accounting

(202) 296-9165

Questioned Program - CFDA Number: 98.001 US AID Foreign Assistance for Programs Overseas

2018-001: Activities Allowed or Unallowed; Allowable Costs/Cost Principles

Prior Year Finding:

During the year ended December 31, 2018, the Foundation identified financial improprieties that impacted a federal award. The activity spanned approximately from May 2017 until December 2017.

Current Year Status:

Finding has been resolved.



Elizabeth Glaser
Pediatric AIDS
Foundation

*Until no
child has
AIDS.*

Management's Corrective Action Plan

2019-001 Equipment Real Property Management

Contact: Dan Warco

Title: Vice President, Finance and Accounting

Phone Number: (202)296-9165

Estimated Completion Date - December 2020

Corrective Action -

The Foundation will perform trainings on compliance with documented equipment policies as well as with requirements related to equipment purchased with USG funds, including annual inventories and documentation related to equipment disposed of or transferred. Additionally, the Foundation will include a monitoring plan to ensure equipment is adequately inventoried, and other compliance considerations, as outlined in the finding, have been remediated.