

**GLOBAL AIDS INTERFAITH ALLIANCE
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

December 31, 2020



GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Global AIDS Interfaith Alliance and Affiliate

We have audited the accompanying combined financial statements of Global AIDS Interfaith Alliance and Affiliate (a nonprofit organization) ("GAIA"), which comprise the combined statement of financial position as of December 31, 2020, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the combined 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Global AIDS Interfaith Alliance Malawi ("GAIA Malawi") (the combined affiliate), which statements reflect total assets constituting 42% of the related combined financial statements totals as of December 31, 2020, and expenses constituting approximately 69% of the related combined financial statements totals for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for GAIA Malawi, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined 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 combined 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, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Global AIDS Interfaith Alliance and Affiliate as of December 31, 2020, and the combined results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining statements on pages 18 to 20 are presented for purposes of additional analysis, and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

BPM LLP

San Francisco, California
October 1, 2021

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

As of December 31, 2020

ASSETS

Current assets:

Cash	\$ 709,720
Pledges receivable	100,000
Grants receivable	61,160
Investments, at fair value	<u>505,313</u>

Total current assets 1,376,193

Other assets	4,799
Property and equipment, net	<u>727,204</u>

Total assets \$ 2,108,196

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 7,080
Accrued expenses	<u>12,250</u>

Total current liabilities 19,330

Paycheck Protection Program loan	<u>128,027</u>
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Total liabilities 147,357

Net assets:

Without donor restrictions:

Undesignated	913,589
Property and equipment	<u>727,204</u>

Total without donor restrictions 1,640,793

With donor restrictions:

Time restricted for future years	100,000
Purpose restricted	<u>220,046</u>

Total with donor restrictions 320,046

Total net assets 1,960,839

Total liabilities and net assets \$ 2,108,196

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	\$ 1,402,388	\$ 155,000	\$ 1,557,388
Special events revenue, net of expenses of \$26,106	382,450	-	382,450
Government grants	382,937	130,109	513,046
Other grants	105,000	400,000	505,000
Investment gain, net	1,367	-	1,367
Loss on liquidation of endowment fund	-	(64,970)	(64,970)
Other income, net	1,987	-	1,987
Net assets released from restrictions	559,563	(559,563)	-
Release of endowment from donor restrictions	233,873	(233,873)	-
	<u>3,069,565</u>	<u>(173,297)</u>	<u>2,896,268</u>
Total support and revenues			
Expenses:			
Program services	2,591,100	-	2,591,100
Management and general	168,910	-	168,910
Fundraising	241,104	-	241,104
	<u>3,001,114</u>	<u>-</u>	<u>3,001,114</u>
Total expenses			
Change in net assets	68,451	(173,297)	(104,846)
Net assets, beginning of year	1,572,342	493,343	2,065,685
Net assets, end of year	<u>\$ 1,640,793</u>	<u>\$ 320,046</u>	<u>\$ 1,960,839</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services							Management and General	Fundraising	Combined
	Villages Intervention	Mobile Health Clinics	Men's Services	Nursing Education	Global Health Education Advocacy and Research	Other Programs	Total			
Salaries	\$ 33,714	\$ 370,647	\$ 102,651	\$ 46,280	\$ 26,569	\$ 243,717	\$ 823,578	\$ 76,593	\$ 155,036	\$ 1,055,207
Other	560	4,620	4,841	1,545	-	619,607	631,173	-	-	631,173
HIV Recency Study	-	-	-	-	-	230,393	230,393	-	-	230,393
Employee benefits	6,904	79,207	14,699	10,044	2,244	31,775	144,873	10,256	14,340	169,469
Professional services	3,867	22,342	7,187	10,098	6,215	55,686	105,395	34,530	28,482	168,407
Rent, utilities and security	2,924	42,274	7,355	8,507	2,930	33,085	97,075	19,229	8,634	124,938
Office expense	1,107	57,583	8,276	3,413	710	12,862	83,951	4,025	6,487	94,463
Health care supplies	-	73,007	-	-	-	-	73,007	-	-	73,007
Vehicle and motorcycle expenses	1,883	52,398	4,803	4,536	-	8,272	71,892	-	-	71,892
Nursing scholarships	-	-	-	-	-	64,121	64,121	-	-	64,121
Small equipment and repairs	2,419	25,302	9,004	8,225	-	14,998	59,948	-	-	59,948
Depreciation	2,110	12,236	7,595	7,173	-	13,080	42,194	-	-	42,194
Payroll taxes	715	4,116	380	1,436	2,024	14,757	23,428	5,864	12,130	41,422
Telephone, cell phone and internet	2,225	17,475	3,642	2,908	76	5,756	32,082	493	223	32,798
Information technology	489	2,817	260	983	1,385	10,097	16,031	9,036	4,081	29,148
Namunda School expenses	-	-	-	-	-	22,607	22,607	-	-	22,607
Taxes, licenses and fees	479	2,777	1,666	1,602	54	3,243	9,821	350	9,625	19,796
Program support	539	3,102	286	1,082	1,526	11,122	17,657	-	-	17,657
Meals, meetings and travel	290	3,484	3,438	899	174	3,131	11,416	2,636	(453)	13,599
Insurance	126	3,381	1,996	254	358	2,608	8,723	2,333	1,054	12,110
School fees and supplies	10,845	-	-	-	-	-	10,845	-	-	10,845
Materials and publications	175	1,011	93	353	497	3,624	5,753	3,243	1,465	10,461
Care kits	5,645	-	-	-	-	-	5,645	-	-	5,645
Education and training	242	-	-	-	-	-	242	322	-	564
Foreign exchange gain	(38)	(218)	(135)	(128)	-	(231)	(750)	-	-	(750)
Total expenses	\$ 77,220	\$ 777,561	\$ 178,037	\$ 109,210	\$ 44,762	\$ 1,404,310	\$ 2,591,100	\$ 168,910	\$ 241,104	\$ 3,001,114

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ (104,846)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	42,194
Realized and unrealized loss on investments	63,603
Changes in operating assets and liabilities:	
Grants receivable	65,671
Other assets	50
Accounts payable	(17,548)
Accrued expenses	<u>(5,155)</u>
Net cash used in operating activities	<u>43,969</u>
Cash flows from investing activities:	
Purchase of equipment	(21,056)
Purchase of investments	(233,874)
Proceeds from sale of investments	<u>149,590</u>
Net cash provided by investing activities	<u>(105,340)</u>
Cash flows from financing activities:	
Proceeds from Paycheck Protection Program loan	<u>128,027</u>
Net cash provided by financing activities	<u>128,027</u>
Net increase in cash	66,656
Cash, beginning of year	<u>643,064</u>
Cash, end of year	<u>\$ 709,720</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

1. General

Organization

Global AIDS Interfaith Alliance (“GAIA U.S.”) is a nonprofit corporation that was formed on June 12, 2000. GAIA’s mission is to provide basic health services, targeting prevention, care, and support in communities affected by HIV, AIDS, TB, and malaria in Africa.

Global AIDS Interfaith Alliance Malawi (“GAIA Malawi”), an affiliate of GAIA U.S., is a charitable organization that was incorporated during March 2006. It is a Trust and a member of Council for Non-Governmental Organizations in Malawi (“CONGOMA”). The main objectives are developing village level referral networks, providing home based support, providing HIV prevention to school youth, providing assistance and care to orphans, and providing economic support to women through income generating activities. GAIA U.S. does not have control of GAIA Malawi and therefore is not required to consolidate it.

The primary sources of support and revenue are from contributions, grants and special events.

Program Services

Villages Intervention

Orphan Care – Identifying and registering AIDS orphans in the villages where GAIA works. Orphans are provided with food, vitamins, clothing, blankets, school supplies, and soap.

Orphan Education – Granting high school scholarships to orphaned youth, particularly girls, who would otherwise be unable to attend school.

Home Based Care – Teaching rural villagers to identify neighbors, family and friends who might be HIV positive and encourage them to be tested. Home Based Care (“HBC”) patients are provided with food, simple medicines, and care.

Youth HIV Prevention – Creating comprehensive workshops for youth that teach them how HIV is spread and treated, thereby increasing knowledge and reducing HIV stigma.

Mobile Health Clinics

Providing integrated healthcare services including same-day HIV testing, prenatal care, assessing children under the age of five for malnutrition, as well as diagnosing and treating malaria, and testing for and treating tuberculosis.

Men’s Services

Increasing the number of men and youth reached to provide healthcare services including HIV testing and adoption of HIV prevention behaviors.

Nursing Education

Nursing Scholarships – Providing three and four year-long nursing scholarships to young women, many of whom are AIDS orphans. The scholarships greatly assist vulnerable young women in pursuing a degree in nursing and help strengthen Malawi’s nursing corps.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

1. General, continued

Program Services, continued

Nursing Education, continued

In-Service Nursing Training – training of approximately 400 in-service nurses in the following: emergency obstetrical care that saves the lives of women and infants; basic triage skills to help government clinics and hospitals function more effectively and efficiently; and antiretroviral therapy (“ART”) to improve treatment for HIV-positive Malawians.

Global Health Education Advocacy and Research

Staff time and expenses for operations research in support of best practices to be shared with the global health (“GH”) community, education of the general public about global health, and participation in GH advocacy forums.

Other Programs

Supporting a variety of small-scale program interventions, including orphan secondary school fees, Namunda School, and a variety of Malawian community based organization programs.

2. Summary of Significant Accounting Policies

Combined Financial Statements

The combined financial statements include the accounts of GAIA U.S. and GAIA Malawi, an affiliate of GAIA U.S. All significant intercompany transactions and balances are eliminated in the combination. GAIA U.S. and GAIA Malawi are collectively referred to as GAIA.

Basis of Presentation

The combined financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). Grants are recognized as support when earned in accordance with the terms of each grant or agreement. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, GAIA’s net assets and changes therein are classified and reported as follows:

Contributions and Grants

GAIA is supported primarily through contributions and grants. Grants and contributions received are considered available for general operations unless specifically restricted by the donor. Contributions are recorded as restricted support if they are received with grantor stipulations that limit the use of the contributed assets. When a grantor restriction expires, that is, when a stipulated purpose restriction is accomplished, or donor restrictions are satisfied by the passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Any funding received in advance of expenditure is recorded as deferred revenue (“advances received”). Any eligible expenditure made in advance of funding is recorded as a receivable. Total contributions and grants earned for the year ended December 31, 2020 were \$2,957,884.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Contributions and Grants, continued

Net Assets Without Donor Restriction

Net assets that are not subject to donor-imposed stipulations.

Board Designated – Board designated net assets consist of unrestricted funds that are to be used for future use in operations in accordance with a board approved plan of action. There were no Board designated funds for the year ended December 31, 2020.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that will either be met by actions of GAIA and/or the passage of time or must be maintained permanently by GAIA. When a restriction expires, net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. GAIA treats net assets received that meet donor time or purpose restrictions in the same year, as net assets without donor restriction.

Translation of Foreign Currency Financial Statements

GAIA's reporting currency is the U.S. dollar. The functional currency of GAIA Malawi is their local currency and, as such, amounts included in the combined statements of activities are translated at the weighted average exchange rates for the period. Monetary assets and liabilities are translated at year-end exchange rates while nonmonetary assets and liabilities are translated using historical rates. Resulting foreign exchange translation adjustments are recorded as income or expense.

Foreign Currency Transactions

Monetary assets and liabilities denominated in currencies other than the functional currency are re-measured into their respective functional currencies at exchange rates in effect at the statement of financial position date. The resulting exchange gain or loss is included in expenses in GAIA's combined statement of activities as foreign exchange (gain) loss, net.

Investments

Investments are stated at fair values. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses that result from sales or maturities of investments are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned.

Pledges Receivable

Unconditional promises to give (pledges receivable) from donors are recognized as contributions in the period notified. Pledges receivable are reported net of an allowance for uncollectible accounts. The allowance is based on experience and other circumstances which may affect the ability of donors to meet their obligations. Pledges receivable that are expected to be collected in excess of one year are recorded at the net present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free rates applicable to the number of years the contribution is expected to remain outstanding.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Endowment

GAIA is subject to the State of California's enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). Net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA has been accounted for appropriately in these financial statements. Additionally, accounting standards require disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

Interpretation of Relevant Law

The Board of GAIA has interpreted California's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, GAIA classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, and (2) the original value of subsequent gifts on the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as with donor-restricted net assets until those amounts are appropriated for expenditure by GAIA in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

Investment Policy, Strategies, and Objectives

GAIA has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a conservative, balanced asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

In accordance with the State of California's enacted version of UPMIFA, GAIA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of GAIA and the endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of GAIA
- (7) The investment policies of GAIA

GAIA's Board has established an annual spending policy. Annual spending is determined using a three year rolling average of fair value.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Property and Equipment

The cost of assets aggregating over \$1,500 is capitalized in the statement of financial position. Property and equipment are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings	50 years
Vehicles and motorcycles	5 years
Office furniture and equipment	3 years
Computer equipment	3 years

Accrued Expenses

Accumulated unpaid employee vacation benefits and deferred rent are recognized as accrued expenses.

Deferred Revenue

Deferred revenue is recognized when cash advances exceed revenues earned against such advances.

Revenue Recognition

Contributions, including unconditional promises to give and special events income, are recorded as With or Without Donor Restrictions support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions

Noncash donations are recorded as contributions at fair value at the date of donation. Donated services are only recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by GAIA. There were no in-kind contributions during 2020.

Functional Allocation of Expenses

The indirect costs associated with certain expenses have been allocated on a functional basis in the statement of activities. Certain expenses are not directly identifiable with one specific function and require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional services, information technology, occupancy, and other expenses, all of which are allocated on the basis of estimates of time and use.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and revenue and expenses, as well as contingent assets and liabilities during the reporting periods. Actual results could differ from those estimates.

Risks and Uncertainties

GAIA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment values reported in the statements of financial position.

Concentration of Credit Risk

Cash and Cash Equivalents

GAIA maintains its bank accounts at various high quality financial institutions to minimize credit risk; however, GAIA balances may at times exceed federal deposit insurance limits.

Pledges and Grants Receivable

One donor made up 100% of total net pledges receivable and one donor made up 100% of grants receivable as of December 31, 2020.

Revenues

Grants from two donors comprised of 24% of total support and revenues for the year ended December 31, 2020.

Income Taxes

The Internal Revenue Service has determined that GAIA U.S. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). GAIA is also exempt from California franchise taxes under Section 23701d of the Revenue and Taxation Code and, therefore, has made no provision for federal or California income taxes. In addition, GAIA U.S. has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 501(a) of the Code.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*. The objective of the update is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet for leases with a lease term of more than 12 months. In addition, the update will require additional disclosures regarding key information about leasing arrangements. Under existing guidance, operating leases are not recorded as lease assets and lease liabilities on the balance sheet. GAIA is currently evaluating the impact of the adoption of this accounting guidance on its financial statements and will adopt the new standard for the year ending December 31, 2022.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Change in Accounting Principle

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 modifies the accounting for contributions to make it more clearly in distinguishing whether grants or contracts should be accounted for as non-reciprocal contributions, or as exchange transactions that follow revenue recognition accounting. For exchange transactions, the standard clarifies when each party directly receives commensurate value in the transaction, and how to deal with third party payers to a transaction. Additionally, the criteria for determining whether a contribution is conditional has been changed from a probability-based approach to one focused on barriers in an arrangement. The changes in this standard are likely going to result in more transactions being treated as conditional contributions, including those that were previously considered earned revenue as exchange transactions. Effective January 1, 2020, GAIA adopted the ASU and it did not have a material impact on the financial statements.

3. Liquidity and Availability

GAIA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

GAIA has the following financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020:

Cash	\$ 709,720
Pledges receivable	100,000
Grants receivable	61,160
Investments	<u>505,313</u>
Contractual or donor-imposed restrictions:	
Purpose restrictions	<u>(320,046)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,056,147</u>

4. Fair Value Measurements and Investments

Generally accepted accounting principles establish a hierarchy to prioritize 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 following is a brief description of these three levels:

Level 1 – Quoted prices in active markets for identical assets. Investments in this level have been valued at the closing price on the active market on which the securities are traded at December 31, 2020.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

4. Fair Value Measurements and Investments, continued

Level 2 – Observable inputs other than quoted prices in active markets for identical assets, quoted prices for identical or similar assets in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset.

The following table presents GAIA's assets measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Total
Investments by fair value level:		
Fixed income	\$ 500,005	\$ 500,005
Equities	5,308	5,308
Total investments	<u>\$ 505,313</u>	<u>\$ 505,313</u>

5. Pledges Receivable

Pledges receivable at December 31, 2020 are as follows:

Year ending December 31:	
2021	<u>\$ 100,000</u>
Pledges receivable, net	<u>\$ 100,000</u>

6. Property and Equipment

Property and equipment as of December 31, 2020 are as follows:

Vehicles and motorcycles	\$ 991,070
Land and buildings	241,817
Office furniture and equipment	<u>199,749</u>
Total	1,432,636
Less accumulated depreciation	<u>(705,432)</u>
Property and equipment, net	<u>\$ 727,204</u>

Depreciation expense was \$42,194 for the year ended December 31, 2020.

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

7. Paycheck Protection Program Loan

In April 2020, GAIA entered into a promissory note agreement in the amount of \$128,027 through the Paycheck Protection Program (“PPP”) from the Small Business Administration (“SBA”). The note accrues interest at 0.98% per annum, and is payable in installments beginning October 2021 if not fully forgiven. As of December 31, 2020 the loan was still outstanding. The loan was forgiven by the SBA in April 2021 as the proceeds were used for approved expenditures such as payroll and rent, in accordance with the PPP guidelines and as such, the entire loan is classified as long-term on the consolidated balance sheets as of December 31, 2020 (see Note 12).

8. Net Assets

Net assets with donor restrictions are held for the following purposes at December 31, 2020:

Time restriction:	
Pledge receivable	\$ 100,000
Purpose restrictions:	
COVID campaign	120,000
Mobile Health Clinics	65,046
David Miller Fund	35,000
Total purpose restrictions	220,046
	<u>\$ 320,046</u>

Net assets were released from donor restrictions by satisfying the conditions of time and for the following restricted purposes during the year ended December 31, 2020:

Purpose restrictions:	
Mobile Health Clinics	\$ 396,954
UCSF GAIN Project (advance)	162,609
	<u>\$ 559,563</u>

During 2015, GAIA received an endowment contribution of \$250,000. The donor specified the funds were to be permanently restricted, but could be used in an emergency with a Board vote of at least 2/3. The donor established an annual spending policy of 5% using a three year rolling average of the fair market value, beginning in 2016 based on a one year average. The endowment fund was liquidated during the year ended December 31, 2020.

The following represents the changes in endowment net assets for the year ended December 31, 2020:

	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 298,843	\$ 298,843
Investment loss	(64,970)	(64,970)
Liquidation of endowment from donor	(233,873)	(233,873)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2020

9. Retirement Plan

GAIA, at the discretion of the Board of Directors, contributes matching retirement monies of up to 3% of compensation to Individual Retirement Accounts (“IRAs”) for all employees who have an IRA. The percentage to be contributed is determined by the board on an annual basis. The total matching contribution was \$13,714 for the year ended December 31, 2020.

10. Lease Commitments

GAIA U.S. leases its facility under a noncancellable operating lease expiring September 2020. Lease terms call for escalating lease payments each year ranging from \$4,799 to \$6,029 per month. Rental expense under this lease agreement was \$54,265 for the year ended December 31, 2020.

In July 2021, GAIA U.S. entered into a new lease in Oakland, California. See further discussion in subsequent events at Note 12.

11. Nursing Scholarships

GAIA Malawi’s intent is to provide three and four year scholarships to nursing students and has conditionally granted scholarships through 2020. Estimated future scholarship commitments, if all conditions were to be met, are as follows:

Year ending December 31:	
2021	\$ 94,986
2022	58,684
2023	41,579
2024	<u>24,474</u>
	<u>\$ 219,723</u>

12. Subsequent Events

As discussed in Note 10, in July 2021, GAIA U.S. entered into a new lease in Oakland, California which expires July 2022. Monthly rent is approximately \$2,239.

As discussed in Note 7, April 2021, the Paycheck Protection Program loan in the amount of \$128,027 was forgiven in full by the SBA.

In preparing these combined financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 1, 2021, the date the financial statements were available to be issued. Management concluded that during this period, other than the matters discussed above, no material subsequent events have occurred since December 31, 2020 that require recognition or disclosure.

SUPPLEMENTARY INFORMATION

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

As of December 31, 2020

	United States	Malawi	Eliminations	Combined
ASSETS				
Current assets:				
Cash	546,681	\$ 163,039	\$ -	\$ 709,720
Pledges receivable	100,000	-	-	100,000
Grants receivable	61,160	-	-	61,160
Investments, at fair value	505,313	-	-	505,313
Total current assets	1,213,154	163,039	-	1,376,193
Other assets	4,799	-	-	4,799
Property and equipment, net	-	727,204	-	727,204
Total assets	<u>\$ 1,217,953</u>	<u>\$ 890,243</u>	<u>\$ -</u>	<u>\$ 2,108,196</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 7,080	\$ -	\$ -	\$ 7,080
Accrued expenses	12,250	-	-	12,250
Total current liabilities	19,330	-	-	19,330
SBA PPP loan payable	128,027	-	-	128,027
Total liabilities	147,357	-	-	147,357
Net assets:				
Without donor restrictions:				
Undesignated	750,550	163,039	-	913,589
Property and equipment	-	727,204	-	727,204
Total without donor restrictions	750,550	890,243	-	1,640,793
With donor restrictions:				
Time restricted for future years	100,000	-	-	100,000
Purpose restricted	220,046	-	-	220,046
Total with donor restrictions	320,046	-	-	320,046
Total net assets	1,070,596	890,243	-	1,960,839
Total liabilities and net assets	<u>\$ 1,217,953</u>	<u>\$ 890,243</u>	<u>\$ -</u>	<u>\$ 2,108,196</u>

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2020

	United States			Malawi			Eliminations	Combined		
	Without Donor Restrictions	With Donor Restrictions	Subtotal	Without Donor Restrictions	With Donor Restrictions	Subtotal	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:										
Contributions	\$ 1,111,245	\$ 155,000	\$ 1,266,245	\$ 2,151,143	\$ -	\$ 2,151,143	\$ (1,860,000)	\$ 1,402,388	\$ 155,000	\$ 1,557,388
Special events revenue, net of expenses of \$26,106	382,450	-	382,450	-	-	-	-	382,450	-	382,450
Government grants	382,937	130,109	513,046	-	-	-	-	382,937	130,109	513,046
Other grants	105,000	400,000	505,000	-	-	-	-	105,000	400,000	505,000
Investment gain, net	1,367	-	1,367	-	-	-	-	1,367	-	1,367
Loss on liquidation of endowment fund	-	(64,970)	(64,970)	-	-	-	-	-	(64,970)	(64,970)
Other income, net	303	-	303	1,684	-	1,684	-	1,987	-	1,987
Net assets released from restrictions	559,563	(559,563)	-	-	-	-	-	559,563	(559,563)	-
Release of endowment from donor restrictions	233,873	(233,873)	-	-	-	-	-	233,873	(233,873)	-
Total support and revenues	2,776,738	(173,297)	2,603,441	2,152,827	-	2,152,827	(1,860,000)	3,069,565	(173,297)	2,896,268
Expenses:										
Program services	2,378,078	-	2,378,078	2,073,022	-	2,073,022	(1,860,000)	2,591,100	-	2,591,100
Management and general	168,910	-	168,910	-	-	-	-	168,910	-	168,910
Fundraising	241,104	-	241,104	-	-	-	-	241,104	-	241,104
Total expenses	2,788,092	-	2,788,092	2,073,022	-	2,073,022	(1,860,000)	3,001,114	-	3,001,114
Change in net assets	(11,354)	(173,297)	(184,651)	79,805	-	79,805	-	68,451	(173,297)	(104,846)
Net assets, beginning of year	761,904	493,343	1,255,247	810,438	-	810,438	-	1,572,342	493,343	2,065,685
Net assets, end of year	\$ 750,550	\$ 320,046	\$ 1,070,596	\$ 890,243	\$ -	\$ 890,243	\$ -	\$ 1,640,793	\$ 320,046	\$ 1,960,839

GLOBAL AIDS INTERFAITH ALLIANCE AND AFFILIATE

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	United States				Malawi		Combined			
	Program Services	Management and General	Fundraising	Subtotal	Program Services	Eliminations	Program Services	Management and General	Fundraising	Total
Salaries	\$ 307,507	\$ 76,593	\$ 155,036	\$ 539,136	\$ 516,071	\$ -	\$ 823,578	\$ 76,593	\$ 155,036	\$ 1,055,207
Other	-	-	-	-	631,171	-	631,171	-	-	631,171
HIV Recency Study	-	-	-	-	230,393	-	230,393	-	-	230,393
Employee benefits	25,976	10,256	14,340	50,572	118,898	-	144,874	10,256	14,340	169,470
Professional services	71,937	34,530	28,482	134,949	33,458	-	105,395	34,530	28,482	168,407
Rent, utilities and security	33,917	19,229	8,634	61,780	63,160	-	97,077	19,229	8,634	124,940
Office expense	8,215	4,025	6,487	18,727	75,736	-	83,951	4,025	6,487	94,463
Health care supplies	-	-	-	-	73,007	-	73,007	-	-	73,007
Vehicle and motorcycle expenses	-	-	-	-	71,892	-	71,892	-	-	71,892
Nursing scholarships	-	-	-	-	64,121	-	64,121	-	-	64,121
Small equipment and repairs	-	-	-	-	59,948	-	59,948	-	-	59,948
Depreciation	-	-	-	-	42,194	-	42,194	-	-	42,194
Payroll taxes	23,428	5,864	12,130	41,422	-	-	23,428	5,864	12,130	41,422
Telephone, cell phone and internet	875	493	223	1,591	31,205	-	32,080	493	223	32,796
Information technology	16,031	9,036	4,081	29,148	-	-	16,031	9,036	4,081	29,148
Namunda School expenses	-	-	-	-	22,607	-	22,607	-	-	22,607
Taxes, licenses and fees	622	350	9,625	10,597	9,200	-	9,822	350	9,625	19,797
Program support	1,877,657	-	-	1,877,657	-	(1,860,000)	17,657	-	-	17,657
Meals, meetings and travel	2,019	2,636	(453)	4,202	9,396	-	11,415	2,636	(453)	13,598
Insurance	4,140	2,333	1,054	7,527	4,583	-	8,723	2,333	1,054	12,110
School fees and supplies	-	-	-	-	10,845	-	10,845	-	-	10,845
Materials and publications	5,754	3,243	1,465	10,462	-	-	5,754	3,243	1,465	10,462
Care kits	-	-	-	-	5,645	-	5,645	-	-	5,645
Education and training	-	322	-	322	242	-	242	322	-	564
Foreign exchange gain	-	-	-	-	(750)	-	(750)	-	-	(750)
Total expenses	<u>\$ 2,378,078</u>	<u>\$ 168,910</u>	<u>\$ 241,104</u>	<u>\$ 2,788,092</u>	<u>\$ 2,073,022</u>	<u>\$ (1,860,000)</u>	<u>\$ 2,591,100</u>	<u>\$ 168,910</u>	<u>\$ 241,104</u>	<u>\$ 3,001,114</u>