

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

Financial Statements and Report of Independent Certified Public Accountants

September 30, 2023 and 2022

The Foundation for AIDS Research
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Financial Statements and Report of Independent Certified Public Accountants

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Independent Auditors' Report

Board of Trustees The Foundation for AIDS Research

Opinion

We have audited the accompanying financial statements of The Foundation for AIDS Research (“amfAR”), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of amfAR as of September 30, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Prior Period Financial Statements

The financial statements of amfAR as of September 30, 2022, were audited by other auditors whose report dated March 20, 2023, expressed an unmodified opinion on those statements.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, amfAR adopted Financial Accounting Standards Board (“FASB”) Topic 842, Leases, which resulted in the recognition of a right of use asset and related lease liability, effective October 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

PKF O'Connor Davies, LLP

April 23, 2024

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

Statements of Financial Position

	September 30	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 791,311	\$ 4,392,774
Pledges receivable, net (Note 5)	30,871	30,871
Accounts receivable, net (Note 2)	7,251,631	4,442,678
Prepaid expenses and other current assets	1,943,927	2,950,568
Total Current Assets	10,017,740	11,816,891
Investments (Note 4)	33,873,136	34,789,671
Investments - other (Note 4)	323,338	323,338
Pledges receivable - non-current (Note 5)	50,732	61,603
Fixed assets, net (Note 6)	2,278,757	2,435,956
Right of use asset, net - operating leases (Note 13)	3,715,594	-
Other assets	459,866	390,807
	\$ 50,719,163	\$ 49,818,266
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,278,878	\$ 3,431,342
Line of credit (Note 8)	1,311,267	850,000
Short-term grants and fellowships payable, net (Note 9)	669,464	743,456
Deferred support and refundable advances (Note 2)	5,040,944	8,185,867
Lease liabilities - operating leases, current (Note 13)	1,189,577	-
Total Current Liabilities	14,490,130	13,210,665
Other long - term liabilities	409,026	1,513,249
Lease liabilities - operating leases, non-current (Note 13)	3,450,382	-
Total Liabilities	18,349,538	14,723,914
Net Assets		
Without donor restrictions	29,879,962	32,671,728
With donor restrictions (Notes 10 and 14)	2,489,663	2,422,624
Total Net Assets	32,369,625	35,094,352
	\$ 50,719,163	\$ 49,818,266

See notes to financial statements

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

Statements of Activities

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Grants and contributions:						
Special events						
Special events revenue	\$ 28,789,640	\$ -	\$ 28,789,640	\$ 30,667,486	\$ 50,000	\$ 30,717,486
Less: Costs of direct benefits to donors	(15,319,149)	-	(15,319,149)	(14,918,705)	-	(14,918,705)
Net revenues from special events	13,470,491	-	13,470,491	15,748,781	50,000	15,798,781
Public support (Note 11)	2,962,207	436,450	3,398,657	3,691,964	456,901	4,148,865
In-kind donations	14,800	-	14,800	39,893	-	39,893
Planned giving	1,329,814	-	1,329,814	3,206,597	60,000	3,266,597
Total special events, grants and contributions	17,777,312	436,450	18,213,762	22,687,235	566,901	23,254,136
Government funding	9,975,231	-	9,975,231	7,444,441	-	7,444,441
Investment return	3,018,834	35,589	3,054,423	(6,340,984)	(88,040)	(6,429,024)
Other revenues	3,120	-	3,120	20,283	-	20,283
Net assets released from restrictions (Note 10)	405,000	(405,000)	-	1,309,986	(1,309,986)	-
Total Public Support and Revenue	31,179,497	67,039	31,246,536	25,120,961	(831,125)	24,289,836
OPERATING EXPENSES						
Program Services:						
Research	13,605,855	-	13,605,855	9,067,686	-	9,067,686
TREAT Asia	5,074,670	-	5,074,670	4,381,101	-	4,381,101
Public policy	2,276,417	-	2,276,417	2,169,497	-	2,169,497
Public information	3,820,815	-	3,820,815	3,558,130	-	3,558,130
Total Program Services	24,777,757	-	24,777,757	19,176,414	-	19,176,414
Supporting Services:						
Fundraising	6,634,204	-	6,634,204	6,082,791	-	6,082,791
Management and general	2,559,302	-	2,559,302	2,556,558	-	2,556,558
Total Supporting Services	9,193,506	-	9,193,506	8,639,349	-	8,639,349
Total Operating Expenses	33,971,263	-	33,971,263	27,815,763	-	27,815,763
Change in Net Assets	(2,791,766)	67,039	(2,724,727)	(2,694,802)	(831,125)	(3,525,927)
NET ASSETS						
Beginning of year	32,671,728	2,422,624	35,094,352	35,366,530	3,253,749	38,620,279
End of year	\$ 29,879,962	\$ 2,489,663	\$ 32,369,625	\$ 32,671,728	\$ 2,422,624	\$ 35,094,352

See notes to financial statements

The Foundation for AIDS Research
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Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services				Supporting Services			Total	
	Research	TREAT Asia	Public Policy	Public Information	Total Program Services	Fundraising	Management and General		Total Supporting Services
Grants and awards	\$ 3,544,909	\$ 1,734,984	\$ 138,000	\$ -	\$ 5,417,893	\$ -	\$ -	\$ -	\$ 5,417,893
Salaries	1,386,306	1,520,957	871,991	1,611,638	5,390,892	1,868,877	885,496	2,754,373	8,145,265
Payroll taxes and benefits	623,230	439,212	418,626	767,210	2,248,278	722,603	440,964	1,163,567	3,411,845
Program technical support	217,860	199,939	437,804	30,835	886,438	-	-	-	886,438
Professional fees	77,844	49,344	25,595	312,585	465,368	1,010,223	209,040	1,219,263	1,684,631
Supplies, printing, postage and shipping	6,214,278	15,265	1,899	101,672	6,333,114	745,177	4,504	749,681	7,082,795
Occupancy and telecommunication	662,030	288,135	124,508	211,740	1,286,413	668,398	290,581	958,979	2,245,392
Travel, conferences and meetings	125,416	493,189	107,787	284,599	1,010,991	980,788	10,552	991,340	2,002,331
Depreciation and amortization	143,414	62,186	26,973	45,301	277,874	86,036	62,909	148,945	426,819
Equipment, subscription and dues	270,620	124,558	56,460	144,779	596,417	182,671	121,418	304,089	900,506
Administrative fees	3,857	2,245	813	1,456	8,371	4,677	293,774	298,451	306,822
Bad debt	186,626	80,923	35,100	58,951	361,600	111,959	81,863	193,822	555,422
Other	149,465	63,733	30,861	250,049	494,108	252,795	158,201	410,996	905,104
Total Expenses Reported by									
Function on Statement of Activities	<u>\$ 13,605,855</u>	<u>\$ 5,074,670</u>	<u>\$ 2,276,417</u>	<u>\$ 3,820,815</u>	<u>\$ 24,777,757</u>	<u>\$ 6,634,204</u>	<u>\$ 2,559,302</u>	<u>\$ 9,193,506</u>	<u>\$ 33,971,263</u>

See notes to financial statements

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Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services				Supporting Services			Total	
	Research	TREAT Asia	Public Policy	Public Information	Total Program Services	Fundraising	Management and General		Total Supporting Services
Grants and awards	\$ 1,633,653	\$ 1,493,917	\$ 353,058	\$ -	\$ 3,480,628	\$ -	\$ -	\$ -	\$ 3,480,628
Salaries	1,307,235	1,462,216	902,955	1,551,161	5,223,567	1,844,591	919,395	2,763,986	7,987,553
Payroll taxes and benefits	601,194	423,047	420,326	809,188	2,253,755	673,326	470,497	1,143,823	3,397,578
Program technical support	195,714	176,816	126,820	9,562	508,912	-	-	-	508,912
Professional fees	85,362	65,505	39,927	308,997	499,791	989,347	203,220	1,192,567	1,692,358
Supplies, printing, postage and shipping	4,052,189	9,368	2,571	39,601	4,103,729	674,738	6,225	680,963	4,784,692
Occupancy and telecommunication	575,492	284,648	134,350	190,468	1,184,958	623,177	292,391	915,568	2,100,526
Travel, conferences and meetings	71,261	190,730	63,224	169,175	494,390	782,120	6,094	788,214	1,282,604
Depreciation and amortization	125,958	62,103	29,404	41,225	258,690	85,990	63,769	149,759	408,449
Equipment, subscription and dues	207,591	103,117	47,269	123,914	481,891	137,138	97,568	234,706	716,597
Administrative fees	4,493	2,497	1,143	1,523	9,656	2,864	347,331	350,195	359,851
Bad debt	78,637	38,771	18,357	25,737	161,502	53,684	39,814	93,498	255,000
Other	128,907	68,366	30,093	287,579	514,945	215,816	110,254	326,070	841,015
Total Expenses Reported by Function on Statement of Activities	<u>\$ 9,067,686</u>	<u>\$ 4,381,101</u>	<u>\$ 2,169,497</u>	<u>\$ 3,558,130</u>	<u>\$ 19,176,414</u>	<u>\$ 6,082,791</u>	<u>\$ 2,556,558</u>	<u>\$ 8,639,349</u>	<u>\$ 27,815,763</u>

See notes to financial statements

The Foundation for AIDS Research
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Statement of Cash Flows

	Year Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,724,727)	\$ (3,525,927)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized (gains) losses on investments	(2,025,572)	7,370,583
Donated securities	(83,578)	(88,714)
Depreciation and amortization	426,819	408,449
Donor contributions restricted in perpetuity	(6,450)	(4,700)
Provision for bad debts	555,422	255,000
Amortization of right of use asset	909,164	-
Change in operating assets and liabilities		
Pledges receivable	10,871	465,872
Accounts receivable	(3,364,375)	(4,408,175)
Prepaid expenses and other current assets	1,006,641	242,244
Other assets	(69,059)	-
Accounts payable and accrued expenses	2,847,536	597,069
Short-term grants and fellowships payable	(73,992)	(502,979)
Deferred support and refundable advances	(3,144,923)	5,637,365
Other long - term liabilities	67,690	(204,004)
Lease liabilities	(1,156,712)	-
Net Cash from Operating Activities	(6,825,245)	6,242,083
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(3,109,098)	(12,521,367)
Sale of investments	6,134,783	11,443,075
Purchases of fixed assets	(269,620)	(503,907)
Net Cash from Investing Activities	2,756,065	(1,582,199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Donor contributions restricted in perpetuity	6,450	4,700
Proceeds of line of credit	2,212,386	2,019,431
Repayment of line of credit	(1,751,119)	(4,678,513)
Net Cash from Financing Activities	467,717	(2,654,382)
Net Change in Cash and Cash Equivalents	(3,601,463)	2,005,502
CASH AND CASH EQUIVALENTS		
Beginning of year	4,392,774	2,387,272
End of year	\$ 791,311	\$ 4,392,774

See notes to financial statements

The Foundation for AIDS Research
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Notes to Financial Statements
September 30, 2023 and 2022

1. Nature of Operations

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

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

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

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

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

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Notes to Financial Statements
September 30, 2023 and 2022

1. Nature of Operations (continued)

amfAR's programmatic activities include the following:

Research: amfAR supports research projects that explore novel approaches to scientifically sound, but untested hypotheses in many areas of research on HIV/AIDS, with a primary focus on the pursuit of a cure. The Foundation plays a vital role in HIV/AIDS research, identifying critical gaps in knowledge and providing essential seed money that enables scientists to test the merits of new concepts or technologies, which can subsequently be validated through large-scale studies. In 2014, amfAR launched the Countdown to a Cure for AIDS, a multi-year research initiative designed to advance a range of scientific approaches with the potential to achieve HIV remission or cure. In August 2020, researchers at the amfAR Institute for HIV Cure Research, based at the University of California, San Francisco, initiated a unique and potentially groundbreaking clinical trial to test a combination of agents in an effort to induce post-treatment control in people living with HIV. In 2023, the study established the combination therapy's proof of concept. During 2023, amfAR awarded 12 research grants and fellowships that are leading to important advances in understanding of HIV/AIDS and pursuit of a cure. This includes amfAR's Mathilde Krim Fellowships in Basic Biomedical Research, which support the development of outstanding young researchers who have demonstrated a commitment to preventing, treating, and curing HIV/AIDS. In response to the COVID-19 pandemic, in early 2020 amfAR temporarily expanded its efforts to include research on the coronavirus by establishing the amfAR Fund to Fight COVID-19. In 2023 amfAR-funded researchers published 29 HIV research papers and one scientific paper on COVID-19 in leading peer-reviewed journals.

TREAT Asia: amfAR's TREAT Asia program is a network of hospitals, clinics, and research institutions working with civil society to ensure the safe and effective delivery of HIV treatments across Asia and the Pacific. The network currently encompasses 21 pediatric and 21 adult sites caring for people living with HIV. TREAT Asia manages the Asia-Pacific region of the International Epidemiology Databases to Evaluate AIDS, a global collaboration supported by the U.S. National Institutes of Health. As part of its involvement in IeDEA, TREAT Asia oversees the Fogarty-IeDEA Mentorship Program in the region, designed to help young scientists develop skills in study design, data management, analysis, interpretation, and dissemination of research involving large HIV clinical databases generated within IeDEA. Through its HIV, mental health, and implementation science research training program, TREAT Asia is building regional capacity among junior researchers to guide the integration of mental health services into routine HIV care. TREAT Asia's work also includes projects aimed at improving treatment outcomes of children, adolescents, and adults living with HIV, engaging older people in care, HIV and TB service integration, and switching treatments with and without viral load monitoring. Launched in 2021, TREAT Asia's COVID website—www.covid19asiainfo.org—continues to be an important source of information on COVID vaccines and therapeutics relevant to the Asia-Pacific region. Advocacy initiatives aim to improve access to newer HIV and hepatitis C medications and to help implement community-led monitoring of HIV treatment programs. A new online community-led monitoring dashboard for HIV and viral hepatitis services in India and Indonesia was launched in 2023 (www.clm-asia.org). TREAT Asia scientists produced 25 publications in peer-reviewed medical journals throughout the year, and TREAT Asia researchers presented eight e-posters and abstracts at the 2023 International AIDS Society (IAS) Conference on HIV Science.

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Notes to Financial Statements
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1. Nature of Operations (continued)

Public Policy: Informed by thorough research and analysis, amfAR is a highly respected advocate of rational and compassionate AIDS-related public policy. Through its Public Policy office, amfAR is engaged in efforts to secure necessary increases in funding for HIV/AIDS research and global HIV/AIDS programs, expand access to treatment and care, and protect the civil rights of all people affected by HIV/AIDS. In 2022, the Public Policy office launched the latest in its suite of databases, Key Populations (kpdata.amfar.org), which allows users to engage with funding and programming data on people who are most vulnerable to HIV. The Public Policy office maintains the amfAR Ending the HIV Epidemic (“EHE”) database (ehe.amfar.org), which continues to impact discussions about the domestic HIV response and builds on the successful opioid database (opioid.amfar.org). These free online resources provide data across the interrelated epidemics of opioid use, hepatitis C, and HIV, and allow users to connect policy, service availability, and epidemiological data at the state and county levels. amfAR also maintains a comprehensive database (copsdata.amfar.org) of allocations and expenditures by the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR), and a companion PEPFAR Monitoring, Evaluation, and Reporting Database (mer.amfar.org), which makes PEPFAR’s performance data usable for advocates. In 2023, amfAR worked to secure domestic HIV funding and the reauthorization of PEPFAR, a U.S.-led global health program. amfAR continued to support the development of community-led monitoring (CLM) programs in Malawi, Zimbabwe, and Uganda. During a week of in-person capacity building in Lesotho, policy office staff led data trainings to represent the needs of adolescent girls and young women in advocacy efforts. Among numerous papers and reports authored by amfAR staff were analyses of HIV in the context of the criminalization of gay sex in sub-Saharan Africa; the limits of a proposed reconfiguration of PEPFAR; the importance of human rights in the context of ending AIDS; and how trans-specific HIV programming benefits from grassroots advocacy. At the 2023 IAS Conference on HIV Science, the Policy team presented five abstracts.

Public Information: amfAR translates and disseminates information on important HIV/AIDS-related research, treatment, prevention, and policy issues to diverse audiences worldwide in order to increase awareness and knowledge of HIV/AIDS. The Foundation publishes a wide range of educational materials, including its biannual newsletter, Innovations; a monthly e-mail newsletter, Insights; and program reports, infographics, and updates on important HIV/AIDS issues. amfAR also works with the media to raise the public profile of HIV/AIDS and provides expert commentary on HIV/AIDS-related issues. Articles and reports involving amfAR were carried in numerous media outlets in 2023, including The New York Times, The Washington Post, Journal of the International AIDS Society, The Lancet, The Guardian, PBS NewsHour, POZ, Paris Match, Vanity Fair, Vogue, Women’s Wear Daily, Reuters, NBC News, and NPR. amfAR also maintains a lively and growing social media presence, helping expand its reach to a younger demographic via TikTok (120,500 followers) and Instagram (194,000), among other platforms.

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Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates and assumptions relate to the determination of allowances for doubtful accounts; the reserve for estimated unexpended grants and fellowships; allocation of expenses amongst functional categories and useful lives of fixed assets. Actual results could differ from those estimates.

Change in Accounting Policy

Leases

amfAR adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, using the effective date method with October 1, 2022, as the date of initial adoption. In adopting Topic 842, amfAR elected to use the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. amfAR adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment. Accordingly, amfAR will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred.

As a result of the adoption of the new lease accounting guidance, on October 1, 2022, amfAR recognized a lease liability of \$5,796,670, that represents the present value of the remaining operating lease payments of \$6,364,366, discounted using the normalized risk-free interest rate of 4% and a right-of-use asset of \$4,624,758 which represents the lease liability less deferred rent of \$1,171,912.

Adoption of the standard had a material impact on amfAR's statement of financial position but did not have an impact on its statements of activities and cash flows. The most significant impact was the recognition of the right-of-use asset and lease liability for operating leases.

Cash and Cash Equivalents

amfAR considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

Investments

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

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Investments (continued)

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

Fair Value Measurements

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

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

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

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

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

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Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

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

Pledges Receivable

amfAR's revenue related to pledges received is recognized as revenue in the period received at its fair value and amfAR distinguishes such contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts were computed using the risk adjusted interest rates applicable to the year in which contribution is made. Amortization of discount is included in public support revenue.

These receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to receivables.

At September 30, 2023 and 2022, amfAR had \$5,000 of allowance recognized in relation to pledges receivable.

Fixed Assets

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

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2. Summary of Significant Accounting Policies (continued)

Fixed Assets (continued)

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

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

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value less costs to sell. There were no asset impairments for the years ended September 30, 2023 and 2022.

Net Asset Presentation

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

amfAR's Board of Trustees has designated a general reserve for potential operating shortfalls of \$14,382,171 and \$12,281,703 as of September 30, 2023 and 2022, respectively.

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

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

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2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

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

Special Events

Revenues and expenses relative to special events are recognized upon occurrence of the respective event, with the exception of revenues from the auction of unique experiences which are recognized once amfAR has substantially fulfilled its responsibility to the donor purchasing the auction item. As of September 30, 2023 and 2022, amfAR had balances pertaining to donor commitments of \$8,100,613 and \$10,720,763, respectively, from the auction of unique experiences where amfAR has not substantially fulfilled its responsibility to the donor. Of these amounts, amfAR had balances pertaining to paid donor commitments of \$2,100,247 and \$5,432,848, respectively, which are reflected within deferred support and refundable advances in the statements of financial position. The remaining balances of \$6,000,366 and \$5,287,915, respectively, are donor commitments that remain unpaid which are offset between accounts receivable and deferred support and refundable advances on the statement of financial position.

Also, amfAR recognizes donated auction items, other than unique experiences, at fair value determined by the donor at the date the auction item is donated. For donated auction items that are unable to be valued at fair value by the donor, amfAR recognizes revenue upon the sale and payment of the auction item by the buyer.

Additionally, amfAR has received payment for event sponsorships, ticket and table sales, and other items pertaining to future events in the amount of \$2,499,345 and \$2,350,321 as of September 30, 2023 and 2022, respectively, that is included in deferred support and refundable advances in the statements of financial position.

Public Support and Planned Giving

Contributions, both cash and in-kind, are recorded at fair value when received. Contributions received with donor stipulations that limit the use of the donated assets are reported within net assets with donor restrictions. When donor restrictions are fulfilled, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. amfAR records planned giving income (e.g., bequests) at the time it has an established right to such income and the proceeds are measurable. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. amfAR did not have any conditional pledges as of September 30, 2023 or 2022.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Public Support and Planned Giving (continued)

amfAR entered into a two-year grant agreement on April 4, 2020 with ViiV Healthcare UK Limited, a company incorporated and registered in England with company number 06990358, whose registered office is at 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom (“ViiV”). The total grant is for £440,000 or approximately \$536,000. amfAR received the first installment of £220,000 or \$268,173 on July 20, 2020 and the second installment of £220,000 or \$297,572 on February 25, 2022. As of September 30, 2023, amfAR has incurred \$529,409 of expenses toward the project, leaving an unspent balance of \$36,336.

Government Funding

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

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

Accounts Receivable

Receivables contain some level of uncertainty surrounding timing and amount of collection; therefore, amfAR maintains an allowance for doubtful accounts for estimated losses that may result from the inability of its auction winners to make planned payments. Such allowances are based upon several factors including, but not limited to, historical collection experience and the nature of the fundraising activity. amfAR writes off receivables when they are deemed to be uncollectible and any amounts subsequently collected are recorded as income in the period received. As of September 30, 2023 and 2022, accounts receivable of approximately \$7.2 million and \$4.5 million were due to be collected within one year. The allowance for doubtful accounts for accounts receivable at September 30, 2023 and 2022 was \$205,000 and \$350,000, respectively.

Donated Goods and Services

Certain donated professional services for technical advisory support have been reflected in the financial statements as public support and expenses based on the estimated fair value for such services on the date received if they met the criteria for recognition.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Donated Goods and Services (continued)

In-kind contributions for the years ended September 30, 2023 and 2022 consist of the following:

	2023	2022	Utilization in Programs/ Activities	Donor Restriction	Valuation Techniques and Inputs
Professional fees	\$ 14,800	\$ 18,000	Program	None	Professional fees are valued at the estimated fair value based on current rates for similar professional services for the PEER Review.
Travel	-	18,453	Program	None	Travel are valued at the estimated fair value based on current rates for similar travel.
Products	-	3,440	Program	None	Product items are valued at the estimated fair value based on current market price of similar items.
	<u>\$ 14,800</u>	<u>\$ 39,893</u>			

amfAR also benefits from volunteer time, however, such services do not meet the criteria for recognition under U.S. GAAP and are not reflected in the financial statements.

Donated goods that meet the criteria for capitalization are recorded as revenues and assets (at fair value when received) on the financial statements. amfAR did not receive any donated goods that met the criteria for capitalization during the years ended September 30, 2023 and 2022.

Grants and Awards

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

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

Functional Allocation of Expenses

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

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Accounting for Uncertainty in Income Taxes

amfAR recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that amfAR had no uncertain tax positions that would require financial statement recognition or disclosure. amfAR is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

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

Leases

For the year ended September 30, 2022, amfAR's lease included schedule base rent increases over the terms of the lease. The amount of rent charged to operations was based on a straight-line method of all payment for base rent over the term of the lease. amfAR recorded deferred rent expense liability to account for the difference between the actual payments and the straight-line expense.

As of October 1, 2022, amfAR leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, amfAR uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease. When it is reasonably certain that amfAR will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

amfAR's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Reclassification

Certain information contained in the 2022 financial statements has been reclassified to conform with the 2023 presentation with no effect on operations.

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Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is April 23, 2024.

3. Concentration of Credit Risk

Financial instruments that potentially subject amfAR to concentrations of credit risk consist principally of cash and cash equivalents and investments. amfAR maintains its cash and cash equivalents with high-credit-quality financial institutions and the balances of which, from time to time, may exceed federal insurance limits. As of September 30, 2023 and 2022, amfAR's cash and cash equivalent balances on deposit exceeded the federal insurance limits and other foreign insurance limits by approximately \$270,000 and \$3,690,000, respectively.

Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times, investment balances may exceed SIPC limits. At September 30, 2023 and 2022, amfAR's uninsured investment holdings totaled approximately \$33,620,000 and \$34,540,000, respectively.

The investment portfolio is diversified by type of investment and industry concentrations so that no individual investment or group of investments represent a significant concentration of credit risk.

4. Investments

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

	2023	2022
	Fair Value	Fair Value
Money market funds	\$ 311,696	\$ 545,384
Mutual funds - equity	16,105,986	13,945,926
Mutual funds - fixed income	10,744,127	10,517,522
Government securities	3,549,391	4,974,936
Corporate bonds	2,349,710	4,115,781
Equities	812,226	690,122
	\$ 33,873,136	\$ 34,789,671

amfAR's investments in certificates of deposit of \$323,338 as of September 30, 2023 and 2022 are classified as Investments - other in the accompanying statements of financial position and are carried at amortized cost. These investments do not qualify as securities as defined by the guidance, and as such, fair value disclosures are not provided.

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Notes to Financial Statements
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5. Pledges Receivable

Pledges receivable consisted of the following at September 30:

	2023	2022
Due within		
Less than one year	\$ 35,871	\$ 35,871
One to five years	50,732	61,603
	86,603	97,474
 Allowance for doubtful accounts	 (5,000)	 (5,000)
	\$ 81,603	\$ 92,474

6. Fixed Assets

Fixed assets consisted of the following at September 30:

	2023	2022
Computer hardware	\$ 1,670,779	\$ 1,491,198
Computer software	3,007,328	2,976,968
Office equipment	315,784	315,784
Furniture and fixtures	744,407	744,407
Leasehold improvements	2,542,490	2,542,490
Construction in progress	93,977	34,298
	8,374,765	8,105,145
 Less: accumulated depreciation and amortization	 (6,096,008)	 (5,669,189)
	\$ 2,278,757	\$ 2,435,956

Depreciation and amortization expense for the years ended September 30, 2023 and 2022 was \$426,819 and \$408,449, respectively.

7. CARES Act

Employee Retention Credit

The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes for eligible employers. amfAR qualified for the tax credit under the CARES Act and during the fiscal years ended September 30, 2023 and 2022, amfAR recorded \$3,586 and \$0, respectively, related to the CARES Employee Retention credit within government funding on the accompanying statements of activities. As of September 30, 2023 and 2022, amfAR has receivable balances of \$0 and \$821,964, respectively, from the United States government related to the CARES Act, which is recorded within accounts receivable on the accompanying statements of financial position. The Employee Retention credit remains subject to audit until 2025.

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Notes to Financial Statements
September 30, 2023 and 2022

8. Line of Credit

amfAR has a \$10,000,000 commercial line of credit (on demand) with a Merrill Lynch. Drawdowns on the line are collateralized by amfAR's investment account. There were approximately \$450,000 and \$2,000,000 of drawdowns on the line of credit during the years ended September 30, 2023 and 2022, respectively, with year-end balances of \$1,311,267 and \$850,000 respectively. Drawdowns are subject to interest of 1 Month Bloomberg Short Term Bank Yield Index plus net spread of 1.00%. As of September 30, 2023, amfAR had an accrued interest balance of \$62,384.

9. Short-term Grants and Fellowships Payable

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

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

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

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

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Notes to Financial Statements
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9. Short-term Grants and Fellowships Payable (continued)

Short-term grants and fellowships payable at September 30 are as follows:

	2023	2022
Research	\$ 1,118,644	\$ 1,139,882
TREAT Asia	820	451
Public policy	-	53,123
	1,119,464	1,193,456
Less: reserve for estimated unexpended grants and fellowship	(450,000)	(450,000)
	\$ 669,464	\$ 743,456

10. Net Assets with Donor Restrictions

Net assets with donor restrictions activity for the years ended September 30 are as follows:

	2023			
	Net Assets With Donor Restrictions as of September 30, 2022	Contributions With Donor Restrictions in Fiscal 2023	Net Assets Released from Restrictions in Fiscal 2023	Net Assets With Donor Restrictions as of September 30, 2023
Purpose restrictions:				
Research	\$ 857,068	\$ 345,000	\$ (320,000)	\$ 882,068
Public policy	526,916	85,000	(85,000)	526,916
Public information	107,865	-	-	107,865
Special events	228,500	-	-	228,500
	1,720,349	430,000	(405,000)	1,745,349
Donor-restricted endowment funds:				
Corpus	397,346	6,450	-	403,796
Accumulated unspent earnings	304,929	35,589	-	340,518
	702,275	42,039	-	744,314
	\$ 2,422,624	\$ 472,039	\$ (405,000)	\$ 2,489,663

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10. Net Assets with Donor Restrictions (continued)

	2022			
	Net Assets With Donor Restrictions as of September 30, 2021	Contributions With Donor Restrictions in Fiscal 2022	Net Assets Released from Restrictions in Fiscal 2022	Net Assets With Donor Restrictions as of September 30, 2022
Time restrictions:	\$ 20,000	\$ -	\$ (20,000)	\$ -
Purpose restrictions:				
Research	1,634,853	362,201	(1,139,986)	857,068
Public policy	526,916	150,000	(150,000)	526,916
Public information	107,865	-	-	107,865
Special events	178,500	50,000	-	228,500
	2,448,134	562,201	(1,289,986)	1,720,349
Donor-restricted endowment funds:				
Corpus	392,646	4,700	-	397,346
Accumulated unspent earnings	392,969	(88,040)	-	304,929
	785,615	(83,340)	-	702,275
	\$ 3,253,749	\$ 478,861	\$ (1,309,986)	\$ 2,422,624

11. Public Support

Public support for the years ended September 30 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Corporate contributions	\$ 25,000	\$ -	\$ 25,000
Individual contributions	553,856	313,250	867,106
Foundation contributions	287,232	120,000	407,232
Grants	411,652	-	411,652
Direct response	1,602,443	3,200	1,605,643
Workplace campaigns	82,024	-	82,024
	\$ 2,962,207	\$ 436,450	\$ 3,398,657

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Corporate contributions	\$ 71,893	\$ -	\$ 71,893
Individual contributions	724,436	175,500	899,936
Foundation contributions	374,445	275,000	649,445
Grants	721,570	-	721,570
Direct response	1,696,040	4,696	1,700,736
Workplace campaigns	103,580	1,705	105,285
	\$ 3,691,964	\$ 456,901	\$ 4,148,865

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12. Pension Plan

amfAR sponsors a defined contribution plan for employees who elect to participate and have completed two years of service. Eligibility requirements were reduced to six months of service effective July 1, 2008. Under the plan, amfAR contributed \$554,380 and \$561,269 for the years ended September 30, 2023 and 2022, respectively, calculated using a two-for-one match of employee contributions.

13. Commitments and Contingencies

Conditional Grants

amfAR's Board of Trustees approved certain conditional grants with a period of performance in future fiscal years. Those grants were awarded subject to amfAR's availability of funds and the grantee's encumbrance of expenditures. If these conditions are satisfied, expenditures will be recognized, and payments will be made over the remaining terms of the grants. Remaining commitments at September 30, 2023 and 2022, under these grants totaled \$10,730,917 and \$6,655,461, respectively.

Litigation

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

Operating Leases

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

Rent expense was \$1,520,432 and \$1,435,563 for the years ended September 30, 2023 and 2022, respectively, and is included within occupancy and telecommunications in the statements of functional expenses. Rent expense for 2023 consists of \$195,017 related to imputed interest on the lease liabilities, \$909,164 related to amortization on the right-of-use asset, and the remainder relates to other lease commitments of \$136,086 and variable lease expenses of \$279,865 in accordance with lease agreements.

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13. Commitments and Contingencies (continued)

Operating Leases (continued)

The long-term lease commitments for office space in New York, New York and Washington, D.C. are as follows:

ROU asset and corresponding liability associated with future lease payments on the above leases as of September 30, 2023 are shown below:

Right-of-use asset	\$ 3,715,594
Lease liability	\$ 4,639,959

Weighted Average:

Discount rate	4.08%
Remaining lease term in years	3.76

ROU asset is net of \$909,164 accumulated amortization at September 30, 2023.

Future minimum rental payments under the lease arrangement are as follows:

Year	Amount
2024	\$ 1,356,762
2025	1,361,922
2026	1,239,432
2027	<u>1,054,521</u>
Total Future Minimum Lease Payments	5,012,637
Less Imputed Interest	<u>(372,678)</u>
Total Operating Lease Liability	<u>\$ 4,639,959</u>

Supplemental cash flow information related to operating leases was as follows for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,351,728
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14. Endowments

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

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

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

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

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

	2023	2022
Donor-restricted endowment funds	<u>\$ 744,314</u>	<u>\$ 702,275</u>

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

	2023	2022
Endowment net assets, beginning of year	\$ 702,275	\$ 785,615
Contributions	6,450	4,700
Interest and dividends from the endowment	28,654	17,578
Realized and unrealized gain (loss)	6,935	<u>(105,618)</u>
Endowment net assets, end of year	<u>\$ 744,314</u>	<u>\$ 702,275</u>

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

Notes to Financial Statements
September 30, 2023 and 2022

15. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at September 30:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 791,311	\$ 4,392,774
Pledges receivable, net	30,871	30,871
Accounts receivable, net	7,251,631	4,442,678
Investments	33,873,136	34,789,671
Total Financial Assets	41,946,949	43,655,994
Less amounts unavailable for general expenditure:		
Donor imposed restrictions	2,489,663	2,422,624
Board-designated net assets	14,382,171	12,281,703
Investments collateralizing the line of credit	1,311,267	850,000
	18,183,101	15,554,327
Financial Assets at Year-End Available to Meet Cash		
Needs for General Expenditure Within One Year	\$ 23,763,848	\$ 28,101,667

amfAR is primarily supported by contributions (both with and without donor restriction). Due to donor restrictions requiring resources to be used in a particular manner or in future periods, amfAR maintains sufficient resources to meet those responsibilities to its donors. As such, financial assets may not be available for general expenditures within one year. amfAR manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To follow these principles, the entity forecasts its future cash flows and monitors its liquidity regularly and monitors its reserves continually. During the years ended September 30, 2023 and 2022, the level of liquidity and reserves was managed within this requirement.

16. Risk and Uncertainties

amfAR's operations and financial performance has been, and may continue to be, affected by global and domestic economic uncertainty which has adversely affected economic conditions throughout the world. amfAR may experience a decline in revenue activities as a result of the economic uncertainty.

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