



Vivent Health and Affiliates

Consolidated Financial Statements and
Supplementary Information

August 31, 2022 and 2021

Vivent Health and Affiliates

Table of Contents
August 31, 2022 and 2021

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Consolidated Statements of Functional Expenses	7
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Schedule of Financial Position, August 31, 2022	24
Consolidating Schedule of Financial Position, August 31, 2021	25
Consolidating Schedule of Activities, Year Ended August 31, 2022	26
Consolidating Schedule of Activities, Year Ended August 31, 2021	27



Independent Auditors' Report

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Vivent Health and Affiliates

Consolidated Statements of Financial Position
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 41,798,168	\$ 33,074,744
Contributions receivable, net	158,188	588,159
Accounts and grants receivable	20,857,177	20,048,531
Inventory	4,132,791	4,893,420
Prepaid expenses	<u>507,433</u>	<u>726,168</u>
Total current assets	<u>67,453,757</u>	<u>59,331,022</u>
Property and Equipment, Net	<u>12,206,579</u>	<u>10,932,212</u>
Other Assets		
Contributions receivable, net current portion	-	24,793
HUD restricted escrow and security deposits	130,136	132,942
Investments	<u>15,483,846</u>	<u>13,916,962</u>
Total other assets	<u>15,613,982</u>	<u>14,074,697</u>
Total assets	<u>\$ 95,274,318</u>	<u>\$ 84,337,931</u>
Liabilities and Net Assets		
Current Liabilities		

Vivent Health and Affiliates

Consolidated Statements of Activities
Years Ended August 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With donor restrictions	Total
Revenue						
Government grants	\$ 26,647,434	\$ -	\$ 26,647,434	\$ 24,530,760	\$ -	\$ 24,530,760
Grants and public support	3,684,347	393,468	4,077,815	3,009,134	666,590	3,675,724
Special events:						
Special events revenue	43,469	-	43,469	500,995	-	500,995
Special events expense	(516,632)	-	(516,632)	(338,513)	-	(338,513)
Contractual partnerships	575,045	-	575,045	572,580	-	572,580
Reimbursement for services and pharmacy	213,639,825	-	213,639,825	176,410,284	-	176,410,284
Other income	1,301,271	(208,726)	1,092,545	4,042,294	161,897	4,204,191
Net assets released from restrictions	1,032,706	(1,032,706)	-	1,597,596	(1,597,596)	-
Total revenue	<u>246,407,465</u>	<u>(847,964)</u>	<u>245,559,501</u>	<u>210,325,130</u>	<u>(769,109)</u>	<u>209,556,021</u>
Expenses						
Clinical and program services:						
Medical center	23,319,973	-	23,319,973	18,987,614	-	18,987,614
Pharmacy	167,041,914	-	167,041,914	130,688,091	-	130,688,091
Social services and other	21,163,885	-	21,163,885	19,333,890	-	19,333,890
Prevention services	8,866,928	-	8,866,928	8,383,678	-	8,383,678
Management and general	14,418,416	-	14,418,416	12,645,246	-	12,645,246
Fundraising	1,763,489	-	1,763,489	1,582,301	-	1,582,301
Total expenses	<u>236,574,605</u>	<u>-</u>	<u>236,574,605</u>	<u>191,620,820</u>	<u>-</u>	<u>191,620,820</u>
Change in net assets related to operations	9,832,860	(847,964)	8,984,896	18,704,310	(769,109)	17,935,201
Other Change in Net Assets						
Inherent contribution from acquisitions	-	-	-	1,349,614	-	1,349,614
Change in net assets	9,832,860	(847,964)	8,984,896	20,053,924	(769,109)	19,284,815
Net Assets, Beginning	<u>75,623,187</u>	<u>2,323,023</u>	<u>77,946,210</u>	<u>55,569,263</u>	<u>3,092,132</u>	<u>58,661,395</u>
Net Assets, Ending	<u>\$ 85,456,047</u>	<u>\$ 1,475,059</u>	<u>\$ 86,931,106</u>	<u>\$ 75,623,187</u>	<u>\$ 2,323,023</u>	<u>\$ 77,946,210</u>

See notes to consolidated financial statements

Vivent Health and Affiliates

Consolidated Statements of Cash Flows
Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 8,984,896	\$ 19,284,815
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	2,196,070	1,982,970
Amortization of intangible assets	-	624,111
Gain on disposal of property and equipment	(778,635)	-

Vivent Health and Affiliates

Consolidated Statements of Cash Flows
Years Ended August 31, 2022 and 2021

Reconciliation of cash, cash equivalents and restricted cash to consolidated statements of financial position:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 41,798,168	\$ 33,074,744
HUD restricted escrow	<u>46,318</u>	<u>43,213</u>
Total cash, cash equivalents and restricted cash	<u>\$ 41,844,486</u>	

Vivent Health and Affiliates

Consolidated Statement of Functional Expenses

Year Ended August 31, 2022

	<u>Medical Center</u>	<u>Pharmacy</u>	<u>Social Services and Other</u>	<u>Prevention Services</u>	<u>Total Clinical and Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 10,812,805	\$ 4,991,722	\$ 9,002,309	\$ 3,858,625	\$ 28,665,461	\$ 5,759,105	\$ 923,494	\$ 35,348,060
Payroll taxes	826,194	306,187	669,749	301,391	2,103,521	280,644	63,521	2,447,686
Employee benefits	<u>2,292,505</u>	<u>1,015,141</u>	<u>2,364,845</u>	<u>983,284</u>	<u>6,655,775</u>	<u>1,383,368</u>	<u>173,017</u>	<u>8,212,160</u>
Total personnel expenses	13,931,504	6,313,050	12,036,903	5,143,300	37,424,757	7,423,117	1,160,032	46,007,906
Pharmacy cost of sales	-	158,206,021	-	-	158,206,021	-	-	158,206,021
Contracted program services	2,026,398	-	421,296	57,997	2,505,691	-	-	2,505,691
Client and patient assistance	188,564	-	3,985,882	5,841	4,180,287	-	-	4,180,287
Program materials	891,681	51,861	48,009	1,358,186	2,349,737	417	10,002	2,360,156
Patient medications and laboratory	2,745,582	-	-	16,208	2,761,790	-	-	2,761,790
Employee travel and education	136,913	34,028	604,736	173,293	948,970	185,795	41,371	1,176,136
Office and insurance	540,148	881,842	681,836	371,498	2,475,324	1,054,790	71,106	3,601,220
Professional services	482,779	145,812	208,140	96,625	933,356	2,369,365	241,593	3,544,314
Repairs and maintenance	331,392	51,903	436,945	197,598	1,017,838	180,686	17,128	1,215,652
Occupancy	959,197	192,691	1,255,011	582,094	2,988,993	249,515	46,059	3,284,567
Depreciation and amortization	461,802	102,143	633,658	266,730	1,464,333	707,853	23,884	2,196,070
Information technology	475,628	66,239	742,624	298,225	1,582,716	934,357	91,876	2,608,949
Other expenses	<u>148,385</u>	<u>996,324</u>	<u>108,845</u>	<u>299,333</u>	<u>1,552,887</u>	<u>1,312,520</u>	<u>60,438</u>	<u>2,925,845</u>
Total expenses	<u>\$ 23,319,973</u>	<u>\$167,041,914</u>	<u>\$ 21,163,885</u>	<u>\$ 8,866,928</u>	<u>\$220,392,700</u>	<u>\$ 14,418,416</u>	<u>\$ 1,763,489</u>	<u>\$236,574,605</u>

See notes to consolidated financial statements

Vivent Health and Affiliates

Consolidated Statement of Functional Expenses

Year Ended August 31, 2021

	<u>Medical Center</u>	<u>Pharmacy</u>	<u>Social Services and Other</u>	<u>Prevention Services</u>	<u>Total Clinical and Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 9,567,298	\$ 4,307,857	\$ 8,375,883	\$ 3,553,728	\$ 25,804,766	\$ 5,204,841	\$ 912,579	\$ 31,922,186
Payroll taxes	709,692	268,469	647,231	278,823	1,904,215	269,059	63,925	2,237,199
Employee benefits	<u>1,836,345</u>	<u>909,770</u>	<u>2,111,204</u>	<u>982,515</u>	<u>5,839,834</u>	<u>1,199,128</u>	<u>139,702</u>	<u>7,178,664</u>
Total personnel expenses	12,113,335	5,486,096	11,134,318	4,815,066	33,548,815	6,673,028	1,116,206	41,338,049

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

1. Organization, Nature of Activities and Basis of Consolidation

Vivent Health and Affiliates (the Organization) is a provider of HIV health care, social services and prevention services in the States of Wisconsin, Colorado, Missouri, Texas and Kansas. The Vivent Health Medical Center has been designated by the Centers for Medicare and Medicaid as the nation's only HIV Medical Home with integrated medical, dental, mental health, pharmacy and social services for all people with HIV disease. The Organization operates in Denver, Colorado, St. Louis, Missouri, Austin, Texas, Kansas City, Missouri, Kansas City, Kansas and throughout Wisconsin with locations in Appleton, Beloit, Eau Claire, Green Bay, La Crosse, Kenosha, Madison, Milwaukee, Schofield/Wausau and Superior.

The consolidated financial statements include the accounts of Vivent Health (Vivent) and the following entities: Milwaukee AIDS Housing Corporation, Inc. (MAHC), Vivent Health Pharmacy, LLC (VH Pharmacy), CARES Pharmacy, LLC (CARES Pharmacy), EFA Pharmacy, LLC (EFA Pharmacy), AIDS Services of Austin, Inc. (ASA), AIDS Services of Austin Pharmacy, LLC (VH Texas Pharmacy) and Vivent Health Endowment Fund, Inc. (the Endowment). MAHC is registered under Section 811 of the National Affordable Housing Act of 1990. The pharmacies exclusively service HIV patients as limited liability companies and are solely owned by Vivent. Vivent is the sole corporate member of MAHC, ASA and the Endowment. All significant intercompany transactions and accounts are eliminated.

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization is required to report information regarding its net assets and its activities on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported in the following two classes:

Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

With Donor Restriction - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization or passage of time or net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Board Designated Net Assets

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. See Note 18 for more information regarding the amount and purpose of board designated net assets of the Organization.

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Organization invests in investment securities, which are exposed to various risks, such as interest rate, market and credit risks. 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 the amounts reported in these consolidated financial statements.

Tax-Exempt Status

Vivent Health, MAHC, ASA and the Endowment are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Vivent Health, MAHC, ASA and the Endowment qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under section 509(a)(2). Vivent Health, MAHC, ASA and the Endowment are also exempt from state income taxes.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

Concentration of Credit Risk

The Organization maintains cash accounts, various certificates of deposit and money market accounts at financial institutions. Deposits with the financial institutions are insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 per official custodian. The Organization's cash deposits, certificates of deposit and money market balances may exceed these federally insured limits at times during the year. The Organization has not experienced any losses on these accounts and management believes the Organization is not exposed to any significant credit risk.

Contributions Receivable

Contributions made to the Organization are recorded in the year the unconditional promise is made. Any contributions that are expected to be collected after one year are discounted and are reflected in the consolidated financial statements at their net present value. The allowance for uncollectible contributions is based on previous experiences, adjusted for current conditions.

Accounts and Grants Receivable

Accounts and grants receivable consist of insurance and patient receivables, government grants receivable and other receivables. The Organization assesses collectibility of insurance and patient receivables when revenue is recognized. These receivables are recorded at the net realizable value when the amounts are due in accordance with contracts with customers. Accounts are written-off through bad debt expense when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness.

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

Government grants receivable and other receivables are recorded net of estimated uncollectible amounts. Management of the Organization reviews the collectibility of these receivables on an ongoing basis based on previous experience and the current status of the receivables. At August 31, 2022 and 2021, no allowance was considered necessary for these receivables. Government grants receivable and other receivables are written off against the allowance when deemed uncollectible.

Inventory

Inventory is comprised of pharmaceuticals held at the VH Pharmacy, CARES Pharmacy, EFA Pharmacy and VH Texas Pharmacy. Inventory is valued at the lower of cost, determined using the average cost method, or market.

Property and Equipment

Property and equipment is recorded at cost if purchased and at fair value at date of the gift if donated. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life of the asset. All acquisitions of equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. During 2022 and 2021, \$0 and \$394,500, respectively, of intangible assets were written-off due to a change in operations plan decreasing the value of the assets.

Investments

The Organization has engaged professional investment advisors to manage its portfolio. The Organization's investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value. The Board of Directors has provided the firm with guidelines consistent with a socially responsible prudent investment policy and the conservative nature of the Organization. Gains and losses that result from market fluctuations are recorded in the period

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

Vivent determined this was a conditional contribution when received and concluded that the right of return and barriers associated with forgiveness were not met prior to August 31, 2020. During 2020, Vivent returned \$2,000,000 of the funds to the lender and considered the remaining PPP funding to be a refundable advance as of August 31, 2020. Vivent applied for forgiveness in February 2021. In June of 2021, the SBA forgave the PPP loan and reimbursed Vivent Health for the initial \$4,978,500. The full amount was recognized as revenue in fiscal year 2021 and is included in other income on the consolidated statements of activities.

Fiscal Agent

The Organization acts as a fiscal agent for the Latino Health Council. The Organization coordinates the financial activities on behalf of the Latino Health Council through receipt and disbursement of funds. Cash receipts in excess of disbursements are reflected in accounts payable in the consolidated statements of financial position.

Revenue Recognition

A portion of the the Organization's revenue results from the sale of goods and services under contracts with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component.

Reimbursement for services and pharmacy revenues are for pharmaceutical sales or treatment services the Organization provides to its customers and are subsequently reimbursed for, either by the patient or via third-party payers on behalf of the patients. Each patient enters into an implicit contract with the Organization when they register, detailing the medication or treatment to be provided and the payment terms. Net transaction price for the contract is determined and recorded using a portfolio approach, relative to the medication provided or services to be performed and the insurance status of the patient. Revenue is recognized upon the delivery of the medication or performance of the treatment as the performance obligation is satisfied at that point in time.

Certain clinical and program services are billed to third-party payers, including insurance companies, managed care plans and governmental payors. Revenue for services are recognized when the services are delivered. Revenue is recorded net of estimated differences between charges and amounts expected to be collected from third-party payors to reach the net transaction price.

Unconditional contributions or grants are recognized when cash, securities, other assets, or promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Most of the Organization's federal, state and other grants or contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of August 31, 2022 and 2021 there was approximately \$15,314,816 and \$12,500,000, respectively, of conditional grant revenue, which is expected to be recognized in future years when the conditions are met.

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

Contributions restricted for a specific purpose by a donor are recorded as contributions with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as contributions without donor restrictions. When a donor restriction is met or expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All grants with government agencies are reported as without donor restrictions when the Organization satisfies any conditions.

Advertising Costs

The Organization uses advertising to promote its programs and special events and for recruiting employees. The costs of communicating advertisements are expensed as the items or services are received. Advertising costs recognized by the Organization were \$344,511 and \$353,187 for the years ended August 31, 2022 and 2021, respectively.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Expenses are directly charged throughout the year to the appropriate program or supporting service. Certain costs, such as personnel expenses have been allocated based on time and effort of employees. Expenses such as occupancy, depreciation and information technology are allocated based on full-time equivalents within departments.

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

3. Availability of Financial Assets

The following represents the Organization's financial assets at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 41,798,168	\$ 33,074,744
Contributions receivable, net	158,188	612,952
Accounts and grants receivable	20,857,177	20,048,531
Investments	15,483,846	13,916,962
Less cash and cash equivalents held for others	(85,119)	(81,592)
Less net assets with donor restrictions	(1,475,059)	(2,323,023)
Less board designated net assets	<u>(22,205,896)</u>	<u>(18,500,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 54,531,305</u>	<u>\$ 46,748,574</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. If needed, the Board designated funds could be released for general expenditures after receiving Board approval. In addition, as referenced in Note 14, the Organization has a line of credit of \$10,000,000 that could be drawn upon to support expenditures, if needed.

4. Merger of Liver Health Connections

On December 1, 2020, Vivent merged operations with Liver Health Connections (an unrelated non-profit organization) to expand Colorado Prevention operations. Under terms of the transaction, no consideration was transferred to either organization and Liver Health Connection was dissolved and included in the operations of Vivent. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value, resulting in an inherent contribution of \$227,091 recognized in the consolidated statements of activities.

The valuation of net assets acquired at December 1, 2020 for Liver Health Connection was as follows:

Cash.02 0 0 10.02 108 627.96 Tm1niisolated sced for ,nnecd dissolved aontributions receivabceivable

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

5. Acquisition of Apex Research and Apex Family Medicine

On October 1, 2020 and January 4, 2021, the Organization acquired Apex Research and Apex Family Medicine, respectively, (an unrelated for-profit organizations) to expand operations of the Organization in an existing market. Under terms of the Intellectual Property Assignment transaction, a one-time \$500,000 payment was made by Vivent for Apex Research on October 1, 2020. Under terms of the Purchase Agreement, Vivent also paid \$1,000,000 on January 4 for a portion of Apex Family Medicine. Additional payments, up to \$500,000 can be earned by the sellers contingent upon meeting future benchmarks. During fiscal year 2021, the HIV operations of Apex Family Medicine and several clinical staff were transferred to Vivent. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value. The valuation of assets and net assets acquired for Apex Research and Apex Family Medicine was \$1,500,000. The asset was written-off during 2021. No liabilities were acquired as part of the transaction.

6. Merger of Thrive Health Connection

On June 1, 2021, Vivent merged operations with Thrive Health Connection (Thrive) (an unrelated non-profit organization) to expand operations of the Organization into a new market. Under terms of the transaction, no consideration was transferred to either organization and Vivent became the sole corporate member of Thrive. Pursuant to generally accepted accounting principles, the Organization accounted for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value, resulting in an inherent contribution of \$1,122,523 recognized in the consolidated statements of activities.

The valuation of net assets acquired at June 1, 2021 for Thrive was as follows:

Cash	\$	638,363
Accounts and grants receivable		584,304
Prepaid expenses		60,762
Accounts payable		(130,803)
Accrued expenses		<u>(30,103)</u>
Inherent contribution recognized on acquisition of Thrive	\$	<u>1,122,523</u>

7. Merger of Austin Harm Reduction Coalition

On January 14, 2021, Vivent merged operations with Austin Harm Reduction Coalition (AHRC) (an unrelated non-profit organization) to expand Prevention operations of the Organization in Texas. Under terms of the transaction, no consideration was transferred to either organization and Vivent became the sole corporate member of AHRC. Pursuant to generally accepted accounting principles, the Organization would account for the transactions as an acquisition recognizing the underlying assets and liabilities acquired at fair value, resulting in an inherent contribution. Prior to merger, AHRC had received a \$30,000 advance from Vivent to continue limited operations. Upon merger, Vivent transitioned AHRC operations into Vivent and closed all bank accounts. The transaction did not result in any material net asset gain or loss to Vivent.

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

8. Fair Value Measurements

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

9. Contributions Receivable

Contributions receivable at August 31 are as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 158,188	\$ 621,186
One to five years	-	26,683
	158,188	647,869
Less allowance for uncollectible contributions	-	(33,027)
Less discount to present value	-	(1,890)
	158,188	612,952
Contributions receivable, current portion	<u>(158,188)</u>	<u>(588,159)</u>
Contributions receivable, long-term portion	<u>\$ -</u>	<u>\$ 24,793</u>

Contributions receivable to be collected in excess of one year are discounted using a rate of 5 percent and 2 percent as of August 31, 2022 and 2021, respectively.

10. Accounts and Grants Receivable

Accounts and grants receivable consists of the following as of August 31:

	<u>2022</u>	<u>2021</u>
Government grants receivable	\$ 5,577,190	\$ 5,996,645
Insurance and patient receivables	13,983,784	13,117,036
340b and other receivables	<u>1,296,203</u>	<u>934,850</u>
	20,857,177	20,048,531
Net accounts and grants receivable	<u>\$ 20,857,177</u>	<u>\$ 20,048,531</u>

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

15. Capital Advance

HUD advanced MAHC funds that were used in the construction of MAHC's Garden View Apartments to house people with HIV and AIDS. HUD will not require repayment of these funds provided MAHC continues to provide housing for low income persons with disabilities, as defined in Section 811 of the National Affordable Housing Act of 1990 and applicable HUD regulations. Failure to meet this restriction, which expires July, 2037, would result in the full balance, including interest from inception, to become payable to HUD. As of August 31, 2022 and 2021, the total HUD capital advances were \$680,090. The entire amount is recorded in capital advance on the accompanying consolidated statements of financial position. At August 31, 2022 and 2021 the capital advance is classified as a current liability due to management working with HUD to settle the advance.

16. Letter of Credit For Unemployment Compensation

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, a \$146,184 letter of credit in favor of the Wisconsin unemployment reserve fund is maintained which is collateralized by substantially all assets of the Organization.

17. Deferred Compensation Plan

The Organization and members of management have entered into deferred compensation agreements whereby the Organization is obligated to make quarterly contributions, as defined in the agreement, on behalf of the executives. The cumulative contribution payments are maintained in a separate investment account in the Organization's name. Each annual contribution amount will individually vest over a five year period or until the executives' attainment of age 65 as well as other contractual provisions. As of August 31, 2022 and 2021, investments of \$547,510 and \$548,656 are reflected as investments and an accrued liability for the earned deferred compensation obligation of \$375,061 and \$285,588 are included in the accompanying consolidated statements of financial position. Deferred compensation expense was \$180,733 and \$68,980 for the years ended August 31, 2022 and 2021, respectively.

18. Net Assets

The Organization's Board of Directors created a board designated fund to establish a reserve and ensure continued success and long-term financial stability for the Organization. The reserves are available for future critical needs of the Organization and use of these reserves require Board of Directors approval. The following table shows the components of the Board of Directors designated fund at August 31:

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

19. Endowment

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds. A key component of the guidance and UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund as net assets with donor restrictions until appropriated for expenditure. Another key component of the guidance is a requirement for expanded disclosures about all endowments.

The Board of Directors of the Endowment has adopted a policy that there shall be no active fundraising for the Endowment until the Vivent strategic plan financial reserve goal is achieved.

The Organization's endowment net asset composition by type of fund is as follows for the years ended August 31:

	2022		
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	<u>Total</u>
Donor restricted	\$ 304,608	\$ 541,149	\$ 845,757

	2021		
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	<u>Total</u>
Donor restricted	\$ 513,334	\$ 541,149	\$ 1,054,483

Changes in endowment investment and net asset composition for the years ended August 31 are provided as follows:

	2022		
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	<u>Total</u>
Endowment net assets, beginning	\$ 513,334	\$ 541,149	\$ 1,054,483
Investment loss, net	(208,726)	-	(208,726)
Endowment net assets, ending	\$ 304,608	\$ 541,149	\$ 845,757

	2021		
	<u>Accumulated Earnings</u>	<u>Original Gift</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 351,437	\$ 541,149	\$ 892,586
Investment income, net	161,897	-	161,897
Endowment net assets, ending	\$ 513,334	\$ 541,149	\$ 1,054,483

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

20. Uncompensated Care and Treatment

The Organization provided the following uncompensated care and treatment to its medical, dental and mental health patients for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Contractual allowances	\$ 6,115,997	\$ 4,809,030
Patient subsidy	3,821,271	2,677,752
Patient medications	1,134,314	1,521,784
Patient laboratory testing	615,436	464,326
Patient assistance	1,964,197	908,376
Total	<u>\$ 13,651,215</u>	<u>\$ 10,381,268</u>

21. Medical Center and Social Services Expenses

The Organization provides integrated health and social services in its HIV medical home model of care to achieve the best clinical outcomes for its patients and clients. The Organization's consolidated statements of activities identify expenses for the Medical Center and Social Services. These expenses include professional staff expense for physicians, nurse practitioners, nurses, dentists, dental hygienists, mental health therapists, attorneys, social workers and other staff serving HIV patients and clients.

Following is an itemization of the health and social services expenses for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Medical Center:		
Medical Clinic	\$ 10,667,903	\$ 11,122,033
Dental Clinic	5,488	c4821,271o63 xmh599g.22,0w(iv

Vivent Health and Affiliates

Notes to Consolidated Financial Statements
August 31, 2022 and 2021

23. Contingencies

In the normal course of business, the Organization is involved in litigation incidental to the conduct of the business. The Organization does not believe that the ultimate disposition of currently pending claims, individually or in the aggregate, would have a material adverse effect on their consolidated financial position, results of activities or cash flows.

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

24. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through March 14, 2023, the date on which the consolidated financial statements were available to be issued.

Vivent Health and Affiliates

Consolidating Schedule of Financial Position

August 31, 2022

	Vivent Health	Vivent Health Pharmacy, LLC	CARES Pharmacy, LLC	EFA Pharmacy, LLC	AIDS Services of Austin Pharmacy, LLC	AIDS Services of Austin	Vivent Health Endowment Fund, Inc.	Milwaukee AIDS Housing Corporation, Inc.	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	\$ 9,254,095	\$ 4,623,071	\$ 3,800,444	\$ 3,806,254	\$ 4,289,129	\$ 15,926,191	\$ -	\$ 98,984	\$ -	\$ 41,798,168
Contributions receivable, net	158,188	-	-	-	-	-	-	-	-	158,188
Accounts and grants receivable	5,406,645	5,428,666	3,579,270	3,788,507	1,790,470	863,619	-	-	-	20,857,177
Inventory	-	1,766,962	974,358	891,375	500,096	-	-	-	-	4,132,791
Prepaid expenses	386,935	57,189	37,573	13,910	6,231	-	-	5,595	-	507,433
Amounts due from affiliates	<u>51,628,050</u>	<u>20,001,020</u>	<u>3,089,175</u>	<u>5,002,904</u>	<u>13,356,496</u>	<u>15,532,972</u>	-	-	<u>(108,610,617)</u>	-
Total current assets	<u>66,833,913</u>	<u>31,876,908</u>	<u>11,480,820</u>	<u>13,502,950</u>	<u>19,942,422</u>	<u>32,322,782</u>	-	<u>104,579</u>	<u>(108,610,617)</u>	<u>67,453,757</u>
Property and Equipment, Net	<u>8,036,744</u>	<u>15,481</u>	<u>260,766</u>	<u>316,638</u>	<u>282,621</u>	<u>3,211,303</u>	-	<u>83,026</u>	-	<u>12,206,579</u>
Other Assets										
HUD restricted escrow and security deposits	83,818	-	-	-	-	-	-	46,318	-	130,136
Investment in subsidiaries	3,666,720	-	-	-	-	-	-	-	(3,666,720)	-
Investments	14,632,777	-	-	-	-	-	851,069	-	-	15,483,846
Total other assets	<u>18,383,315</u>	-	-	-	-	-	<u>851,069</u>	<u>46,318</u>	<u>(3,666,720)</u>	<u>15,613,982</u>
Total assets	<u>\$ 93,253,972</u>	<u>\$ 31,892,389</u>	<u>\$ 11,741,586</u>	<u>\$ 13,819,588</u>	<u>\$ 20,225,043</u>	<u>\$ 35,534,085</u>	<u>\$ 851,069</u>	<u>\$ 233,923</u>	<u>\$ (112,277,337)</u>	<u>\$ 95,274,318</u>
Current Liabilities										
Accounts payable	\$ 2,847,402	\$ 648,240	\$ 31,525	\$ 6,450	\$ 3,096	\$ 97,553	\$ -	\$ 225	\$ -	\$ 3,634,491
Accrued expenses	1,687,366	587,422	222,690	220,206	38,862	122,400	-	-	-	2,878,946
Other current liabilities	774,286	-	-	-	-	-	-	338	-	774,624
Capital advance	-	-	-	-	-	-	-	680,090	-	680,090
Amounts due to affiliates	<u>28,737,277</u>	<u>13,568,487</u>	<u>5,635,929</u>	<u>9,188,804</u>	<u>19,287,778</u>	<u>31,320,020</u>	<u>5,312</u>	<u>867,010</u>	<u>(108,610,617)</u>	-
Total current liabilities	<u>34,046,331</u>	<u>14,804,149</u>	<u>5,890,144</u>	<u>9,415,460</u>	<u>19,329,736</u>	<u>31,539,973</u>	<u>5,312</u>	<u>1,547,663</u>	<u>(108,610,617)</u>	<u>7,968,151</u>
Long-Term Liabilities										
Deferred compensation obligation	375,061	-	-	-	-	-	-	-	-	375,061
Total liabilities	<u>34,421,392</u>	<u>14,804,149</u>	<u>5,890,144</u>	<u>9,415,460</u>	<u>19,329,736</u>	<u>31,539,973</u>	<u>5,312</u>	<u>1,547,663</u>	<u>(108,610,617)</u>	<u>8,343,212</u>
Net Assets (Deficit)										
Undesignated (deficit)	28,281,752	17,072,759	5,590,676	4,087,490	612,686	461,695	-	(716,676)	(3,666,720)	51,723,662
Board designated	22,205,896	-	-	-	-	-	-	-	-	22,205,896
Property and equipment less related debt (deficit)	<u>8,036,744</u>	<u>15,481</u>	<u>260,766</u>	<u>316,638</u>	<u>282,621</u>	<u>3,211,303</u>	-	<u>(597,064)</u>	-	<u>11,526,489</u>
Total net assets without										
										,63882,6213,211,3033621(597,064)

Vivent Health and Affiliates

Consolidating Schedule of Financial Position
August 31, 2021

	Vivent Health	Vivent Health Pharmacy, LLC	CARES Pharmacy, LLC	EFA Pharmacy, LLC	AIDS Services of Austin Pharmacy, LLC	AIDS Services of Austin	Vivent Health Endowment Fund, Inc.	Milwaukee AIDS Housing Corporation, Inc.	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	\$ 8,427,252	\$ 6,410,169	\$ 5,140,202	\$ 4,619,134	\$ 2,460,505	\$ 5,902,983	\$ -	\$ 114,499	\$ -	\$ 33,074,744
Contributions receivable, net	588,159	-	-	-	-	-	-	-	-	588,159
Accounts and grants receivable	5,273,634	5,688,116	3,823,675	2,558,330	1,263,088	1,441,688	-	-	-	20,048,531
Inventory	-	2,193,557	1,405,633	1,037,482	256,748	-	-	-	-	4,893,420
Prepaid expenses	626,309	52,425	30,212	10,281	2,238	-	-	4,703	-	726,168
Amounts due from affiliates	39,621,111	16,131,441	1,523,343	1,570,069	1,308,215	3,481,608	-	-	(63,635,787)	-
Total current assets	54,536,465	30,475,708	11,923,065	9,795,296	5,290,794	10,826,279	-	119,202	(63,635,787)	59,331,022
Property and Equipment, Net	7,209,783	32,873	463,029	170,345	166,578	2,778,041	-	111,563	-	10,932,212
Other Assets										
Contributions receivable, net current portion	24,793	-	-	-	-	-	-	-	-	24,793
HUD restricted escrow and security deposits	89,729	-	-	-	-	-	-	43,213	-	132,942
Investment in subsidiaries	3,666,720	-	-	-	-	-	-	-	(3,666,720)	-
Investments	12,857,168	-	-	-	-	-	1,059,794	-	-	13,916,962
Total other assets	16,638,410	-	-	-	-	-	1,059,794	43,213	(3,666,720)	14,074,697
Total assets	\$ 78,384,658	\$ 30,508,581	\$ 12,386,094	\$ 9,965,641	\$ 5,457,372	\$ 13,604,320	\$ 1,059,794	\$ 273,978	\$ (62,302,507)	\$ 84,337,931
Current Liabilities										
Accounts payable	\$ 2,400,016	\$ 362,983	\$ 10,329	\$ 3,340	\$ 1,319	\$ 43,564	\$ -	\$ 166	\$ -	\$ 2,821,717
Accrued expenses	1,591,982	582,535	224,423	181,295	22,020	-	-	-	-	2,602,255
Other current liabilities	1,733	-	-	-	-	-	-	338	-	2,071
Capital advance	-	-	-	-	-	-	-	680,090	-	680,090
Amounts due to affiliates	20,267,814	13,982,433	6,917,225	6,397,856	4,945,927	10,261,481	5,311	857,740	(63,635,787)	-
Total current liabilities	24,261,545	14,927,951	7,151,977	6,582,491	4,969,266	10,305,045	5,311	1,538,334	(63,635,787)	6,106,133
Long-Term Liabilities										
Deferred compensation obligation	285,588	-	-	-	-	-	-	-	-	285,588
Total liabilities	24,547,133	14,927,951	7,151,977	6,582,491	4,969,266	10,305,045	5,311	1,538,334	(63,635,787)	6,391,721
Net Assets (Deficit)										
Undesignated (deficit)	27,514,790	15,547,757	4,771,088	3,212,805	321,528	(134,354)	-	(695,829)	(3,666,720)	46,871,065

Vivent Health and Affiliates

Consolidating Schedule of Activities

Year Ended August 31, 2022

	<u>Vivent Health</u>	<u>Vivent Health Pharmacy, LLC</u>	<u>CARES Pharmacy, LLC</u>	<u>EFA Pharmacy, LLC</u>	<u>AIDS Services of Austin Pharmacy, LLC</u>	<u>AIDS Services of Austin</u>	<u>Vivent Health Endowment Fund, Inc.</u>	<u>Milwaukee AIDS Housing Corporation, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue										
Government grants	\$ 20,390,213	\$ -	\$ -	\$ -	\$ -	\$ 6,257,221	\$ -	\$ -	\$ -	\$ 26,647,434
Grants and public support	2,069,467	-	-	-	-	2,008,348	-	-	-	4,077,815
Special events:										
Special events revenue	78,080	-	-	-	-	(34,611)	-	-	-	43,469
Special events expense	(483,944)	-	-	-	-	(32,688)	-	-	-	(516,632)
Contractual partnerships	575,045	-	-	-	-	-	-	-	-	575,045
Reimbursement for services and pharmacy	3,843,661	93,361,889	57,366,379	40,639,934	17,855,533	572,429	-	-	-	213,639,825
Other income	401,414	-	170,240	-	(148,189)	877,800	(208,726)			

Vivent Health and Affiliates

Consolidating Schedule of Activities

Year Ended August 31, 2021

	<u>Vivent Health</u>	<u>Vivent Health Pharmacy, LLC</u>	<u>CARES Pharmacy, LLC</u>	<u>EFA Pharmacy, LLC</u>	<u>AIDS Services of Austin Pharmacy, LLC</u>	<u>AIDS Services of Austin</u>	<u>Vivent Health Endowment Fund, Inc.</u>	<u>Milwaukee AIDS Housing Corporation, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue										
Government grants	\$ 18,329,039	\$ -	\$ -	\$ -	\$ -	\$ 6,201,721	\$ -	\$ -	\$ -	\$ 24,530,760
Grants and public support	2,213,671	-	-	-	-	1,869,553	-	-	(407,500)	3,675,724
Special events:										
Special events revenue	256,101	-	-	-	-	244,894	-	-	-	500,995
Special events expense	(320,494)	-	-	-	-	(18,019)	-	-	-	(338,513)
Contractual partnerships	572,580	-	-	-	-	-	-	-	-	572,580
Reimbursement for services and pharmacy	3,638,921	86,882,525	52,328,683	27,260,732	5,659,697	639,726	-	-	-	176,410,284
Other income	2,151,242	-	784,716	-	-	263,832	161,897	4	842,500	4,204,191
Total revenue	<u>26,841,060</u>	<u>86,882,525</u>	<u>53,113,399</u>	<u>27,260,732</u>	<u>5,659,697</u>	<u>9,201,707</u>	<u>161,897</u>	<u>4</u>	<u>435,000</u>	<u>209,556,021</u>
Expenses										
Clinical and program services:										
Medical center	16,089,499	-	-	-	-	2,898,115	-	-	-	18,987,614
Pharmacy	-	66,468,497	42,701,029	18,158,793	3,707,272	-	-	-	(347,500)	130,688,091
Social services and other	15,402,367	-	-	-	-	3,884,345	-	47,178	-	19,333,890
Prevention services	6,453,597	-	-	-	-	1,930,081	-	-	-	8,383,678
Management and general	6,708,255	2,124,456	1,189,404	571,464	-	2,111,667	-	-	(60,000)	12,645,246
Fundraising	1,301,038	-	-	-	-	281,263	-	-	-	1,582,301
Total expenses	<u>45,954,756</u>	<u>68,592,953</u>	<u>43,890,433</u>	<u>18,730,257</u>	<u>3,707,272</u>	<u>11,105,471</u>	<u>-</u>	<u>47,178</u>	<u>(407,500)</u>	<u>191,620,820</u>
Change in net assets related to operations	(19,113,696)	18,289,572	9,222,966	8,530,475	1,952,425	(1,903,764)	161,897	(47,174)	842,500	17,935,201
Other Changes in Net Assets										
Inherent contribution from acquisitions	1,349,614	-	-	-	-	-	-	-	-	1,349,614
Transfer from related parties	28,496,579	-	-	-	-	-	-	-	(28,496,579)	-
Transfer to related parties	-	(13,717,179)	(6,917,225)	(6,397,856)	(1,464,319)	-	-	-	28,496,579	-
Total other changes in net assets	<u>29,846,193</u>	<u>(13,717,179)</u>	<u>(6,917,225)</u>	<u>(6,397,856)</u>	<u>(1,464,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,349,614</u>
Change in net assets	10,732,497	4,572,393	2,305,741	2,132,619	488,106	(1,903,764)	161,897	(47,174)	842,500	19,284,815
Net Assets (Deficit), Beginning	<u>43,105,028</u>	<u>11,008,237</u>	<u>2,928,376</u>	<u>1,250,531</u>	<u>-</u>	<u>5,203,039</u>	<u>892,586</u>	<u>(1,217,182)</u>	<u>(4,509,220)</u>	<u>58,661,395</u>
Net Assets (Deficit), Ending	<u>\$ 53,837,525</u>	<u>\$ 15,580,630</u>	<u>\$ 5,234,117</u>	<u>\$ 3,383,150</u>	<u>\$ 488,106</u>	<u>\$ 3,299,275</u>	<u>\$ 1,054,483</u>	<u>\$ (1,264,356)</u>	<u>\$ (3,666,720)</u>	<u>\$ 77,946,210</u>