

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.
(formerly Atlanta Research & Education
Foundation, Inc.)**

FINANCIAL REPORT

DECEMBER 31, 2019

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.**

**FINANCIAL REPORT
DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Foundation for Atlanta Veterans Education and Research, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of **Foundation for Atlanta Veterans Education and Research, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for Atlanta Veterans Education and Research, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of state contractual assistance - Georgia Department of Public Health, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2020, on our consideration of Foundation for Atlanta Veterans Education and Research, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation for Atlanta Veterans Education and Research, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 6, 2020

FOUNDATION FOR ATLANTA VETERANS EDUCATION AND RESEARCH, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 3,208,211	\$ 3,045,346
Restricted cash	13,186	13,695
Investments - certificates of deposit	796,145	1,046,680
Investments - money markets and treasury bills	378,774	821,609
Grants receivable	2,408,945	1,636,806
Prepaid expenses	38,889	51,962
	6,844,150	6,616,098
Property and equipment		
Equipment	549,945	549,945
Computers and software	60,201	60,201
Furniture and fixtures	107,075	107,075
Leasehold improvements	1,219,031	1,219,031
	1,936,252	1,936,252
Accumulated depreciation	(1,107,414)	(1,052,298)
	828,838	883,954
	828,838	883,954
Total assets	\$ 7,672,988	\$ 7,500,052
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 959,799	\$ 623,171
Accrued payroll and related liabilities	364,970	388,629
Deferred revenue	154,463	726,023
	1,479,232	1,737,823
Total current liabilities	1,479,232	1,737,823
Net assets		
Without donor restrictions	4,207,949	4,170,830
With donor restrictions	1,985,807	1,591,399
	6,193,756	5,762,229
Total net assets	6,193,756	5,762,229
Total liabilities and net assets	\$ 7,672,988	\$ 7,500,052

See Notes to Financial Statements.

**FOUNDATION FOR ATLANTA VETERANS EDUCATION
AND RESEARCH, INC.**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Contributions	\$ 26,831	\$ 8,400	\$ 35,231
Grants	7,438,857	-	7,438,857
Research agreements	-	2,531,096	2,531,096
Interest income	43,550	-	43,550
Other income	3,075	-	3,075
Net assets released from restrictions upon satisfaction of project restrictions	<u>2,145,088</u>	<u>(2,145,088)</u>	<u>-</u>
Total revenues and other support	9,657,401	394,408	10,051,809
Expenses			
Project expenses	8,647,196	-	8,647,196
Management and general expenses	<u>973,086</u>	<u>-</u>	<u>973,086</u>
Total expenses	<u>9,620,282</u>	<u>-</u>	<u>9,620,282</u>
Change in net assets	37,119	394,408	431,527
Net assets, beginning of year	<u>4,170,830</u>	<u>1,591,399</u>	<u>5,762,229</u>
Net assets, end of year	<u>\$ 4,207,949</u>	<u>\$ 1,985,807</u>	<u>\$ 6,193,756</u>

See Notes to Financial Statements.

**FOUNDATION FOR ATLANTA VETERANS EDUCATION
AND RESEARCH, INC.**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	\$ 65,500	\$ 4,500	\$ 70,000
Grants	8,268,234	-	8,268,234
Research agreements	-	2,606,675	2,606,675
Interest income	22,780	-	22,780
Net assets released from restrictions upon satisfaction of project restrictions	2,335,172	(2,335,172)	-
Total revenues and other support	10,691,686	276,003	10,967,689
Expenses			
Project expenses	9,378,831	-	9,378,831
Management and general expenses	1,239,092	-	1,239,092
Total expenses	10,617,923	-	10,617,923
Change in net assets	73,763	276,003	349,766
Net assets, beginning of year	4,097,067	1,315,396	5,412,463
Net assets, end of year	\$ 4,170,830	\$ 1,591,399	\$ 5,762,229

See Notes to Financial Statements.

**FOUNDATION FOR ATLANTA VETERANS EDUCATION
AND RESEARCH, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	<u>Management and General Expenses</u>	<u>Project Expenses</u>	<u>Total</u>
Expenses			
Veterinarian charges	\$ -	\$ 7,084	\$ 7,084
Bank charges	5,585	50	5,635
Computer supplies	5,728	9,761	15,489
Conferences	1,604	14,237	15,841
Depreciation	55,116	-	55,116
Dues and subscriptions	10,354	12,523	22,877
Insurance	33,577	-	33,577
Laboratory supplies	7,306	26,117	33,423
Legal and accounting	41,645	5,978	47,623
Meeting costs	827	52,616	53,443
Office supplies	3,038	9,201	12,239
Delivery	1,492	24,460	25,952
Printing	196	4,173	4,369
Professional services	27,382	27,905	55,287
HR/Payroll services	17,952	-	17,952
Project funding	-	3,589,019	3,589,019
Project support	-	468,623	468,623
Repairs and maintenance	1,100	1,850	2,950
Retirement plan	14,776	96,947	111,723
Salaries, wages, and benefits	738,782	4,095,792	4,834,574
Subject costs	-	67,606	67,606
Travel	6,626	133,254	139,880
Total expenses	<u>\$ 973,086</u>	<u>\$ 8,647,196</u>	<u>\$ 9,620,282</u>

See Notes to Financial Statements.

FOUNDATION FOR ATLANTA VETERANS EDUCATION AND RESEARCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

	<u>Management and General Expenses</u>	<u>Project Expenses</u>	<u>Total</u>
Expenses			
Veterinarian charges	\$ -	\$ 5,127	\$ 5,127
Bank charges	4,022	-	4,022
Computer supplies	6,487	4,701	11,188
Conferences	4,610	23,854	28,464
Depreciation	61,617	-	61,617
Dues and subscriptions	14,337	15,712	30,049
Facilities leases	16,976	-	16,976
Insurance	28,519	-	28,519
Laboratory supplies	6,859	382,686	389,545
Legal and accounting	40,623	4,825	45,448
Meeting costs	1,116	34,601	35,717
Office supplies	3,894	7,044	10,938
Delivery	1,660	27,816	29,476
Printing	26	3,344	3,370
Professional services	29,168	112,640	141,808
HR/Payroll services	22,326	-	22,326
Project funding	-	2,505,418	2,505,418
Project support	-	366,246	366,246
Repairs and maintenance	62	7,870	7,932
Retirement plan	20,461	133,995	154,456
Salaries, wages, and benefits	963,199	5,598,765	6,561,964
Subject costs	-	82,698	82,698
Travel	13,130	61,489	74,619
Total expenses	<u>\$ 1,239,092</u>	<u>\$ 9,378,831</u>	<u>\$ 10,617,923</u>

See Notes to Financial Statements.

FOUNDATION FOR ATLANTA VETERANS EDUCATION AND RESEARCH, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	\$ 431,527	\$ 349,766
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) operating activities:		
Depreciation	55,116	61,617
Net change in:		
Receivables	(772,139)	702,403
Prepaid expenses	13,073	4,654
Accounts payable	336,628	(479,030)
Accrued payroll and related liabilities	(23,659)	(45,925)
Deferred revenue	(571,560)	(2,553,832)
	(531,014)	(1,960,347)
Net cash and cash equivalents (used in) operating activities	(531,014)	(1,960,347)
INVESTING ACTIVITIES		
Sales of investments	4,446,496	5,390,448
Purchases of investments	(3,753,126)	(6,590,601)
	693,370	(1,200,153)
Net cash and cash equivalents provided by (used in) investing activities	693,370	(1,200,153)
Increase (decrease) in cash and cash equivalents	162,356	(3,160,500)
Cash and cash equivalents, beginning of year	3,059,041	6,219,541
Cash and cash equivalents, end of year	\$ 3,221,397	\$ 3,059,041

See Notes to Financial Statements.

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. ORGANIZATION

The Foundation for Atlanta Veterans Education and Research, Inc. (the "Foundation"), formerly Atlanta Research and Education Foundation, Inc., was established and incorporated as a nonprofit organization in DeKalb County of the State of Georgia on July 14, 1989. The Foundation derives its origins in legislation authorizing non-profit research corporations at all Veterans Administration (VA) medical centers. Public law 100-322 dated May 20, 1988 amended 38 USC, Chapter 73 authorizes the establishment of a non-profit corporation at each VA medical center, the purpose of which is to provide a funding mechanism for monies received from other than VA appropriations for conducting research projects approved by the medical center.

The Foundation is organized exclusively for charitable, scientific, and educational purposes. It conducts medical research, including investigations, experiments, and studies to discover, develop, or verify knowledge relating to the causes, diagnosis, treatment, or control of physical or mental diseases and impairments of mankind, in conjunction with the Veterans Affairs Medical Center, Decatur, Georgia. Results of the Foundation's research are made available to the scientific and general public through research publications in recognized journals widely distributed to the biomedical community, scientific lectures, and open meetings organized by the Foundation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, including board designated endowments. The only limits on net assets without donor restrictions are resulting from the nature of the Foundation and its purposes.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from research agreements is recognized based on the portion of work completed. Revenue from cost-reimbursable grants is recognized as expenditures are made. Contributions are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional.

Grants Receivable

Grants receivable represents amounts due to the Foundation for research from various funding sources. An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible amounts at year end. Management did not consider any amounts to be uncollectible at December 31, 2019 and 2018.

Deferred Revenue

Deferred revenue represents funds received from reimbursement basis grants and research agreements prior to the Foundation incurring related reimbursable costs.

Cash Concentration

The Foundation maintains cash balances at high quality financial institutions. Cash balances at each institution are insured by the FDIC and SIPC for up to \$250,000 and \$500,000, respectively. The Foundation and its investment managers diversify the holdings to maintain balances within these limits with the sole exception of the general operating accounts. Management does not believe it is exposed to significant credit risk on the operating accounts.

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Therefore, cash equivalents include certificates of deposit with less than three month maturities from the date of acquisition.

Restricted Cash

Restricted cash represents funds held for flexible spending accounts to be disbursed based on medical expenses incurred by employee contributors. The cash is held in a separate bank account.

Certificates of Deposit

Certificates of deposit mature within five years or less and are carried at market value. There are no early withdrawal penalties. Investment income related to funds received in advance for reimbursement basis grants accrue to the grantor. These amounts are included in deferred revenue until they are remitted to the grantor.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	39 years
Machinery and equipment	3-10 years
Furniture and fixtures	7 years

Depreciation expense for the years ended December 31, 2019 and 2018 was \$55,116 and \$61,617, respectively. Maintenance and repairs of property and equipment are charged to operations.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

The Foundation accounts for uncertain tax positions in accordance with accounting standards that provide guidance on when uncertain tax positions are recognized in an entity's financial statements and how the values of these positions are determined. No liability has been recorded as of December 31, 2019 or 2018 due to uncertain tax positions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are allocated based on estimates of time and effort. Other costs are charged directly to programs or supporting services based on specific identification.

Fair Value of Financial Instruments

At December 31, 2019 and 2018, the carrying value of financial instruments such as cash, certificates of deposit, treasury bills, accounts receivable and payable approximated their fair values.

Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Presentation

FASB's *Fair Value Measurements* and disclosure guidance provides a framework for measuring fair value under generally accepted accounting principles. This standard applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities have been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued two Accounting Standards Updates that affect the Foundation's revenue recognition. The first, Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. For the year ending December 31, 2019, the Foundation adopted ASU No. 2014-09 and ASU No. 2018-08. The adoption of these ASUs did not have an impact on the timing of revenue recognition for the Foundation.

NOTE 3. LIQUIDITY AND AVAILABILITY

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, comprise the following for the years ending December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,222,404	\$ 2,084,229
Investments – certificates of deposit	796,145	299,697
Investments – money markets and treasury bills	219,594	212,287
Grants receivable	2,408,945	1,636,806
	<u>\$ 4,647,088</u>	<u>\$ 4,233,019</u>

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met through grant and contribution revenue.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS

Investments, measured at fair value on a recurring basis, consist of the following at December 31, 2019 and 2018:

		Fair Value Measurements at December 31, 2019		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total		
Money markets and treasury bills	\$ 378,774	\$ 378,774	\$ -	\$ -

		Fair Value Measurements at December 31, 2018		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total		
Money markets and treasury bills	\$ 821,609	\$ 821,609	\$ -	\$ -

NOTE 5. CONCENTRATION OF REVENUE

For the years ended December 31, 2019 and 2018, the Foundation derived significant revenues and support from the following:

	2019	2018
Centers for Disease Control	\$ 2,577,662	\$ 3,071,609
National Institute of Health	1,232,710	1,439,181
Department of Defense	6,942	13,656
Georgia Department of Public Health	3,621,543	3,743,788
	\$ 7,438,857	\$ 8,268,234

Cash received from Centers for Disease Control (“CDC”) is accounted for on a cost reimbursement basis. Revenue with respect to these awards is recognized to the extent of costs incurred under the award terms. During 2019 and 2018, funding for CDC projects was transferred to the Foundation. These funds are accounted for as deferred revenue until the Foundation incurs reimbursable costs in accordance with grant requirements. Related deferred revenue at December 31, 2019 and 2018 amounted to \$154,463 and \$726,023, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a specified purpose:		
Research agreements	\$ 1,985,807	\$ 1,591,399

NOTE 7. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purpose of research and development as specified by donors and grantors. Net assets released from restrictions totaled \$2,145,088 and \$2,335,172 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8. RETIREMENT PLAN

Effective January 1998, the Foundation sponsors an Internal Revenue Code Section 403(b) defined contribution plan whereby employees can contribute to the Plan on a voluntary basis. Employees are eligible to participate in the salary deferral portion of the plan upon employment.

Employees are eligible for an employer match after one year of employment. The Foundation matches 100% of the first 3% of salary reduction and 50% of the next 2% of salary reduction. The Plan provides for immediate vesting. The Foundation's contributions totaled \$111,723 and \$154,456 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 6, 2020, the date the financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen worldwide. The related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

FOUNDATION FOR ATLANTA VETERANS EDUCATION AND RESEARCH, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Agency #	Federal CFDA #	Federal Expenditures	Expenditures to Subrecipients
RESEARCH & DEVELOPMENT CLUSTER				
<u>Department of Health and Human Services</u>				
<u>Passed Through Georgia Department of Public Health</u>				
Georgia Emerging Infections Program	EIP	93.283	\$ 3,589,486	\$ 1,543,431
<u>Passed Through Centers for Disease Control and Prevention</u>				
Molecular surveillance for malaria prevention and control		93. Unknown	4,175	-
Effect of insecticide treated bednet (ITNs) and changing drug treatment policy on plasmodium falciparum population genetic structure	M1F	93. Unknown	4	-
Active surveillance to quantify the burden of viral gastroenteritis and acute respiratory illness in U.S. Veterans Affairs (VA) patient population	SUPERNOVA	93. Unknown	1,782,745	1,537,937
Positive Health Check	PHC	93.941	175,884	-
Collaboration to quantify the burden of norovirus gastro infections	R27	93. Unknown	594,113	493,266
Sub-Total			2,556,921	2,031,203
<u>Passed Through National Institute of Health</u>				
Randomized, multicenter, controlled trial to compare best endovascular versus best surgical therapy in patients with critical limb ischemia		93.837	508	-
<u>Passed Through Emory University</u>				
Early childhood nutrition and adult metabolomic and cardiometabolic profiles		93.865	14,679	-
<u>Passed Through New York University School of Medicine</u>				
International study of comparative health effectiveness with medical and invasive approaches (ISCHEMIA)	ISCHEMIA	93.837	76,149	-
<u>Passed Through Brigham and Women's Hospital, Inc.</u>				
Cardiovascular inflammation reduction trial (CIRT)	CIRT	93.837	16,584	-
<u>Passed Through Tufts Medical Center</u>				
Vitamin D to prevent type 2 diabetes	D2d	93.847	7,597	-

FOUNDATION FOR ATLANTA VETERANS EDUCATION AND RESEARCH, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2019

	Agency #	Federal CFDA #	Federal Expenditures	Expenditures to Subrecipients
RESEARCH & DEVELOPMENT CLUSTER (Continued)				
<u>Department of Health and Human Services (Continued)</u>				
<u>Passed Through National Institute of Health (Continued)</u>				
Passed Through George Washington University				
Continuation of glycemia reduction approaches in diabetes: a comparative effectiveness study (GRADE)	GRADE	93.847	480,279	-
Passed Through Yale University				
3/3/ COMpAAAS Tripartite: ART-CC, KP, and VA	MASH	93.273	70,588	-
2/6 COMpAAAS U01: Observation Study	COMpAAAS	93.273	57,614	-
3/6 COMpAAAS U01: Intervention Study		93.273	20	-
Passed Through Boston VA Research Institute, Inc.				
Influenza vaccine to effectively stop cardiothoracic events and decompensated heart failure (INVESTED)	INVESTED	93.837	7,178	-
NCI and VA interagency group to accelerate trials enrollment (NAVIGATE)	NAVIGTE	93.Unknown	182,942	-
Engagement, enrollment, and retention of participants in the All of Us Research Program (AoURP) within VA healthcare facilities	All of Us	93.Unknown	80,324	-
Passed Through University of Georgia				
A telemedicine and mHealth intervention for reducing alcohol consumption amount people living with HIV/AIDS	TRAC	93.273	27,314	-
Passed Through Minneapolis Medical Research Foundation				
ASPREE: Aspirin in reducing events in the elderly	ASPREE	93.866	418	-
ASPREE: Cancer endpoints study		93.866	111,391	-
Sub-Total			1,133,585	-
<u>Department of Defense</u>				
Raman spectroscopy and 3D imaging as decision support tools in the assessment of neuronal fibrosis and sarcopenia in veterans and combat casualty amputees		12.420	18,768	14,385
Passed Through Tuscaloosa Research and Education Advancement Corporation				
KOR antagonism for the treatment of alcohol use disorder and comorbid PTSD		12.420	6,942	-
Passed Through The Regents of the University of California, San Diego				
Enhancing fear extinction via angiotensin type I receptor inhibition: A randomized controlled trial in posttraumatic stress disorder		12.420	1,338	-
Sub-Total			27,048	14,385
Total Research & Development Cluster			\$ 7,307,040	\$ 3,589,019

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Foundation for Atlanta Veterans Education and Research has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors
Foundation for Atlanta Veterans Education and Research, Inc.
Atlanta, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for Atlanta Veterans Education and Research, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 6, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Foundation for Atlanta Veterans Education and Research, Inc.
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Foundation for Atlanta Veterans Education and Research, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Foundation for Atlanta Veterans Education and Research, Inc.'s major federal programs for the year ended December 31, 2019. Foundation for Atlanta Veterans Education and Research, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Foundation for Atlanta Veterans Education and Research, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 6, 2020

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements:

Type of auditors' report issued

Unmodified

Yes

No

Internal control over financial reporting:

Material weaknesses identified?

X

Significant deficiencies identified not considered to be material weaknesses?

None
Reported

Noncompliance material to the financial statements noted?

X

Federal Awards:

Internal controls over major programs:

Material weaknesses identified?

X

Significant deficiencies identified not considered to be material weaknesses?

None
Reported

Type of auditors' report issued on compliance for major programs

Unmodified

Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)

X

Identification of major programs:

Research & Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs

\$ 750,000

Yes

No

Auditee qualified as low-risk auditee?

X

Financial Statement Findings?

X

Findings and Questioned Costs for Federal Awards?

X

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED DECEMBER 31, 2019**

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**FOUNDATION FOR ATLANTA VETERANS
EDUCATION AND RESEARCH, INC.**

**SCHEDULE OF STATE CONTRACTUAL ASSISTANCE -
GEORGIA DEPARTMENT OF PUBLIC HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Georgia Department of Public Health – 40500-036-19192856 (Amendment #2)

Contract year: January 1, 2019-December 31, 2019

	Total Budget	Actual Year Ended December 31,		Balance remaining on Grant
		2018	2019	
Total receipts	\$ 4,238,924	\$ -	\$ 2,278,871	
Total expenditures		\$ -	\$ 3,234,136	\$ 1,004,788

Georgia Department of Public Health – 40500-036-18182551 (Amendment #3 Extension)

Contract year: January 1, 2018-June 30, 2019

	Total Budget	Actual Year Ended December 31,		Balance remaining on Grant
		2018	2019	
Total receipts	\$ 4,262,233	\$ 2,500,170	\$ 1,288,325	
Total expenditures		\$ 3,570,981	\$ 355,350	\$ 335,902