

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

MARCH 31, 2011

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
TABLE OF CONTENTS
MARCH 31, 2011

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11



CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

August 29, 2011

The Board of Directors
Being Alive/People with AIDS Action Coalition, Inc.
West Hollywood, California

We have audited the accompanying statement of financial position of Being Alive/People with AIDS Action Coalition, Inc. (a nonprofit organization) as of March 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated February 28, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Being Alive/People with AIDS Action Coalition, Inc., as of March 31, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NSBN LLP

NSBN LLP

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011
WITH COMPARATIVE TOTALS AT MARCH 31, 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 60,852	\$ 22,012
Accounts receivable	39,216	15,835
Prepays and other assets	<u>31,389</u>	<u>26,459</u>
TOTAL CURRENT ASSETS	131,457	64,306
Fixed assets, net	<u>48,875</u>	<u>52,993</u>
TOTAL ASSETS	<u>\$ 180,332</u>	<u>\$ 117,299</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	\$ 2,430	\$ 8,812
Accrued vacation	15,478	11,478
Deferred revenue	<u>9,448</u>	<u>23,853</u>
TOTAL CURRENT LIABILITIES	27,356	44,143
NET ASSETS - Unrestricted	<u>152,976</u>	<u>73,156</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 180,332</u>	<u>\$ 117,299</u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2011
WITH COMPARATIVE TOTALS AT MARCH 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011</u>	<u>2010</u>
REVENUE AND PUBLIC SUPPORT				
Contributions	\$ 193,521	\$ -	\$ 193,521	\$ 79,790
Government grants	252,024	-	252,024	252,798
In-kind contributions	2,500	-	2,500	7,506
Interest and other income	2,350	-	2,350	2,505
Special events	87,130	-	87,130	29,693
Net assets released from restrictions:				
Satisfaction of purpose	-	-	-	-
	<u>537,525</u>	<u>-</u>	<u>537,525</u>	<u>372,292</u>
TOTAL REVENUE AND PUBLIC SUPPORT				
EXPENSES				
Program services	311,566	-	311,566	329,976
General and administrative	38,559	-	38,559	37,042
Fundraising	107,580	-	107,580	105,807
	<u>457,705</u>	<u>-</u>	<u>457,705</u>	<u>472,825</u>
TOTAL EXPENSES				
CHANGE IN NET ASSETS	79,820	-	79,820	(100,533)
NET ASSETS AT BEGINNING OF YEAR	<u>73,156</u>	<u>-</u>	<u>73,156</u>	<u>173,689</u>
NET ASSETS AT END OF YEAR	<u>\$ 152,976</u>	<u>\$ -</u>	<u>\$ 152,976</u>	<u>\$ 73,156</u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2011
WITH COMPARATIVE TOTALS AT MARCH 31, 2010

	Program Services	Supporting Services		2011	2010
		General and Administrative	Fundraising		
Accounting	\$ -	\$ 14,736	\$ -	\$ 14,736	\$ 16,908
Consulting	6,785	-	-	6,785	17,577
Equipment, repairs and maintenance	8,768	480	2,763	12,011	10,429
In-kind expense	2,500	-	-	2,500	7,506
Insurance	8,295	455	2,613	11,363	11,441
Newsletter	-	-	-	-	120
Occupancy	51,382	2,815	16,189	70,386	71,642
Office expenses	3,453	2,654	2,040	8,147	5,053
Outreach and education	2,553	-	-	2,553	2,078
Postage and delivery	5,823	141	800	6,764	4,706
Printing and reproduction	2,490	136	785	3,411	739
Program incentives	5,584	-	-	5,584	7,706
Salaries, payroll tax and employee benefits	194,216	16,708	62,397	273,321	273,083
Special events expense	-	-	17,492	17,492	-
Telephone and communications	6,015	263	1,515	7,793	9,047
Travel	313	-	-	313	221
Volunteer support	321	-	-	321	183
Wellness center expense	10,107	-	-	10,107	30,150
Expenses before depreciation	308,605	38,388	106,594	453,587	468,589
Depreciation	2,961	171	986	4,118	4,236
Total expenses 2011	<u>\$ 311,566</u>	<u>\$ 38,559</u>	<u>\$ 107,580</u>	<u>\$ 457,705</u>	
Total expenses 2010	<u>\$ 329,976</u>	<u>\$ 37,042</u>	<u>\$ 105,807</u>		<u>\$ 472,825</u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011
WITH COMPARATIVE TOTALS AT MARCH 31, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 79,820	\$ (100,533)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,118	4,236
(Increase) decrease in assets:		
Accounts receivable	(23,381)	34,868
Prepays and other assets	(4,930)	(2,676)
Increase (decrease) in liabilities:		
Accounts payable	(6,382)	5,091
Accrued vacation	4,000	2,319
Deferred revenue	(14,405)	10,279
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	38,840	(46,416)
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH	38,840	(46,416)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,012	68,428
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 60,852	\$ 22,012

See accompanying auditors' report.
The notes are an integral part of these financial statements.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 1 ORGANIZATION

History

Being Alive/People with AIDS Action Coalition, Inc. (Being Alive), a nonprofit organization incorporated in the State of California, is Los Angeles' first peer-led HIV/AIDS agency. Established in 1986 by three friends who were living with AIDS, Being Alive was created to provide services free of red tape. These visionaries saw the need for a peer-based agency to advocate for the community from the point of view of those infected. Today, Being Alive is a beacon of support, education and empowerment to thousands of people with HIV/AIDS.

Mission

Being Alive is an agency by and for people living with HIV/AIDS that seeks to bring peers out of isolation, to engender a sense of self-reliance and self-direction, and to build a stronger community of HIV-positive people. Being Alive accomplishes its mission by providing support, education, advocacy, prevention and wellness programs.

Programs and Services

PEER Support

Led by facilitators who know first hand the issues of our members, this program offers a safe and comfortable environment for people to bond, share, learn, and grow. Peer Support includes intakes and assessments including a comprehensive referral service, support groups, one-on-one support, and social activities.

Education

Being Alive believes that, in order for a person to take charge of his/her medical care, he/she must have access to the current medical information and have access to services. Being Alive accomplishes this goal with regularly published treatment newsletters, educational website, and monthly medical updates.

Wellness

Wellness activities encourage Being Alive members to develop themselves as well-rounded individuals and to explore complimentary approaches to western medicine. Being Alive offers chiropractic and acupuncture clinics, yoga, healing touch, massage, and a ceramics studio to meet those needs.

Prevention

Being Alive's Prevention for Positives Program "Get Real" delivers individual, group and community level interventions that encourage members to adopt high self-esteem and a culture of responsibility. Prevention messages are disseminated to the larger community via Being Alive's Speakers' Bureau as well.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 1 ORGANIZATION (CONT.)

Advocacy

Being Alive's advocacy program ensures that the voices are heard and factored into a variety of issues. Being Alive's advocacy takes a two-fold approach: first, Being Alive offers advocacy for individuals who are facing barriers to the HIV care system; and second, Being Alive trains peers to engage in educational opportunities with legislators.

Membership

Being Alive primarily serves central metropolitan Los Angeles and some of the surrounding areas. As such, target populations for support programs are gay and bisexual men or "men who have sex with men" (MSM), both MSM of color and Anglo MSM, though Being Alive also serves any and all people living with HIV/AIDS from Los Angeles County. The common thread throughout membership is the historically underserved: the working poor, people of color, homeless and/or mentally ill. In the case of the Speakers' Bureau, the target audience is youth (ages 13-24) of all races, genders and sexual orientations.

Capacity

Being Alive is a volunteer driven organization with over 100 volunteers who help to maintain the core services, including a strong and active working Board of Directors. There are only a small handful of paid staff members. Being Alive has a history of working on a tight budget with a focus on keeping administration and fundraising cost quite low while meeting a great need and serving peers effectively.

Being Alive's purpose is to empower, promote, and coordinate communication, education and cooperation between people with AIDS or diagnosed as zero-positive to HIV.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-

The financial statements of Being Alive have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation-

The accompanying financial statements have been prepared on the basis of Financial Standards Accounting Board Accounting Standards Codification (FASB ASC) Number 958-205 "Presentation of Financial Statements for Not-For-Profit Entities" and Number 958-605 "Revenue Recognition for Not-For-Profit Entities." These standards require that Being Alive report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Unrestricted -

The unrestricted class is the portion of the net assets of Being Alive that are not subject to donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of Being Alive and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements.

Temporarily Restricted-

The temporarily restricted class is the portion of the net assets of Being Alive resulting from contributions and other inflows of assets whose use by Being Alive is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Being Alive pursuant to those stipulations. The majority of contributions with restrictions are stipulated to be used as funding for specific production projects. Being Alive has no temporarily restricted net assets at March 31, 2011.

Permanently Restricted-

The permanently restricted class is the portion used to record resources received that are permanently restricted as to use by the donor or grantor. Being Alive has no permanently restricted net assets at March 31, 2011.

Cash and Cash Equivalents-

For the purposes of the financial statement, Being Alive considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Accounts Receivable-

Accounts receivable are expected to be collected in full by Being Alive's management. Therefore, no allowance for doubtful accounts have been provided.

Contributions-

Being Alive has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-605, "Revenue Recognition for Not-For-Profit Entities." In accordance with FASB ASC No. 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services and Materials-

No amounts have been reflected in the financial statements for donated services. Being Alive generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Being Alive with the Wellness Center Program including acupuncture services, chiropractic services, massage, yoga and ceramics. Being Alive receives more than 5,000 volunteer hours per year.

Donated materials recognized on the financial statements at March 31, 2011 was \$2,500.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred Revenue-

Deferred revenue at March 31, 2011 in the amount of \$9,448 consists of advanced payments for the Spirit of Hope event held subsequent to year end.

Property and Equipment-

Property and equipment are recorded at historical cost and are being depreciated using the straight-line method over the estimated useful life of the assets. The following lives have been assigned:

Improvements	15 years
Furniture, fixtures and equipment	5 years

Expenditures for maintenance, repairs, and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Tax Status-

Being Alive is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Section 23701(d) of the State Revenue and Taxation Code.

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 the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising-

Advertising costs are charged to operations when incurred and are included in functional expenses.

Functional Allocation of Expenses-

The costs of providing the program and the supporting services have been summarized on a functional basis in the statement of activities, and in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and the supporting services in reasonable ratios determined by management.

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2011

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Accounting for Uncertainty in Income Taxes-

Being Alive adopted the provisions of FASB ASC Number 740-10, Accounting for Uncertainty in Income Taxes. FASB ASC Number 740-10 changes the accounting for uncertainty in income taxes by creating a new framework for how organization's should recognize, measure, present and disclose uncertain tax positions in their financial statements. Under FASB ASC Number 740-10, an organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. As of March 31, 2011, Being Alive has not taken any uncertain tax positions in their financial statements.

Summarized Comparative Financial Information-

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Being Alive's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

Subsequent Events-

Management has evaluated subsequent events through August 29, 2011, the date the financial statements were available to be issued.

Note 3 FIXED ASSETS

Fixed assets consists of the following:

Furniture, fixtures and equipment	\$	1,299
Leasehold improvements		57,871
		59,170
Less: Accumulated depreciation		(10,295)
Total fixed assets, net	\$	48,875

BEING ALIVE/PEOPLE WITH AIDS ACTION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011

Note 4 COMMITMENTS AND CONTINGENCIES

Lease Commitment-

Being Alive leases office space under the terms of a lease agreement expiring in September 2013. Future minimum annual rental payments under this lease agreements are as follows:

Year Ending March 31,	Total
2012	\$ 75,529
2013	77,795
2014	39,472
Totals	\$ 192,796

Total rent expense for the year ended March 31, 2011 was \$68,738.

Contracts-

Being Alive's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and accordingly, Being Alive has no provisions for the possible disallowance of program costs on its financial statements.

Note 5 CASH IN BANK - CONCENTRATION OF CREDIT RISK

Being Alive maintains its cash balances at a bank. At March 31, 2011, none of the balances maintained at the bank exceeded the insurance limit (\$250,000) as set by the Federal Deposit Insurance Corporation.