

**AMERICAN INTERNATIONAL
HEALTH ALLIANCE, INC.**



AUDIT REPORT

**FINANCIAL STATEMENTS AND
FEDERAL UNIFORM GUIDANCE REPORTS**

SEPTEMBER 30, 2021

(With Independent Auditor's Report Thereon)

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

CONTENTS

	<u>SECTION</u>
Financial Section	I
Financial Statements, for the Year Ended September 30, 2021, with Summarized Financial Information for 2020, Including the Schedule of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	II
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	III
Report on Indirect Rate and Fringe Benefit Rate Calculations, For the Year Ended September 30, 2021	IV

SECTION I



**AMERICAN INTERNATIONAL
HEALTH ALLIANCE, INC.**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**



AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
<i>Statements of Financial Position,</i> September 30, 2021 and 2020	3
<i>Statements of Activities and Change in Net Assets,</i> Years Ended September 30, 2021 and 2020	4
<i>Statement of Functional Expenses,</i> Year Ended September 30, 2021, with Summarized Financial Information for 2020	5
<i>Statement of Cash Flows,</i> Years Ended September 30, 2021 and 2020	6
<i>Notes to Financial Statements</i>	7 - 11
SUPPLEMENTAL INFORMATION	
<i>Schedule of Expenditures of Federal Awards,</i> Year Ended September 30, 2021	12
<i>Schedule of Findings and Questioned Costs,</i> Year Ended September 30, 2021	13 - 14
<i>Prior Year Findings</i>	15
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 <i>GOVERNMENT AUDITING STANDARDS</i>	16 - 17
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	18 - 19

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
American International Health Alliance, Inc.
Washington, D.C.**

Report on the Financial Statements

We have audited the accompanying financial statements of the American International Health Alliance, Inc. ("AIHA") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 AIHA as of September 30, 2021, and the change in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**To the Board of Directors
American International Health Alliance, Inc.**

Prior Period Financial Statements

We have previously audited AIHA's 2020 financial statements and our report dated April 13, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on page 12, 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*, is presented for purposes of additional analysis and is 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 June 9, 2022 on our consideration of AIHA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AIHA's 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 AIHA's internal control over financial reporting and compliance.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 9, 2022**

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 4,297,833	\$ 3,813,940
Regional office advances	22,317	126,804
Sub-grant advances	5,147	5,147
Grants and contracts receivable	696,241	762,292
Accounts receivable	3,462	3,882
Travel and other advances	23,894	3,139
Prepaid expenses	40,320	38,390
Deposits	<u>16,195</u>	<u>16,195</u>
TOTAL ASSETS	<u>\$ 5,105,409</u>	<u>\$ 4,769,789</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 268,021	\$ 102,922
Accrued salaries, vacation and related benefits	164,160	107,341
Government grants payable	130,561	195,610
Refundable advance	-	8,712
Deferred grant revenue	<u>3,578,776</u>	<u>3,506,616</u>
Total liabilities	<u>4,141,518</u>	<u>3,921,201</u>
NET ASSETS		
Without donor restrictions	<u>963,891</u>	<u>848,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,105,409</u>	<u>\$ 4,769,789</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For The Years Ended September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
Revenue		
U.S. Government grants	\$ 1,736,925	\$ 1,337,258
Other grants and contracts	1,798,015	3,318,214
Contributions	40,167	1,171
Interest and other	<u>3,844</u>	<u>27,368</u>
Total revenue	<u>3,578,951</u>	<u>4,684,011</u>
Expenses		
Program Services:		
Operations	2,634,682	3,835,051
Supporting Services:		
Management and general	<u>828,966</u>	<u>848,003</u>
Total expenses	<u>3,463,648</u>	<u>4,683,054</u>
Change in net assets before other items	115,303	957
Other Items		
Gain on foreign currency exchange	<u>-</u>	<u>269</u>
Change in net assets	115,303	1,226
Net Assets Without Donor Restrictions		
Beginning of year	<u>848,588</u>	<u>847,362</u>
End of year	<u>\$ 963,891</u>	<u>\$ 848,588</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2021 With Summarized Financial Information For 2020

	<u>2021</u>			<u>2020</u>
	<u>Program Services</u>	<u>Management And General</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
U.S. salaries and wages	\$ 461,115	\$ 455,475	\$ 916,590	\$ 793,749
Fringe benefits	218,476	224,405	442,881	423,869
Local staff salaries	57,343	-	57,343	57,332
Local staff benefits	44,882	-	44,882	44,250
Printing and production	189	-	189	6,208
Professional fees, consultants and temporary staff	423,891	77,994	501,885	314,591
Office rent and utilities	16,250	173	16,423	167,385
Accounting/audit	1,439	28,000	29,439	37,739
Insurance	17,660	9,380	27,040	32,992
Telephone	6,040	863	6,903	18,740
Travel and travel-related expenses	19,063	956	20,019	72,118
Sub-recipients	1,326,852	-	1,326,852	2,601,509
Postage and delivery	224	616	840	2,045
Repairs and maintenance	1,531	-	1,531	6,239
Furniture and equipment	5,708	3,549	9,257	19,407
Subscriptions and publications	35	3,279	3,314	1,645
Business meetings expense	2,360	518	2,878	17,374
Interpreters	2,250	-	2,250	22,125
Bank fees	249	5,946	6,195	5,405
Hall/room rental	13,220	7,460	20,680	8,930
Electronic mail/internet	12,794	6,675	19,469	22,041
Office supplies	2,876	406	3,282	5,227
Program materials and support	157	-	157	276
Training and other	78	3,271	3,349	1,858
	<u>\$ 2,634,682</u>	<u>\$ 828,966</u>	<u>\$ 3,463,648</u>	<u>\$ 4,683,054</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENT OF CASH FLOWS

For The Years Ended September 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 115,303	\$ 1,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Regional office advances	104,487	31,835
Sub-grant advances	-	32,834
Grants and contracts receivable, net	1,002	43,363
Accounts receivable	420	-
Travel and other advances	(20,755)	1,529
Prepaid expenses	(1,930)	31,649
Deposits	-	59,774
Increase (decrease) in:		
Accounts payable and accrued expenses	165,099	26,187
Accrued salaries, vacation and related benefits	56,819	(55,134)
Deferred grant and other liabilities	63,448	1,082,686
Deferred rent	-	(53,780)
Net cash provided by operating activities	<u>483,893</u>	<u>1,202,169</u>
Net increase in cash and cash equivalents	483,893	1,202,169
Cash and cash equivalents at beginning of year	<u>3,813,940</u>	<u>2,611,771</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$4,297,833</u>	<u>\$3,813,940</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

ORGANIZATION

The American International Health Alliance, Inc. ("**AIHA**") was incorporated on April 16, 1992, under the statutes of the State of Delaware. AIHA was organized to provide an institutional framework for the successful development and support of hospital partnerships between the United States and other countries.

BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, Not-for-Profit Entities.

CASH AND CASH EQUIVALENTS

AIHA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("**FDIC**") up to a limit of \$250,000. AIHA maintains cash balances in excess of the FDIC insurance limits throughout the year. Management believes the risk in these situations to be minimal.

Approximately \$32,000 and \$405,000 was held in foreign banking institutions as of September 30, 2021 and 2020, respectively. Such funds are not insured.

OFFICE FURNITURE AND EQUIPMENT

All office furniture and equipment purchases are expensed in the year of purchase. Partner equipment purchased with grant funds becomes the property of AIHA's hospital partners upon the completion of the grant, subject to donor approval, and is expensed in the year purchased.

CONCENTRATIONS OF CREDIT RISK

Approximately 50% of AIHA's revenue for the year ended September 30, 2021, was derived from grants and contracts awarded by the United States Government or pass-through entities (including the PPP Loan) and approximately 50% was derived from four separate grants awarded by the Gates Foundation.

Approximately 70% of AIHA's revenue for the year ended September 30, 2020, was derived from four separate grants awarded by the Gates Foundation and the remainder was primarily from direct and pass-through United States Government grants.

CONTINGENCIES

Under the terms of the U.S. Government grants, amounts are stipulated for both direct program costs and administrative overhead costs. The administrative overhead rate used by AIHA, while provisionally approved, is subject to review and final approval by the U.S. Government. The administrative overhead rate has been approved through September 30, 2020. Management believes that any adjustment to the 2021 administrative overhead rates, if any, will not have a material effect on the financial position or operating results of AIHA.

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021

AIHA receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2020. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs.

AIHA's International AIDS Education and Training Centers Technical Assistance award commenced in fiscal year 2005 and expired on September 29, 2019. It was noted during 2018 that there was a deficiency in federal cash available in the Federal Government's Payment Management System ("PMS") to complete the project, and as a result, AIHA modified its budget for the remainder of the award to be in line with available resources. AIHA has made the awarding agency aware of this deficiency, however, as of the report date, the awarding agency has not finalized their review. AIHA estimates, as of September 30, 2021, that its risk of loss on this award is limited to the receivable balance at the time the award expired which amounted to \$629,781, and is included in grants and contract receivable, and that any additional losses as a result of this matter cannot be reasonably estimated.

INCOME TAXES

AIHA has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

AIHA recognizes tax positions on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. AIHA has reviewed the tax positions taken for each of the open tax years (2018 - 2020) or expected to be taken in AIHA's 2021 tax return and has concluded it has no material uncertain tax positions. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

NET ASSET CLASSIFICATION

Net assets without donor restrictions include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of AIHA.

GRANTS, CONTRACTS, AND CONTRIBUTIONS

AIHA recognizes contributions when cash, securities, or other assets, and unconditional promises to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before AIHA is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. AIHA recognizes conditional contributions when the conditions are substantially met or waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as "**net assets released from restrictions.**"

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021

GOVERNMENT GRANTS

AIHA is the recipient of awards from the U.S. Government (directly and indirectly through sub-awards) which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when AIHA has incurred expenditures in compliance with specific contract or grant provisions or has fulfilled the performance requirements. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

In 2021, government grant revenue included \$267,392 from the Small Business Administration's ("SBA") second round of the federal Payment Protection Program (the "PPP Loan II"). AIHA accounted for the PPP Loan II amount of \$267,392 as a conditional contribution with the incurrence of qualifying expenses representing the barrier for recognition. If such conditions are not met, AIHA is required to repay the PPP Loan II in five years from the date of the agreement at a 1% annual interest rate. AIHA incurred qualifying expenses to the extent of the PPP Loan II and has recorded it in government grant revenue as of September 30, 2021. Subsequent to year end, in May 2022, the PPP Loan II was forgiven by the lender and SBA.

In 2020, government grant revenue included approximately \$259,000 from the SBA's Payment Protection Program (the "PPP Loan"). AIHA accounted for the PPP Loan amount of \$267,392 as a conditional contribution with the incurrence of qualifying expenses representing the barrier for recognition. AIHA recognized the income on the PPP Loan to the extent of incurred qualifying expenditures. As of September 30, 2020, \$8,712 of the PPP Loan was not spent and reported as a refundable advance on the Statement of Financial Position. In February 2021, the PPP Loan was forgiven by the lender and SBA. The remaining balance of the PPP Loan is included in government grant revenue in 2021.

USE OF ESTIMATES

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort cost studies.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2020, the FASB issued ASU 2020-07: Presentation and disclosure requirements by not-for-profit entities for contributed non-financial assets (Topic 958). Prior to this update, Topic 958 only specified requirements for the recognition and initial measurement of contributions and disclosure requirements pertaining to contributed services. Under the new guidance, not-for-profit organizations will be required to present gifts-in-kind as a separate component on their statement of activities and will require specific disclosures for certain quantitative and qualitative information about such non-financial assets. The amendments in this update are effective for periods beginning after June 15, 2021 and should be applied on a retrospective basis. AIHA plans to adopt the new ASU at the required implementation date.

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021

(2) LEASE COMMITMENT

On May 31, 2019, AIHA elected to exercise its right to terminate its office space lease in Washington D.C. Upon notifying the landlord of the election to terminate the lease, a termination fee of approximately \$165,000 became due. \$82,500 was paid during the year ended September 30, 2019, and the remaining balance, net of the security deposit, was paid during the year ended September 30, 2020. Total occupancy expense for the Washington D.C. office for 2020 was approximately \$151,000.

For the years ended September 30, 2021 and 2020, AIHA also leased office space in Addis Ababa, Ethiopia under a one-year lease which renews on December 1st each year

(3) GOVERNMENT GRANTS PAYABLE

Government grants payable represent amounts payable to U.S. Government agencies for amounts overdrawn on awards that have expired and are currently in the closeout period. Such awards expired between 2006 and 2018. In 2021, AIHA returned approximately \$64,500 to the Center for Disease Control.

(4) PENSION PLAN

AIHA has a defined contribution retirement plan available to all US and International employees paid from US that are at least 21 years of age. Eligible employees can participate in the plan and start contributing starting the first of the month following their date of hire. Eligible employees that contribute to AIHA's 401(k) plan will receive a matching contribution up to 4% of their base pay. All matching employer contributions vest 100% immediately. Contribution expense for the years ended September 30, 2021, and 2020 was approximately \$83,000 and \$97,000, respectively.

(5) FUNCTIONAL COSTS

Program services and management and general expenses for the year ended September 30, 2021 were charged to the following programs:

	<u>2021</u>		
	<u>Operations</u>	<u>Management And General</u>	<u>Total</u>
CDC Global AIDS	\$ 873,050	\$ 333,057	\$ 1,206,107
Chemonics	99,044	40,823	139,867
Gates Foundation	1,622,105	158,264	1,780,369
ICHSSA	40,483	16,686	57,169
Payroll Protection Program	-	276,104	276,104
Other	-	4,032	4,032
	<u>\$2,634,682</u>	<u>\$828,966</u>	<u>\$3,463,648</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2021

(6) LINES OF CREDIT

AIHA has an \$825,000 line of credit from a bank that expired on October 1, 2020. AIHA did not renew this the line of credit. Interest was charged on outstanding balances at the prime rate plus .45%. AIHA holds a second \$100,000 line of credit with a bank which charges interest on outstanding advances at the prime rate plus .75%. There were no advances on either of these lines of credit during the years ended September 30, 2021 and 2020.

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

At September 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure such as operating expenses and grant expenses, were as follows:

Financial Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$4,297,833	\$3,813,940
Regional office advances	22,317	127,840
Receivables*	<u>66,460</u>	<u>136,393</u>
Total financial assets available to management for general expenditure and grant expenses within one year	<u>\$4,386,610</u>	<u>\$4,078,173</u>

* Excludes federal grant receivable from Payment Management System deficiency (see Contingency Note 1)

As part of AIHA's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(8) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, June 9, 2022, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended September 30, 2021

Federal Granting Agency and Program Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Pass-Through To Subrecipients	Total Federal Expenditures
U.S. Agency for International Development					
Integrated Child Health and Social Services Award	98.001	Society for Family Health	SFH/ICHSSA/SR/ AIHA/002	\$ -	\$ 57,169
HRH2030	98.001	Chemonics	HRH2030-2015-007	-	<u>139,867</u>
Total U.S. Agency for International Development				-	<u>197,036</u>
Department of Health and Human Services					
Global AIDS – Targeted Programmatic Support Across Countries Under the Global Fund and PEPFAR	93.067	N/A	N/A	-	<u>1,206,107</u>
Total Department of Health and Human Services				-	<u>1,206,107</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ -</u>	<u>\$ 1,403,143</u>

(1) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of AIHA under programs of the Federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AIHA, it is not intended to and does not present the financial position, changes in net assets or cash flows of AIHA.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. AIHA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) RECONCILIATION TO FINANCIAL STATEMENTS

Federal expenditures	\$ 1,403,143
NICRA and other adjustments	57,678
Paycheck protection proceeds recognized	<u>276,104</u>
U.S. Government grant revenue	<u>\$ 1,736,925</u>

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2021

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: **Unmodified**
2. Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No
3. Noncompliance material to financial statements noted? Yes No

Federal Awards

4. Internal control over major programs:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No
5. Type of auditor's report issued on compliance for major programs: **Unmodified**
6. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No
7. Identification of major programs:

<u>Federal Program Title</u>	<u>CFDA Number</u>
------------------------------	--------------------

Global AIDS - Targeted Programmatic Support Across Countries Under the Global Fund and PEPFAR

93.067

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as a low-risk auditee? Yes No

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)

For The Year Ended September 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

PRIOR YEAR FINDINGS

For The Year Ended September 30, 2021

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION II

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

**To the Board of Directors
 American International Health Alliance, Inc.
 Washington, D.C.**

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 the American International Health Alliance, Inc. ("AIHA") (a nonprofit organization) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AIHA'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 AIHA's internal control. Accordingly, we do not express an opinion on the effectiveness of AIHA'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 a 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 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 the 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 AIHA'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*.

**To the Board of Directors
American International Health Alliance, Inc.**

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 result 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.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 9, 2022**

SECTION III

**INDEPENDIENT 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
American International Health Alliance, Inc.
Washington, D.C.**

Report on Compliance for Each Major Federal Program

We have audited the American International Health Alliance, Inc.'s ("AIHA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AIHA's major federal programs for the year ended September 30, 2021. AIHA'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 the 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 AIHA'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 the audit requirements of 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 AIHA'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 AIHA's compliance.

Opinion on Each Major Federal Program

In our opinion, AIHA 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 September 30, 2021.

**To the Board of Directors
American International Health Alliance, Inc.**

Report on Internal Control Over Compliance

Management of AIHA 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 AIHA'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 AIHA'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 9, 2022**

SECTION IV

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

REPORT ON INDIRECT RATE AND
FRINGE BENEFIT RATE CALCULATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2021



AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	20
<i>Statement of Indirect Rate Calculation,</i> For the Year Ended September 30, 2021	21
<i>Statement of Fringe Benefit Rate Calculation,</i> For the Year Ended September 30, 2021	22
NOTES TO STATEMENTS OF INDIRECT RATE AND FRINGE BENEFIT RATE CALCULATIONS	23

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American International Health Alliance, Inc.
Washington, D.C.

Report on Statements of Indirect Cost Rate and Fringe Benefit Rate Calculations

We have audited the accompanying statements of indirect rate and fringe benefit rate calculations of the American International Health Alliance, Inc. ("AIHA") as of September 30, 2021 and the related notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statements of indirect rate and fringe benefit rate calculations 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 the statements of indirect rate and fringe benefit rate calculations that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statements of indirect rate and fringe benefit rate calculations based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of indirect rate and fringe benefit rate calculations are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements of indirect rate and fringe benefit rate calculations. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of indirect rate calculation, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to AIHA's preparation and fair presentation of the statements of indirect rate and fringe benefit rate calculations 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 AIHA'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 statements of indirect rate and fringe benefit rate calculations. 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 statements of indirect rate and fringe benefit rate calculations referred to above present fairly, in all material respects, the indirect rate and the fringe benefit rate of AIHA as of September 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
June 9, 2022

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENT OF INDIRECT RATE CALCULATION

For The Year Ended September 30, 2021

INDIRECT EXPENSES PER AUDITED FINANCIAL STATEMENTS

U.S. salaries and wages	\$ 455,475
Fringe benefits at 21.78%	70,255
Leave	47,662
Professional fees, consultants and temporary staff	77,994
Office rent and utilities	173
Accounting/audit	28,000
Insurance	9,380
Telephone	863
Travel and travel-related expenses	956
Postage and delivery	616
Furniture and equipment	3,549
Subscriptions and publications	3,279
Business meetings expense	518
Bank fees	5,946
Hall/room rental	7,460
Electronic mail/internet	6,675
Office supplies	406
Training and Conferences	147
Other	<u>3,124</u>
Total Indirect Expenses	722,478
Less: Expenses charged to PPP	169,614
Less: Unallowable costs	<u>2,517</u>

TOTAL ALLOWABLE INDIRECT EXPENSES

\$ 550,347

DIRECT EXPENSES PER AUDITED FINANCIAL STATEMENTS

\$2,634,682

Adjustments and reclassifications:

Less: Portion of each sub-award in excess of \$25,000

1,299,454

MODIFIED TOTAL DIRECT COSTS

\$1,335,228

INDIRECT RATE CALCULATION

41.22%

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

STATEMENT OF FRINGE BENEFIT RATE CALCULATION

For The Year Ended September 30, 2021

FRINGE BENEFITS

Payroll taxes	\$ 64,165
Unemployment and other taxes	7,688
Health and benefit insurance	122,739
Pension	82,566
Leave	<u>165,723</u>
Fringe benefits per audit report	442,881

Adjustment:

Less: Fringe benefits charged to PPP	106,489
Less: Leave included in overhead rate	47,662
Less: Leave charged directly to grants	<u>118,060</u>

TOTAL ADJUSTED FRINGE BENEFITS \$ 170,670

SALARIES AND WAGES

Total U.S. salaries and wages per audit report	\$ 916,590
Less: Salaries charged to PPP	<u>132,856</u>

TOTAL ADJUSTED SALARIES AND WAGES \$ 783,734

INDIRECT RATE CALCULATION 21.78%

AMERICAN INTERNATIONAL HEALTH ALLIANCE, INC.

NOTES TO STATEMENTS OF INDIRECT RATE AND FRINGE BENEFIT RATE CALCULATIONS

September 30, 2021

(1) BASIS OF PRESENTATION

The accompanying schedules of indirect rate calculations have been prepared in accordance with accounting principles generally accepted in the United States of America and the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(2) BASE OF APPLICATION – INDIRECT RATE

The accompanying statement of indirect rate calculation has been prepared in accordance with the base of application stipulated in the provisional non-profit rate agreement issued on September 23, 2020, by the Department of Health and Human Services. Accordingly, capital expenditures in excess of \$5,000 and that portion of each sub-award in excess of \$25,000 have been excluded from the accompanying statement of indirect rate calculation.