



**Whitman-Walker Clinic, Inc.  
dba Whitman-Walker Health**

Financial Statements,  
Schedule of Expenditures of Federal  
Awards, and Reports Required by  
*Government Auditing Standards* and  
the Uniform Guidance  
Years Ended December 31, 2019 and 2018

**Whitman-Walker Clinic, Inc.  
dba Whitman-Walker Health**

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Financial Statements,  
Schedule of Expenditures of Federal Awards,  
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*Government Auditing Standards* and  
the Uniform Guidance  
Years Ended December 31, 2019 and 2018

# Whitman-Walker Health

## Contents

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<b>Independent Auditor's Report</b>	3-4
<b>Financial Statements</b>	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-24
<b>Independent Auditor's Reports and Schedules Required by     <i>Government Auditing Standards</i> and the Uniform Guidance</b>	
Schedule of Expenditures of Federal Awards	25-26
Notes to Schedule of Expenditures of Federal Awards	27
Independent Auditor's on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28-29
Independent Auditor's on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	30-31
Schedule of Findings and Questioned Costs	32-33



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## **Independent Auditor's Report**

To the Board of Directors  
**Whitman-Walker Clinic, Inc.**  
dba Whitman-Walker Health  
Washington, D.C.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Whitman-Walker Clinic, Inc. dba Whitman-Walker Health (WWH), 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 WWH'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.

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitman-Walker Clinic, 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.

### ***Adoption of New Accounting Pronouncement***

As discussed in Note 2 to the financial statements, WWH changed their method for revenue recognition in 2019 as a result of the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*, effective January 1, 2019. Our opinion is not modified with respect to this matter.

### ***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* 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 July 31, 2020, on our consideration of WWH'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 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 WWH's internal control over financial reporting and compliance.

BDO USA, LLP

July 31, 2020

## Financial Statements

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**Whitman-Walker Health**  
**Statements of Financial Position**

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,435,523	\$ 3,421,279
Accounts receivable:		
Grants and contracts	1,548,988	1,823,161
Medicaid and other third parties, net	1,116,434	907,911
Pharmacy, net	4,330,475	3,525,259
Other	259,550	838,643
Related entity, net of allowance for uncollectible amounts	841,086	425,581
Inventory	2,031,494	1,987,245
Prepaid expenses	728,926	486,228
<b>Total current assets</b>	<b>15,292,476</b>	<b>13,415,307</b>
Property and equipment, net	14,401,573	9,080,248
Other assets	522,626	522,626
<b>Total assets</b>	<b>\$ 30,216,675</b>	<b>\$ 23,018,181</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 6,701,788	\$ 7,075,468
Loan payable	1,000,000	-
Deferred revenue	371,978	515,041
Deferred rent, current portion	509,660	227,635
Due to third party, current portion	44,587	-
<b>Total current liabilities</b>	<b>8,628,013</b>	<b>7,818,144</b>
<b>Long-term liabilities</b>		
Due to third party, net of current portion	1,995,804	41,538
Deferred rent, long-term portion	4,352,548	1,655,590
<b>Total liabilities</b>	<b>14,976,365</b>	<b>9,515,272</b>
<b>Commitments and contingencies (Note 9 and 10)</b>		
<b>Net assets</b>		
Without donor restrictions		
Board-designated	322,056	464,761
Undesignated	14,918,254	13,038,148
<b>Total net assets</b>	<b>15,240,310</b>	<b>13,502,909</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,216,675</b>	<b>\$ 23,018,181</b>

*See accompanying notes to financial statements.*

# Whitman-Walker Health

## Statements of Activities

Years Ended December 31,	2019	2018
<b>Operating revenues:</b>		
<b>Patient revenue</b>		
Net patient service revenue	\$ 11,987,980	\$ 10,489,245
Pharmacy revenue	79,278,934	70,720,034
Total net patient service revenue	91,266,914	81,209,279
<b>Public Support</b>		
Grants and contracts	11,260,087	12,616,736
Contributions (including CFC workplace giving)	50,050	114,959
Special events	262,507	202,083
Cost of direct donor benefits	(26,244)	(31,676)
Total public support revenue	11,546,400	12,902,102
Other revenue	1,157,374	868,011
<b>Total operating revenues</b>	<b>103,970,688</b>	<b>94,979,392</b>
<b>Operating Expenses</b>		
Program Services:		
Pharmaceuticals	63,886,558	58,722,382
Medical services	11,186,415	9,783,768
Clinic operations	4,441,982	4,158,861
Research	2,090,355	2,788,020
Behavioral/mental health	3,090,264	2,646,271
Dental health	2,760,176	1,580,172
Community health	1,563,428	1,247,237
Legal	1,406,711	1,162,256
Youth	1,225,362	1,112,173
Psychiatry	551,742	491,626
STD services	602,818	422,304
Mautner project	-	223,212
Total program services	92,805,811	84,338,282
Management and general	9,373,746	9,896,886
Fundraising	53,730	84,635
Total support services	9,427,476	9,981,521
<b>Total operating expenses</b>	<b>102,233,287</b>	<b>94,319,803</b>
<b>Change in net assets without donor restrictions</b>	<b>1,737,401</b>	<b>659,589</b>
<b>Net assets without donor restrictions, beginning of year</b>	<b>13,502,909</b>	<b>12,843,320</b>
<b>Net assets without donor restrictions, end of year</b>	<b>\$ 15,240,310</b>	<b>\$ 13,502,909</b>

*See accompanying notes to financial statements.*

**Whitman-Walker Health**  
**Statement of Functional Expenses**

Year Ended December 31, 2019	Program Services											Support Services			Total	
	Pharmacy	Medical Services	Clinic Operations	Research	Behavioral/Mental Health	Dental Health	Community Health	Legal	Youth	Psychiatry	STD Services	Total Program Services	Management and General	Fundraising		Total Support Services
Pharmaceuticals	\$ 63,242,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,242,322	\$ -	\$ -	\$ -	\$ 63,242,322
Personnel	-	7,947,074	2,834,581	1,528,730	2,367,554	1,372,704	1,334,330	1,158,521	589,264	529,454	105,299	19,767,511	5,396,340	-	5,396,340	25,163,851
Facilities	527,943	1,534,671	473,461	202,872	535,688	1,073,707	139,548	163,812	518,280	13,637	-	5,183,619	930,369	-	930,369	6,113,988
Medical supplies and lab fees	-	1,255,421	246,195	66,846	8,466	139,704	6,374	-	1,395	-	474,783	2,199,184	11,452	-	11,452	2,210,636
Depreciation and amortization	113,244	250,431	2,681	37,501	367	2,141	-	-	-	-	-	406,365	728,902	-	728,902	1,135,267
Subcontractors/consultants	-	11,624	-	51,249	-	121,634	17,083	-	13,750	-	5,000	220,340	719,898	-	719,898	940,238
Information systems	-	749	519,472	2,879	-	-	-	8,408	-	-	-	531,508	310,875	-	310,875	842,383
Audit/professional services	-	-	183,121	-	-	-	-	-	-	-	13,346	196,467	516,330	-	516,330	712,797
Other client costs	-	46,567	25,972	31,871	82,170	15,092	18,266	52,570	36,699	1,717	286	311,210	283,712	-	283,712	594,922
Insurance	-	58,591	-	42,022	58,680	28,031	35,703	6,876	20,017	5,735	-	255,655	176,993	-	176,993	432,648
Other expenses	-	28,262	84,460	103,958	15,483	-	804	-	38,719	-	735	272,421	128	-	128	272,549
Advertising and other media	-	3,789	-	882	980	-	500	4,891	659	-	3,367	15,068	156,970	-	156,970	172,038
Interest and bank charges	3,049	1,391	19,909	-	-	-	-	-	-	-	-	24,349	85,263	-	85,263	109,612
Supplies and office	-	47,845	52,130	21,545	20,876	7,163	10,820	11,633	6,579	1,199	2	179,792	56,514	-	56,514	236,306
Events	-	-	-	-	-	-	-	-	-	-	-	-	-	53,730	53,730	53,730
<b>Total expenses</b>	<b>\$ 63,886,558</b>	<b>\$ 11,186,415</b>	<b>\$ 4,441,982</b>	<b>\$ 2,090,355</b>	<b>\$ 3,090,264</b>	<b>\$ 2,760,176</b>	<b>\$ 1,563,428</b>	<b>\$ 1,406,711</b>	<b>\$ 1,225,362</b>	<b>\$ 551,742</b>	<b>\$ 602,818</b>	<b>\$ 92,805,811</b>	<b>\$ 9,373,746</b>	<b>\$ 53,730</b>	<b>\$ 9,427,476</b>	<b>\$ 102,233,287</b>

*See accompanying notes to financial statements.*

Whitman-Walker Health

Statement of Functional Expenses

Year Ended December 31, 2018	Program Services												Support Services			Total	
	Pharmacy	Medical Services	Clinic Operations	Research	Behavioral/ Mental Health	Dental Health	Community Health	Legal	Youth	Psychiatry	STD Services	Mautner Project	Total Program Services	Management and General	Fundraising		Total Support Services
Pharmaceuticals	\$ 58,175,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,175,320	\$ -	\$ -	\$ -	\$ 58,175,320
Personnel Expenses	-	7,164,533	2,596,303	1,739,703	2,119,278	808,646	1,062,565	944,085	474,899	446,588	52,358	202,391	17,611,349	6,255,048	-	6,255,048	23,866,397
Facilities	489,070	1,187,870	341,242	497,770	404,243	477,219	107,221	125,950	560,978	11,009	3,148	10,339	4,216,059	464,460	-	464,460	4,680,519
Medical supplies and lab fees	-	949,202	274,534	93,450	37	128,782	9,293	-	280	-	340,716	-	1,796,294	7,325	-	7,325	1,803,619
Subcontractors/Consultants	-	42,771	-	73,523	-	125,141	20,134	-	10,000	27,555	5,000	-	304,124	1,078,522	-	1,078,522	1,382,646
Depreciation and amortization	51,850	225,819	1,412	65,037	-	-	-	-	-	-	-	-	344,118	532,554	-	532,554	876,672
Other expenses	-	37,611	32,912	108,276	38,464	6,273	11,179	57,319	21,494	1,860	455	4,444	320,287	477,955	-	477,955	798,242
Information systems	-	17,721	515,612	6,234	-	-	-	8,785	-	-	-	-	548,352	199,196	-	199,196	747,548
Audit/professional services	-	-	240,636	-	-	-	-	2,688	-	-	17,170	-	260,494	361,230	-	361,230	621,724
Insurance	-	73,616	-	46,982	59,926	26,282	25,824	6,188	17,614	3,512	-	-	259,944	157,450	-	157,450	417,394
Supplies and office expenses	-	53,846	47,858	38,656	17,862	7,829	8,596	13,875	6,148	1,102	520	4,790	201,082	115,605	-	115,605	316,687
Other client costs	-	21,830	83,163	115,220	6,201	-	1,044	-	19,573	-	-	248	247,279	80	-	80	247,359
Advertising and other media	-	6,629	7,605	3,169	260	-	1,381	3,366	1,187	-	2,937	1,000	27,534	127,151	46,063	173,214	200,748
Interest and bank charges	6,142	2,320	17,584	-	-	-	-	-	-	-	-	-	26,046	120,310	-	120,310	146,356
Events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,572	38,572	38,572
<b>Total expenses</b>	<b>\$ 58,722,382</b>	<b>\$ 9,783,768</b>	<b>\$ 4,158,861</b>	<b>\$ 2,788,020</b>	<b>\$ 2,646,271</b>	<b>\$ 1,580,172</b>	<b>\$ 1,247,237</b>	<b>\$ 1,162,256</b>	<b>\$ 1,112,173</b>	<b>\$ 491,626</b>	<b>\$ 422,304</b>	<b>\$ 223,212</b>	<b>\$ 84,338,282</b>	<b>\$ 9,896,886</b>	<b>\$ 84,635</b>	<b>\$ 9,981,521</b>	<b>\$ 94,319,803</b>

See accompanying notes to financial statements.

# Whitman-Walker Health

## Statements of Cash Flows

<i>Years Ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,737,401	\$ 659,589
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,135,265	876,672
Loss on disposal of property	-	28,553
(Increase) decrease in assets:		
Accounts receivable	(1,155,071)	492,213
Inventory	(44,249)	285,041
Prepaid expenses and other assets	336,395	(29,478)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(373,680)	78,080
Amounts due third party net of amount included in accounts payable	1,954,266	(101,673)
Deferred revenue	(143,063)	43,987
Deferred rent	2,978,983	(97,845)
Due to third party	44,587	-
<b>Net cash provided by operating activities</b>	<b>6,470,834</b>	<b>2,235,139</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(6,456,590)	(460,647)
<b>Net cash used in investing activities</b>	<b>(6,456,590)</b>	<b>(460,647)</b>
<b>Cash flows from financing activities:</b>		
Loan advances from operating line of credit	2,756,000	-
Repayments on the operating line of credit	(1,756,000)	(1,188,060)
<b>Net cash provided by (used in) financing activities</b>	<b>1,000,000</b>	<b>(1,188,060)</b>
<b>Increase in cash and cash equivalents</b>	<b>1,014,244</b>	<b>586,432</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,421,279</b>	<b>2,834,847</b>
<b>Cash and cash equivalents, end of year</b>	<b>4,435,523</b>	<b>3,421,279</b>
<b>Supplemental cash disclosure:</b>		
Cash paid for interest during the year	\$ 59,874	\$ 121,169

*See accompanying notes to financial statements.*

# Whitman-Walker Health

## Notes to Financial Statements

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### 1. Nature of Activities

#### *Nature of activities*

**Mission** - Whitman-Walker Clinic, Inc. dba Whitman-Walker Health (WWH) is a non-profit community-based health care organization serving the Washington, DC metropolitan region. Its mission is to be the highest quality, culturally competent community health center serving greater Washington's diverse urban community, including individuals who face barriers to accessing care, and with a special expertise in lesbian, gay, bisexual and transgender (LGBTQ) and HIV care.

**Services** - For over 40 years, WWH has served the HIV-positive and LGBTQ communities in the DC Metro Area. WWH began in November 1973 in the basement of Georgetown Lutheran Church as the Gay Men's VD Clinic. Officially incorporated in 1978, Whitman-Walker Clinic, Inc. began developing the well-deserved reputation for the high-quality, culturally sensitive health care that characterizes the organization today. Beginning in the 1980s, as the HIV/AIDS epidemic developed, WWH took the lead in providing information, counseling and direct services to people with the disease. As the organization grew, agency goals broadened beyond HIV until WWH matured into the current full-service health care center that exists today. To better reflect this expanded mission, the organization began doing business as Whitman-Walker Health in 2011. The work of WWH remains critical, as WWH serves the Washington, DC area, which has the highest HIV infection rate in the country. In 2013, WWH was granted Federally Qualified Health Center status and continues to seek ways to increase quality of care, improve services and achieve greater health outcomes for patients. The health center provides high quality, affirming health care and has four sites and a team of medical, dental, and behavioral health care practitioners, community health and wellness educators and attorneys. WWH's most recent expansion is Youth Services (formerly Metro TeenAIDS), providing expertise and services for area youth and families start date of February 2015.

During the year ended December 31, 2017 and effective January 1, 2018, the Board of Directors of WWH approved the creation of Whitman-Walker Health System, Inc. ("WWHS"), which oversees the work of all related entities except for WWH, which is and shall remain an independent entity. Under WWHS, the Whitman-Walker Institute, Inc. was established to engage in advocacy, education, research, and training ("Institute") and a foundation, Whitman-Walker Foundation, Inc., will raise mission-critical funds ("Foundation") and Whitman Walker Real Property Holdings, Inc. (WWHRPH) was formed to support the ETMC development project. Since the reorganization, effective January 1, 2018, WWHS and its affiliates were separated from WWH. As a result, the financial statements presented herein, consist solely of WWH's activities.

# Whitman-Walker Health

## Notes to Financial Statements

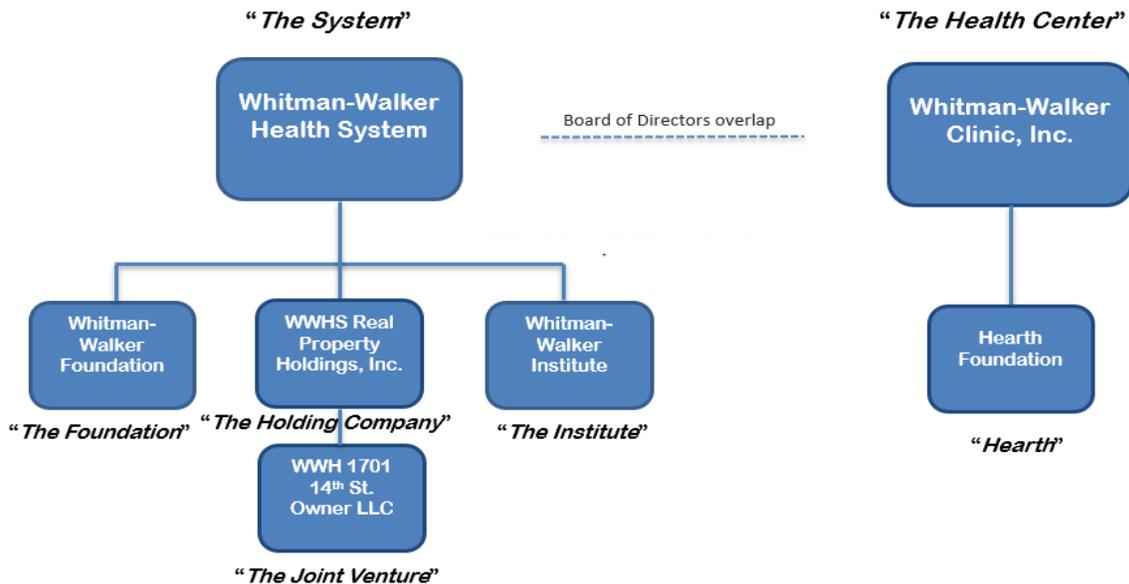
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The following is the organization chart of the reorganization of WWH effective January 1, 2018:



### Community Health System

(Effective January 1, 2018)



## 2. Significant Accounting Policies

A summary of WWH’s significant accounting policies follows:

### ***Basis of accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### ***Basis of presentation***

The financial statements are prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of ASC 958, Financial Statements of Not-for-Profit Organizations and ASC 954, Financial Statements of Health Care Entities, WWH must provide a statement of financial position, a statement of functional expenses, a statement of activities that includes a performance measure, and a statement of cash flows. WWH must classify its net assets, revenue, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions into two classes of net assets, net assets without donor restrictions and net assets with donor restrictions. For the year ended December 31, 2019 and 2018, there were no net assets with donor restrictions.

# Whitman-Walker Health

## Notes to Financial Statements

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### ***Cash and cash equivalents***

Cash and cash equivalents are defined as currency on hand, demand deposits with banks or financial institutions, and other amounts that have the general characteristics of demand deposits. Cash and cash equivalents are carried at cost, and have an original maturity of three months or less.

### ***Accounts receivable - Grants and contracts***

Grants and contracts, including grants that are expected to be collected within one year are recorded at net realizable value. WWH records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections, and specific identification of uncollectible accounts. No allowance was deemed necessary as of December 31, 2019 and 2018. Credit risk with respect to grants and contracts receivable is limited because WWH deals with governmental organizations with consistent history of payment.

### ***Accounts receivable - Pharmacy, Medicaid and other third parties***

Accounts receivable include charges for amounts due from patient or third-party payors less estimated contractual adjustments provided to third-party payors, discounts (explicit price concessions) and implicit price concessions provided to uninsured patients relating to allowance for the excess of established charges over the payments to be received by or on behalf of patients. The WWH determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. WWH determines its estimate of implicit price concessions based on its historical collection experience with each class of patients.

### ***Accounts receivable - Other***

Other accounts receivable are reported at net realizable value. The allowance for doubtful collections is estimated based on historical collection experience and management's assessment of their collectability.

### ***Inventory***

Inventories consist of pharmaceutical products and are stated at the lower of cost or market value using the first-in, first-out method. The carrying value of inventory is affected by changes in 340b pricing, valuation changes in replenished drugs and expired drugs written-off and funds received for expired drugs. These adjustments are included as part of pharmacy expenses in the accompanying statements of functional expenses and are a regular part of pharmacy activity.

### ***Property and equipment***

Property and equipment are carried at cost, less accumulated depreciation. Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the related assets.

# Whitman-Walker Health

## Notes to Financial Statements

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The useful lives of assets are as follows:

Building and improvements	40 years
Furniture and equipment	5 to 10 years

WWH capitalizes all property and equipment with a cost basis of \$2,500 or more. When property and equipment are retired or otherwise disposed of, the cost of the assets and related allowances for depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statements of activities. Repairs and maintenance are charged to expense when incurred.

### ***Net assets***

Revenues, expenses, gains and losses are classified based on their existence or absence of donor-imposed restrictions. Accordingly, net assets and changes there-in are classified as follows:

Net assets without donor restrictions are not subject to donor or board-imposed restrictions.

Board designated net assets are those assets without donor restrictions that are internally designated by WWH's Board and to which the governing board has the right to decide at any time to expend the principal of such funds.

### ***Revenue recognition***

#### ***Contracts and Grants***

Foundation grants and contracts, and contributions are recorded in the period they are received at the expected realizable value. Unconditional promises to give are recognized as revenues and assets in the period the promise is received. There were no unconditional promises to give received in 2019 and 2018.

Contributions received are recorded as without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor stipulations. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the stipulation. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

#### ***Federal Grants***

Grants awarded by federal agencies or passed through to WWH from another donor that received funding from the U.S. federal government are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreement are met. A grant receivable is established for expenditures for services or projects for which government funds have not been drawn. Deferred revenue is recorded when WWH receives funds prior to earning the revenue. The balance in deferred revenue at December 31, 2019 and 2018, represents amounts received that will be expended in the next fiscal year in accordance with the grant provisions.

# Whitman-Walker Health

## Notes to Financial Statements

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### *Net Patient Service Revenue*

Net patient service revenue is reported at the amount that reflects the consideration to which WWH expects to be entitled in exchange for providing services. These amounts are due from patients, third-party payors, and others. Generally, WWH bills the patients and third-party payors several days after the services are performed. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by WWH. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. WWH believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in clinics. WWH measures the performance obligation from the commencement of a service to the point when it is no longer required to provide services to the patient, which is generally at the time of completion of the service. Revenue for performance obligations satisfied at a point in time is generally recognized when the pharmaceuticals are dispensed to the patients, and WWH does not believe it is required to provide additional services to that transaction.

WWH determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with WWH's policy, or implicit price concessions provided to uninsured patients. WWH determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. WWH determines its estimate of implicit price concessions based on its historical collection experience with each class of patients.

Agreements with third-party payors provide for payments at amounts less than established charges. Services paid by Medicare and Medicaid are paid using prospectively determined rates. Payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates and discounts from established charges.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. WWH also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. WWH estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by payors, which have different reimbursement and payment methodologies, and line of business that provided the service or good.

# Whitman-Walker Health

## Notes to Financial Statements

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For 2019 and 2018, WWH recognized revenue of \$11,987,980 and \$10,489,245, respectively from services that transfer to the patient over time and \$79,278,934 and \$70,720,034, respectively, from pharmaceuticals that transfer to the patient at a point in time.

### *Other Revenue*

Other revenue includes amounts earned under a management services agreement with WWHS and automatically renews annually, unless terminated. Amounts are recognized over time as the related services are provided and were \$1,067,077 and \$740,782 for the years ended December 31, 2019 and 2018, respectively.

### *Charity care*

WWH provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because WWH does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. WWH maintains records to identify and monitor the level of charity care it provides. The records include the estimated amount of cost to provide such services under its charity care policy. The estimated cost to provide charity care services was \$1,231,802 and \$1,306,620 for years ended December 31, 2019 and 2018, respectively. The estimated costs of drugs provided as charity care through the WWH pharmacy was \$89,529 and \$81,836 for years ended December 31, 2019 and 2018, respectively. The cost of charity care includes both direct and indirect costs and is calculated based on a cost to charge ratio.

### *Donated services and in-kind contributions*

Donated services and other non-cash donations are recorded as contributions at their estimated fair values at the date of the donation. Any subsequently unrealized gains or losses are included in the accompanying statement of activities. Donated professional services are reflected in the accompanying statement of activities at their fair value. The value recorded for these services was \$21,871 and \$62,354 in 2019 and 2018, respectively.

WWH typically has more than 400 active volunteers annually who have contributed significant amounts of their time to the activities of WWH without compensation. The financial statements do not reflect the value of those contributed services because the recognition criteria were not met.

### *Functional allocation of expenses*

The costs of providing program services as well as management and general support have been summarized on a functional basis in the accompanying statement of activities. WWH allocates expenses to various activities based on the percentage ratio of time spent by employees on specific activities. Accordingly, fringe benefits including insurance, medical malpractice insurance, etc., occupancy costs, facilities including rent, utilities etc. and communication including internet, phone and copier charges based on direct labor hours charged have been allocated between program services and management and general support as shown in the accompanying statement of functional expenses.

Program services consist of pharmacy services, medical services, clinic operations, research, behavioral/mental health, legal, community health, dental health, public benefits, Mautner project, psychiatry, STD services, and youth. These activities result in goods and services being distributed to WWH patients and beneficiaries that fulfill the purposes and mission for which WWH exists.

# Whitman-Walker Health

## Notes to Financial Statements

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Support services include management and general expenses such oversight, business management, finance and related administrative activities, and all management and administration except for direct conduct of program services.

### ***Operating measure***

WWH considers all activities associated with providing health care and other services to the community, as well as the research associated with improving patient care and in providing outcomes as part of operating activities. In addition, activities associated with program related fundraising efforts are also considered a part of operations and are included in the operating measure.

### ***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 and disclosure of contingent assets and liabilities as of 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.

### ***Concentration of credit and market risk***

Financial instruments which potentially subject WWH to concentrations of credit risk consist principally of cash and cash equivalents held at creditworthy financial institutions. Credit risk with respect to accounts receivable is limited because WWH deals with various customers over a wide geographic area. As of December 31, 2019 and 2018, WWH's credit risks were related to cash and cash equivalents and third party receivables. WWH maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit. While the amounts in the bank accounts at times may exceed the amount guaranteed by federal agencies, and therefore bear some risk, WWH has not experienced any loss of funds.

Concentrations of credit risk with respect to third party receivables are as follows at December 31:

Payor mix	2019	2018
Medicaid	76%	76%
Other third-party payors	13%	11%
Medicare	10%	12%
DC Alliance	1%	1%
	100%	100%

As of December 31, 2019 and 2018, approximately 36% and 34%, respectively, of pharmacy receivables were due from Medicaid.

### ***Recently Adopted Authoritative Guidance***

Effective January 1, 2019, WWH adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the full retrospective method of transition. This ASU changed and replaced existing revenue recognition guidance, including industry specific guidance, and requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in

# Whitman-Walker Health

## Notes to Financial Statements

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exchange for those goods or services. An entity is also required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The most significant change from the adoption of the new standard relates to WWH's estimation for the allowance for doubtful accounts. Under the previous standard, WWH's estimated amounts not expected to be collected, based upon historical experience, were reflected as provision for doubtful accounts. Under the new standard, those amounts will continue to be recognized as a reduction to net patient service revenue, however, not reflected separately as provision for bad debts, and accordingly the caption net patient service revenue less provision for bad debts will no longer be presented on the statement of activities. Any subsequent changes in the estimate of collectability of charges that are determined to be the result of an adverse change in the payor's ability to pay, such as bankruptcy, will be recorded as provision for doubtful accounts in operating expenses. As a result of the application of the full retrospective approach, the 2018 provision for bad debts of \$1,671,867 has been reclassified and presented as a reduction to total net patient service revenue and the caption of provision for bad debts has been removed. Adoption of the new standard did not materially impact these financial statements and there was no cumulative effect of a change in accounting principle recorded related to the adoption.

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*. ASU 2016-15 clarifies how certain cash receipts and cash payments are presented and classified on the statement of cash flows. The amendments are intended to reduce diversity in practice. The ASU contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The amendments in this ASU are effective for the Company for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The adoption of ASU 2016-15 did not have any significant impact on WWH's statements of cash flows.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The update clarifies the accounting guidance for making or receiving contributions. The ASU provides a framework for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance. The new guidance will likely result in more grants and contracts being accounted for as either contributions or conditional contributions (the ASU addresses how to make this distinction) rather than exchange transactions compared to current practice. For contributions received the amendments become effective for annual periods beginning after December 15, 2018. The adoption of ASU 2018-08 did not have any significant impact on WWH's financial statements.

### ***Recent Accounting Pronouncements Issued but not yet Adopted***

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients

# Whitman-Walker Health

## Notes to Financial Statements

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available. Management is currently determining the impact that adoption of this guidance will have on WWH's financial statements.

### 3. Income Taxes

WWH is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("Code") and is generally exempt from District of Columbia franchise, sales and use, and property taxes. WWH qualifies as a public charity under Sections 509(a)(1) and 170(b)(1)(a)(vi) of the Code. WWH is subject to federal and state income taxes on its unrelated business income, if any. Effective January 1, 2018, the Tax Cuts and Jobs Act of 2017 creates unrelated business income for tax-exempt organizations like WWH based on certain transportation-related fringe benefits provided to its employees. Management has determined that WWH will have an immaterial amount of taxable unrelated business income from this new provision and will file IRS Form 990-T and District of Columbia Form D-20 as appropriate for 2019.

WWH determines whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, WWH may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated WWH's tax positions and concluded that WWH has taken no uncertain tax positions nor are there any related penalties and interest that require adjustment to the accompanying financial statements to comply with the provisions of this guidance.

Generally, WWH is no longer subject to income tax examinations by U.S. federal, state, or local tax authorities for years before 2016.

**Whitman-Walker Health**  
**Notes to Financial Statements**

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**4. Liquidity and Availability of Resources**

WWH's 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:

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
Financial assets at year end:		
Cash and cash equivalent	\$ 4,435,523	\$ 3,421,279
Account receivables	7,836,983	7,520,555
<b>Total financial assets</b>	<b>12,272,507</b>	<b>10,941,834</b>
Less internal designations:		
Board-designated	(322,056)	(464,761)
<b>Total financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 11,950,451</b>	<b>\$ 10,477,073</b>

As part of the WWH's liquidity management, financial assets are structured to provided availability to meet the needs of the general expenditures and liabilities as they come due. WWH's financial assets profile is reviewed in detail during the annual budget process and financial assets are aligned to meet the operational needs of the organization.

**5. Accounts Receivable - Related Party**

Under an agreement with the Hearth Foundation, Inc. (Hearth Foundation, or The Foundation), a related party, which concluded on June 30, 2008, WWH served as the Foundation's fiscal and managing agent and received a fee equal to 4.76% of gross potential rental amounts. The Foundation owes WWH \$188,887 at December 31, 2019 and 2018. Provision for uncollectible accounts receivable is based on management's evaluation of the ultimate collectability of the amount due and the expected timing of repayment. The allowance for doubtful accounts was \$121,862 as of December 31, 2019 and 2018.

WWH provides management and administrative services (including personnel) to WWHS. WWHS owes WWH \$920,479 and \$358,556 at December 31, 2019 and 2018, respectively.

**Whitman-Walker Health**  
**Notes to Financial Statements**

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## 6. Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Land	\$ 117,744	\$ 117,744
Building and leasehold improvements	8,054,502	2,525,930
Construction in progress	8,330,601	8,330,600
Furniture, equipment, and software	3,671,365	2,660,141
Transportation equipment	188,480	188,480
	<hr/>	<hr/>
Less: accumulated depreciation and amortization	(5,907,119)	(4,742,647)
	<hr/>	<hr/>
Net property and equipment	\$14,401,573	\$9,080,248

Depreciation and amortization expense was \$1,135,265 and \$876,672 for the years ended December 31, 2019 and 2018, respectively.

## 7. Line of Credit

WWH secured a \$5,500,000 bank line of credit with a first priority lien on real property known as the Max Robinson Center, Scott Harper House, as well as factoring of balances owed to the organization in receivable. The interest rate is the Wall Street Journal Prime Rate (4.75% at December 31, 2019) plus 0.75%. The interest rate shall never accrue less than 4.50% per annum. The amount of \$2,500,000 is restricted to collateral for a letter of credit and \$3,000,000 is unrestricted for operating needs. The outstanding balance was \$1,000,000 and \$0 on this line of credit as of December 31, 2019 and 2018, respectively. WWH was in compliance with debt service coverage ratio but was not in compliance regarding the submission of the audited financial statements. The lender has provided a waiver and extension with respect to this compliance requirement for the December 31, 2019.

## 8. Retirement Plan

WWH sponsors a Section 403(b) defined contribution retirement plan for all employees (i.e. those persons employed by WWH). Eligible employees may enroll in the tax-deferred annuity portion of the plan on the first day of employment. For all eligible full-time employees, WWH contributes up to 3% of their annual compensation after one year of employment and up to 8% of annual compensation after six years of employment. WWH contributions vest on a three-year cliff schedule. Total retirement plan expense was \$628,694 and \$570,944 for the years ended December 31, 2019 and 2018, respectively.

## 9. Commitments

### *Pharmacy Operations*

WWH is committed under an agreement with a third party to manage and operate WWH's in-house pharmacy through April 2021. The agreement requires WWH to repay the third party for its capital investment of \$500,000. The capital investment is required to be repaid by WWH at a rate of \$8,984

# Whitman-Walker Health

## Notes to Financial Statements

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per month over the term of the contract and bears interest at the rate of 3% per annum. The third party manages and operates all aspects of the pharmacy, the inventory of outpatient drugs and all cash and receivables related to drug sales remain assets of WWH.

The total amount owed to the third party pursuant to these agreements was \$1,995,804 and \$1,878,185 as of December 31, 2019 and 2018, respectively. Amounts owed are recorded in accounts payable and accrued expenses and due to third party in the accompanying statements of financial position.

### *Lease-Building*

In November 2012, WWH entered into a lease agreement for 1525 14<sup>th</sup> Street, NW for patient services and the retail pharmacy. The lease was subject to a \$500,000 security deposit and \$2,500,000 letter of credit. The term of this lease began on July 7, 2016 and will terminate in 121.5 months or approximately 10 years and 2 months.

The base monthly rent shall be abated by 50% for the first three months only of the first lease year of the initial term of the lease (i.e. months 1, 2 and 3 will be 50% of \$143,576 or \$71,789 per month). This abatement is for the base monthly rent only and does not include real estate taxes or operating expenses. The lease contains escalation amounts of 3% per year.

During the extension term, WWH has sole option to extend the lease for up to two consecutive additional periods of five years. If exercised, base annual rent shall be computed as an amount equal to 95% of the then-prevailing fair market rent.

In February 2018, WWH entered into a lease agreement for 1701 14<sup>th</sup> Street, NW for both administrative and patient related services. The term of this lease began August 2019 and will terminate in 180 months or approximately 15 years. The monthly base rent amount shall be \$118,408 in year one with a 2.5% annual escalation. The lease is a net lease agreement.

In February 2018, WWH also entered into a lease agreement for 1701 14<sup>th</sup> Street, NW, first floor, for a cultural center. The term of this lease began on August 2019 and will terminate 120 months or approximately 10 years. The monthly base rent amount shall be \$22,792 in year one with a 2.5% annual escalation. The lease is a net lease agreement.

During the extension terms for both leases, WWH has sole option to extend the lease for up to two consecutive additional periods of five years. If exercised, base annual rent shall be computed as an amount equal to 95% of the then-prevailing fair market rent.

During November 2019, WWH entered into a 180-month lease agreement for commercial space located on Saint Elizabeth's East Campus. This expansion, expected to open in 2023, is planned to enhance healthcare and support services at the Max Robinson Center and Youth Center. Monthly base rent is anticipated to become effective February 2023 and shall be \$228,893 in year one with 3.0% annual escalation.

Rent expense, which is included in operating expenses, was \$3,506,051 and \$2,908,143 in 2019 and 2018, respectively. The lease also provided for a tenant improvement allowance and an abatement of one-half the monthly base rent payable for each of the first three months of the lease term, as well as escalation in rent.

**Whitman-Walker Health**  
**Notes to Financial Statements**

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Future payments under these agreements are as follows:

*Years ending December 31:*

2020	\$	4,212,607
2021		4,430,572
2022		4,521,123
2023		7,131,612
2024		7,862,633
Thereafter		65,343,087
		\$ 93,501,634

***Leases-Equipment***

WWH leases office facilities and equipment under various operating leases, which expire through 2022. The operating lease expense was \$142,265 and \$100,279 for the years ended December 31, 2019 and 2018, respectively.

WWH's future minimum rental payments by year and in the aggregate, under its operating leases are as follows:

*Years ending December 31:*

2020	\$	149,936
2021		147,528
2022		141,508
2023		136,305
		\$ 575,277

**10. Contingencies**

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on WWH, if any, are not presently determinable.

Amounts received and expended by WWH under various federal and state grant awards are subject to audit by government agencies. Management believes that adjustments, if any, which might result from such audits, would not have a material impact on the financial position of WWH.

# Whitman-Walker Health

## Notes to Financial Statements

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WWH maintains its medical malpractice coverage under the Federal Tort Claims Act (FTCA). FTCA provides malpractice coverage to eligible Public Health Service supported programs and applies to WWH and its employees while providing services within the scope of employment under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

### 11. Health Insurance

WWH participates in a self-insured medical plan for its employees. The maximum annual liability to WWH per plan participant is \$80,000 based on stop loss insurance. The amount funded each year by WWH changes annually based on actual medical claims processed by the third-party plan administrator. The total liability for all medical claims, processed and unprocessed, is estimated at \$273,900 and \$182,010 as of December 31, 2019 and 2018, respectively, and is reflected as an accrued expense in the statements of financial position.

### 12. Net Assets Without Donor Restrictions - Board Designated

The Board of Directors of WWH established the Endowment Advisory Committee (Committee) to develop a board designated net asset fund. The Committee established a policy whereby no portion of the assets of the fund shall be used to support the regular operations of WWH, except in times of financial emergency, and then only upon a motion duly approved on a polled vote by two-thirds of WWH's entire Board of Directors.

The Board designated assets had the following assets at December 31:

	2019	2018
Land and buildings	\$ 562,490	\$ 559,368
Less: accumulated depreciation and amortization	(240,434)	(94,607)
<b>Total net assets without donor restrictions- board designated</b>	<b>\$ 322,056</b>	<b>\$ 464,761</b>

### 13. Collective Bargaining Agreement

WWH is a party to a collective bargaining agreement with its union employees, which expires on December 31, 2019. The employees are represented by the 1199 Service Employees International Union (SEIU), United Health Care Workers East. 65% of WWH's labor force was covered under the collective bargaining agreement as of December 31, 2019. The union contract covers the areas of job security, subcontracting, wages and benefits, grievance and arbitration procedures, discipline and discharge, seniority, union representation, strikes, management rights, and other operational procedures.

### 14. Related Parties

The Hearth Foundation, a 501(c)(3) not-for-profit organization, is a multi-unit apartment project for those living with disabilities located in Washington, DC. The Foundation is operated under Section 811 of the National Housing Act and regulated by the US Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The Foundation's major program is its Section 811 direct loan program.

# Whitman-Walker Health

## Notes to Financial Statements

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The Hearsh Foundation maintains a separate Board of Directors and WWH does not exercise control of the Foundation.

As described in Note 1, during the years ended December 31, 2019 and 2018 WWH substantially reorganized and operated independently of WWHS. The Board of Directors of WWH does not exercise control of WWHS. However, they are affiliated organizations that operated under a shared services agreement during the year.

### 15. Subsequent Events

Subsequent events were evaluated through July 31, 2020, which is the date the financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in the financial statements, except as noted below.

On March 11, 2020 the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. As of the date of issuance, this public health emergency has substantially impacted the global economy. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to WWH, its performance, and its financial results.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act includes provisions for various forms of relief. To date, WWH has received approximately \$1.5 million of payments of CARES Act Provider Relief Funds from the U.S. Department of Health and Human Services (HHS). The funds received from HHS are subject to specific terms, conditions and audit by HHS. Noncompliance with any of the terms or conditions is grounds for HHS to recoup some or all of the payments received by WWH. Management believes it has complied with the terms and conditions.

The CARES Act also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment to small businesses impacted by COVID-19. To date, WWH has received approximately \$4.6 million of SBA Paycheck Protection Program loans and cannot be guaranteed to be forgiven.

During April 2020, WWH drew approximately \$1,100,000 against the line of credit for operations and approximately \$3,300,000 for leasehold improvements and buildout. As of the date of these financial statements were available to be issued, the \$1,100,000 draw was repaid in full. Additionally, the terms of the line of credit were amended to increase the limit from \$5,500,000 to \$6,150,000 to cover the letter of credit in connection with the terms of the St. Elizabeth lease agreement.

**Independent Auditor's Reports and  
Schedule Required by *Government Auditing  
Standards* and the Uniform Guidance**

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# Whitman-Walker Health

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>Health Resources and Services Administration, Department of Health and Human Services (DHHS):</b>				
HIV Emergency Relief Project Grants (Ryan White Part A)	93.914	18B021	\$ -	\$ 212,010
HIV Emergency Relief Project Grants (Ryan White Part MAI)	93.914	18B021	-	99,076
HIV Emergency Relief Project Grants (Ryan White Part A)	93.914	19C021	-	547,370
HIV Emergency Relief Project Grants (Ryan White Part MAI)	93.914	19C021	-	292,952
HIV Emergency Relief Projects Grant (Ryan White Part A)	93.914	19C052	-	450,880
	<b>93.914</b>		-	<b>1,602,288</b>
<b>Health Resources and Services Administration, Department of Health and Human Services (DHHS):</b>				
<i>Health Center Program Cluster</i>				
Health Center Program	93.224	H80CS26632	-	66,973
Health Center Program	93.224	H80CS26632	-	30,682
Health Center Program	93.224	H80CS26632	-	273,165
Health Center Program	93.224	H80CS26632	-	66,951
Health Center Program	93.224	H80CS26632	-	2,073,202
Health Center Program	93.224	H80CS26632	-	11,985
	<b>93.224</b>		-	<b>2,522,958</b>
<b>Health Resources and Services Administration, Department of Health and Human Services (DHHS):</b>				
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00074	-	3,638
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00074	-	652,652
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	P06HA32336	-	116,576
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	P06HA33779	-	42,304
	<b>93.918</b>		-	<b>815,170</b>
<b>Centers for Medicare and Medicaid Services, Department of Health and Human Services (DHHS):</b>				
DC Health Link Assister Program	93.525	DCHBX-2019-A-0005	-	231,041
DC Health Link Assister Program	93.525	DCHBX-2019-A-0005	-	48,316
	<b>93.525</b>		-	<b>279,357</b>
<b>Centers for Disease Control and Prevention, Department of Health and Human Services (DHHS):</b>				
HIV Prevention Activities Health Department Based - Comprehensive HIV Prevention Strategies - IMPACT DMV	93.940	19C268	-	159,358
HIV Prevention Activities Health Department Based - Comprehensive HIV Prevention Strategies - IMPACT DMV	93.940	20D268	-	23,561
	<b>93.940</b>		-	<b>182,919</b>
<b>Research and Development Cluster:</b>				
<b>Substance Abuse and Mental Health Services Administration (SAMHSA), State Opioid Response Grants (DBH MOU)</b>				
Opioid STR	93.788	20D802	-	94,041
	<b>93.788</b>		-	<b>94,041</b>
<b>National Institutes of Health, Department of Health and Human Services (DHHS)</b>				
Minority Health and Health Disparities Research (Understanding Patters of Health Aging)	93.307	5R01MD010680	-	12,751
Minority Health and Health Disparities Research (Biopsychosocial Mechanisms Linking Gender Minority Stress to HIV Comorbidities)	93.307	5R01MD013498-03	-	74,576
	<b>93.307</b>		-	<b>87,327</b>

*continued*

# Whitman-Walker Health

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<i>continued</i>				
<b>National Institutes of Health, Department of Health and Human Services (DHHS):</b>				
Allergy and Infectious Diseases Research (CPCRA Clinical Trails Unit)	93.855	5UM1AI069503-13	-	103,385
Allergy and Infectious Diseases Research (JHU Baltimore-Washington-India Clinical Trails Unit)	93.855	5UM1AI069465-13	-	187,252
Allergy and Infectious Diseases Research (JHU Baltimore-Washington-India Clinical Trails Unit)	93.855	5UM1AI069465-14	-	11,293
Allergy and Infectious Diseases Research (AIDS Clinical Trails Group Network)	93.855	7UM1AI068636-13	-	146,359
Allergy and Infectious Diseases Research (AIDS Clinical Trails Group Network)	93.855	5UM1AI069465-14	-	8,431
Allergy and Infectious Diseases Research/Multicenter AIDS Cohort Study - Part B (Baltimore Center)	93.855	5U01AI035042-26	-	20,876
National Heart, Lung, and Blood Institute: Clinical Research Sites for the MACS/WIHS Combined Cohort Study	93.837	U01HL146201-01	-	306,421
Allergy and Infectious Diseases Research (SHARE-Sleep Study)	93.855	U01AI035042	-	94,289
Allergy and Infectious Diseases Research (BELIEVE)	93.855	7UM1AI126617-03	-	102,075
Allergy and Infectious Diseases Research (BELIEVE)	93.855	5UM1AI126617-04	-	82,631
Allergy and Infectious Disease Research/District of Columbia Center for AIDS Research (DC CFAR)	93.855	5P30AI117970-04	-	13,266
Allergy and Infectious Disease Research/District of Columbia Center for AIDS Research (DC CFAR)	93.855	5P30AI117970-05	-	9,453
Allergy and Infectious Disease Research/District of Columbia Center for AIDS Research (DC CFAR Supplemental)	93.855	5P30AI117970-05 REVISED	-	11,571
Allergy and Infectious Disease Research/Project Horizon	93.855	1R61AI142685-01	-	14,559
American Cohort to Study HIV Acquisition among Transgender Women in High Risk	93.855	UG3AI133669	-	53,107
American Cohort to Study HIV Acquisition among Transgender Women in High Risk	93.855	UH3AI133669	-	37,829
	<b>93.855</b>		-	<b>1,202,797</b>
<b>National Cancer Institute, Health and Human Services (HHS), National Institute of Health (NIH):</b>				
Cancer Treatment Research	93.395	5R01CA203604-02	-	4,928
Cancer Treatment Research	93.395	5R01CA203604-03	-	46,187
	<b>93.395</b>		-	<b>51,115</b>
<b>National Institute on Drug Abuse, Department of Health and Human Services (DHHS):</b>				
Drug Abuse and Addiction Research Program	93.279	3UG1DA013034-19S1	-	21,748
Drug Abuse and Addiction Research Program	93.279	R01DA043089	-	133,027
Drug Abuse and Addiction Research Program	93.279	R01DA043089	-	106,943
Drug Abuse and Addiction Research Program	93.279	1R01DA045773-01	-	23,840
Drug Abuse and Addiction Research Program	93.279	5R01DA045773-02	-	121,044
	<b>93.279</b>		-	<b>406,602</b>
<b>Total Research and Development Cluster</b>			-	<b>1,841,882</b>
<b>Total Expenditures of Federal Awards</b>			\$ -	<b>\$ 7,244,574</b>

*The accompanying notes are an integral part of this schedule.*

# Whitman-Walker Health

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of WWH 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 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 WWH, it is not intended to and does not present the financial position, changes in net assets or cash flows of WWH.

### 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. The reimbursement of indirect costs reflected in the accompanying financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to WWH's financial position or change in net assets.

### 3. Indirect Cost Rate

WWH has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. Reconciliation of Schedule of Expenditures of Federal Awards to the Statement of Activities

For the year ended December 31, 2019, WWH recognized \$7,244,574 of revenue from federal/pass-through grants which is included in contracts and grants revenue along with other non-federal contracts and grants of \$4,015,513 in the accompanying statements of activities. WWH recognizes federal revenue based on allowable direct and fringe benefit costs incurred. Federal expenditures are allocated on a functional basis within the statement of activities.

**Independent Auditor's Reports Required by  
*Government Auditing Standards*  
and Uniform Guidance**

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## **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  
**Whitman-Walker Clinic, 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 Whitman-Walker Clinic, Inc. dba Whitman-Walker Health (WWH), which comprise the statement of financial position as of December 31, 2019 and the related statement 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 July 31, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered WWH'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 WWH's internal control. Accordingly, we do not express an opinion on the effectiveness of WWH'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 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 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 weakness may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether WWH'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.

BDO USA, LLP

July 31, 2020



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## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors  
**Whitman-Walker Clinic, Inc.**  
Washington, D.C.

### **Report on Compliance for Each Major Federal Program**

We have audited Whitman-Walker Clinic, Inc. dba Whitman-Walker Health (WWH) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WWH's major federal programs for the year ended December 31, 2019. WWH'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 WWH'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 WWH'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 WWH's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, WWH 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 WWH 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 WWH'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 WWH'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 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.

BDO USA, LLP

July 31, 2020

# Whitman-Walker Health

## Schedule of Findings and Questioned Costs Year Ended December 31, 2019

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### Section I - Summary of Auditor's Results

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes     no
- Significant deficiency(ies) identified?             yes     none reported
- Noncompliance material to financial statements noted?     yes     no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?                     yes     no
- Significant deficiency(ies) identified?             yes     none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes     no

Identification of major federal programs:

#### CFDA Number(s)

#### Name of Federal Program or Cluster

93.914

HIV Emergency Relief Project Grants

93.918

Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low risk auditee?

yes     no

**Whitman-Walker Health**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2019**

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**Section II - Financial Statement Finding**

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

**Section III - Federal Award Findings and Questioned Costs**

There were no findings and questions costs for Federal awards (as defined in 2 CFR 200) that are required to be reported.