

**THE SERO PROJECT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-15

Joseph Velocci, CPA, CGMA
Anthony Velocci, CPA
Nancy Colucco, CPA



Licensed in:
New Jersey
Florida

"Building Your Future"

Independent Auditors' Report

To the Board of Trustees
The Sero Project, Inc.

Opinion

We have audited the accompanying financial statements of The Sero Project, Inc. (a New York non-profit corporation), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sero Project, Inc. as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Sero Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Sero Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

PHONE: (561) 867-0345 | 5100 PGA BOULEVARD, SUITE 309 • PALM BEACH GARDENS, FL 33418

PHONE: (973) 620-9607 | 15 BROADWAY • DENVER, NJ 07834

PHONE: (973) 810-4210 | 54 MAIN STREET, SUITE 101 • SUCCASUNNA, NJ 07876

WWW.JVAFIRM.COM | WWW.JVAFIRMFL.COM

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

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

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

JVA Accountants & Advisors

Certified Public Accountants

Succasunna, New Jersey

August 26, 2024

THE SERO PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Cash and cash equivalents	\$ 341,816	\$ 560,828	\$ 902,644
Certificate of deposits	-	1,421,312	1,421,312
Accounts receivable	8,204	-	8,204
Grants receivable	19,420	-	19,420
Miscellaneous receivables	3,930	-	3,930
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 373,370</u>	<u>\$ 1,982,140</u>	<u>\$ 2,355,510</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 9,500	\$ -	\$ 9,500
Miscellaneous payables	6,464	-	6,464
Deferred revenue	-	1,723,426	1,723,426
	<hr/>	<hr/>	<hr/>
Total liabilities	15,964	1,723,426	1,739,390
 Net Assets			
Without donor restrictions	357,406	-	357,406
With donor restrictions	-	258,714	258,714
	<hr/>	<hr/>	<hr/>
Total net assets	<u>357,406</u>	<u>258,714</u>	<u>616,120</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 373,370</u>	<u>\$ 1,982,140</u>	<u>\$ 2,355,510</u>

The accompanying notes are an integral part of these financial statements

THE SERO PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Contributions	\$ 1,039,456	\$ 189,596	\$ 1,229,052
Conferences	97,040	-	97,040
Non-cash donations	25,528	-	25,528
Interest and dividend income	60,005	-	60,005
Realized losses	(330)	-	(330)
Other income	4,805	-	4,805
Net assets released from restrictions through satisfaction of program requirements	250,131	(250,131)	-
Total revenue, gains and other support	1,476,635	(60,535)	1,416,100
Expenses			
Program services	1,189,913	-	1,189,913
Management and general	128,374	-	128,374
Fundraising	46,452	-	46,452
Total expenses	1,364,739	-	1,364,739
Change in net assets	111,896	(60,535)	51,361
Net assets, beginning of year	245,510	319,249	564,759
Net assets, end of year	\$ 357,406	\$ 258,714	\$ 616,120

The accompanying notes are an integral part of these financial statements

THE SERO PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services		Total	
	HINAC Conference	HIV Justice Worldwide	State Conferences	Prison Resources	Other Programs	General and Administrative		Fund Raising
Salaries and payroll taxes	\$ 226,429	\$ 10,897	\$ 49,000	\$ 9,064	\$ 46,235	\$ 36,102	\$ 36,102	\$ 413,829
Employee Benefits	2,346	113	508	94	479	374	374	4,288
Computer expenses	-	-	-	-	-	504	-	504
Donations	-	-	-	-	-	3,330	-	3,330
Dues and subscriptions	-	-	-	-	-	13,379	-	13,379
Insurance	-	-	-	-	-	3,518	-	3,518
Marketing expenses	-	-	-	-	-	-	1,122	1,122
Miscellaneous expenses	10,040	-	4,877	-	-	11,484	7,608	34,009
Professional fees	-	-	-	-	-	54,437	-	54,437
Project expenses	652,968	67,609	-	-	82,340	-	-	802,917
Rent	-	-	-	-	-	4,000	-	4,000
Telephone and internet	250	249	249	249	249	1,246	1,246	3,738
Travel, food and lodging expenses	10,235	9,837	5,596	-	-	-	-	25,668
Total expenses	\$ 902,268	\$ 88,705	\$ 60,230	\$ 9,407	\$ 129,303	\$ 128,374	\$ 46,452	\$ 1,364,739

THE SERO PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ 51,361
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:	
Donated securities	(25,528)
Realized losses	330
(Increase) decrease in:	
Accounts receivable	6,846
Grants receivable	2,580
Miscellaneous receivables	2,175
Decrease (increase) in:	
Accounts payable and accrued expenses	(25,148)
Deferred revenue	(339,185)
Due to US People Living with HIV	(113,866)
Miscellaneous payables	(4,378)
	<u>(444,813)</u>
Net cash provided (used) by operating activities	<u>(444,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net purchase (redemption) of certificates of deposit	293,219
Proceeds from sales of investments	25,198
	<u>318,417</u>
Net cash provided (used) by investing activities	<u>318,417</u>
Net increase (decrease) in cash and cash equivalents	(126,396)
Cash, restricted cash and cash equivalents - beginning of the year	<u>1,029,040</u>
Cash, restricted cash and cash equivalents - end of the year	<u><u>\$ 902,644</u></u>
Supplemental disclosure of non-cash activity:	
Cash paid for:	
Interest	<u>\$ -</u>
Taxes	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – Nature of Organization

The Sero Project, Inc. (The "Organization") was founded in 2012 and was incorporated as a nonprofit corporation under the laws of the State of New York in 2012. The mission of the Organization is to advocate for HIV prevention and public health policies based on science and epidemiology, rather than ignorance and fear, by combating HIV-related stigma, discrimination and criminalization and promoting the empowerment of people with HIV. The Organization's principals are widely recognized leaders in the effort to end the inappropriate criminal prosecution of people with HIV for non-disclosure of their HIV status, potential or perceived HIV exposure or HIV transmission.

NOTE 2 – Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Significant accounting principles are described below:

Basis of Presentation

The Organization prepares its financial statements in accordance with FASB accounting standard codification ("ASC") 605-205-15, *Accounting for Contributions Received and Made* and ASC 958-205-05 *Financial Statements of Not-for-Profit Organizations*. ASC 958-205-05 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. ASC 605-205-15 requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions are resources representing the portion of expendable funds available for support of the Organization programs and general operations. These resources are not subject to donor-imposed stipulations.

With Donor Restrictions are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition

Contributions are recognized as revenue and receivables when they are received or unconditionally pledged. The Organization accounts for funds received in advance of their usage as deferred revenue in the statement of financial position.

The Organization receives contributions from individuals and other foundations in order to promote its purpose.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, if the donor restriction is met during the accounting period in which the gift was received, the gifts are reported as unrestricted contributions in the statement of activities.

Contributions Receivable and Accounts Receivable

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. There were contributions receivable of \$19,420 as of December 31, 2023. There are accounts receivable of \$8,204 as of December 31, 2023. All receivables are considered fully collectible, therefore no allowance for credit losses is required.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less when acquired.

Restricted Cash and Cash Equivalents

At December 31, 2023, \$1,982,140 has been restricted by a donor and is not available for operating purposes (see Notes 8 & 10).

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at their fair market value in accordance with ASC 958-320-05, *Accounting for Certain Investments held by Not-for-Profit Organizations*. Donated investments are recorded as contributions at their fair market values on the date of the receipt.

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization received more than 250 volunteer hours during the year ended December 31, 2023.

Donated Securities

From time to time, the Organization receives donated securities which are recorded at their fair market value at the time of the donation. Securities, valued at \$25,528, were donated and subsequently sold during the year ended December 31, 2023.

Functional Allocation of Expense

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any expenses not directly chargeable to a program are allocated based on the method considered by management to be reasonable. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using appropriate measurement methodologies.

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (continued)

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Section 402 of the State of New York, *New York Corporation Law*. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows ASC 740-10-50-15, *Accounting for Uncertainty in Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Organization believes that it has appropriate support for the positions taken on its tax returns and accordingly, has not recorded any tax provisions for the year ended December 31, 2023. However, the Organization is subject to audit by the federal and State of New York jurisdictions during certain statutory periods. As such, certain tax positions could be challenged and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities, may differ materially from the amounts filed.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and contingent 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.

Fair Value of Financial Instruments

As of December 31, 2023, none of the Organization's assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and cash equivalents, receivables, accounts payable and accrued expenses, and other liabilities, approximated fair value due to short term maturity of these instruments. There have been no changes in the methodologies used at December 31, 2023.

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 did not result in the recognition of any right-of-use-assets or lease liabilities as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations or cash flows.

In 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and the functional allocation of expenses.

In 2020, the Organization adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. This standard also includes expanded disclosure requirements that result in providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts. There was no material impact with the adoption of the standard on the Organization's financial statements.

Credit Risk and Concentrations

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. At times, amounts invested with financial institutions may exceed federally insured limits. Management believes it is not exposed to any significant credit risks, see Note 6.

**THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 2 – Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,122 for the year ended December 31, 2023.

NOTE 3 – Description of Program Services

The following program services are included in the accompanying financial statements:

The Sero Project, Inc. was organized to advocate for HIV prevention and public health policies based on science and epidemiology, rather than ignorance and fear, by combating HIV-related stigma, discrimination and criminalization and promoting the empowerment of people with HIV.

In 2023, the Organization held 50 webinars, zoom meetings, and virtual conferences. These events focused on HIV criminalization, stigma and discrimination and empowerment for people living with HIV. They included community forums, webinars, trainings, and medical interviews. More than 1,800 people participated in these events.

NOTE 4 - Reconciliation of the Change in Net Assets

Below is a reconciliation of the change in nets assets for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>
Beginning net assets	\$ 245,510
Change in net assets	<u>111,896</u>
Ending net assets	<u>\$ 357,406</u>
	<u>With Donor Restrictions</u>
Beginning net assets	\$ 319,249
Contributions	189,596
Net assets released from restrictions	<u>(250,131)</u>
Ending net assets	<u>\$ 258,714</u>

**THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 5 – Temporarily Restricted Net Assets

The Organization's temporarily restricted net assets consist of donations earmarked for various purposes and consisted of the following as of December 31, 2023:

Network Empowerment Project	\$	2,358
Micro grants		5,596
State Campaigns		187,591
PLHIV Caucus		4,500
HIV Is Not a Crime Virtual Academy		36,669
Leadership building		<u>22,000</u>
	<u>\$</u>	<u>258,714</u>

NOTE 6 – Credit Risk

The Organization maintains its cash in bank deposit accounts and certificates of deposit, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risks related to cash. As of December 31, 2023, the Organization had approximately \$2,047,900 subject to credit risk.

NOTE 7 – Other Income

Other Income consisted of the following as of December 31, 2023:

Swag sales	\$	1,452
Miscellaneous		<u>3,353</u>
	<u>\$</u>	<u>4,805</u>

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 – Cash and Cash Equivalents

The following table provides a reconciliation of cash, restricted cash and cash equivalents reported within the statement of financial position that sum to the amounts shown in the statement of cash flows (see Note 11):

Cash and cash equivalents	\$	341,816
Restricted cash and cash equivalents		1,982,140
Total cash, restricted cash and cash Equivalents shown in the statement of cash flows		\$ 2,323,956

NOTE 9 – Certificates of Deposit

At December 31, 2023, certificates of deposit which are recognized at amortized cost consisted of the following scheduled maturities:

Maturity	Interest Rate	Amount
Six to twelve months	3.50%	\$ 343,945
Eighteen months	3.75%	330,725
Twentyfour months	3.75%	374,279
Thirty months	3.25%	372,363
		\$1,421,312

NOTE 10 – Deferred Revenue

The Organization received \$2,062,611 from Gilead Pharmaceuticals (Gilead) on December 20, 2022 for the calendar years 2023, 2024 and 2025 for the US People Living with HIV Caucus (Caucus). The Organization is the fiscal sponsor for the Caucus.

During 2023, \$339,185 of the grant was utilized for expenses and included as income on the statement of activities. The balance of \$1,723,426 has been reported as deferred revenue and is shown as a liability on the statement of financial position. The balance was placed in certificates of deposit with varying maturity dates based on anticipated needs based on the grant cycle.

THE SERO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 – Major Contributors

During the year 2023, two contributors accounted for approximately 31% of the year's contributions.

NOTE 12 – Liquidity and Availability of Financial Assets

The Organization's primary source of income is from donations and conferences. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The goal of the Organization is to maintain available financial assets to meet three months of operating expenses.

The following reflects the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual restrictions within one year of the date of statement of financial position:

Financial assets at year-end	\$ 2,355,510
Less those unavailable for general expenditures within one year, due to:	
Donor restricted for 2025	<u>687,537</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,667,973</u>

NOTE 13 – Related Party Transaction

The Organization rents its office facility from an entity owned by two board members. The lease expired in December 2023 and calls for monthly payments of \$800. The lease was terminated in May 2023. Total rent expense for the year ended December 31, 2023 was \$4,000.

NOTE 14 – Subsequent Events

The Organization has evaluated subsequent events through August 26, 2024, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no unrecognized subsequent events that require additional disclosure.