

AIDS TREATMENT ACTIVISTS COALITION

**AUDITED FINANCIAL STATEMENTS
and SUPPLEMENTAL MATERIAL**
For the Years Ended December 31, 2006 and 2005

DINOWITZ and BOVE
Accountants and Consultants

AIDS TREATMENT ACTIVISTS COALITION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
AIDS Treatment Activists Coalition
New York, NY

We have audited the accompanying statements of financial position of AIDS Treatment Activists Coalition as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Treatment Activists Coalition as of December 31, 2006 and 2005, and the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dinowitz & Bove Certified Public Accountants, PC

New York, NY
October 10, 2007

AIDS TREATMENT ACTIVISTS COALITION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
A S S E T S	<u>2 0 0 6</u>	<u>2 0 0 5</u>
Current assets:		
Cash and cash equivalents	\$ 345,809	\$ 315,730
Prepaid expenses	<u> -</u>	<u> 3,825</u>
Total current assets	345,809	319,555
Property and equipment-net of accumulated depreciation	<u> 1,055</u>	<u> 1,555</u>
Total assets	<u>\$ 346,864</u>	<u>\$ 321,110</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ <u> 266</u>	\$ <u> 2,917</u>
Total liabilities	<u> 266</u>	<u> 2,917</u>
Net assets:		
Unrestricted	<u> 346,598</u>	<u> 318,193</u>
Total net assets	<u> 346,598</u>	<u> 318,193</u>
Total liabilities and net assets	<u>\$ 346,864</u>	<u>\$ 321,110</u>

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

AIDS TREATMENT ACTIVISTS COALITION

STATEMENTS OF ACTIVITIES

	For the Year Ended December 31,	
	<u>2 0 0 6</u>	<u>2 0 0 5</u>
Changes in unrestricted net assets		
Revenue and support:		
Contributions and grants	\$ 295,750	\$ 299,864
Interest income	1,171	730
Total unrestricted revenue and support	<u>296,921</u>	<u>300,594</u>
Expenses		
Program services	224,260	238,782
Management and general	38,403	22,571
Fundraising	5,853	2,817
Total services expenses	<u>268,516</u>	<u>264,170</u>
Increase in total net assets	28,405	36,424
Net assets, beginning of year	<u>318,193</u>	<u>281,769</u>
Net assets, end of year	<u>\$ 346,598</u>	<u>\$ 318,193</u>

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AIDS TREATMENT ACTIVISTS COALITION

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	<u>2 0 0 6</u>	<u>2 0 0 5</u>
Cash flows from operating activities:		
Increase in net assets	\$ 28,405	\$ 36,424
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	500	500
(Increase) Decrease in current assets:		
Grants receivable	-	57,600
Prepaid expenses	3,825	(2,045)
(Decrease) Increase in current liabilities:		
Accrued expenses	(2,651)	2,917
Net cash provided by operating activities	<u>30,079</u>	<u>95,396</u>
Net increase in cash balance	30,079	95,396
Cash, beginning of year	<u>315,730</u>	<u>220,334</u>
Cash, end of year	<u>\$ 345,809</u>	<u>\$ 315,730</u>

See independent auditors' report.
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part of the financial statements.

AIDS TREATMENT ACTIVISTS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. Significant accounting policies:

a) Nature of activities:

The AIDS Treatment Activists Coalition (ATAC) is a national coalition of AIDS activists, many living with HIV/AIDS, working together to end the AIDS epidemic by advancing research on HIV/AIDS and broadening access to treatment.

b) Basis of accounting:

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

c) Basis of presentation:

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions made. In accordance with (SFAS) No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

The organization also adopted SFAS No. 117, Financial Statements of not-for-profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

d) Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of Activities as net assets released from restrictions.

AIDS TREATMENT ACTIVISTS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. Significant accounting policies (continued):

e) Cash and cash equivalents:

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

f) Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

h) Expense allocation:

The costs of providing program services and other activities have been summarized on a functional basis and presented as supplementary information in the schedule of functional expenses.

2. Property and equipment:

Property and equipment consisted of:

	<u>2 0 0 6</u>	<u>2 0 0 5</u>
Office equipment	\$ 2,499	\$ 2,499
Less accumulated depreciation	<u>1,444</u>	<u>944</u>
	<u>\$ 1,055</u>	<u>\$ 1,555</u>

Depreciation expense for the period ended December 31, 2006 and 2005 was \$500 and \$500, respectively.

3. Income taxes:

AIDS TREATMENT ACTIVISTS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

The Internal Revenue Service has stated that since AIDS Treatment Activists Coalition, is a newly created organization, no final determination of foundation status can be made under Code Section 509(a)(2). Pending final determination, ATAC, will be treated as a publicly supported organization, and not a private foundation.

4. Program descriptions and accomplishments:

Founded in 2002 to encourage greater and more effective involvement of people living with HIV/AIDS in the decisions that affect their lives, the AIDS Treatment Activists Coalition's membership has swelled to nearly five hundred individuals from across the country engaged in a myriad of treatment issues. The organization now supports three active Working Groups - SAVE ADAP, The Drug Development Committee, and Access to Care for the Incarcerated. Membership is free and open to the public. Program areas are a direct outgrowth of community interests and are supported largely by member initiative and an elected activist body known as the ATAC Steering Committee.

ATAC meeting the challenges of HIV Treatment Access in 2006

2006 was a most difficult year for people living with HIV and in the field of HIV/AIDS. For the first time since its enactment, the reauthorization of the Ryan White CARE Act of 1990 was uncertain. Competing visions of HIV treatment and services, level funding of programs, continuing levels of infections, shifting patterns of infections, emergence of new epicenters of infection, compassion fatigue in the larger community, and the shift of infections to already underserved and under resourced populations: all of these factors and others led to stresses and strains within the activist community. ATAC was not immune to those stresses and strains.

ATAC's core mission of advancing research toward the end of AIDS continued against the backdrop of internal and external organizational tensions. The Steering Committee undertook an extensive review of governance structures and financial support for the organization as a whole, while the several Working Groups carried out their programs in a somewhat conflicted environment.

The Steering Committee.

The ATAC Steering Committee engaged Carolyn Curran, an organizational design consultant, to review the governance structures of ATAC. She worked in close collaboration with the Steering Committee producing a draft revision of ATAC's by-laws. The Steering Committee, though, did not adopt the Curran proposals due to their essential departure from the original design of ATAC as a grass-roots organization. Likewise, an attempt was made to expand the financial support base of ATAC through the efforts of another consultant - C. Barbeito. While the steering committee did envision a thorough planning and implementation of a fund-raising

AIDS TREATMENT ACTIVISTS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

plan, changes in leadership and the departure of ATAC's sole employee, sufficient organizational momentum could not be generated to do so.

Drug Development Committee (DDC).

The DDC continue to provide its traditional core function of serving as a locus for conversation among members of the HIV community, academia, the pharmaceutical industry and government bodies. During 2006, DDC hosted a number of community meetings across the country. In January 2006, members of the DDC met in San Francisco, California to discuss developments in pharmaceutical development as well as the outcome of several ongoing clinical trials. Researchers from Gilead, Monogram and Pfizer presented drug development news from their respective firms. Members of the DDC engaged in these researchers in far-reaching conversations on study design, data results, and future developments.

In March, the DDC met in Philadelphia for discussions with representatives of Merck and Schering-Plough. Conversations covered developments on vaccines, drug interactions, integrase class treatments, study design, post-FDA approval follow-up studies as well as progress on several compounds still in their early stages of development. In addition to internal strategic planning, DDC hosted a teach-in with faculty drawn from the University of Pennsylvania.

On April 8th and 9th 2006 the DDC met for an intensive conversation concerning its work, structure, and future direction. Among the outcomes of the conversation where a sharper focus on underrepresented groups -- their treatment and their involvement in drug studies. In order to realize this sharper focus, the committee devised several resource groups to pursue investigation of these topics. Emerging out of this conversation were the first elements of a new educational structure that soon came to be referred to as boot camps.

The DDC not only met face-to-face throughout the year, but conducted several conference call meetings. During these conference calls, evaluations were discussed on previous meetings with researchers as well as internal planning.

In July of 2006, DDC met in Chicago for a two day, face-to-face meeting with researchers and community members. The committee had meetings with Panacos and Tibotec both of which were working on break-through new classes of treatment.

Boston was the site of a November meeting of DDC along with its off-shoot the Vaccines and Immune-based Therapies Committee. During the Boston meetings, IBT held a teach in with

AIDS TREATMENT ACTIVISTS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

representation from Judy Liebermann of Harvard and Hendrick Streeck of Partners AIDS Research.

SAVE ADAP

A key element of the Ryan White CARE Act reauthorization effort was Title II which funds the AIDS Drug Assistance Program (ADAP). This title of the CARE Act is a federal-state partnership program that provides medication and treatment assistance to people living with HIV. Each state has rather broad latitude in designing the components of its offerings under the CARE Act. The federal financial portion of funding for the program is formula driven. The CARE Act which formally expired in 2006, envisioned a change in the funding formula that would rely on HIV prevalence counts instead of AIDS cases. Implementation of a uniform national HIV incidence mechanism had not been put in place as was planned for in the legislation. Issues of equity in the distribution of resources by jurisdictions became a major hurdle to the reauthorization process. Fundamental to ATAC's concern was full-funding for the medications people need regardless of what state jurisdiction they may live in.

SAVE ADAP was ATAC's response to the crisis in funding. During 2006, this Working Group devised a comprehensive plan to identify members in each state to serve as point persons in educating the community on the issues at stake for ADAP locally and nationally. At its high point, SAVE ADAP had over 200 members representing all parts of the nation. SAVE ADAP experienced many of the same tensions as were wracking the nation and the HIV community during the reauthorization process. For the first time, regional differences obscured the unity that had been the hallmark of HIV activists' work since the beginning of the epidemic. The prospect of no new resources and the steadily increasing demands on the continuum of care manifested an internal organizational tension that resulted in the fracturing of SAVE ADAP. In late fall, after a successful meeting in Washington, DC a large segment of the Working Group broke from ATAC ostensibly to found a new organization with an entirely separate structure.

The rupture of SAVE ADAP set back some of the forward plans of ATAC. Organizational restructuring and implementation of a fundraising plan were delayed as ATAC regrouped. The secession of SAVE ADAP also coincided with the annual transition in leadership. While the core Working Group -the DDC-continued its work relatively unaffected by the SAVE ADAP changes, ATAC as a whole scaled down its activities towards the end of calendar year 2006.

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AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
AIDS Treatment Activists Coalition
New York, NY

Our report on our audit of the 2006 and 2005 financial statements of AIDS Treatment Activists Coalition was made for the purpose of expressing an opinion on the combined financial statements taken as a whole. Our report thereon appears on page 1. The supplementary information on page 11 and 12, inclusive, is presented for purposes of additional analysis of the combined financial statements rather to present the financial position, activities and cash flows of the individual organizations. Accordingly, we do not express an opinion on the financial position, results of activities and cash flows of the individual organizations. The accompanying information have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Dinowitz & Bove Certified Public Accountants, PC

New York, NY
October 10, 2007

AIDS TREATMENT ACTIVISTS COALITION

SCHEDULES OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Services	Management And General	Fundraising	Total
Salary	\$ 31,435	11,227	\$ 2,245	\$ 44,907
Employee benefits	2,132	762	152	3,046
Payroll taxes	2,404	859	172	3,435
Conference and meetings	5,140	-	-	5,140
Travel	51,009	1,929	14	52,952
Lodging	64,810	3,424	-	68,234
Meals	56,790	737	-	57,527
Website fees	1,805	-	-	1,805
Accounting fees	-	6,585	-	6,585
Fees	38	277	-	315
Depreciation	350	125	25	500
Postage	313	104	109	526
Printing and publications	47	-	10	57
Supplies	686	350	-	1,036
Services	876	6,336	3,125	10,337
Technology expenses	-	2,027	-	2,027
Telephone	6,425	3,662	-	10,087
	<u>\$ 224,260</u>	<u>\$ 38,403</u>	<u>\$ 5,853</u>	<u>\$ 268,516</u>

See auditors' report on supplementary information.

AIDS TREATMENT ACTIVISTS COALITION

SCHEDULES OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Services	Management And General	Fundraising	Total
Salary	\$ 33,880	\$ 12,100	\$ 2,420	\$ 48,400
Employee benefits	2,654	948	189	3,791
Payroll taxes	2,570	918	183	3,671
Conference and meetings	24,150	-	-	24,150
Travel	89,665	352	-	90,017
Lodging	43,839	-	-	43,839
Meals	22,686	-	-	22,686
Consultants	5,050	-	-	5,050
Training expenses	-	250	-	250
Dues and subscriptions	2,340	-	-	2,340
Website fees	1,575	-	-	1,575
Accounting fees	-	5,500	-	5,500
Bank charges	-	60	-	60
Fees	-	293	-	293
Depreciation	350	125	25	500
Office expenses	-	-	-	-
Postage	338	435	-	773
Printing and publications	2,028	-	-	2,028
Supplies	1,329	976	-	2,305
Telephone	6,328	614	-	6,942
	<u>\$ 238,782</u>	<u>\$ 22,571</u>	<u>\$ 2,817</u>	<u>\$ 264,170</u>

See auditors' report on supplementary information.