



**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**with**

**Independent Auditors' Report**

**and**

**Single Audit Reports**

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# CASCADE AIDS PROJECT

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## **Independent Auditors' Report**

The Board of Directors  
Cascade AIDS Project

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

We have audited the accompanying consolidated financial statements of Cascade AIDS Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

## **Auditors' Responsibility - Continued**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cascade AIDS Project as of June 30, 2019, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in *Note 1* to the consolidated financial statements, the Organization has adopted the Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Other information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal awards on pages 23 and 24, as required by Title 2 U.S. Code of Federal Regulations 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

#### *Report on Summarized Comparative Information*

We have previously audited Cascade AIDS Project's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Hellman, Seibert & Schmitz, P.C.*

Lake Oswego, Oregon  
November 20, 2019

## CASCADE AIDS PROJECT

### Consolidated Statement of Financial Position

June 30, 2019 <i>(With Comparative Amounts for 2018)</i>	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 907,436	\$ 704,910
Contracts receivable <i>(Note 2)</i>	1,584,911	948,311
Contributions and grants receivable - net <i>(Note 3)</i>	375,420	165,218
Accounts receivable - patient service and pharmacy <i>(Note 4)</i>	205,436	185,159
Prepaid expenses	45,952	101,270
Deposits and other assets	77,413	55,027
Property and equipment - net <i>(Notes 5 and 15)</i>	3,874,488	3,456,735
<b>Total assets</b>	<b>\$ 7,071,056</b>	<b>\$ 5,616,630</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 322,177	\$ 110,937
Accrued payroll and related expenses	350,635	254,482
Deferred revenue	505,337	419,801
Deferred rent and lease incentive <i>(Note 15)</i>	1,069,452	659,680
Notes payable <i>(Note 6)</i>	1,947,022	1,951,886
<b>Total liabilities</b>	<b>4,194,623</b>	<b>3,396,786</b>
Commitments and contingencies <i>(Notes 14, 15, and 16)</i>		
<b>Net assets:</b>		
Without donor restrictions <i>(Note 7)</i>	2,361,425	1,943,301
With donor restrictions <i>(Note 8)</i>	515,008	276,543
<b>Total net assets</b>	<b>2,876,433</b>	<b>2,219,844</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,071,056</b>	<b>\$ 5,616,630</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**CASCADE AIDS PROJECT**  
**Consolidated Statement of Activities**

**June 30, 2019** (With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
<b>Revenues, gains, and other support:</b>				
Contracts and cooperative agreements (Note 9)	\$ 6,885,147	\$ -	\$ 6,885,147	\$ 6,355,681
Net patient service and pharmacy revenue (net of contractual allowances and discounts)	1,622,234	-	1,622,234	680,708
Contributions and grants	1,399,124	454,758	1,853,882	703,918
In-kind contributions (Note 10)	165,809	-	165,809	109,603
Special events, net of direct expenses (Note 11)	464,091	-	464,091	559,592
Other revenue	27,826	-	27,826	9,287
<b>Net revenues and gains</b>	<b>10,564,231</b>	<b>454,758</b>	<b>11,018,989</b>	<b>8,418,789</b>
Net assets released from restrictions (Note 12)	216,293	(216,293)	-	-
<b>Net revenues, gains, and other support</b>	<b>10,780,524</b>	<b>238,465</b>	<b>11,018,989</b>	<b>8,418,789</b>
<b>Expenses (Note 13) :</b>				
Program services	8,883,888	-	8,883,888	7,445,008
Supporting services:				
Management and general	818,794	-	818,794	649,672
Financial development	659,718	-	659,718	597,869
<b>Total expenses</b>	<b>10,362,400</b>	<b>-</b>	<b>10,362,400</b>	<b>8,692,549</b>
<b>Increase (decrease) in net assets</b>	<b>418,124</b>	<b>238,465</b>	<b>656,589</b>	<b>(273,760)</b>
Net assets, beginning of year	1,943,301	276,543	2,219,844	2,493,604
<b>Net assets, end of year</b>	<b>\$ 2,361,425</b>	<b>\$ 515,008</b>	<b>\$ 2,876,433</b>	<b>\$ 2,219,844</b>

The accompanying notes are an integral part of the consolidated financial statements.

## CASCADE AIDS PROJECT

### Consolidated Statement of Functional Expenses

**June 30, 2019** (With Comparative Totals for 2018)

	Program Services					Total
	Housing and Support Services	Prevention and Education Services	Southwest Washington Services	Primary Care Services	Advocacy and Public Policy	
Payroll and related expenses	\$ 1,731,350	\$ 793,461	\$ 676,585	\$ 635,427	\$ 42,680	\$ 3,879,503
Professional fees	25,585	8,629	7,062	175,971	43,627	260,874
Direct client assistance	1,987,147	2,890	408,154	1,612	800	2,400,603
Training, recognition, and recruitment	22,318	14,116	11,517	10,633	378	58,962
Educational outreach and advertising	-	12,554	119	39,400	300	52,373
Printing and copying	979	2,579	1,506	107	-	5,171
Postage and shipping	544	29	180	1	-	754
Supplies	17,914	94,754	10,384	371,500	1,745	496,297
Pharmacy program fees	-	-	-	223,234	-	223,234
Transportation	50,598	25,510	28,571	11,306	7,999	123,984
Dues and subscriptions	506	1,147	534	4,584	5,605	12,376
Occupancy	287,106	110,303	71,157	21,639	2,310	492,515
Repairs, maintenance, and equipment	32,881	24,737	38,969	89,648	241	186,476
Insurance	15,872	7,556	4,971	20,374	157	48,930
Food and beverages	11,182	2,185	4,669	2,664	956	21,656
Interest expense	-	-	-	99,117	-	99,117
Special events	-	-	-	-	-	-
Other	69	360	24	4,017	1,036	5,506
<b>Total expenses before administrative allocation, depreciation and amortization, and in-kind expenses</b>	<b>4,184,051</b>	<b>1,100,810</b>	<b>1,264,402</b>	<b>1,711,234</b>	<b>107,834</b>	<b>8,368,331</b>
Administrative allocation	158,769	72,626	36,441	25,982	1,565	295,383
Depreciation and amortization	36,556	24,698	41,975	82,157	364	185,750
In-kind expenses	22,540	-	-	-	11,884	34,424
<b>Total expenses</b>	<b>4,401,916</b>	<b>1,198,134</b>	<b>1,342,818</b>	<b>1,819,373</b>	<b>121,647</b>	<b>8,883,888</b>
Less costs netted with revenue	-	-	-	-	-	-
	<b><u>\$ 4,401,916</u></b>	<b><u>\$ 1,198,134</u></b>	<b><u>\$ 1,342,818</u></b>	<b><u>\$ 1,819,373</u></b>	<b><u>\$ 121,647</u></b>	<b><u>\$ 8,883,888</u></b>

The accompanying notes are an integral part of the consolidated financial statements.



<b>Supporting Services</b>				
<b>Management and General</b>	<b>Financial Development</b>	<b>Total</b>	<b>Total</b>	
			<b>2019</b>	<b>2018</b>
\$ 808,734	\$ 385,618	\$ 1,194,352	\$ 5,073,855	\$ 4,323,599
100,160	23,314	123,474	384,348	309,768
-	-	-	2,400,603	2,321,809
41,598	2,710	44,308	103,270	37,601
2,810	5,126	7,936	60,309	56,080
870	6,815	7,685	12,856	13,160
2,478	2,083	4,561	5,315	5,330
7,997	5,387	13,384	509,681	238,790
-	-	-	223,234	63,595
4,111	4,497	8,608	132,592	73,911
7,417	2,208	9,625	22,001	14,350
77,893	42,111	120,004	612,519	554,965
25,463	4,610	30,073	216,549	150,476
9,412	2,885	12,297	61,227	44,528
4,655	8,293	12,948	34,604	27,063
1,666	-	1,666	100,783	87,268
-	434,623	434,623	434,623	512,086
18,375	6,201	24,576	30,082	70,774
1,113,639	936,481	2,050,120	10,418,451	8,905,153
(329,666)	34,283	(295,383)	-	-
16,190	10,823	27,013	212,763	189,879
18,631	112,754	131,385	165,809	109,603
<b>818,794</b>	<b>1,094,341</b>	<b>1,913,135</b>	<b>10,797,023</b>	<b>9,204,635</b>
-	(434,623)	(434,623)	(434,623)	(512,086)
<b>\$ 818,794</b>	<b>\$ 659,718</b>	<b>\$ 1,478,512</b>	<b>\$ 10,362,400</b>	<b>\$ 8,692,549</b>

**CASCADE AIDS PROJECT**  
**Consolidated Statement of Cash Flows**

<b>June 30, 2019 (With Comparative Totals for 2018)</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ 656,589	\$ (273,760)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Realized and unrealized gain on investments	-	(4,786)
Depreciation and amortization	212,763	189,879
Change in debt issuance costs	5,421	2,168
Bad debt expense	-	2,002
Loss on disposal of equipment	17,422	-
Net changes in:		
Contracts receivable	(636,600)	(102,665)
Contributions and grants receivable	(210,202)	2,031
Accounts receivable - patient service and pharmacy	(20,277)	(174,342)
Prepaid expenses	55,318	(30,985)
Deposits and other assets	(22,386)	2,424
Accounts payable and accrued expenses	211,240	25,306
Accrued payroll and related expenses	96,153	114,545
Deferred revenue	85,536	24,292
Deferred rent and lease incentive	(78,638)	(40,009)
<b>Net cash provided (used) by operating activities</b>	<b>372,339</b>	<b>(263,900)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	-	391,182
Purchase of investments	-	(2,408)
Purchase of property and equipment	-	(30,084)
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>358,690</b>
<b>Cash flows from financing activities:</b>		
Net payments on line of credit	-	(137,000)
Proceeds from notes payable	-	404,724
Principal payments on notes payable	(169,813)	(30,828)
<b>Net cash provided (used) by financing activities</b>	<b>(169,813)</b>	<b>236,896</b>
<b>Increase in cash and cash equivalents</b>	<b>202,526</b>	<b>331,686</b>
Cash and cash equivalents, beginning of year	704,910	373,224
<b>Cash and cash equivalents, end of year</b>	<b>\$ 907,436</b>	<b>\$ 704,910</b>
Cash paid during the year for interest	\$ 95,361	\$ 77,398
<b>Supplemental disclosures of non-cash financing activities:</b>		
Property and equipment acquired in exchange for deferred lease incentive	\$ 488,410	\$ -
Property and equipment acquired in exchange for long term debt	159,528	-

*The accompanying notes are an integral part of the consolidated financial statements.*

# CASCADE AIDS PROJECT

## Notes to Consolidated Financial Statements

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### 1. Nature of Organization and Summary of Significant Accounting Policies

**Organization** - Founded in 1983 and incorporated in 1985, Cascade AIDS Project (the Organization) is a private, nonprofit Organization whose mission is to support and empower all people living with or affected by HIV, reduce stigma, and provide the LGBTQ+ community and beyond with compassionate healthcare. The Organization is the oldest and largest AIDS Service Organization in Oregon and Southwest Washington and provides HIV supportive housing and care services, youth and family programming, prevention services, community education, and leadership in public policy and advocacy. The Organization's programs serve the broad and diverse set of communities impacted by HIV, from culturally specific programs focused on the gay, bisexual, and trans community, communities of color, as well as individuals, and families living with HIV. In 2017, the Organization expanded its mission to include the provision of direct health care services to the broader LGBTQ+ community with the opening of its primary care health center, Prism Health.

**Program Services** - The following programs are provided by the Organization:

**Housing and Support** - The Housing and Support Services Department offers one-on-one support in finding and maintaining housing, coordinates case management intake, offers educational programs to help people living with HIV thrive at home and at work, builds community among the HIV positive, and strengthens families. 679 households received rent, utility, and emergency assistance, and 934 HIV-positive people received some form of support services for the year ended June 30, 2019. Assistance with housing includes both long-term and short-term or emergency housing assistance and help moving and finding furnishings. Support services include a program to help clients find meaningful employment and also workshops in budgeting and being a good tenant. Peer mentor programs help people experiencing mental illness and/or substance abuse find and stay in medical care and housing, and culturally specific navigation programs serve African American and Latino clients seeking housing and support services. Programs include Camp KC, a week-long residential camp for HIV infected and affected children.

**Prevention and Education** - The Prevention and Education Department annually provides services to 2,595 people during the year ended June 30, 2019. The Department offers HIV/STI testing services in various locations across Multnomah, Clackamas, Washington, and Clark counties with 2,928 HIV tests completed during the year ending June 30, 2019. The Department also offers low barrier testing through Pivot. Pivot is a community space dedicated to the health and wellness of all gay/bisexual/queer men and trans-identified people with a focus on sexual health and HIV.

Additional services include: programs that support people living with HIV, connecting newly diagnosed individuals with medical care, assisting individuals in enrolling and navigating health insurance, helping clients access pre-exposure prophylaxis (PrEP), providing safer sex materials, and educating the community at large about HIV.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 1. Nature of Organization and Summary of Significant Accounting Policies - Continued Program Services - Continued

**Southwest Washington Services** - In partnership with the Washington State Department of Health, the Organization opened a new office in Southwest Washington during the year ended June 30, 2017. The SW Washington program offers a wide range of unified Care and Prevention services, providing culturally affirming, trauma-informed services to residents of SW Washington (Clark, Skamania, Cowlitz, and Wahkiakum). During the year ended June 30, 2019, staff members enrolled 383 clients in Medical Case Management services and provided housing assistance to 111 households (short and longer term rent assistance, emergency rental assistance, and move-in costs). Other services provided onsite include network navigation services (connecting clients to mental health care and substance abuse treatment), Peer Support, Wellness Case Management, housing advocacy and support, support groups for female-identified clients, psychoeducational groups for folks who identify stigma as a barrier to care, insurance enrollment, PrEP Navigation, STI screening and treatment, providing safer sex supplies, and community education and outreach.

**Primary Care Services** - Prism Health delivers primary care to the general public with an emphasis on providing culturally relevant, affirming and non-judgmental care to the LGBTQ+ community. Prism Health opened for patients on May 2, 2017. During the year ending June 30, 2019, Prism Health saw 958 new patients.

**Advocacy and Public Policy** - The Advocacy and Public Policy department advocates for effective HIV public policy at all levels of government. The Organization engages in efforts to advance progressive HIV/AIDS policy and legislation and to educate people living with HIV about how to advocate for their health.

**Basis of Accounting** - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Principles of Consolidation** - The consolidated financial statements include the accounts of the Organization and CAP Belmont LLC, a limited liability company that is wholly owned by the Organization. CAP Belmont LLC was formed during 2016. All significant inter-organization balances and transactions have been eliminated.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 1. Nature of Organization and Summary of Significant Accounting Policies - Continued

**Basis of Presentation** - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as net assets with donor restrictions or net assets without donor restrictions. Net assets without donor restrictions are those not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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 consolidated statement of activities as net assets released from restrictions.

**Use of Estimates** - The preparation of consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the consolidated financial statements for, among other things, the calculation of depreciation and amortization expense, the allowance for doubtful accounts, and functional allocation of expenses.

**Contributions** - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is recorded based on management's assessment of the specific amounts outstanding.

Contributions received with donor imposed restrictions that are met in the same year received are reported as contributions without donor imposed restrictions.

**Contributions of Long-Lived Assets** - The Organization reports gifts of land, buildings, and equipment as support without donor imposed restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 1. Nature of Organization and Summary of Significant Accounting Policies - Continued

**Cash Equivalents** - The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**Contracts Receivable** - Contracts receivable are recognized as services are provided in accordance with the terms of the related contract. The Organization considers contracts receivable to be fully collectible at year end. Accordingly, an allowance for doubtful accounts is not deemed necessary.

**Property and Equipment** - Property and equipment are carried at cost when purchased and at estimated fair value when acquired by gift. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the respective assets, which are generally 5 to 35 years. The Organization capitalizes all property and equipment purchases over \$5,000.

**Debt Issuance Costs** - Debt issuance costs are reported net with the related long-term debt and are amortized using the straight line method over the term of such debt. Amortization of debt issuance costs is included with interest expense.

**Deferred Rent and Lease Incentive** - For lease agreements that contain lease incentives and/or rent escalation clauses, the Organization records a liability and amortizes it on a straight-line basis over the term of the lease.

**Revenue Recognition** - All contributions and grants are considered available for general use unless specifically restricted by the donor. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Service revenues are recognized at the time services are provided and the revenues are earned. Service revenues received in advance of being earned and sponsorship revenues received in advance of the related event are recorded as deferred revenue.

**Net Patient Service Revenue** - The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered.

**Benefits Provided to Donors at Special Events** - The Organization conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization.

**Advertising Expenses** - Advertising costs are charged to expense as they are incurred.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 1. Nature of Organization and Summary of Significant Accounting Policies - Continued

**Income Taxes** - The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

CAP Belmont LLC is a disregarded entity for income tax purposes. As such, its activities are reported on the Organization's annual information returns that are filed with the Internal Revenue Service.

Under GAAP, the recognition of an estimated tax liability and related disclosures is required for tax positions taken by the Organization that may not be sustained under examination by a taxing authority. Management does not believe the Organization has any significant tax positions that would not be sustained under examination and, accordingly, has not recorded an estimated liability. The Organization did not record any penalty or interest related to its tax positions and, if any were recorded, those amounts would be included with management and general expenses.

**Administrative Allocation** - The Organization's administrative allocation includes management and general costs that directly benefit program services.

**Concentrations of Risk** - The Organization's financial instruments consist primarily of cash equivalents and contracts receivable. These financial instruments may subject the Organization to concentrations of credit and other risk. At June 30, 2019, and frequently during the fiscal year, cash and cash equivalents balances exceeded amounts insured by the Federal Deposit Insurance Corporation. Contracts receivable are due primarily from governmental agencies and are deemed to be low in risk.

**Other Concentrations** - The majority of the Organization's revenue is derived from local governments, foundations, and individuals in the Portland metropolitan area. The majority of the Organization's labor force is covered by a collective bargaining agreement. The agreement expires March 31, 2022.

**New Accounting Standard** - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements to Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented ASU 2016-14 during the year ended June 30, 2019, and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Reclassifications** - Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the 2019 presentation. These reclassifications have no impact on previously reported change in net assets.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 1. Nature of Organization and Summary of Significant Accounting Policies - Continued

**Summarized Financial Information for 2018** - The accompanying financial information as of and for the year ended June 30, 2018, is presented for comparative purposes only and is not intended to represent a complete consolidated financial statement presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

#### 2. Contracts Receivable

	2019	2018
Multnomah County	\$ 967,191	\$ 334,705
Washington County	13,063	11,603
Clackamas County	15,895	17,530
State of Washington, Department of Health	233,497	156,742
Home Forward	18,312	10,964
Centers for Disease Control and Prevention	72,665	21,268
Department of Housing and Urban Development	52,623	63,097
State of Oregon, Health Division	132,047	286,392
Transition Projects, Inc.	4,086	3,616
Our House of Portland	11,568	6,997
Rand Data Integration	63,268	33,324
Other	696	2,073
	<u>\$ 1,584,911</u>	<u>\$ 948,311</u>

At June 30, 2019, contracts receivable includes \$225,836 that has been outstanding for greater than 90 days. Management does not believe an allowance for uncollectible accounts is necessary.



## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 3. Contributions and Grants Receivable

Contributions and grants receivable at June 30 consist of the following:

	2019	2018
Unconditional promises expected to be collected in: <sup>A</sup>		
Less than one year	\$ 240,263	\$ 109,485
One to five years <sup>B</sup>	<u>144,474</u>	<u>62,550</u>
	384,737	172,035
Less allowance for doubtful accounts	<u>(9,317)</u>	<u>(6,817)</u>
	<u>\$ 375,420</u>	<u>\$ 165,218</u>

<sup>A</sup>Approximately 67 percent of the balance at June 30, 2019, is due from one donor.

<sup>B</sup>Management has not recorded a present value discount for these amounts as it is deemed immaterial.

#### 4. Accounts Receivable - Patient Service and Pharmacy

	2019	2018
Patient service revenue	\$ 155,457	\$ 74,093
Pharmacy revenue	<u>49,979</u>	<u>111,066</u>
	<u>\$ 205,436</u>	<u>\$ 185,159</u>

At June 30, 2019, patient service revenue receivable includes \$11,431 that has been outstanding for greater than 90 days. Management does not believe an allowance for uncollectible accounts is necessary.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 5. Property and Equipment - Net

	2019	2018
Land	\$ 403,000	\$ 403,000
Building and improvements	2,457,422	2,457,421
Office equipment	189,326	206,689
Computer equipment	277,302	277,302
Leasehold improvements	<u>1,181,412</u>	<u>621,182</u>
	4,508,462	3,965,594
Less accumulated depreciation and amortization	<u>(633,974)</u>	<u>(508,859)</u>
Net property and equipment	<u><u>\$ 3,874,488</u></u>	<u><u>\$ 3,456,735</u></u>

#### 6. Notes Payable - Net

Notes payable - net consist of the following at June 30:

	2019	2018
Note payable to Heritage Bank in monthly installments of \$10,921 including interest at 4.648 percent per annum through December 2027, at which time the rate will reset based on the change in the ten year Federal Home Loan Bank of Des Moines, resetting every ten years through the maturity date of the note in January 2043 (including net unamortized debt issuance costs of \$49,648 at June 30, 2019). Secured by a deed of trust and assignment of rents on real property with a net book value of \$2,708,129.	\$ 1,787,494	\$ 1,828,681
Note payable to Heritage Bank. Balance paid in full during the year ended June 30, 2019.	-	123,205
Tenant improvement loan payable to PMB Vancouver 604 Memorial Mob, LLC payable in monthly installments of \$3,235 including interest at 8.0 percent per annum through June 2024.	<u>159,528</u>	<u>-</u>
	<u><u>\$ 1,947,022</u></u>	<u><u>\$ 1,951,886</u></u>

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

**6. Notes Payable - Net - Continued**

Future principal maturities are as follows at June 30, 2019:

<b>Years Ending June 30,</b>	<b>Amount</b>
2020	\$ 72,238
2021	76,895
2022	81,619
2023	86,653
2024	91,813
Thereafter	1,587,452
	1,996,670
Less unamortized debt issuance costs	(49,648)
	<b>\$ 1,947,022</b>

**7. Net Assets Without Donor Restrictions**

Net assets without donor restrictions consist of the following at June 30:

	<b>2019</b>	<b>2018</b>
Available for programs and general operations	\$ 1,427,389	\$ 877,216
Net investment in property and equipment	934,036	1,066,085
	<b>\$ 2,361,425</b>	<b>\$ 1,943,301</b>

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

**8. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30:

	<b>2019</b>	<b>2018</b>
Subject to expenditures for specified purposes:		
Prism Clinic	\$ 39,500	\$ 87,217
STI prevention and testing	-	3,400
HIV and aging	328,188	34,100
Housing and supportive services	10,000	-
Subject to the passage of time not otherwise restricted	<u>137,320</u>	<u>151,826</u>
Total net assets with donor restrictions	<u><u>\$ 515,008</u></u>	<u><u>\$ 276,543</u></u>

**9. Contracts and Cooperative Agreements**

Revenue was earned for services provided under contracts and cooperative agreements with the following agencies, for the years ended June 30:

	<b>2019</b>	<b>2018</b>
Multnomah County	\$ 3,393,656	\$ 3,319,618
Home Forward	88,594	75,460
State of Oregon, Health Division	1,070,489	1,085,944
Centers for Disease Control and Prevention	307,056	339,409
Department of Housing and Urban Development	405,607	380,824
Washington County	90,423	99,859
Clackamas County	99,001	93,410
State of Washington, Department of Health	1,235,846	721,541
Transition Projects, Inc.	23,201	23,206
Our House of Portland	97,568	83,711
Other	<u>73,706</u>	<u>132,699</u>
	<u><u>\$ 6,885,147</u></u>	<u><u>\$ 6,355,681</u></u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 10. In-Kind Contributions

The Organization reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the years ended June 30, 2019 and 2018, the Organization recorded in-kind contributions of services totaling \$18,247 and \$14,880, respectively, primarily benefiting management and general and financial development activities.

In addition, the Organization regularly receives contributed services from a large number of volunteers who assist in fundraising and other program efforts and activities but do not meet the reporting standards referred to in the preceding paragraph.

In-kind contributions of equipment and other materials are recorded where there is an objective basis on which to value these contributions and the contributions are an integral part of the Organization's activities. During the years ended June 30, 2019 and 2018, the Organization recorded \$147,562 and \$94,723, respectively, in contributed advertising, materials, equipment, and supplies.

#### 11. Special Events

A summary of the Organization's major fundraising events for the years ended June 30 is as follows:

	<b>AIDS Walk</b>	<b>Art Auction</b>	<b>Other Events</b>	<b>Total</b>	
				<b>2019</b>	<b>2018</b>
Gross revenue	\$ 284,409	\$ 576,632	\$ 37,673	\$ 898,714	\$ 1,070,415
Less direct expenses	<u>(91,112)</u>	<u>(329,856)</u>	<u>(13,655)</u>	<u>(434,623)</u>	<u>(510,823)</u>
Net special event revenue	<u>\$ 193,297</u>	<u>\$ 246,776</u>	<u>\$ 24,018</u>	<u>\$ 464,091</u>	<u>\$ 559,592</u>

#### 12. Net Assets Released from Restrictions

During the year ended June 30, 2019, the Organization released restricted net assets totaling \$216,293 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### **13. Expenses**

The costs of providing the various programs and activities of the Organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated statement of functional expenses reports certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and rent, which are allocated on a square footage basis, as well as personnel costs, which are allocated on the basis of estimates of time and effort.

#### **14. Significant Sources of Revenue and Contingencies**

A majority of the Organization's revenue is earned under service contracts with Multnomah County, the City of Portland, the State of Oregon Health Division, the Centers for Disease Control and Prevention, and the Department of Housing and Urban Development. Amounts received or receivable under these contracts are subject to audit and adjustment by these and other organizations. Any expenditures or claims disallowed as a result of such audits would become a liability. In the opinion of the Organization's management, any adjustments that might result from such audits would not be material to the Organization's overall consolidated financial statements.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 15. Operating Lease Commitments

The Organization leases office facilities under operating leases expiring through June 2026, which provide for escalating payments. The total lease amount is charged to expense over the life of the lease on a straight-line basis with the unpaid portion included in deferred rent and lease incentive liability. These leases also include lease incentives for renovation of two of the spaces totaling \$981,970. The value of the renovations is included in property and equipment. The lease incentives are amortized over the life of the leases on a straight-line basis as an offset to rent expense with the remaining obligation included in deferred rent and lease incentive liability.

One lease for office facilities contains an early termination clause which would require the Organization to reimburse the landlord for the unamortized portion of the lease incentive in the event the lease is terminated early by the Organization. Reimbursement would be payable over a five year period, including interest at the rate of 8.0 percent per annum. In addition, a termination fee equal to four months' base rent would be assessed. The unamortized lease incentive and termination fee at June 30, 2019, would be \$488,410 and \$49,718, respectively.

The Organization also leases various equipment under operating lease agreements that expire through March 2024.

Future minimum lease payments at June 30, 2019, are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2020	\$ 542,516
2021	490,759
2022	497,035
2023	496,325
2024	502,587
Thereafter	<u>1,050,068</u>
	<u>\$ 3,579,290</u>

The above table excludes a number of month-to-month and other short-period leases entered into by the Organization's housing department on behalf of the transitional housing clients it serves.

Rent expense for the years ended June 30, 2019 and 2018, totaled \$539,952 and \$515,496, respectively.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 16. Retirement Plan

The Organization provides substantially all full-time and part-time employees with a qualified profit sharing retirement plan (the Plan) as described under Section 401(k) of the IRC. Employees, who have completed at least 30 consecutive days of employment and have attained the age of 21, may elect to make voluntary contributions to the Plan on a pre-tax basis, up to the limits allowed by law. The Organization makes matching contributions to the Plan up to 3 percent of the annual compensation of each eligible employee. Employees select from several investment options. Contributions to the Plan from the employees vest as accrued, and contributions from the Organization vest over three years. Contributions by the Organization to the Plan totaled \$91,985 and \$71,411 for the years ended June 30, 2019 and 2018, respectively.

#### 17. Liquidity and Availability

Cash and cash equivalents	\$ 907,436
Contracts receivable	1,584,911
Contributions and grants receivable - net	375,420
Accounts receivable - patient service and pharmacy	<u>205,436</u>
Total financial assets available within one year	3,073,203
Less: amounts unavailable for general expenditure within one year, due to restrictions by donors	<u>(404,662)</u>
Net financial assets available to management for general expenditure within one year	<u><u>\$ 2,668,541</u></u>

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due.

#### 18. Subsequent Events

Management has evaluated subsequent events through November 20, 2019, the date the consolidated financial statements were available for issue.



**CASCADE AIDS PROJECT**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2019**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
<i>Multnomah County Health Department :</i>			
HIV Emergency Relief Project Grants	93.914	4400003977 4400003978 4400003990 4400004016 HD-SVCSGEN-10949-2019	\$ 410,571
<i>Centers for Disease Control and Prevention - Direct Award :</i>			
HIV Prevention Activities - Non-Governmental Organization Based	93.939	N/A	307,056
<i>Oregon Health &amp; Science University:</i>			
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	1004285	2,783
<i>Multnomah County Health Department :</i>			
HIV Prevention Activities - Health Department Based	93.940	4400003317	248,486
<i>Washington County Community Health Department :</i>			
HIV Prevention Activities - Health Department Based	93.940	BCC 16-1112	90,424
<i>Clackamas County Community Health :</i>			
HIV Prevention Activities - Health Department Based	93.940	19-005	59,400
<i>State of Oregon, Department of Human Services :</i>			
HIV Prevention Activities - Health Department Based	93.940	155838	<u>49,726</u>
		Total CFDA No. 93.940	448,036
<i>State of Washington, Department of Health :</i>			
HIV Care Formula Grants	93.917	CB022493	238,676
<i>Rand Corporation :</i>			
HIV-Related Training and Technical Assistance	93.145	U1SHA29299	<u>70,923</u>
Carried forward			1,478,045

*The accompanying notes are an integral part of the schedule of expenditures of Federal awards.*

## CASCADE AIDS PROJECT

### Schedule of Expenditures of Federal Awards - Continued

**Year Ended June 30, 2019**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Brought forward			\$ 1,478,045
<i>State of Oregon, Department of Human Services :</i> Children's Health Insurance Program	93.767	154369	31,924
<b>Total U.S. Department of Health and Human Services</b>			<b>1,509,969</b>
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Direct Award :</i>			
Continuum of Care Program	14.267	N/A	407,544
<i>Transition Projects :</i>			
Continuum of Care Program	14.267	None	23,201
		Total CFDA No. 14.267	430,745
<i>Multnomah County Joint Office of Homeless Services :</i> Housing Opportunities for Persons with AIDS	14.241	4400003517	1,514,321
<i>Our House of Portland :</i> Housing Opportunities for Persons with AIDS	14.241	none	83,267
<i>State of Oregon, Department of Human Services :</i> Housing Opportunities for Persons with AIDS	14.241	152617/155771	430,285
<i>State of Washington, Department of Health :</i> Housing Opportunities for Persons with AIDS	14.241	CBO23683	27,930
		Total CFDA No. 14.241	2,055,803
<b>Total U.S. Department of Housing and Urban Development</b>			<b>2,486,548</b>
<b>Total Federal expenditures</b>			<b>\$ 3,996,517</b>

No federal awards were passed through to subrecipients.

*The accompanying notes are an integral part of the schedule of expenditures of Federal awards.*

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# **CASCADE AIDS PROJECT**

**Single Audit Reports**

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## CASCADE AIDS PROJECT

### Notes to Schedule of Expenditures of Federal Awards

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#### 1. Significant Accounting Policies

**Basis of Presentation** - The accompanying schedule of expenditures of Federal awards (the Schedule) of Cascade AIDS Project includes all Federal grant activity of Cascade AIDS Project and has been prepared using the accrual basis of accounting. The information in the 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 Requirement for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Pass-through entity numbers are presented when available. Because the Schedule presents only a selected portion of the operations of Cascade AIDS Project, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cascade AIDS Project.

#### 2. Expenditures

Expenditures reported on the schedule are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization recovers indirect costs based on the specific provisions outlined in its contracts. If no rate is specified, the Organization uses the 10 percent de minimis indirect cost rate allowed by the Uniform Guidance.

**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Consolidated Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Board of Directors  
Cascade AIDS Project

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 consolidated financial statements of Cascade AIDS Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 20, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated 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 weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hellman, Steward & Smith, P.C.*

Lake Oswego, Oregon  
November 20, 2019

**Independent Auditors' Report on Compliance for  
Each Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance**

The Board of Directors  
Cascade AIDS Project

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

We have audited Cascade AIDS Project's (the Organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2019. The Organization's major Federal program is identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization'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 the Organization's major Federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major Federal programs 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 the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

*Hellman, Seibert & Schmitz, P.C.*

Lake Oswego, Oregon  
November 20, 2019



CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

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Year Ended June 30, 2019

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**Section 1 - Summary of Auditors' Results**

*Financial Statements:*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

*Federal Awards:*

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes     X  None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes     X  No

*Identification of Major Programs:*

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons With AIDS
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes    _____ No

**CASCADE AIDS PROJECT**

**Schedule of Findings and Questioned Costs - Continued**

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**Year Ended June 30, 2019**

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**Section 2 - Financial Statement Findings**

None.

**Section 3 - Federal Award Findings and Questioned Costs**

None.

**CASCADE AIDS PROJECT**

**Summary Schedule of Prior Audit Findings**

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**Year Ended June 30, 2019**

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There were no findings reported in the prior year audit.