



**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2020**

**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, 2020, 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, 2020, 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) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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 24 and 25, 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 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 December 8, 2020, 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.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon  
December 8, 2020

## CASCADE AIDS PROJECT

### Consolidated Statement of Financial Position

June 30, 2020 <i>(With Comparative Amounts for 2019)</i>	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,523,958	\$ 907,436
Contracts receivable - net <i>(Note 2)</i>	1,643,811	1,584,911
Contributions and grants receivable <i>(Note 3)</i>	427,296	375,420
Accounts receivable - patient service and pharmacy <i>(Note 4)</i>	357,517	205,436
Prepaid expenses	189,291	45,952
Donated inventory for art auction <i>(Note 11)</i>	191,133	-
Deposits and other assets	80,319	77,413
Property and equipment - net <i>(Notes 5, 7, and 16)</i>	3,712,645	3,874,488
<b>Total assets</b>	<b>\$ 8,125,970</b>	<b>\$ 7,071,056</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 280,852	\$ 322,177
Accrued payroll and related expenses	534,022	350,635
Refundable advances	645,517	505,337
Deferred rent and lease incentive <i>(Note 16)</i>	939,571	1,069,452
Paycheck Protection Program loan <i>(Note 6)</i>	1,034,247	-
Other notes payable <i>(Note 7)</i>	1,976,795	1,947,022
<b>Total liabilities</b>	<b>5,411,004</b>	<b>4,194,623</b>
Commitments and contingencies <i>(Notes 15, 16, and 17)</i>		
<b>Net assets:</b>		
Without donor restrictions <i>(Note 8)</i>	1,819,237	2,361,425
With donor restrictions <i>(Note 9)</i>	895,729	515,008
<b>Total net assets</b>	<b>2,714,966</b>	<b>2,876,433</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,125,970</b>	<b>\$ 7,071,056</b>

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

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

**Year Ended June 30, 2020** (With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Revenues, gains, and other support:</b>				
Contracts and cooperative agreements (Note 10)	\$ 8,633,682	\$ -	\$ 8,633,682	\$ 6,885,147
Net patient service and pharmacy revenue (net of contractual allowances and discounts)	2,322,626	-	2,322,626	1,622,234
Contributions and grants	664,044	648,076	1,312,120	1,853,882
In-kind contributions (Note 11)	314,878	-	314,878	165,809
Special events, net of direct expenses (Note 12)	200,767	-	200,767	464,091
Other revenue	14,541	-	14,541	27,826
<b>Net revenues and gains</b>	<b>12,150,538</b>	<b>648,076</b>	<b>12,798,614</b>	<b>11,018,989</b>
Net assets released from restrictions (Note 13)	267,355	(267,355)	-	-
<b>Net revenues, gains, and other support</b>	<b>12,417,893</b>	<b>380,721</b>	<b>12,798,614</b>	<b>11,018,989</b>
<b>Expenses (Note 14) :</b>				
Program services	11,416,521	-	11,416,521	8,883,888
Supporting services:				
Management and general	968,875	-	968,875	818,794
Financial development	574,685	-	574,685	659,718
<b>Total expenses</b>	<b>12,960,081</b>	<b>-</b>	<b>12,960,081</b>	<b>10,362,400</b>
<b>Increase (decrease) in net assets</b>	<b>(542,188)</b>	<b>380,721</b>	<b>(161,467)</b>	<b>656,589</b>
Net assets, beginning of year	2,361,425	515,008	2,876,433	2,219,844
<b>Net assets, end of year</b>	<b>\$ 1,819,237</b>	<b>\$ 895,729</b>	<b>\$ 2,714,966</b>	<b>\$ 2,876,433</b>

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

## CASCADE AIDS PROJECT

### Consolidated Statement of Functional Expenses

**Year Ended June 30, 2020** (With Comparative Totals for 2019)

	Program Services					Supporting Services				Total	
	Housing and Support Services	Prevention and Education Services	Southwest Washington Services	Health Clinic Services	Advocacy and Public Policy	Total	Management and General	Financial Development	Total	2020	2019
Payroll and related expenses	\$ 1,748,290	\$ 1,102,433	\$ 872,796	\$ 1,167,778	\$ 34,999	\$ 4,926,296	\$ 954,437	\$ 369,657	\$ 1,324,094	\$ 6,250,390	\$ 5,073,855
Professional fees	12,047	8,693	4,958	150,048	25,564	201,310	89,945	11,867	101,812	303,122	384,348
Direct client assistance	2,877,268	4,609	486,788	1,888	-	3,370,553	50	-	50	3,370,603	2,400,603
Training, recognition, and recruitment	11,636	12,506	8,254	14,654	1,164	48,214	40,412	1,353	41,765	89,979	103,270
Educational outreach and advertising	324	3,856	150	30,998	28,000	63,328	2,429	5,763	8,192	71,520	60,309
Printing and copying	648	2,463	270	665	216	4,262	826	4,072	4,898	9,160	12,856
Postage and shipping	835	70	312	267	-	1,484	2,795	1,239	4,034	5,518	5,315
Supplies	10,194	71,179	11,175	520,850	52	613,450	6,390	798	7,188	620,638	509,681
Pharmacy program fees	-	-	-	351,962	-	351,962	-	-	-	351,962	223,234
Transportation	21,818	15,748	7,637	5,538	5,036	55,777	3,162	188	3,350	59,127	132,592
Dues and subscriptions	3,075	3,696	782	10,441	24	18,018	12,564	5,872	18,436	36,454	22,001
Occupancy	264,099	153,170	149,787	27,296	2,144	596,496	101,858	32,496	134,354	730,850	612,519
Repairs, maintenance, and equipment	39,837	21,487	44,292	115,145	214	220,975	19,399	4,050	23,449	244,424	216,549
Insurance	16,549	11,614	8,051	33,047	189	69,450	7,807	2,611	10,418	79,868	61,227
Food and beverages	6,665	1,822	3,220	2,500	1,424	15,631	3,006	5,978	8,984	24,615	34,604
Interest expense	-	2,098	10,684	94,958	-	107,740	-	-	-	107,740	100,783
Bad debt expense	-	-	-	-	-	-	-	6,683	6,683	6,683	-
Grant expense	69,618	-	-	-	-	69,618	-	-	-	69,618	-
Special events	-	-	-	-	-	-	-	99,942	99,942	99,942	434,623
Other	178	307	-	96,016	57	96,558	13,875	6,202	20,077	116,635	30,082
Total expenses before administrative allocation, depreciation and amortization, and in-kind expenses	5,083,081	1,415,751	1,609,156	2,624,051	99,083	10,831,122	1,258,955	558,771	1,817,726	12,648,848	10,418,451
Carried forward	5,083,081	1,415,751	1,609,156	2,624,051	99,083	10,831,122	1,258,955	558,771	1,817,726	12,648,848	10,418,451

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



**CASCADE AIDS PROJECT**

**Consolidated Statement of Functional Expenses - Continued**

**Year Ended June 30, 2020** *(With Comparative Totals for 2019)*

	Program Services					Supporting Services				Total	
	Housing and Support Services	Prevention and Education Services	Southwest Washington Services	Health Clinic Services	Advocacy and Public Policy	Total	Management and General	Financial Development	Total	2020	2019
Brought forward	\$ 5,083,081	\$ 1,415,751	\$1,609,156	\$ 2,624,051	\$ 99,083	\$10,831,122	\$1,258,955	\$ 558,771	\$ 1,817,726	\$12,648,848	\$10,418,451
Administrative allocation	122,983	82,188	54,626	52,409	1,235	313,441	(335,390)	21,949	(313,441)	-	-
Depreciation and amortization	32,118	41,623	107,973	89,702	333	271,749	7,947	7,734	15,681	287,430	212,763
In-kind expenses	-	209	-	-	-	209	37,363	86,173	123,536	123,745	165,809
<b>Total expenses</b>	<b>5,238,182</b>	<b>1,539,771</b>	<b>1,771,755</b>	<b>2,766,162</b>	<b>100,651</b>	<b>11,416,521</b>	<b>968,875</b>	<b>674,627</b>	<b>1,643,502</b>	<b>13,060,023</b>	<b>10,797,023</b>
Less costs netted with revenue	-	-	-	-	-	-	-	(99,942)	(99,942)	(99,942)	(434,623)
	<b><u>\$ 5,238,182</u></b>	<b><u>\$ 1,539,771</u></b>	<b><u>\$1,771,755</u></b>	<b><u>\$ 2,766,162</u></b>	<b><u>\$ 100,651</u></b>	<b><u>\$11,416,521</u></b>	<b><u>\$ 968,875</u></b>	<b><u>\$ 574,685</u></b>	<b><u>\$ 1,543,560</u></b>	<b><u>\$12,960,081</u></b>	<b><u>\$10,362,400</u></b>

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

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

<b>Year Ended June 30, 2020 (With Comparative Totals for 2019)</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (161,467)	\$ 656,589
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	287,430	212,763
Change in debt issuance costs	2,166	5,421
Bad debt expense	6,683	-
Loss on disposal of equipment	-	17,422
Donated inventory for art auction	(191,133)	-
Net changes in:		
Contracts receivable	(58,900)	(636,600)
Contributions and grants receivable	(58,559)	(210,202)
Accounts receivable - patient service and pharmacy	(152,081)	(20,277)
Prepaid expenses	(143,339)	55,318
Deposits and other assets	(2,906)	(22,386)
Accounts payable and accrued expenses	(41,325)	211,240
Accrued payroll and related expenses	183,387	96,153
Refundable advances	140,180	85,536
Deferred rent and lease incentive	(129,881)	(78,638)
<b>Net cash provided (used) by operating activities</b>	<b>(319,745)</b>	<b>372,339</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(125,587)	-
<b>Net cash used by investing activities</b>	<b>(125,587)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan	1,034,247	-
Proceeds from other notes payable	100,000	-
Principal payments on notes payable	(72,393)	(169,813)
<b>Net cash provided (used) by financing activities</b>	<b>1,061,854</b>	<b>(169,813)</b>
<b>Increase in cash and cash equivalents</b>	<b>616,522</b>	<b>202,526</b>
Cash and cash equivalents, beginning of year	907,436	704,910
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,523,958</b>	<b>\$ 907,436</b>
Cash paid during the year for interest	\$ 98,633	\$ 95,361
<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 compassionate healthcare to the LGBTQ+ community and beyond. 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, lesbian, bisexual, and transgender community, Black, Indigenous, and People 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 Prism Health, its primary care and behavioral health center. In 2019, Prism Health was designated a Federally Qualified Health Center Look Alike. In 2020, the clinic included an on-site pharmacy.

*[Note: In response to the COVID-19 pandemic during the last quarter of FY20, the Organization shifted most of its services to remote delivery (by phone or video) and reserved in-person and on-site delivery to clients with acute needs. This did not have a negative impact on the number of clients served.]*

**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. 695 households received rent, utility, and emergency assistance, and 1,178 HIV-positive people received some form of support services for the year ended June 30, 2020. 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/Black and Latino/Latina/Latinx participants 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 provided services to 3,475 people during the year ended June 30, 2020. The Department offers HIV/STI testing services in various locations across Multnomah, Clackamas, Washington, and Clark counties with 2,217 HIV tests completed during the year ending June 30, 2020. 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, 2020, staff members enrolled 403 clients in Medical Case Management services and provided housing assistance to 106 households (short and longer term rent assistance, emergency rental assistance, and move-in costs). In addition, 97 households received on-site services. These include the following: network navigation services (connecting clients to mental health care and substance abuse treatment, employment); 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; safer sex supplies as well as community education and outreach.

**Health Clinic Services** - Prism Health delivers primary care and behavioral healthcare 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 ended June 30, 2020, Prism Health saw 456 new patients in the clinic. This number does not include new patient telehealth appointments when the clinic was in full telehealth mode due to the COVID-19 pandemic during the last quarter of the year ended June 30, 2020.

**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.

**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. An allowance for uncollectible balances is recorded based on management's assessment of the specific amounts outstanding.

**Accounts Receivable** - Accounts receivable are recorded as related revenues are recognized. The Organization does not assess finance charges on past due amounts.

**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.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

**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.

**Contributions, Contracts and Grants Revenue** - The Organization recognizes contribution and government grant and contract revenue when cash, securities or other assets, an unconditional promise to give (including government grants and contracts that are not considered exchange transactions), or a notification of beneficial interest is received. Conditional promises to give (including certain government grants and contracts), that is, those with a measurable performance or other barrier and a right of return, are not recognized as revenue until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions and grants receivable expected to be collected over a period exceeding one year are discounted to present value, if material.

In addition, a portion of the Organization's revenue is derived from cost-reimbursable grants and contracts from government agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. At June 30, 2020, the Organization had conditional government grants and contracts totaling approximately \$4,000,000 that have not been recognized as revenue as qualifying expenditures have not yet been incurred.

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, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor imposed restrictions are reclassified to net assets without donor imposed restrictions, and are reported in the consolidated statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year received are reported as contributions without donor imposed restrictions.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

**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.

**Net Patient Service and Pharmacy 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.

**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, 2020, 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.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

**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** - The Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets with the Organization's implementation of ASU 2018-08.

**Recent Accounting Pronouncements** - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance under GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method, and will be effective for annual reporting periods beginning after December 15, 2019. The Organization is evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Organization has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Organization on July 1, 2022. The Organization is evaluating the potential impact of this ASU on the Organization's consolidated financial statements.

**Summarized Financial Information for 2019** - The accompanying financial information as of and for the year ended June 30, 2019, 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, 2019, from which the summarized information was derived.



## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 2. Contracts Receivable

	2020	2019
Multnomah County	\$ 903,790	\$ 967,191
Washington County	23,143	13,063
Clackamas County	17,210	15,895
State of Washington, Department of Health	280,245	233,497
Home Forward	55,550	18,312
Centers for Disease Control and Prevention	58,444	72,665
Department of Housing and Urban Development	81,256	52,623
State of Oregon, Health Division	187,084	132,047
Transition Projects, Inc.	4,882	4,086
Our House of Portland	22,987	11,568
Rand Data Integration	9,610	63,268
Other	9,220	696
	1,653,421	1,584,911
Less reserve for uncollectible accounts	(9,610)	-
Accounts receivable - net	<u>\$ 1,643,811</u>	<u>\$ 1,584,911</u>

At June 30, 2020, contracts receivable includes \$81,930 that has been outstanding for greater than 90 days.

#### 3. Contributions and Grants Receivable

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

	2020	2019
Unconditional promises expected to be collected in: <sup>A</sup>		
Less than one year	\$ 392,296	\$ 240,263
One to five years <sup>B</sup>	35,000	144,474
	427,296	384,737
Less allowance for doubtful accounts <sup>C</sup>	-	(9,317)
	<u>\$ 427,296</u>	<u>\$ 375,420</u>

<sup>A</sup>Approximately 45 percent of the balance at June 30, 2020, is due from two donors.

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

<sup>C</sup>Management does not believe an allowance for uncollectible accounts is necessary at June 30, 2020.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

	2020	2019
Patient service revenue	\$ 176,167	\$ 155,457
Pharmacy revenue	181,350	49,979
	<u>\$ 357,517</u>	<u>\$ 205,436</u>

At June 30, 2020, patient service revenue receivable includes \$26,104 that has been outstanding for greater than 90 days. Management does not believe an allowance for uncollectible accounts is necessary.

#### 5. Property and Equipment - Net

	2020	2019
Land	\$ 403,000	\$ 403,000
Building and improvements	2,577,933	2,457,422
Office equipment	189,326	189,326
Computer equipment	282,378	277,302
Leasehold improvements	1,181,412	1,181,412
	4,634,049	4,508,462
Less accumulated depreciation and amortization	<u>(921,404)</u>	<u>(633,974)</u>
Net property and equipment	<u>\$ 3,712,645</u>	<u>\$ 3,874,488</u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 6. Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the amount of \$1,034,247 from Heritage Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

While the Organization intends to use the proceeds for purposes consistent with the PPP and will therefore qualify for loan forgiveness, management has elected to account for the loan as a liability under GAAP. The PPP loan bears interest at the rate of 1 percent per annum, and loan payments are deferred until August 2021, which is 10 months following the end of the applicable forgiveness period. Any amount of the PPP loan that is not forgiven will be repayable ratably over a two-year period beginning August 2021.

#### 7. Notes Payable - Net

Other notes payable - net consist of the following at June 30:

	2020	2019
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 \$47,481 at June 30, 2020). Secured by a deed of trust and assignment of rents on real property with a net book value of \$2,757,944 at June 30, 2020.	\$ 1,744,460	\$ 1,787,494
Note payable to Avita Drugs, LLC in monthly installments of \$1,836 including interest at 4.0 percent per annum through October 2024, at which time all outstanding principal and interest will be due. Secured by property and equipment with a net book value of \$106,505 at June 30, 2020.	100,000	-
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>132,335</u>	<u>159,528</u>
	<u>\$ 1,976,795</u>	<u>\$ 1,947,022</u>

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

**7. Notes Payable - Net - Continued**

Future principal maturities are as follows at June 30, 2020:

<b>Years Ending June 30,</b>	<b>Amount</b>
2021	\$ 95,814
2022	101,309
2023	107,145
2024	112,978
2025	77,040
Thereafter	<u>1,529,990</u>
	2,024,276
Less unamortized debt issuance costs	<u>(47,481)</u>
	<u><u>\$ 1,976,795</u></u>

**8. Net Assets Without Donor Restrictions**

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

	<b>2020</b>	<b>2019</b>
Available for programs and general operations	\$ 770,251	\$ 1,427,389
Net investment in property and equipment	<u>1,048,986</u>	<u>934,036</u>
	<u><u>\$ 1,819,237</u></u>	<u><u>\$ 2,361,425</u></u>

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

**9. Net Assets With Donor Restrictions**

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

	<b>2020</b>	<b>2019</b>
Subject to expenditures for specified purposes:		
Prism Clinic	\$ 125,000	\$ 39,500
STI prevention and testing	138,138	-
Equity and inclusion	115,000	-
HIV and aging	200,207	328,188
Camp KC	5,000	-
Housing and supportive services	20,748	10,000
SW Washington services	158,990	
Public policy	3,500	
 Subject to the passage of time not otherwise restricted	 <u>129,146</u>	 <u>137,320</u>
 Total net assets with donor restrictions	 <u><u>\$ 895,729</u></u>	 <u><u>\$ 515,008</u></u>

**10. 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>2020</b>	<b>2019</b>
Multnomah County	\$ 4,362,499	\$ 3,393,656
Washington County	70,262	90,423
Clackamas County	84,947	99,001
State of Washington, Department of Health	1,655,712	1,235,846
Home Forward	115,131	88,594
Centers for Disease Control and Prevention	341,346	307,056
Department of Housing and Urban Development	502,712	405,607
State of Oregon, Health Division	1,324,407	1,070,489
Transition Projects, Inc.	22,670	23,201
Our House of Portland	130,798	97,568
Other	23,198	73,706
	<u><u>\$ 8,633,682</u></u>	<u><u>\$ 6,885,147</u></u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 11. 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, 2020 and 2019, the Organization recorded in-kind contributions of services totaling \$37,363 and \$18,247, 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, 2020 and 2019, the Organization recorded \$86,382 and \$147,562, respectively, in contributed advertising, materials, equipment, prizes, and supplies.

The Organization received donated art items totaling \$191,133 that were subsequently sold at the annual art auction fundraiser in July 2020. The donated art inventory at June 30, 2020, is included in the accompanying statement of financial position.

#### 12. 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>Other Events</b>	<b>Total</b>	
			<b>2020</b>	<b>2019</b>
Gross revenue	\$ 236,231	\$ 64,478	\$ 300,709	\$ 898,714
Less direct expenses	<u>(84,919)</u>	<u>(15,023)</u>	<u>(99,942)</u>	<u>(434,623)</u>
Net special event revenue	<u>\$ 151,312</u>	<u>\$ 49,455</u>	<u>\$ 200,767</u>	<u>\$ 464,091</u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### **13. Net Assets Released from Restrictions**

During the year ended June 30, 2020, the Organization released restricted net assets totaling \$267,355 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

#### **14. 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 amortization and occupancy, which are allocated on a square footage basis, as well as payroll and related expenses, which are allocated on the basis of estimates of time and effort.

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

A majority of the Organization's revenue is earned under service contracts with Multnomah County, the State of Oregon, Health Division, the Centers for Disease Control and Prevention, the Department of Housing and Urban Development, and the State of Washington, Department of Health. 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

#### 16. 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, 2020, would be \$390,728 and \$51,209, respectively.

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

Future minimum lease payments at June 30, 2020, are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2021	\$ 691,443
2022	706,730
2023	711,265
2024	700,943
2025	517,394
Thereafter	<u>532,674</u>
	<u><u>\$ 3,860,449</u></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, 2020 and 2019, totaled \$607,224 and \$539,952, respectively.



## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 17. 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 \$103,673 and \$91,985 for the years ended June 30, 2020 and 2019, respectively.

#### 18. Liquidity and Availability

The Organization's financial assets available for general expenditure within one year of the statement of financial position date consist of the following at June 30:

	2020	2019
Cash and cash equivalents	\$ 1,523,958	\$ 907,436
Contracts receivable - net	1,643,811	1,584,911
Contributions and grants receivable	427,296	375,420
Accounts receivable - patient service and pharmacy	<u>357,517</u>	<u>205,436</u>
Total financial assets available within one year	3,952,582	3,073,203
Less: amounts unavailable for general expenditure within one year, due to restrictions by donors	<u>(601,593)</u>	<u>(404,662)</u>
Net financial assets available to management for general expenditure within one year	<u>\$ 3,350,989</u>	<u>\$ 2,668,541</u>

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

#### 19. Subsequent Events

Management has evaluated subsequent events through December 8, 2020, the date the consolidated financial statements were available for issue. As of that date, financial markets and economic conditions in general continue to be volatile as a result of the COVID-19 health crisis. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on program participants, donors, funders, and employers, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact the Organization's future financial position and results of operations cannot be reasonably estimated.

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# **CASCADE AIDS PROJECT**

**Single Audit Reports**

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**CASCADE AIDS PROJECT**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2020**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>				
<i>Multnomah County :</i>				
HIV Emergency Relief Project Grants	93.914	HD-SVCSGEN-10949-2019 HD-SVCSGEN-10957-2019 HD-SVCSGEN-10996-2019	\$ 69,618	\$ 409,116
COVID-19 HIV Emergency Relief Project Grants	93.914	HD-SVCSGEN-11981-2020	-	2,360
		Total CFDA No. 93.914	69,618	411,476
<i>Direct Award :</i>				
HIV Prevention Activities - Non-Governmental Organization Based	93.939	N/A	-	341,346
<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 :</i>				
HIV Prevention Activities - Health Department Based	93.940	HD-SVCSGEN-11113-2019	-	160,243
<i>Washington County :</i>				
HIV Prevention Activities - Health Department Based	93.940	BCC 16-1112	-	70,262
<i>State of Oregon :</i>				
HIV Prevention Activities - Health Department Based	93.940	155838	-	166,726
<i>State of Washington :</i>				
HIV Prevention Activities - Health Department Based	93.940	CBO24203	-	179,397
		Total CFDA No. 93.940	-	576,628
<i>Clackamas County:</i>				
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	9330	-	36,820
Carried forward			69,618	1,369,053

*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, 2020**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Brought forward			\$ 69,618	\$ 1,369,053
<i>State of Washington :</i>				
HIV Care Formula Grants	93.917	CB024203	-	213,831
<i>State of Oregon :</i>				
Children's Health Insurance Program	93.767	160666	-	36,243
<b>Total U.S. Department of Health and Human Services</b>			<b>69,618</b>	<b>1,619,127</b>
<b>U.S. Department of Housing and Urban Development:</b>				
<i>Direct Award :</i>				
Continuum of Care Program	14.267	N/A	-	502,712
<i>Transition Projects, Inc. :</i>				
Continuum of Care Program	14.267	None	-	22,670
		Total CFDA No. 14.267	-	525,382
<i>Multnomah County :</i>				
Housing Opportunities for Persons with AIDS	14.241	JOHS-SVCSGEN-11047-2019	-	1,557,877
<i>Our House of Portland :</i>				
Housing Opportunities for Persons with AIDS	14.241	none	-	82,445
<i>State of Oregon :</i>				
Housing Opportunities for Persons with AIDS	14.241	152617/155771/162738	-	497,552
<i>State of Washington :</i>				
Housing Opportunities for Persons with AIDS	14.241	CBO23683	-	49,183
		Total CFDA No. 14.241	-	2,187,057
<b>Total U.S. Department of Housing and Urban Development</b>			<b>-</b>	<b>2,712,439</b>
<b>Total federal expenditures</b>			<b>\$ 69,618</b>	<b>\$ 4,331,566</b>

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

## 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 has elected not to use the 10 percent de minimis indirect cost rate allowed under 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, 2020, 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 December 8, 2020.

**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) as a basis for designing 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 consolidated financial statements. 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.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon  
December 8, 2020

**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 the Organization's major federal program for the year ended June 30, 2020. 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, 2020.



## 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon  
December 8, 2020

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

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Year Ended June 30, 2020

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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 consolidated 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, 2020**

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**Section 2 - Consolidated 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, 2020**

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There were no findings reported in the prior year audit.