



**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2023**

**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

#### *Opinion*

We have audited the accompanying consolidated financial statements of Cascade AIDS Project and its wholly owned affiliate, CAP Belmont LLC (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The consolidated financial statements of CAP Belmont LLC were not audited in accordance with *Government Auditing Standards*.

#### *Change in Accounting Principle*

As discussed in *Note 1* to the consolidated financial statements, the Organization has adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to that matter.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

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

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing the audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - Continued*

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

**Other Matters**

*Supplementary 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 32 through 34, 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 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 March 27, 2024, 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  
March 27, 2024

**CASCADE AIDS PROJECT**

**Consolidated Statement of Financial Position**

<b>June 30, 2023</b> <i>(With Comparative Amounts for 2022)</i>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,264,102	\$ 2,856,806
Investments <i>(Note 3)</i>	1,724,513	1,601,030
Contracts receivable <i>(Note 4)</i>	2,141,176	2,863,630
Contributions and grants receivable - net <i>(Note 5)</i>	340,401	532,124
Accounts receivable - patient service and pharmacy <i>(Note 6)</i>	1,041,204	1,040,975
Prepaid expenses and other assets	243,183	245,276
Deposits and other assets	141,685	91,098
Restricted cash <i>(Note 2)</i>	300,000	-
Operating right-of-use assets <i>(Note 17)</i>	3,668,316	-
Property and equipment - net <i>(Notes 7 and 8)</i>	9,299,410	8,948,497
<b>Total assets</b>	<b>\$ 20,163,990</b>	<b>\$ 18,179,436</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,423,407	\$ 1,507,220
Accrued payroll and related expenses	1,144,804	878,522
Refundable advances	281,814	563,668
Deferred rent and lease incentive	-	740,019
Operating lease liabilities <i>(Note 17)</i>	4,653,176	-
Notes payable - net <i>(Note 8)</i>	2,103,425	2,108,342
<b>Total liabilities</b>	<b>9,606,626</b>	<b>5,797,771</b>
Commitments and contingencies <i>(Notes 7, 8, 16, and 18)</i>		
<b>Net assets:</b>		
Without donor restrictions <i>(Note 9)</i>	9,342,981	10,948,095
With donor restrictions <i>(Note 10)</i>	1,214,383	1,433,570
<b>Total net assets</b>	<b>10,557,364</b>	<b>12,381,665</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,163,990</b>	<b>\$ 18,179,436</b>

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

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

**Year Ended June 30, 2023** *(With Comparative Totals for 2022)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Revenues, gains, and other support:</b>				
Contracts and cooperative agreements <i>(Notes 11 and 16)</i>	\$ 13,481,546	\$ -	\$ 13,481,546	\$ 10,651,072
Net patient service and pharmacy revenue (net of contractual allowances and discounts)	12,626,479	-	12,626,479	9,430,755
Contributions and grants	1,013,173	425,924	1,439,097	1,441,142
Donated nonfinancial assets <i>(Note 12)</i>	576,680	-	576,680	345,652
Special events, net of direct expenses <i>(Note 13)</i>	129,653	-	129,653	344,908
Other revenue	41,606	-	41,606	31,496
<b>Net revenues and gains</b>	<b>27,869,137</b>	<b>425,924</b>	<b>28,295,061</b>	<b>22,245,025</b>
Net assets released from restrictions <i>(Note 14)</i>	965,111	(965,111)	-	-
<b>Net revenues, gains, and other support</b>	<b>28,834,248</b>	<b>(539,187)</b>	<b>28,295,061</b>	<b>22,245,025</b>
<b>Expenses <i>(Note 15)</i> :</b>				
Program services	26,545,668	-	26,545,668	19,146,187
Supporting services:				
Management and general	3,020,685	-	3,020,685	2,203,222
Development and community engagement	1,022,873	-	1,022,873	845,928
<b>Total expenses</b>	<b>30,589,226</b>	<b>-</b>	<b>30,589,226</b>	<b>22,195,337</b>
<b>Increase (decrease) in net assets from operations (carried forward)</b>	<b>(1,754,978)</b>	<b>(539,187)</b>	<b>(2,294,165)</b>	<b>49,688</b>

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

**CASCADE AIDS PROJECT**

**Consolidated Statement of Activities - Continued**

**Year Ended June 30, 2023** *(With Comparative Totals for 2022)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Brought forward</b>	<b>\$ (1,754,978)</b>	<b>\$ (539,187)</b>	<b>\$ (2,294,165)</b>	<b>\$ 49,688</b>
<b>Non-operating activities:</b>				
Paycheck Protection				
Program loan forgiveness	-	-	-	1,034,247
Contributions restricted for investment in capital improvements	-	320,000	320,000	-
Net investment return (loss)	149,864	-	149,864	(292,360)
Increase in net assets from acquisition	-	-	-	7,409,972
<b>Net non-operating activities</b>	<b>149,864</b>	<b>320,000</b>	<b>469,864</b>	<b>8,151,859</b>
<b>Increase (decrease) in net assets</b>	<b>(1,605,114)</b>	<b>(219,187)</b>	<b>(1,824,301)</b>	<b>8,201,547</b>
Net assets, beginning of year	10,948,095	1,433,570	12,381,665	4,180,118
<b>Net assets, end of year</b>	<b>\$ 9,342,981</b>	<b>\$ 1,214,383</b>	<b>\$ 10,557,364</b>	<b>\$ 12,381,665</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, 2023** (With Comparative Totals for 2022)

	Program Services						Total	Supporting Services			Total	
	Residential Care	Housing and Support Services	Prevention and Health Services	Southwest Washington Services	Primary Care and Behavioral Health Services	Advocacy and Public Policy		Management and General	Development and Community Engagement	Total	2023	2022
Payroll and related expenses	\$2,150,039	\$ 2,581,815	\$1,181,517	\$1,651,989	\$ 3,525,891	\$ 72,409	\$11,163,660	\$2,252,491	\$ 799,799	\$3,052,290	\$14,215,950	\$9,704,734
Professional fees	43,778	13,346	9,715	11,289	360,252	19,120	457,500	448,725	31,003	479,728	937,228	863,186
Direct client assistance	12,227	3,093,620	31,233	601,628	12,125	-	3,750,833	1,766	-	1,766	3,752,599	3,602,110
Training, recognition, and recruitment	3,545	5,978	3,713	3,408	9,387	725	26,756	280,138	4,065	284,203	310,959	210,257
Educational outreach and advertising	2,203	876	10,376	1,415	88,657	-	103,527	6,164	10,793	16,957	120,484	92,470
Printing and postage	1,393	3,276	1,452	6,656	4,148	40	16,965	7,748	15,640	23,388	40,353	22,308
Supplies	33,121	21,388	154,275	20,852	4,866,953	112	5,096,701	21,377	4,587	25,964	5,122,665	3,421,053
Pharmacy program fees	441	-	-	-	2,138,149	-	2,138,590	-	-	-	2,138,590	1,686,345
Transportation	8,685	15,533	13,720	11,768	11,710	1,040	62,456	30,525	1,454	31,979	94,435	51,388
Dues and subscriptions	9,018	7,807	2,702	5,625	51,068	1,893	78,113	73,636	25,575	99,211	177,324	159,078
Occupancy	112,460	298,024	141,157	259,317	258,312	4,625	1,073,895	184,701	73,416	258,117	1,332,012	873,120
Repairs, maintenance, and equipment	91,763	57,180	29,715	66,700	210,900	326	456,584	132,481	10,060	142,541	599,125	330,365
Insurance	69,497	35,832	12,215	16,985	84,007	1,355	219,891	16,019	7,248	23,267	243,158	233,125
Food and beverages	41,996	7,584	4,675	8,011	8,171	87	70,524	11,705	5,671	17,376	87,900	45,960
Interest expense	-	20	-	6,831	71,899	-	78,750	6,425	-	6,425	85,175	73,999
Bad debt expense	-	-	-	-	-	-	-	59,072	-	59,072	59,072	7,500
Grant expense	-	81,847	113,683	-	-	-	195,530	-	-	-	195,530	132,870
Special events	-	-	-	-	-	-	-	-	525,377	525,377	525,377	415,692
Other	8,176	44,145	10,092	986	17,455	12,014	92,868	53,034	6,215	59,249	152,117	80,447
Total expenses before administrative allocation, depreciation and amortization, and donated nonfinancial assets (carried forward)	2,588,342	6,268,271	1,720,240	2,673,460	11,719,084	113,746	25,083,143	3,586,007	1,520,903	5,106,910	30,190,053	22,006,007

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, 2023** *(With Comparative Totals for 2022)*

	Program Services						Total	Supporting Services			Total	
	Residential Care	Housing and Support Services	Prevention and Health Services	Southwest Washington Services	Primary Care and Behavioral Health Services	Advocacy and Public Policy		Management and General	Development and Community Engagement	Total	2023	2022
Brought forward	\$ 2,588,342	\$ 6,268,271	\$ 1,720,240	\$ 2,673,460	\$ 11,719,084	\$ 113,746	\$ 25,083,143	\$ 3,586,007	\$ 1,520,903	\$ 5,106,910	\$ 30,190,053	\$ 22,006,007
Administrative allocation	166,877	174,870	72,942	99,640	156,997	3,121	674,447	(616,296)	(58,151)	(674,447)	-	-
Depreciation and amortization	191,770	40,825	13,472	157,171	103,527	547	507,312	30,083	6,690	36,773	544,085	433,160
Donated nonfinancial assets	7,597	273,169	-	-	-	-	280,766	20,891	78,808	99,699	380,465	171,862
<b>Total expenses</b>	<b>2,954,586</b>	<b>6,757,135</b>	<b>1,806,654</b>	<b>2,930,271</b>	<b>11,979,608</b>	<b>117,414</b>	<b>26,545,668</b>	<b>3,020,685</b>	<b>1,548,250</b>	<b>4,568,935</b>	<b>31,114,603</b>	<b>22,611,029</b>
Less costs netted with revenue	-	-	-	-	-	-	-	-	(525,377)	(525,377)	(525,377)	(415,692)
	<b>\$ 2,954,586</b>	<b>\$ 6,757,135</b>	<b>\$ 1,806,654</b>	<b>\$ 2,930,271</b>	<b>\$ 11,979,608</b>	<b>\$ 117,414</b>	<b>\$ 26,545,668</b>	<b>\$ 3,020,685</b>	<b>\$ 1,022,873</b>	<b>\$ 4,043,558</b>	<b>\$ 30,589,226</b>	<b>\$ 22,195,337</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, 2023</b> <i>(With Comparative Totals for 2022)</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (1,824,301)	\$ 8,201,547
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	544,085	433,160
Change in debt issuance costs	3,329	1,568
Unrealized (gain) loss on investments	(81,859)	307,888
Increase in net assets from acquisition	-	(7,409,972)
Paycheck Protection Program loan forgiveness	-	(1,034,247)
Contributions restricted for investment in capital improvements	(320,000)	-
Net change in operating lease right-of-use asset and lease liability	(91,219)	-
Net change in:		
Contracts receivable	722,454	(555,823)
Contributions and grants receivable	211,723	(54,325)
Accounts receivable - patient service and pharmacy	(229)	(318,155)
Prepaid expenses	2,093	(150,529)
Deposits and other assets	(50,587)	(692)
Accounts payable and accrued expenses	(135,927)	1,131,874
Accrued payroll and related expenses	266,282	(96,682)
Refundable advances	(281,854)	107,929
Deferred rent and lease incentive	-	(151,327)
<b>Net cash provided (used) by operating activities</b>	<b>(1,036,010)</b>	<b>412,214</b>
<b>Cash flows from investing activities:</b>		
Cash acquired in acquisition	-	345,168
Purchase of property and equipment	(402,137)	(478,562)
Purchase of investments	(41,624)	(5,657)
<b>Net cash used by investing activities</b>	<b>(443,761)</b>	<b>(139,051)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for investment in capital improvements	300,000	-
Principal payments on notes payable	(112,933)	(112,759)
<b>Net cash provided (used) by financing activities</b>	<b>187,067</b>	<b>(112,759)</b>
<b>Net increase (decrease) in cash and cash equivalents, and restricted cash (carried forward)</b>	<b>(1,292,704)</b>	<b>160,404</b>

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

## CASCADE AIDS PROJECT

### Consolidated Statement of Cash Flows - Continued

Year Ended June 30, 2023 <i>(With Comparative Totals for 2022)</i>	2023	2022
<b>Net increase (decrease) in cash and cash equivalents, and restricted cash (brought forward)</b>	\$ (1,292,704)	\$ 160,404
Cash, cash equivalents, and restricted cash, beginning of year	2,856,806	2,696,402
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 1,564,102</b>	<b>\$ 2,856,806</b>
Less restricted cash	(300,000)	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,264,102</b>	<b>\$ 2,856,806</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 67,767	\$ 79,372
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Property and equipment acquired in exchange for long-term debt	\$ 104,687	\$ 341,968
Property and equipment acquired in exchange for deferred lease incentive	-	94,770
Property and equipment acquired in exchange for operating lease liability	336,060	-
Property and equipment included in accounts payable	52,114	-
<b>Assets acquired and liabilities assumed in acquisition of Our House of Portland:</b>		
Assets:		
Investments	\$ -	\$ 1,903,261
Contracts receivable	-	367,548
Prepaid expenses	-	23,808
Property and equipment	-	4,979,246
Liabilities:		
Accounts payable and accrued expenses	-	33,164
Accrued payroll and related expenses	-	175,895

*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 opened an on-site pharmacy. In 2022, the Organization acquired Our House of Portland (OHOP), a local non-profit entity that provides 24-hour specialized nursing care and social work services to people living with HIV. OHOP also operates a community food pantry and a clothing and household goods donation site.

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

**Housing and Support** - The Housing and Support Services Department coordinates intake into the Organization's services, provides one-on-one support in finding and maintaining housing, offers educational programs to help people living with HIV thrive at home and at work, and builds community among people living with HIV. Hundreds of households received rent, utility, and/or emergency assistance, and over a thousand households received some form of support services for the year ended June 30, 2023. 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. Culturally specific navigation programs help African American and Latinx clients understand their diagnosis and engage in HIV care. Other programs offered include Camp KC, a week-long residential camp for HIV infected and affected children, and Aging Well, a program that builds community and supports the well-being of aging adults living with or affected by 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

**Prevention and Health Services** - The Prevention and Health Services Department provided services to almost two thousand people during the year ended June 30, 2023. The Department offers HIV/STI testing services in various locations across Multnomah, Clackamas, Washington, and Clark counties with over a thousand HIV tests completed during the year ending June 30, 2023. 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.

**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 and provides culturally affirming, trauma-informed services to residents of SW Washington (Clark and Skamania counties). A second office in Longview, Washington opened in December 2018, serving Cowlitz and Wahkiakum counties. During the year ended June 30, 2023, staff members enrolled 459 clients in Medical Case Management services and provided housing assistance to 226 households (short and long term rent assistance, emergency rental assistance, and move-in costs), and provided supportive services, such as food and transportation, to 147 clients. Other services provided onsite include employment support and job readiness, peer navigation services (connecting clients to mental health care and substance abuse treatment), support groups, wellness case management, housing advocacy and support, insurance enrollment, PrEP navigation, STI screening and treatment, safer sex supplies, and community education and outreach.

**Primary Care and Behavioral Health 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, as the first LGBTQ+ primary care clinic in Oregon. During the year ended June 30, 2023, Prism Health had a total of 9,757 patient encounters for medical services and 4,306 patient encounters for behavioral health care.

**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.

## 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

**Residential Care** - Acquired in 2022, Our House of Portland provides 24-hour residential care for people living with HIV. During the year ended June 30, 2023, 12 of the 14 rooms were occupied by residents. In addition, Our House of Portland provides in-home support services to roughly 50 households per year through its Neighborhood Housing and Care Program. Furthermore, Our House operates a community food pantry, Esther's Pantry, and a clothing/household good donation site, Tod's corner. Over 500 clients utilize these services each month.

#### Supporting Services:

**Development and Community Engagement** - The Development and Community Engagement department is charged with inspiring and connecting multiple audiences with our mission and vision in order to build community support. The Organization uses a variety of traditional and new media to share meaningful stories, promote the Organization's ideas, disseminate health research and information, amplify partner voices, and catalyze change. Development activities include creating opportunities for donors and volunteers to engage with the Organization's work, conducting fundraising campaigns, preparing and distributing fundraising materials, and managing other activities involving soliciting contributions from individuals, foundations, corporations, and public entities. Through the Organization's special events, engagements are created that bring people together to build new connections, spark big ideas, raise awareness on critical issues, and inspire meaningful change.

**Management and General** - The Organization's Management and General activities include executive direction, financial management, accounting, recordkeeping, budgeting and planning, human resources, operations, information technology, workplace JEDI (Justice, Equity, Diversity and Inclusion), advocacy, and related administrative activities. These services provide the necessary developmental, organizational, and managerial support for the effective operation of the Organization's programs.

**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, the functional allocation of expenses and the valuation of donated nonfinancial assets.

**Cash and Cash Equivalents and Restricted Cash** - The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Restricted cash consists of funds restricted for capital improvements.

**Investments** - Investments are carried at fair value. Investment income is accrued as earned and is reported net of investment advisory fees.

**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 the 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. Property and equipment acquired through an acquisition are recorded at estimated fair value at the date of acquisition. 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.

**Revenue Recognition** - The Organization's policy for the recognition of revenues is as follows:

*Contributions and Grants* - The Organization recognizes contribution and grant revenue when cash, securities or other assets; an unconditional promise to give (pledge); or a notification of beneficial interest is received. Conditional promises to give, 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.

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.

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.

*Contracts and Cooperative Agreements* - The Organization's contract and cooperative agreement revenue is derived from 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 met the performance requirements or incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to meeting performance requirements or incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. At June 30, 2023, the Organization had conditional government grants and contracts totaling approximately \$5,600,000 (including refundable advances of \$281,814) that have not been recognized as revenue as qualifying expenditures have not yet been 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 Revenue Recognition - Continued

*Net Patient Service and Pharmacy Revenue* - Patient revenue is recognized based on the amount the Organization expects to receive in exchange for providing patient care services once the Organization has met its related performance obligation. The performance obligation is typically met at the point in time when the service is provided. The amounts are due from third-party payors, including private insurance and government payors, and include variable consideration for retroactive revenue adjustments that may occur under the terms of the various agreements the Organization has with its payors. Pharmacy revenue is recognized when the prescription is filled and the goods are provided to patients. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments, discounts, and implicit price concessions provided to uninsured and under-insured patients. The Organization determines its initial estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with uninsured and under-insured patients. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Settlements with third-party payors for retroactive adjustments are included in the estimated transaction price for providing patient care. Estimated settlements are adjusted in future periods as adjustments become known or as new information becomes available.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to various interpretations. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these regulations, and it is not possible to determine the impact such claims or penalties would have upon the Organization.

**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, restricted cash, investments, and contracts receivable. These financial instruments may subject the Organization to concentrations of credit and other risk. At June 30, 2023, and frequently during the fiscal year, cash and cash equivalent and restricted cash balances exceeded amounts insured by the Federal Deposit Insurance Corporation. The Organization's investments are exposed to various risks, such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and amounts reported in the consolidated financial statements. 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 September 30, 2024.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

**New Accounting Standard** - Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires a lessee to record a right-of-use (ROU) asset and a lease liability for all leases with an initial term greater than 12 months. Leases are classified as either financing or operating, with classifications affecting the recognition, measurement, and presentation of expenses and cash flows.

Upon adoption of the new guidance, the Organization elected to apply several practical expedients, including: (1) not reassessing existing contracts to determine whether they are or contain a lease; (2) not reassessing existing leases to determine whether they are an operating or financing lease; and (3) not reassessing any initial direct costs for existing leases.

The Organization adopted ASU 2016-02 using the modified retrospective approach, which resulted in the recognition of operating ROU assets of \$2,746,712 (net of the previously recognized accumulated deferred rent liability of \$740,019) and associated operating lease liabilities of \$3,485,306 as of July 1, 2022.

**Fair Value Measurements** - Accounting standards pertaining to fair value measurements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

The three levels of the fair value hierarchy are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets the Organization has the ability to access.

*Level 2* - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs, other than quoted prices observable for the asset; and
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

**Measure of Operations** - The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to activities of a more unusual or non-recurring nature, or net investment return.

**Subsequent Events** - Management has evaluated subsequent events through March 27, 2024, the date the consolidated financial statements were available for issue.

**Summarized Financial Information for 2022** - The accompanying financial information as of and for the year ended June 30, 2022, 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, 2022, from which the summarized information was derived.

#### 2. Restricted Cash

At June 30, 2023, the Organization held \$300,000 in cash from a donation that was restricted by the donor for renovation of certain property owned by the Organization.

#### 3. Investments

Investments consist of the following at June 30, 2023 and have been measured using Level 1 inputs under the fair value hierarchy:

	Level 1	Total
Money market funds	\$ 94,077	\$ 94,077
Domestic common stock	1,022	1,022
Domestic equity mutual and exchange traded funds	641,055	641,055
Foreign equity mutual funds	215,469	215,469
Fixed income mutual and exchange traded funds	772,890	772,890
	<u>\$ 1,724,513</u>	<u>\$ 1,724,513</u>

The fair value of the above investments has been determined by reference to quoted market prices.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 4. Contracts Receivable

Contracts receivable consist of the following at June 30:

	2023	2022
Multnomah County	\$ 589,267	\$ 1,057,590
Washington County	18,518	15,361
Clackamas County	12,884	20,976
State of Washington, Department of Health	479,710	571,988
State of Washington, Department of Commerce	7,457	33,773
State of Washington, Health Care Authority	20,933	27,797
Home Forward	13,096	13,058
Centers for Disease Control & Prevention	76,774	138,876
Housing and Urban Development	83,053	230,443
State of Oregon	541,506	454,429
Transition Projects, Inc.	10,674	3,491
Substance Abuse and Mental Health Services Administration	23,864	-
Providence Health and Services	32,056	-
Health Resources and Services Administration	89,882	52,410
Kaiser Permanente	13,350	41,020
Care Oregon	121,874	194,676
Other	6,278	7,742
	<u>\$ 2,141,176</u>	<u>\$ 2,863,630</u>

At June 30, 2023, contracts receivable includes \$212,065 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. Contributions and Grants Receivable - Net

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

	2023	2022
Unconditional promises expected to be collected in: <sup>A</sup>		
Less than one year	\$ 311,362	\$ 388,917
One to five years <sup>B</sup>	<u>40,000</u>	<u>144,223</u>
	351,362	533,140
Less allowance for doubtful accounts	<u>(10,961)</u>	<u>(1,016)</u>
	<u>\$ 340,401</u>	<u>\$ 532,124</u>

<sup>A</sup>Approximately 56 percent of the balance at June 30, 2023, is due from three donors.

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

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

	2023	2022
Patient service revenue	\$ 511,927	\$ 525,643
Pharmacy revenue	<u>529,277</u>	<u>515,332</u>
	<u>\$ 1,041,204</u>	<u>\$ 1,040,975</u>

At June 30, 2023, patient service revenue receivable includes \$248,849 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**

**7. Property and Equipment - Net**

Net property and equipment consist of the following at June 30:

	<b>2023</b>	<b>2022</b>
Land	\$ 720,500	\$ 720,500
Building and improvements	7,292,302	7,126,604
Office equipment	857,525	593,972
Leasehold improvements	1,358,196	1,358,196
Vehicles	<u>152,383</u>	<u>115,696</u>
	10,380,906	9,914,968
Less accumulated depreciation and amortization	<u>(2,173,228)</u>	<u>(1,629,144)</u>
	8,207,678	8,285,824
Construction in progress	<u>1,091,732</u>	<u>662,673</u>
Net property and equipment	<u><u>\$ 9,299,410</u></u>	<u><u>\$ 8,948,497</u></u>

In January 2022, the Organization entered into a tenancy in common (TIC) agreement with three unrelated parties to purchase certain real property that will operate as a second Prism clinic location. The Organization is a 25 percent owner of the TIC, and its portion of the land and building acquired by the TIC is included in construction in progress at June 30, 2023 and 2022. In August 2022, the Organization entered into an agreement to lease the portion of TIC property owned by the other TIC members under a seven-year lease, with an option for the Organization to purchase the other TIC interests in the property after a period of five years.

In July 2023, the Organization obtained a construction loan totaling \$1.5 million and a \$250,000 line of credit to be used for renovations on the property owned by the TIC.



## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 8. Notes Payable - Net

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

	2023	2022
<p>Note payable to Heritage Bank in monthly installments of \$9,370 including interest at 3.235 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 \$46,478 at June 30, 2023). Secured by a deed of trust and assignment of rents on real property with a net book value of \$2,541,901 at June 30, 2023.</p>	\$ 1,580,781	\$ 1,635,478
<p>Note payable to Avita Drugs, LLC in monthly installments of \$1,836 including interest at 4 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 \$108,869 at June 30, 2023.</p>	46,014	65,769
<p>Tenant improvement loan payable to PMB Vancouver 604 Memorial Mob, LLC payable in monthly installments of \$3,235 including interest at 8 percent per annum through June 2024.</p>	36,995	71,250
<p>Construction loan payable to Pacific West Bank with monthly interest only payments at 3.42 percent per annum through January 2023, then monthly installments of \$2,732 including interest at 3.42 percent per annum through January 2027. At that time, the rate will reset based on the five year index rate published by the Federal Home Loan Bank of Des Moines, plus 2.25 percent, through January 2032, at which time all remaining principal and interest will be due (including net unamortized debt issuance costs of \$6,123 at June 30, 2023). Secured by the Organization's interest in a deed of trust on real property with a net book value of \$704,785 at June 30, 2023. Guaranteed by co-borrowers of the TIC (Note 7).</p>	439,635	335,845
	\$ 2,103,425	\$ 2,108,342

Certain of the aforementioned notes payable contain various covenants regarding consolidated financial statement amounts, ratios, and activities of the Organization. The Organization was not in compliance with certain of these covenants at June 30, 2023.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 8. Notes Payable - Net - Continued

The Organization's interest in the construction loan payable with Pacific West Bank consists of the following at June 30, 2023:

Total loan amount	\$ 2,167,682
Less construction project reserve	(355,752)
Less principal payments	(28,899)
	1,783,031
Less debt issuance costs	(24,489)
	1,758,542
Less amounts owed by other members of TIC	(1,318,907)
	\$ 439,635
	\$ 439,635

The members of the TIC (*Note 7*) are jointly and severally responsible for the construction loan payable. Under the terms of the TIC agreement, the Organization is liable for 25 percent of the outstanding balance of the loan. The net loan balance recognized in the consolidated statement of financial position at June 30, 2023 represents the Organization's interest in the liability.

Future principal maturities are as follows at June 30, 2023:

Years Ending June 30,	Amount
2024	\$ 136,198
2025	106,710
2026	83,961
2027	86,639
2028	89,418
Thereafter	1,653,100
	2,156,026
Less unamortized debt issuance costs	(52,601)
	\$ 2,103,425

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 9. Net Assets Without Donor Restrictions

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

	2023	2022
Available for programs and general operations	\$ 1,531,856	\$ 2,980,534
Board designated for capital projects at Prism Clinic	100,000	100,000
Board designated reserve for residential care	1,500,000	1,500,000
Net investment in property and equipment	<u>6,211,125</u>	<u>6,367,561</u>
	<u>\$ 9,342,981</u>	<u>\$ 10,948,095</u>

#### 10. Net Assets With Donor Restrictions

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

	2023	2022
Subject to expenditures for specified purposes:		
Prism Clinic Operations	\$ 26,981	\$ 10,000
Prism II capital project	320,000	-
STI prevention and testing	13,646	79,231
Equity and inclusion	113,000	-
HIV and aging	246,615	458,410
Camp KC	-	15,477
Housing and supportive services	148,681	129,762
SW Washington services	168,428	481,467
Our House of Portland residential care facility	-	5,000
Other	2,512	-
Subject to the passage of time not otherwise restricted	<u>174,520</u>	<u>254,223</u>
Total net assets with donor restrictions	<u>\$ 1,214,383</u>	<u>\$ 1,433,570</u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 11. 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:

	2023	2022
Multnomah County	\$ 4,886,727	\$ 4,941,173
Washington County	102,756	95,567
Clackamas County	91,351	67,283
State of Washington, Department of Health	1,844,872	1,682,613
Home Forward	187,194	97,713
Centers for Disease Control and Prevention	434,850	344,573
Health Resources and Services Administration	384,501	180,999
Department of Health and Human Services	276,824	-
Department of Housing and Urban Development	913,176	594,953
State of Oregon, Health Division	3,916,197	2,452,165
Our House of Portland	-	86,478
Providence	148,756	-
Oregon State University	146,406	-
Other	147,936	107,555
	<u>\$ 13,481,546</u>	<u>\$ 10,651,072</u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 12. Donated Nonfinancial Assets

The Organization received the following donations of nonfinancial assets for the year ended June 30:

Program or Supporting Service	Donated Goods	Donated Services	Donated Art	Total	
				2023	2022
Housing and support services	\$ 44,750	\$ -	\$ -	\$ 44,750	\$ 78,640
Residential Care	236,639	-	-	236,639	-
Management and general	-	20,891	-	20,891	9,107
Development and community engagement	<u>70,102</u>	<u>8,083</u>	<u>196,215</u>	<u>274,400</u>	<u>257,905</u>
	<u>\$ 351,491</u>	<u>\$ 28,974</u>	<u>\$ 196,215</u>	<u>\$ 576,680</u>	<u>\$ 345,652</u>

There were no donor-imposed restrictions associated with the donated nonfinancial assets. The Organization receives contributions of art to be sold at the Organization's annual art auction. Donated art is valued at the gross selling price received at the auction. All other donated goods or services were utilized by the Organization in various programs or supporting services. Donated goods are valued at the estimated fair value at the time of donation based on comparable selling prices.

The Organization reports as revenue the estimated fair value of contributed services received when 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 year ended June 30, 2023, the Organization recognized in-kind contributions of services totaling \$28,974, primarily consisting of donated professional services benefiting management and general and financial development activities. Donated services are valued at the estimated standard hourly rates charged for those services.

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.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 13. Special Events

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

	AIDS Walk	Art Auction	Other Events	Total	
				2023	2022
Gross revenue	\$ 214,286	\$ 631,398	\$ 5,561	\$ 851,245	\$ 934,390
Less direct expenses	<u>(108,583)</u>	<u>(416,628)</u>	<u>(166)</u>	<u>(525,377)</u>	<u>(415,692)</u>
	105,703	214,770	5,395	325,868	518,698
Less art auction proceeds accounted for as donated nonfinancial assets (Note 12)	<u>-</u>	<u>(196,215)</u>	<u>-</u>	<u>(196,215)</u>	<u>(173,790)</u>
Net special event revenue	<u>\$ 105,703</u>	<u>\$ 18,555</u>	<u>\$ 5,395</u>	<u>\$ 129,653</u>	<u>\$ 344,908</u>

#### 14. Net Assets Released from Restrictions

During the year ended June 30, 2023, the Organization released restricted net assets totaling \$965,111 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

#### 15. 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.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 16. Significant Sources of Revenue and Contingencies

The Organization derives a substantial amount of its revenue under contracts and cooperative agreements with various agencies (*Note 11*). 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.

#### 17. Leases

The Organization determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration. When an arrangement is a lease, the Organization determines whether it is an operating or finance lease.

Leases result in recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability, adjusted for any direct costs, prepaid or deferred rent and lease incentives. The Organization has elected not to separate lease components from non-lease components, and to apply the short-term lease exception, which does not require the capitalization of leases with a term of 12 months or less. Short-term leases are recognized as expense on a straight-line basis over the term of the lease. Variable lease payments, if any, are recognized as expense in the period in which the obligation for payment is incurred. The Organization considers any options to extend or terminate a lease when determining the lease term, and only options that the Organization believes are reasonably certain to be exercised are included in the measurement of the ROU assets and lease liabilities.

The Organization has lease arrangements for certain equipment and facilities, including office and clinic space, under with 3 to 10 year initial terms. Some leases include renewal options which can extend the lease term. The exercise of these renewal options is generally at the discretion of the Organization, and only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. The lease agreements do not include any residual value guarantees or restrictive covenants. The Organization has elected to use the risk-free rate of return as the discount rate for all leases as neither the rate implicit in the lease nor the Organization's incremental borrowing rate are readily available.

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

**17. Leases - Continued**

Lease expense was composed of the following for the year ended June 30, 2023:

Operating lease expense	\$ 856,242
Variable lease expense	<u>302,446</u>
	<u><u>\$ 1,158,688</u></u>

Lease expense includes \$160,882 associated with the Organization's lease with for space for property held under a TIC agreement (*Note 7*).

The following summarizes the cash flow information related to finance and operating leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities for operating leases included in operating cash flows	\$ 946,037
Operating lease right-of-use assets obtained in exchange for lease liabilities for operating lease liabilities	\$ 5,461,946

Weighted average lease term and discount rate were as follows at June 30, 2023:

Weighted-average remaining lease term (in years)	
Operating leases	5.8
Weighted-average discount rate for operating leases	2.8%

The maturities of operating lease liabilities were as follows as of June 30, 2023:

Years Ending June 30,	Amount
2024	\$ 1,057,499
2025	1,050,420
2026	1,048,589
2027	377,930
2028	383,376
Thereafter	<u>1,136,936</u>
	5,054,750
Less present value discount	<u>(401,574)</u>
Total lease liabilities	<u><u>\$ 4,653,176</u></u>



## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 18. 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, and these contributions vest over a three year period. Contributions by the Organization to the Plan totaled \$282,454 and \$176,969 for the years ended June 30, 2023 and 2022, respectively.

#### 19. Liquidity and Availability

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

	2023	2022
Cash and cash equivalents	\$ 1,264,102	\$ 2,856,806
Investments	1,724,513	1,601,030
Contracts receivable - net	2,141,176	2,863,630
Contributions and grants receivable	340,401	387,901
Accounts receivable - patient service and pharmacy	<u>1,041,204</u>	<u>1,040,975</u>
Total financial assets available within one year	6,511,396	8,750,342
Less: amounts unavailable for general expenditure within one year, due to restrictions by donors	(914,383)	(1,178,331)
Less: amounts unavailable for general expenditure within one year, due to designations by board of directors	<u>(1,600,000)</u>	<u>(1,600,000)</u>
Net financial assets available to management for general expenditure within one year	<u>\$ 3,997,013</u>	<u>\$ 5,972,011</u>

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition, the amount designated by the board of directors could be made available if necessary.

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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, 2023**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing 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-14015-2022 HD-SVCSGEN-14098-2022 HD-SVCSGEN-14103-2022 HD-SVCSGEN-15144-2023	\$ 81,847	\$ 817,569
<i>Oregon State University:</i>				
Research and Development Cluster Mental Health Research Grants	93.242	P0507A-A	-	146,406
<i>Direct Award:</i>				
Congressional Directives	93.493	N/A	-	276,824
<i>Direct Award:</i>				
HIV Prevention Activities - Non-Governmental Organization Based	93.939	N/A	113,683	434,850
<i>Oregon Health &amp; Science University:</i>				
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	1013415	-	2,783
<i>Multnomah County:</i>				
HIV Prevention Activities - Health Department Based	93.940	HD-SVCSGEN-13168-2021	-	149,296
<i>State of Washington:</i>				
HIV Prevention Activities - Health Department Based	93.940	CBO27185	-	158,368
<i>Clackamas County:</i>				
HIV Prevention Activities - Health Department Based	93.940	10620	-	42,716
		Total 93.940	-	350,380
Carried forward			195,530	2,028,812

*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, 2023**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Brought forward			\$ 195,530	\$2,028,812
<i>Multnomah County:</i>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HD-SVCSGEN-12420-2021	-	3,318
<i>Direct Award:</i>				
Health Center Program Cluster: Grants for New and Expanded Services Under the Health Center Program	93.527	N/A	-	384,501
<b>Total U.S. Department of Health and Human Services</b>			<b>195,530</b>	<b>2,416,631</b>
<b>U.S. Department of Housing and Urban Development:</b>				
<i>Direct Award:</i>				
Continuum of Care Program	14.267	N/A	-	544,646
<i>Transition Projects, Inc. :</i>				
Continuum of Care Program	14.267	None	-	25,985
		Total 14.267	-	570,631
<i>Direct Award:</i>				
Housing Opportunities for Persons with AIDS	14.241	N/A	-	368,530
<i>Multnomah County:</i>				
Housing Opportunities for Persons with AIDS	14.241	JOHS-SVCSGEN-11047-2019	-	1,803,801
<i>State of Oregon :</i>				
Housing Opportunities for Persons with AIDS	14.241	162738/166866/178589	-	479,089
COVID-19 Housing Opportunities for Persons with AIDS	14.241	164925	-	76,781
Carried forward			195,530	5,715,463

*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, 2023**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Brought forward			\$ 195,530	\$ 5,715,463
<i>State of Washington :</i>				
Housing Opportunities for Persons with AIDS	14.241	CBO27232/CBO27238	-	104,559
		Total 14.241	-	2,832,760
<b>Total U.S. Department of Housing and Urban Development</b>			-	<b>3,403,391</b>
<b>Total federal expenditures</b>			<b>\$ 195,530</b>	<b>\$ 5,820,022</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.

Pass-through entity numbers are presented when available.

#### 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) and its wholly owned affiliate, CAP Belmont LLC, which comprise the consolidated statement of financial position as of June 30, 2023, 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 March 27, 2024. The consolidated financial statements of CAP Belmont LLC were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with CAP Belmont LLC.

**Report on 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.

## **Report on 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  
March 27, 2024



**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**

*Opinion on Each Major Federal Program*

We have audited Cascade AIDS Project's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *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, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2023.

*Basis for Opinion on Each Major Federal Program*

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## Report on Compliance for Each Major Federal Program - Continued

### *Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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.

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

### **Report on Internal Control Over Compliance - Continued**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
March 27, 2024

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

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Year Ended June 30, 2023

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

*Consolidated 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>Federal Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons with AIDS
93.914	HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

**CASCADE AIDS PROJECT**

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

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**Year Ended June 30, 2023**

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**Section 2 - Consolidated Financial Statement Findings**

There were no current year consolidated financial statement findings.

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

There were no current year findings or questioned costs

**CASCADE AIDS PROJECT**

**Summary Schedule of Prior Audit Findings**

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**Year Ended June 30, 2022**

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**United States Department of Health & Human Services:**

**Finding 2022-001**

**Health Center Program Cluster - Grants for New and Expanded Services Under the Health Center Program Cluster**

**CONDITION:**

During our sliding scale fee discount testing procedures, we identified instances in our sample where the sliding fee discount applied to the patient was incorrect, resulting in the patient paying a higher rate for services than they were otherwise entitled to. We also noted salary amounts were not consistently documented, resulting in errors in the determination of the appropriate sliding scale fee discount.

**CURRENT STATUS:**

No similar findings were noted in the 2023 audit.

**Finding 2022-002**

**Health Center Program Cluster - Grants for New and Expanded Services Under the Health Center Program Cluster**

**CONDITION:**

The finance department drew down federal funds to reimburse certain costs related to a building renovation after the project was completed, but before required approvals had been received from the outside agencies.

**CURRENT STATUS:**

The Organization reimbursed a total of \$50,284 (equal to the previously reported questioned cost) to the federal agency, and implemented a formal grant review and monitoring process, whereby program and finance directors are made aware of compliance requirements and any necessary approvals are completed prior to drawing down federal funds.