

---

**CASCADE AIDS PROJECT**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2010**

**with**

**Independent Auditors' Report**

**and**

**Single Audit Reports**

---

# CASCADE AIDS PROJECT

## Table of Contents

---

	<b>Page</b>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	6
Notes to Financial Statements	7
<b>Single Audit Reports</b>	
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
<b>Report on Internal Control over Financial Reporting     and on Compliance and Other Matters Based on     an Audit of Financial Statements Performed in     Accordance with <i>Government Auditing Standards</i></b>	20
<b>Report on Compliance with Requirements That Could     Have a Direct and Material Effect on Each Major Program     and on Internal Control Over Compliance in Accordance with     OMB Circular A-133</b>	22
Schedule of Findings and Questioned Costs	24
Summary Schedule of Prior Audit Findings	26

## Independent Auditors' Report

The Board of Directors  
Cascade AIDS Project

We have audited the accompanying statement of financial position of Cascade AIDS Project (the Organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated October 28, 2009, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2010, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Hoffman, Stewart & Schmidt, P.C.*

November 3, 2010

**CASCADE AIDS PROJECT**  
**Statement of Financial Position**

<b>June 30, 2010</b> <i>(With Comparative Amounts for 2009)</i>	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 256,105	\$ 331,778
Investments <i>(Notes 2 and 17)</i>	397,527	340,702
Contracts receivable <i>(Note 3)</i>	576,536	337,016
Contributions and grants receivable <i>(Note 4)</i>	16,361	74,677
Prepaid expenses	96,905	42,812
Restricted cash for letter of credit <i>(Note 5)</i>	87,699	87,699
Property and equipment <i>(Note 6)</i>	110,251	91,197
Deposits and other assets	350	7,991
<b>Total assets</b>	<b><u>\$ 1,541,734</u></b>	<b><u>\$ 1,313,872</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses <i>(Note 15)</i>	\$ 197,787	\$ 58,983
Accrued payroll and related expenses	83,299	91,655
Deferred revenue	18,500	-
<b>Total liabilities</b>	<b>299,586</b>	<b>150,638</b>
Commitments and contingencies <i>(Notes 14, 15 and 16)</i>		
<b>Net assets:</b>		
Unrestricted:		
Available for programs and general operations	1,105,144	948,505
Net investment in property and equipment	110,251	91,197
Total unrestricted	1,215,395	1,039,702
Temporarily restricted <i>(Note 8)</i>	26,753	123,532
<b>Total net assets</b>	<b><u>1,242,148</u></b>	<b><u>1,163,234</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 1,541,734</u></b>	<b><u>\$ 1,313,872</u></b>

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

## CASCADE AIDS PROJECT

### Statement of Activities

**Year Ended June 30, 2010** (with Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Total	
			2010	2009
<b>Revenues, gains, and other support:</b>				
Contract revenue (Note 9)	\$ 3,231,988	\$ -	\$ 3,231,988	\$ 2,646,103
Contributions and grants	407,193	26,753	433,946	444,658
In-kind contributions (Note 10)	291,828	-	291,828	319,682
Special events, net of direct expenses (Note 11)	558,193	-	558,193	483,182
Investment return (Note 2)	63,500	-	63,500	12,516
<b>Total revenues and gains</b>	<b>4,552,702</b>	<b>26,753</b>	<b>4,579,455</b>	<b>3,906,141</b>
Net assets released from restrictions (Note 12)	123,532	(123,532)	-	-
<b>Total revenues, gains, and other support</b>	<b>4,676,234</b>	<b>(96,779)</b>	<b>4,579,455</b>	<b>3,906,141</b>
<b>Expenses (Note 13):</b>				
Program services	3,613,776	-	3,613,776	3,188,000
Supporting services:				
Management and general	382,208	-	382,208	466,910
Financial development	504,557	-	504,557	584,521
<b>Total expenses</b>	<b>4,500,541</b>	<b>-</b>	<b>4,500,541</b>	<b>4,239,431</b>
<b>Increase (decrease) in net assets</b>	<b>175,693</b>	<b>(96,779)</b>	<b>78,914</b>	<b>(333,290)</b>
Net assets, beginning of year	1,039,702	123,532	1,163,234	1,496,524
<b>Net assets, end of year</b>	<b>\$ 1,215,395</b>	<b>\$ 26,753</b>	<b>\$ 1,242,148</b>	<b>\$ 1,163,234</b>

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

**CASCADE AIDS PROJECT**  
**Statement of Functional Expenses**

**Year Ended June 30, 2010** (with Comparative Totals for 2009)

	<b>Program Services</b>			<b>Total</b>
	<b>Support Services</b>	<b>Prevention and Education Services</b>	<b>Advocacy and Public Policy</b>	
Payroll and related expenses	\$ 817,525	\$ 627,607	\$ 17,419	\$ 1,462,551
Professional fees	110,455	124,694	457	235,606
Direct client assistance	811,710	9,091	-	820,801
Training and recognition	4,134	14,321	3,362	21,817
Educational outreach and advertising	6,315	38,153	21	44,489
Educational materials	606	341	-	947
Printing and copying	5,492	13,277	354	19,123
Postage and shipping	2,368	1,430	53	3,851
Supplies	23,943	81,965	126	106,034
Transportation	21,679	11,222	456	33,357
Dues and subscriptions	155	377	-	532
Occupancy	104,578	161,647	1,378	267,603
Repairs, maintenance and equipment purchases	6,041	15,436	-	21,477
Insurance	7,262	5,448	89	12,799
Food and beverages	8,479	14,718	245	23,442
Grant expense	60,400	140,110	-	200,510
Bad debt expense	-	-	-	-
Other	720	4,553	8	5,281
<b>Total expenses before administrative allocation, depreciation and amortization and in-kind contributions</b>	<b>1,991,862</b>	<b>1,264,390</b>	<b>23,968</b>	<b>3,280,220</b>
Administrative allocation	105,319	81,721	1,288	188,328
Depreciation and amortization	9,903	7,541	121	17,565
In-kind expenses (Note 10)	73,533	53,570	560	127,663
<b>Total expenses</b>	<b>\$ 2,180,617</b>	<b>\$ 1,407,222</b>	<b>\$ 25,937</b>	<b>\$ 3,613,776</b>

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

<b>Supporting Services</b>				
<b>Management and General</b>	<b>Financial Development</b>	<b>Total</b>	<b>Total</b>	
			<b>2010</b>	<b>2009</b>
\$ 440,948	\$ 269,528	\$ 710,476	\$ 2,173,027	\$ 2,400,737
17,183	10,714	27,897	263,503	222,389
-	-	-	820,801	696,907
4,401	916	5,317	27,134	17,167
2,807	2,567	5,374	49,863	32,438
41	-	41	988	257
4,548	4,816	9,364	28,487	33,461
1,919	4,408	6,327	10,178	11,437
6,505	3,409	9,914	115,948	38,556
1,864	1,921	3,785	37,142	55,759
2,768	767	3,535	4,067	3,301
47,468	25,839	73,307	340,910	225,184
22,892	220	23,112	44,589	31,381
3,433	2,038	5,471	18,270	13,767
3,598	1,113	4,711	28,153	37,965
-	-	-	200,510	110,500
-	565	565	565	452
9,939	4,393	14,332	19,613	16,102
570,314	333,214	903,528	4,183,748	3,947,760
(217,041)	28,713	(188,328)	-	-
4,644	2,756	7,400	24,965	16,490
24,291	139,874	164,165	291,828	275,181
<b>\$ 382,208</b>	<b>\$ 504,557</b>	<b>\$ 886,765</b>	<b>\$ 4,500,541</b>	<b>\$ 4,239,431</b>

## CASCADE AIDS PROJECT

### Statement of Cash Flows

Year Ended June 30, 2010 <i>(with Comparative Totals for 2009)</i>	2010	2009
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ 78,914	\$ (333,290)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Realized and unrealized (gain) loss on investments	(56,408)	3,752
Depreciation and amortization	24,965	16,490
Bad debt expense	565	452
Contribution of office and computer equipment	-	(44,500)
Net changes in:		
Contracts receivable	(239,520)	82,139
Contributions and grants receivable	57,751	75,237
Prepaid expenses	(54,093)	39,262
Deposits and other assets	7,641	(1,006)
Accounts payable and accrued expenses	138,804	(33,568)
Accrued payroll and related expenses	(8,356)	2,790
Deferred revenue	18,500	-
<b>Net cash used by operating activities</b>	<b>(31,237)</b>	<b>(192,242)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	728,698	432,204
Purchase of investments	(729,115)	(354,410)
Purchase of property and equipment	(44,019)	(30,226)
<b>Net cash provided (used) by investing activities</b>	<b>(44,436)</b>	<b>47,568</b>
<b>Cash flows from financing activities:</b>		
Restricted cash for letter of credit	-	(87,699)
<b>Net cash used by financing activities</b>	<b>-</b>	<b>(87,699)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(75,673)</b>	<b>(232,373)</b>
Cash and cash equivalents, beginning of year	331,778	564,151
<b>Cash and cash equivalents, end of year</b>	<b>\$ 256,105</b>	<b>\$ 331,778</b>

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



# CASCADE AIDS PROJECT

## Notes to Financial Statements

---

### 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 prevent HIV infections, support and empower people affected and infected by HIV/AIDS, and eliminate HIV/AIDS-related stigma. 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 community-specific programs focused on teens, communities of color, the gay community, individuals and families living with HIV, to the thousands of individuals throughout the state who seek education through the AIDS/STD hotline each year.

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

**Support Services** - Encompasses direct service in finding and maintaining housing, coordinating intake services, offering educational programs designed to help people living with HIV/AIDS thrive at home and at work, and providing family support. Assistance with housing includes both long-term and short-term or emergency assistance and help moving and finding furnishings. Education and family support include programs in financial literacy, housing literacy, guardianship planning for parents, disclosure, and HIV education for children. Support Services also includes Camp Starlight, a week-long residential camp for HIV-infected and -affected children.

**Prevention and Education Services** - Provides a variety of HIV testing services and programs to raise awareness of HIV, educate about its prevention, and reduce stigma. Pivot, the men's wellness center, focuses on men who have sex with men and provides prevention information and supplies, testing, health and wellness discussions, and social activities. The Oregon AIDS/STD hotline provides confidential, accurate information about HIV and STDs to people throughout the state. Multicultural programs serve high-risk Latino and African American communities with HIV testing and education through community health workers and innovative social networking programs. Youth HIV Education programs bring sexuality education experts to schools and foster peer education.

**Advocacy and Public Policy** - Advocates for effective HIV public policy at all levels of government. The Organization's Public Policy Committee leads efforts to advance progressive HIV/AIDS policy and legislation and includes people living with HIV/AIDS and members of AIDS service organizations across the state.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America 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.

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

---

#### 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 follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations or inherent time restrictions.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. These balances include the unexpended portion of externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor, as well as contributions receivable that are inherently time restricted.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 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 financial statements for, among other things, the calculation of depreciation expense, allowance for doubtful accounts and functional allocation of expenses.

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

**Contributions of Long-Lived Assets** - Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, building, and equipment without such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

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

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

---

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

**Investments** - Investments in debt and equity securities are carried at fair value. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments, is shown in the statement of activities as a component of investment return. Investments in money market accounts and certificates of deposit are carried at stated value.

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

**Property and Equipment** - Property and equipment are carried at cost when purchased and at estimated fair value when acquired by gift. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 to 7 years. The Organization capitalizes all property and equipment purchases over \$500.

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

**Benefits Provided by Donors at Special Events** - The Organization conducts special fund-raising 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 and comparable state law. The Organization is not classified as a private foundation.

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and a measurement process for accounting for uncertain tax positions, and also provide guidance on various related matters such as interest, penalties, and required disclosures. Management believes the Organization does not have any uncertain tax positions. The Organization files informational returns. Generally, the returns are subject to examination by income tax authorities for three years from the filing of a return. As such, the returns for 2006, 2007, and 2008 are currently subject to examination. Interest or penalties assessed by taxing authorities, if any, 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.

# CASCADE AIDS PROJECT

## Notes to Financial Statements - Continued

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

**Concentrations of Risk** - The Organization's investments consist primarily of financial instruments including cash equivalents. These financial instruments may subject the Organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC), the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. Certain pledges receivable also subject the Organization to concentrations of credit risk. At June 30, 2010, the Organization maintained bank deposits in excess of FDIC limits.

**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 June 30, 2012.

**Summarized Financial Information for 2009** - The accompanying financial information as of and for the year ended June 30, 2009, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

### 2. Investments

Investments consist of the following at June 30:

	<b>2010</b>	<b>2009</b>
Common stock	\$ 162,972	\$ 133,043
Preferred stock	-	82,661
Money market funds	60,791	124,998
Certificates of deposit	173,764	-
	<u>\$ 397,527</u>	<u>\$ 340,702</u>

Investment return consists of the following for the years ended June 30:

	<b>2010</b>	<b>2009</b>
Interest and dividend income	\$ 7,092	\$ 16,268
Realized and unrealized gain (loss) on investments	56,408	(3,752)
	<u>\$ 63,500</u>	<u>\$ 12,516</u>

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

**3. Contracts Receivable**

	<b>2010</b>	<b>2009</b>
Multnomah County	\$ 181,814	\$ 123,862
Washington County	16,945	10,665
Clackamas County	4,484	6,033
Clark County	19,550	-
City of Portland, Bureau of Housing and Community Development	167,668	67,481
Office of Minority Health	41,946	-
The Centers for Disease Control and Prevention	40,773	37,005
State of Oregon	88,275	69,162
Transition Projects, Inc.	6,482	14,709
Our House of Portland	7,456	6,932
Other	1,143	1,167
	<u>\$ 576,536</u>	<u>\$ 337,016</u>

**4. Contributions and Grants Receivable**

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

	<b>2010</b>	<b>2009</b>
Unconditional promises expected to be collected in less than one year <sup>^</sup>	\$ 20,361	\$ 96,642
Less allowance for doubtful accounts	(4,000)	(21,965)
	<u>\$ 16,361</u>	<u>\$ 74,677</u>

<sup>^</sup>Approximately 44 percent of the balance at June 30, 2010, is due from two donors.

**5. Restricted Cash for Letter of Credit**

The Organization signed an operating lease for office space during 2009, which began July 1, 2009. The lease required an irrevocable letter of credit issued to the landlord. The monies were deposited into a certificate of deposit with US Bank in the name of the Organization, but the landlord has the ability to withdraw the funds if the Organization defaults on the lease payments. Provided that there has been no default on the lease, the amount of the letter of credit shall decrease with each anniversary of the lease. The total required amount is \$87,699 at June 30, 2010 and 2009.

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

**6. Property and Equipment**

	<b>2010</b>	<b>2009</b>
Office equipment	\$ 156,627	\$ 124,732
Computer equipment	<u>226,647</u>	<u>214,523</u>
	383,274	339,255
Less accumulated depreciation and amortization	<u>(273,023)</u>	<u>(248,058)</u>
Net property and equipment	<u><u>\$ 110,251</u></u>	<u><u>\$ 91,197</u></u>

**7. Line of Credit**

The Organization has a \$200,000 line of credit available with US Bank. Interest is payable monthly at the bank's reference rate plus 1 percent per annum. The line of credit is secured by the Organization's receivables and equipment. As of June 30, 2010 and 2009, the line of credit had no outstanding balance due.

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, consist of the following:

	<b>2010</b>	<b>2009</b>
Kid's Connection	\$ 4,286	\$ 13,401
Youth HIV Education	-	41,000
Camp Starlight	3,311	20,226
Other programs	-	8,053
Future periods	<u>19,156</u>	<u>40,852</u>
	<u><u>\$ 26,753</u></u>	<u><u>\$ 123,532</u></u>

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

---

**9. Contract Revenue**

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

	<b>2010</b>	<b>2009</b>
Multnomah County	\$ 905,993	\$ 742,271
City of Portland, Bureau of Housing and Community Development	751,797	597,480
State of Oregon, Health Division	502,598	495,602
Centers for Disease Control and Prevention	541,216	542,419
Office of Minority Health	178,174	-
Washington County	71,499	70,000
Clackamas County	26,468	20,601
Clark County	49,040	-
Transition Projects, Inc.	56,166	65,803
Our House of Portland	86,352	68,448
Other	62,685	43,479
	<u>\$ 3,231,988</u>	<u>\$ 2,646,103</u>

**10. In-Kind Contributions**

The Organization reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the years ended June 30, 2010 and 2009, the Organization recorded in-kind contributions of services totaling \$122,538 and \$146,361, respectively.

In addition, the Organization regularly receives contributed services from a large number of volunteers who assist in fund-raising 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 where the contributions are an integral part of the Organization's activities. During the years ended June 30, 2010 and 2009, the Organization recorded \$169,290 and \$173,321, respectively, in contributed advertising, materials, equipment and supplies.

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

**11. Special Events**

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

	<b>2010</b>			<b>2009</b>	
	<b>AIDS Walk</b>	<b>Art Auction</b>	<b>Other Events</b>	<b>Total</b>	<b>Total</b>
Gross revenue	\$ 374,525	\$ 419,866	\$ 39,233	\$ 833,624	\$ 750,947
Less direct expenses	<u>(84,329)</u>	<u>(189,858)</u>	<u>(1,244)</u>	<u>(275,431)</u>	<u>(267,765)</u>
Net special event revenue	<u>\$ 290,196</u>	<u>\$ 230,008</u>	<u>\$ 37,989</u>	<u>\$ 558,193</u>	<u>\$ 483,182</u>

**12. Net Assets Released from Restrictions**

During the year ended June 30, 2010, the Organization released restricted net assets totaling \$123,532 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

**13. Expenses**

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

Expenses by natural classification are presented in the statement of functional expenses.

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

A majority of the Organization's revenue is earned under service contracts with Multnomah County, the City of Portland, the State of Oregon Health Division and the Centers for Disease Control and Prevention. 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 financial statements.



**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

---

**15. Operating Lease Commitments**

The Organization leases various facilities and equipment under operating lease agreements which expire through 2016. The facilities lease, which began July 2009, provides for escalating payments over the lease term. Rental expense under this lease is being recognized using the straight-line method over the life of the lease. Amounts charged to expense in excess of amounts paid are recorded as a liability, which is included in accounts payable and accrued expenses on the statement of financial position and totaled \$101,544 at June 30, 2010.

Future minimum lease payments are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2011	\$ 293,907
2012	299,983
2013	301,662
2014	304,231
2015	311,553
Thereafter	<u>320,564</u>
	<u><u>\$ 1,831,900</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, 2010 and 2009, totaled \$312,258 and \$199,805, respectively.

**16. Retirement Plan**

The Organization provides substantially all full-time and part-time employees with a qualified profit sharing retirement plan as described under Section 401(k) of the Internal Revenue Code. 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 \$25,031 and \$32,607 for the years ended June 30, 2010 and 2009, respectively.

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

---

#### 17. Fair Value Measurements

Generally accepted accounting standards establish a three-level hierarchy for disclosure of assets and liabilities measured at fair value on a recurring basis. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level 1 include listed securities.

Level 2: Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, and hedge funds.

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

---

**17. Fair Value Measurements - Continued**

The Organization's assets that are measured at fair value on a recurring basis along with how fair value was determined are as follows at June 30, 2010:

	<b>Level 1</b>	<b>Level 2</b>
Money market funds	\$ -	\$ 60,791
Common stock:		
Domestic:		
Consumer goods and services	59,629	-
Business services	14,659	-
Industrial materials	1,175	-
Telecommunication	10,168	-
Energy	26,847	-
Technology	8,098	-
Healthcare goods and services	14,374	-
Financial	8,399	-
International:		
Energy	6,151	-
Consumer good and services	7,882	-
Business services	5,590	-
	<u>\$ 162,972</u>	<u>\$ 60,791</u>

**18. Subsequent Events**

Management has evaluated subsequent events through November 3, 2010, the date the financial statements were available for issue.

---

# **CASCADE AIDS PROJECT**

**Single Audit Reports**

---

## CASCADE AIDS PROJECT

### Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2010**

Federal agency Pass-through funding agency Federal program name	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>US Department of Health and Human Services:</b>			
<i>Multnomah County Health Department:</i>			
HIV Emergency Relief Project Grants	93.914	4600007601 4600008107 4600006914	\$ 566,759
HIV Prevention Activities - Health Department Based (Note 2)	93.940	4600006334 4600008057	35,722
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	4600008075	53,851
<i>Centers for Disease Control and Prevention:</i>			
HIV Prevention Activities - Non-Governmental Organization Based	93.939	5U65 PS023893-05 H75PS002088-01	541,216
<i>Office of Minority Health:</i>			
Family and Community Violence Prevention Program	93.910	YEPMP090033-01	178,174
<i>Washington County Community Health Department:</i>			
HIV Prevention Activities - Health Department Based (Note 2)	93.940	CA 08-0600	71,499
<i>Clackamas County Community Health Department:</i>			
HIV Prevention Activities - Health Department Based (Note 2)	93.940	CH-42-08/09	26,468
<i>Oregon Health &amp; Science University:</i>			
Ryan White HIV/AIDS Dental Reimbursements (Note 2)	93.924	GPBHD0014A-CASC	3,431
<i>Clark County Public Health:</i>			
Ryan White HIV/AIDS Dental Reimbursements (Note 2)	93.924	MSM - HDS.365	<u>49,040</u>
<b>Total US Department of Health and Human Services</b>			<b><u>1,526,160</u></b>
<b>US Department of Housing and Urban Development:</b>			
<i>City of Portland Bureau of Housing and Community Development:</i>			
Housing Opportunities for Persons with AIDS (Note 2)	14.241	38345/30000589	752,211
<i>Our House of Portland:</i>			
Housing Opportunities for Persons with AIDS (Note 2)	14.241	N/A	86,352
<i>State of Oregon, Department of Human Services:</i>			
Housing Opportunities for Persons with AIDS (Note 2)	14.241	120627-1/123652	316,651
<i>Transition Projects:</i>			
Supportive Housing Program	14.235	OR16B01001	16,614
<i>Housing Authority of Portland:</i>			
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	ra10CAP-02	<u>38,434</u>
<b>Total US Department of Housing and Urban Development</b>			<b><u>1,210,262</u></b>
<b>Total Federal expenditures</b>			<b><u>\$ 2,736,422</u></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**

**Year Ended June 30, 2010**

---

**1. Significant Accounting Policies**

**Basis of Accounting** - The accompanying schedule of expenditures of Federal awards of Cascade AIDS Project has been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. Programs Funded From Multiple Pass-Through Entities**

Cascade Aids Project expended funds under the following CFDA numbers that were received from multiple pass-through entities:

CFDA No. 93.940	\$ 133,689
CFDA No. 93.924	52,471
CFDA No. 14.241	1,155,214

**Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
with *Government Auditing Standards***

The Board of Directors  
Cascade AIDS Project

We have audited the financial statements of Cascade AIDS Project (the Organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 3, 2010. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 function, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate letter dated November 3, 2010.

\* \* \* \*

This report is intended solely for the information and use of the audit committee, management, and Federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Lake Oswego, Oregon  
November 3, 2010



**Report on Compliance with Requirements That Could  
Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance with  
OMB Circular A-133**

The Board of Directors  
Cascade AIDS Project

**Compliance**

We have audited Cascade AIDS Project's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2010. The Organization's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the 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, 2010.

## Internal Control Over Compliance

Management of Cascade AIDS Project is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

\* \* \* \*

This report is intended solely for the information and use of the audit committee, management, and Federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Heuman, Stewart & Schmitt, P.C.*

Lake Oswego, Oregon  
November 3, 2010

**CASCADE AIDS PROJECT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2010**

---

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

*Financial Statements*

Type of auditors' report issued Unqualified

Internal control over financial reporting:

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

Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

*Federal Awards*

Internal control over major programs:

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

Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ Yes   X   No

*Identification of Major Programs*

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.914	HIV Emergency Relief Project Grants
14.241	Housing Opportunities for Persons with AIDS

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

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

**CASCADE AIDS PROJECT**

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

**Year Ended June 30, 2010**

---

**Section 2 - Financial Statement Findings**

None.

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

None.

**CASCADE AIDS PROJECT**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2010**

---

There were no findings reported in the prior year audit.