CASCADE AIDS PROJECT

FINANCIAL STATEMENTS

Year Ended June 30, 2009

with

Independent Auditors' Report

and

Single Audit Reports

CASCADE AIDS PROJECT

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HOFFMAN,
STEWART
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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2009, 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 2008 financial statements and, in our report dated November 6, 2008, 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, 2009 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 a report dated October 28, 2009, on our consideration of the Organization's internal control over financial reporting and 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.

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.

October 28, 2009

CASCADE AIDS PROJECT

Statement of Financial Position

June 30, 2009 *(With Comparative Amounts for 2008)*	**2009**	**2008**
ASSETS		
Cash and cash equivalents	$ 331,778	$ 564,151
Investments *(Notes 2 and 17)*	340,702	422,248
Contracts receivable *(Note 3)*	314,208	396,347
Contributions and grants receivable *(Note 4)*	97,485	173,174
Prepaid expenses	42,812	82,074
Restricted cash for letter of credit *(Note 5)*	87,699	-
Property and equipment *(Note 6)*	91,197	32,961
Deposits and other assets	7,991	6,985
Total assets	**$ 1,313,872**	**$ 1,677,940**
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 58,983	$ 92,551
Accrued payroll and related expenses	91,655	88,865
Total liabilities	**150,638**	**181,416**
Commitments and contingencies *(Notes 14, 15, and 16)*		
Net assets:		
Unrestricted:		
Available for programs and general operations	948,505	1,193,291
Net investment in property and equipment	91,197	32,961
Total unrestricted	1,039,702	1,226,252
Temporarily restricted *(Note 8)*	123,532	270,272
Total net assets	**1,163,234**	**1,496,524**
Total liabilities and net assets	**$ 1,313,872**	**$ 1,677,940**

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

CASCADE AIDS PROJECT

Statement of Activities

Year Ended June 30, 2009 *(with Comparative Totals for 2008)*

	Unrestricted	Temporarily Restricted	Total 2009	Total 2008
Revenues, gains, and other support:				
Contract revenue *(Note 9)*	$ 2,646,103	$ -	$ 2,646,103	$ 2,317,048
Contributions and grants	321,126	123,532	444,658	588,768
In-kind contributions *(Note 10)*	319,682	-	319,682	362,895
Special events, net of direct expenses *(Note 11)*	483,182	-	483,182	750,274
Investment return (*Note 2)*	12,516	-	12,516	2,716
Total revenues and gains	**3,782,609**	**123,532**	**3,906,141**	**4,021,701**
Net assets released from restrictions *(Note 12)*	270,272	(270,272)	-	-
Total revenues, gains, and other support	**4,052,881**	**(146,740)**	**3,906,141**	**4,021,701**
Expenses *(Note 13):*				
Program services	3,188,000	-	3,188,000	2,883,714
Supporting services:				
Management and general	466,910	-	466,910	507,050
Financial development	584,521	-	584,521	677,807
Total expenses	**4,239,431**	**-**	**4,239,431**	**4,068,571**
Decrease in net assets	**(186,550)**	**(146,740)**	**(333,290)**	**(46,870)**
Net assets, beginning of year	1,226,252	270,272	1,496,524	1,543,394
Net assets, end of year	**$ 1,039,702**	**$ 123,532**	**$ 1,163,234**	**$ 1,496,524**

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

CASCADE AIDS PROJECT

Statement of Functional Expenses

Year Ended June 30, 2009 *(with Comparative Totals for 2008)*

	Program Services			
	Support Services	Prevention and Education Services	Advocacy and Public Policy	Total
Payroll and related expenses	$ 895,747	$ 632,142	$ 24,616	$ 1,552,505
Professional fees	56,809	126,429	13,755	196,993
Direct client assistance	691,802	5,105	-	696,907
Training and recognition	6,039	2,891	6	8,936
Educational outreach and advertising	3,690	22,611	41	26,342
Educational materials	-	222	-	222
Printing and copying	9,054	9,679	86	18,819
Postage and shipping	2,732	2,195	24	4,951
Supplies	9,560	22,362	222	32,144
Transportation	25,962	13,447	-	39,409
Dues and subscriptions	525	132	-	657
Occupancy	73,195	82,543	1,962	157,700
Repairs, maintenance and equipment purchases	5,538	5,734	-	11,272
Insurance	5,452	3,882	75	9,409
Food and beverages	9,889	13,788	-	23,677
Grant expense	52,500	57,500	-	110,000
Bad debt expense	25	-	-	25
Other	1,776	2,364	18	4,158
Total expenses before administrative allocation, depreciation and amortization and in-kind contributions	1,850,295	1,003,026	40,805	2,894,126
Administrative allocation	99,951	71,971	1,564	173,486
Depreciation and amortization	6,464	4,691	97	11,252
In-kind contributions *(Note 10)*	71,664	36,566	906	109,136
Total expenses	**$ 2,028,374**	**$ 1,116,254**	**$ 43,372**	**$ 3,188,000**

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

Supporting Services			Total	
Management and General	Financial Development	Total	2009	2008
$ 501,920	$ 346,312	$ 848,232	$ 2,400,737	$ 2,319,404
20,275	5,121	25,396	222,389	213,374
-	-	-	696,907	595,455
5,859	2,372	8,231	17,167	38,499
4,233	1,863	6,096	32,438	28,380
35	-	35	257	1,277
4,357	10,285	14,642	33,461	35,595
2,458	4,028	6,486	11,437	13,543
3,938	2,474	6,412	38,556	62,863
13,674	2,676	16,350	55,759	51,035
1,914	730	2,644	3,301	4,347
44,792	22,692	67,484	225,184	217,488
20,079	30	20,109	31,381	33,426
2,500	1,858	4,358	13,767	14,906
8,297	5,991	14,288	37,965	31,408
-	500	500	110,500	-
-	427	427	452	8,045
8,505	3,439	11,944	16,102	16,204
642,836	410,798	1,053,634	3,947,760	3,685,249
(208,088)	34,602	(173,486)	-	-
2,996	2,242	5,238	16,490	20,427
29,166	136,879	166,045	275,181	362,895
$ 466,910	**$ 584,521**	**$ 1,051,431**	**$ 4,239,431**	**$ 4,068,571**

CASCADE AIDS PROJECT

Statement of Cash Flows

Year Ended June 30, 2009 *(with Comparative Totals for 2008)*	**2009**	**2008**
Cash flows from operating activities:		
Decrease in net assets	$ (333,290)	$ (46,870)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Realized and unrealized loss on investments	3,752	32,594
Depreciation and amortization	16,490	20,427
Bad debt expense	452	8,045
Contribution of office and computer equipment	(44,500)	-
Net changes in:		
Contracts receivable	82,139	(16,638)
Contributions and grants receivable	75,237	64,557
Prepaid expenses	39,262	721
Deposits and other assets	(1,006)	-
Accounts payable and accrued expenses	(33,568)	24,382
Accrued payroll and related expenses	2,790	5,134
Net cash provided (used) by operating activities	**(192,242)**	**92,352**
Cash flows from investing activities:		
Proceeds from sales of investments	432,204	635,861
Purchase of investments	(354,410)	(977,279)
Purchase of property and equipment	(30,226)	(13,558)
Net cash provided (used) by investing activities	**47,568**	**(354,976)**
Cash flows from financing activities:		
Restricted cash for letter of credit	(87,699)	-
Net cash used by financing activities	**(87,699)**	**-**
Decrease in cash and cash equivalents	**(232,373)**	**(262,624)**
Cash and cash equivalents, beginning of year	564,151	826,775
Cash and cash equivalents, end of year	**$ 331,778**	**$ 564,151**

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

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1. Nature of Organization and Summary of Significant Accounting Policies

Organization - Founded in 1983, Cascade AIDS Project (the Organization) is a private, nonprofit Organization whose mission is to lead efforts to prevent new HIV infections, care for people affected and infected by HIV/AIDS, educate communities to eliminate stigma and shame, and advocate for immediate action in combating the pandemic. The Organization has remained Oregon's leading and largest AIDS service organization, and provides HIV supportive housing and care services, youth and family programming, prevention services, community education, and leadership in public policy and advocacy.

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. The Men's Wellness Center targets 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.

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 investments with an original maturity of three months or less to be cash equivalents.

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

Investments - Investments are carried at market 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.

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 market 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.

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.

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

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, 2009 the Organization maintained bank deposits in excess of FDIC limits.

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

Other Concentrations - The majority of the Organization's revenues are 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.

Summarized Financial Information for 2008 - The accompanying financial information as of and for the year ended June 30, 2008 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, 2008 from which the summarized information was derived.

2. Investments

Investments consist of the following at June 30:

	2009	2008
Common stock	$ 133,043	$ 94,158
Preferred stock	82,661	79,015
Money market funds	124,998	249,075
	$ 340,702	$ 422,248

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

Interest and dividend income	$ 16,268	$ 35,310
Realized and unrealized loss on investments	(3,752)	(32,594)
	$ 12,516	$ 2,716

3. Contracts Receivable

	2009	2008
Multnomah County	$ 123,862	$ 108,281
Washington County	10,665	9,393
Clackamas County	6,033	-
City of Portland, Bureau of Housing and Community Development	67,481	136,568
US Department of Health and Human Services, the Center for Disease Control and Prevention	37,005	60,062
State of Oregon	69,162	82,043
	$ 314,208	$ 396,347

4. Contributions and Grants Receivable

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

	2009	2008
Unconditional promises expected to be collected in less than 1 year[A]	$ 119,450	$ 198,174
Less allowance for doubtful accounts	(21,965)	(25,000)
	$ 97,485	$ 173,174

[A] Approximately 63 percent of the balance at June 30, 2009 is due from two donors.

5. Restricted Cash for Letter of Credit

The Organization signed an operating lease for office space during 2009, which will begin 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 at June 30, 2009 is $87,699.

6. Property and Equipment

	2009	2008
Office equipment	$ 124,732	$ 88,387
Computer equipment	214,523	179,275
Leasehold improvements	-	36,612
	339,255	304,274
Less accumulated depreciation and amortization	(248,058)	(271,313)
Net property and equipment	$ 91,197	$ 32,961

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, 2009 and 2008, 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:

	2009	2008
Kid's Connection	$ 13,401	$ 50,000
Youth HIV Education	41,000	36,620
Camp Starlight	20,226	20,884
Latino	-	127,914
Other programs	8,053	8,000
Future periods	40,852	26,854
	$ 123,532	$ 270,272

9. Contract Revenue

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

	2009	2008
Multnomah County	$ 742,271	$ 740,726
City of Portland, Bureau of Housing and Community Development	597,480	533,124
State of Oregon, Health Division	495,602	347,101
Centers for Disease Control and Prevention	542,419	476,400
Washington County	70,000	65,000
Clackamas County	20,601	-
Other	177,730	154,697
	$ 2,646,103	$ 2,317,048

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, 2009 and 2008, the Organization recorded in-kind contributions of services totaling $146,361 and $141,525, 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, 2009 and 2008, the Organization recorded $173,321 and $221,370, respectively, in contributed advertising, materials, equipment and supplies.

11. Special Events

A summary of the Organization's major fund-raising events is as follows:

	2009				2008
	AIDS Walk	Art Auction	Other Events	Total	Total
Gross revenue	$ 297,786	$ 397,717	$ 55,444	$ 750,947	$1,023,168
Less direct expenses	(90,390)	(176,969)	(406)	(267,765)	(272,894)
Net special event revenue	$ 207,396	$ 220,748	$ 55,038	$ 483,182	$ 750,274

12. Net Assets Released from Restrictions

During the year ended June 30, 2009, the Organization released restricted net assets totaling $270,272 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 Center 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.

15. Operating Lease Commitments

The Organization leases various facilities and equipment under operating lease agreements which expire through 2016.

Future minimum lease payments are as follows:

Years Ending June 30	Amount
2010	$ 185,224
2011	288,426
2012	294,337
2013	295,846
2014	298,242
Thereafter	619,596
	$ 1,981,671

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, 2009 and 2008 totaled $199,805 and $192,544, respectively.

16. Retirement Plan

The Organization provides substantially all full- 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 thirty 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 both the employees and the Organization vest as accrued. Contributions by the Organization to the plan totaled $32,607 and $35,341 for the years ended June 30, 2009 and 2008, respectively.

17. Fair Value Measurements

Statement of Financial Accounting Standards No. 157, *Fair Value Measurements,* establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. 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.

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

	Level 1
Common stock	$ 133,043
Preferred stock	82,661
Money market funds	124,998
	$ 340,702

18. Subsequent Events

Management has evaluated subsequent events through October 28, 2009, the date which 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, 2009

Federal agency Pass-through funding agency Federal program name	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Department of Health and Human Services:			
Multnomah County Health Department:			
HIV Emergency Relief Project Grants	93.914	4600007007 4600007601 4600006914	$ 494,113
HIV Care Formula Grants	93.917	4600006914	8,092
HIV Prevention Activities - Health Department Based *(Notes 2 and 3)*	93.940	4600006334	240,063
Centers for Disease Control and Prevention:			
HIV Prevention Activities - Non-Governmental Organization Based	93.939	U65/CCU023893-04 5U65PS023893-05	521,224
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	5U65PS000453-02	21,195
Washington County Community Health Department:			
HIV Prevention Activities - Health Department Based *(Notes 2 and 3)*	93.940	CA 08-0600	70,000
Clackamas County Community Health Department:			
HIV Prevention Activities - Health Department Based *(Notes 2 and 3)*	93.940	CH-42-08/09	20,601
Oregon Health & Science University:			
Ryan White HIV/AIDS Dental Reimbursements	93.924	GPBHD0012C/GPB	5,315
Outside In:			
Preventative Health Services - Sexually Transmitted Diseases Control Grants *(Note 2)*	93.977	N/A	6,960
Total US Department of Health and Human Services			**1,387,563**
US Department of Housing and Urban Development:			
City of Portland Bureau of Housing and Community Development:			
Housing Opportunities for Persons with AIDS (*Note 3)*	14.241	38345	597,480
Our House of Portland:			
Housing Opportunities for Persons with AIDS (*Note 3)*	14.241	N/A	68,448
State of Oregon, Department of Human Services:			
Housing Opportunities for Persons with AIDS (*Note 3)*	14.241	120627-1/123652	372,388
Transition Projects:			
Supportive Housing Program	14.235	OR16B01001	27,933
Total US Department of Housing and Urban Development			**1,066,249**
Total Federal expenditures			**$ 2,453,812**

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, 2009

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. HIV Cluster of Programs

Cascade AIDS Project expended funds under the following CFDA numbers that are a part of the HIV Cluster of Programs:

CFDA No. 93.940	$ 330,664
CFDA No. 93.977	6,960
Total HIV Cluster	$ 337,624

3. 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	$ 330,664
CFDA No. 14.241	1,038,316

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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 as of and for the year ended June 30, 2009, and have issued our report thereon dated October 28, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

* * * *

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.

Hoffman, Stewart & Schmidt, P.C.

Portland, Oregon
October 28, 2009

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Report on Compliance with Requirements Applicable to 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 the compliance of Cascade AIDS Project with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. The Organization's major Federal programs are identified in the summary of auditors' reports 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Cascade AIDS Project is responsible for establishing and maintaining effective internal control over compliance with 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affect the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Hoffman, Stewart & Schmidt, P.C.

Portland, Oregon
October 28, 2009

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

Section 1 - Summary of Auditors' Reports

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

CFDA Number(s)	Name of Federal Program or Cluster
93.940 and 93.977 (HIV Cluster)	HIV Prevention Activities - Health Department Based and Preventative Health Services - Sexually Transmitted Diseases Control Grants
93.939	HIV Prevention Activities – Non-Governmental Organization Based

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	___X___Yes _______No

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, 2009

There were no findings reported in the prior year audit.