



**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2017**

**with**

**Independent Auditors' Report**

**and**

**Single Audit Reports**

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# CASCADE AIDS PROJECT

## Table of Contents

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	<b>Page</b>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
<b>Single Audit Reports</b>	
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	25
<b>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 <i>Government Auditing Standards</i></b>	26
<b>Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance</b>	28
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Audit Findings	31

## **Independent Auditors' Report**

The Board of Directors  
Cascade AIDS Project

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

We have audited the accompanying consolidated financial statements of Cascade AIDS Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cascade AIDS Project as of June 30, 2017, 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.

## Other Matters

### *Other information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal awards on pages 23 and 24, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### *Report on Summarized Comparative Information*

We have previously audited Cascade AIDS Project's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, 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 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.

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

Lake Oswego, Oregon  
November 21, 2017

## CASCADE AIDS PROJECT

### Consolidated Statement of Financial Position

June 30, 2017 (With Comparative Amounts for 2016)	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 373,224	\$ 835,073
Investments (Notes 2, 7 and 17)	383,988	345,548
Contracts receivable (Note 3)	845,646	783,233
Contributions and grants receivable - net (Note 4)	169,251	34,028
Other receivables	10,817	153,194
Prepaid expenses	111,789	97,925
Deposits and other assets	57,451	68,838
Property and equipment - net (Note 5, 6 and 15)	3,616,530	1,855,693
<b>Total assets</b>	<b>\$ 5,568,696</b>	<b>\$ 4,173,532</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 127,135	\$ 211,010
Accrued payroll and related expenses	139,937	122,394
Line of credit (Note 7)	137,000	-
Deferred revenue	395,509	284,667
Deferred rent and lease incentive (Note 15)	699,689	-
Note payable (Note 6)	1,575,822	1,197,102
<b>Total liabilities</b>	<b>3,075,092</b>	<b>1,815,173</b>
Commitments and contingencies (Notes 14, 15, and 16)		
<b>Net assets:</b>		
Unrestricted:		
Available for programs and general operations	829,082	1,598,608
Net investment in property and equipment	1,469,772	658,591
Total unrestricted	2,298,854	2,257,199
Temporarily restricted (Note 8)	194,750	101,160
<b>Total net assets</b>	<b>2,493,604</b>	<b>2,358,359</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,568,696</b>	<b>\$ 4,173,532</b>

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

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

**June 30, 2017** (With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
<b>Revenues, gains, and other support:</b>				
Contracts and cooperative agreements (Note 9)	\$ 5,352,256	\$ -	\$ 5,352,256	\$ 4,519,637
Net patient service revenue	19,484	-	19,484	-
Contributions and grants	845,320	194,750	1,040,070	453,440
In-kind contributions (Note 10)	113,133	-	113,133	243,094
Special events, net of direct expenses (Note 11)	613,940	-	613,940	643,769
Investment return (Note 2)	46,739	-	46,739	8,958
<b>Net revenues and gains</b>	<b>6,990,872</b>	<b>194,750</b>	<b>7,185,622</b>	<b>5,868,898</b>
Net assets released from restrictions (Note 12)	101,160	(101,160)	-	-
<b>Net revenues, gains, and other support</b>	<b>7,092,032</b>	<b>93,590</b>	<b>7,185,622</b>	<b>5,868,898</b>
<b>Expenses (Note 13) :</b>				
Program services	5,868,367	-	5,868,367	4,607,580
Supporting services:				
Management and general	523,910	-	523,910	556,876
Financial development	658,100	-	658,100	648,420
<b>Total expenses</b>	<b>7,050,377</b>	<b>-</b>	<b>7,050,377</b>	<b>5,812,876</b>
<b>Increase in net assets</b>	<b>41,655</b>	<b>93,590</b>	<b>135,245</b>	<b>56,022</b>
Net assets, beginning of year	2,257,199	101,160	2,358,359	2,302,337
<b>Net assets, end of year</b>	<b>\$ 2,298,854</b>	<b>\$ 194,750</b>	<b>\$ 2,493,604</b>	<b>\$ 2,358,359</b>

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

## CASCADE AIDS PROJECT

### Consolidated Statement of Functional Expenses

**June 30, 2017** (With Comparative Totals for 2016)

	Program Services					Total
	Housing and Support Services	Prevention and Education Services	Southwest Washington Services	Primary Care Services	Advocacy and Public Policy	
Payroll and related expenses	\$ 1,548,872	\$ 654,741	\$ 242,716	\$ 70,207	\$ 17,232	\$ 2,533,768
Professional fees	42,420	24,736	7,241	72,572	83	147,052
Direct client assistance	1,860,455	1,785	48,053	-	-	1,910,293
Training and recognition	10,117	6,116	556	1,014	3	17,806
Educational outreach and advertising	7,375	18,055	1,976	5,922	-	33,328
Printing and copying	4,166	1,228	1,376	19,883	-	26,653
Postage and shipping	832	3,884	386	4,460	2	9,564
Supplies	22,837	54,197	20,875	22,246	56	120,211
Transportation	20,490	16,678	6,892	3,448	3,853	51,361
Dues and subscriptions	1,000	810	150	1,577	6,000	9,537
Occupancy	238,046	181,599	47,153	18,728	1,323	486,849
Repairs, maintenance, and equipment purchases	9,944	6,949	7,901	21,552	11	46,357
Insurance	15,309	6,584	2,806	8,783	106	33,588
Food and beverages	6,888	4,488	364	1,490	627	13,857
Grant expense	-	16,423	-	-	-	16,423
Bad debt expense	-	-	-	-	-	-
Interest expense	-	-	-	22,130	-	22,130
Special events	-	-	-	-	-	-
Other	123	416	29	530	2	1,100
<b>Total expenses before administrative allocation, depreciation and amortization, and in-kind expenses</b>	<b>3,788,874</b>	<b>998,689</b>	<b>388,474</b>	<b>274,542</b>	<b>29,298</b>	<b>5,479,877</b>
Administrative allocation	220,819	33,939	23,805	4,959	873	284,395
Depreciation and amortization	44,000	17,127	17,314	1,795	307	80,543
In-kind expenses	10,878	7,463	831	4,312	68	23,552
<b>Total expenses</b>	<b>4,064,571</b>	<b>1,057,218</b>	<b>430,424</b>	<b>285,608</b>	<b>30,546</b>	<b>5,868,367</b>
Less costs netted with revenue	-	-	-	-	-	-
	<u>\$ 4,064,571</u>	<u>\$ 1,057,218</u>	<u>\$ 430,424</u>	<u>\$ 285,608</u>	<u>\$ 30,546</u>	<u>\$ 5,868,367</u>

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

<b>Supporting Services</b>				
<b>Management and General</b>	<b>Financial Development</b>	<b>Total</b>	<b>Total</b>	
			<b>2017</b>	<b>2016</b>
\$ 652,601	\$ 416,231	\$ 1,068,832	\$ 3,602,600	\$ 3,191,442
30,007	18,987	48,994	196,046	195,113
-	-	-	1,910,293	1,288,146
4,510	2,837	7,347	25,153	36,920
2,444	3,866	6,310	39,638	54,819
756	10,410	11,166	37,819	19,256
1,889	869	2,758	12,322	6,067
4,625	3,316	7,941	128,152	130,754
6,980	1,498	8,478	59,839	54,952
2,931	443	3,374	12,911	6,730
65,510	44,372	109,882	596,731	377,631
34,116	553	34,669	81,026	52,129
4,344	2,966	7,310	40,898	29,485
15,812	4,213	20,025	33,882	35,776
-	-	-	16,423	46,885
-	-	-	-	2,000
-	-	-	22,130	-
-	430,206	430,206	430,206	504,038
13,385	2,665	16,050	17,150	15,333
839,910	943,432	1,783,342	7,263,219	6,047,476
(340,020)	55,625	(284,395)	-	-
13,594	10,094	23,688	104,231	26,344
10,426	79,155	89,581	113,133	243,094
<b>523,910</b>	<b>1,088,306</b>	<b>1,612,216</b>	<b>7,480,583</b>	<b>6,316,914</b>
-	(430,206)	(430,206)	(430,206)	(504,038)
<u>\$ 523,910</u>	<u>\$ 658,100</u>	<u>\$ 1,182,010</u>	<u>\$ 7,050,377</u>	<u>\$ 5,812,876</u>

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

<b>June 30, 2017 (With Comparative Totals for 2016)</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 135,245	\$ 56,022
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments	(38,792)	985
Depreciation and amortization	104,231	26,344
Loss on disposal of property and equipment	-	244
Bad debt expense	-	2,000
Net changes in:		
Contracts receivable	(62,413)	(156,314)
Contributions and grants receivable	(135,223)	37,511
Other receivables	(10,817)	-
Prepaid expenses	(13,864)	(12,462)
Deposits and other assets	11,387	(46,946)
Accounts payable and accrued expenses	(106,499)	51,950
Accrued payroll and related expenses	17,543	(12,626)
Deferred revenue	110,842	15,968
Deferred rent and lease incentive	128,753	(39,689)
<b>Net cash provided (used) by operating activities</b>	<b>140,393</b>	<b>(77,013)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	9,738	1,193
Other receivables	153,194	(153,194)
Purchase of investments	(9,386)	(11,852)
Purchase of property and equipment	(1,271,508)	(514,985)
<b>Net cash used by investing activities</b>	<b>(1,117,962)</b>	<b>(678,838)</b>
<b>Cash flows from financing activities:</b>		
Net advances on line of credit	137,000	-
Proceeds from long-term debt	400,000	-
Principal payments on long-term debt	(21,280)	(9,898)
<b>Net cash provided (used) by financing activities</b>	<b>515,720</b>	<b>(9,898)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(461,849)</b>	<b>(765,749)</b>
Cash and cash equivalents, beginning of year	835,073	1,600,822
<b>Cash and cash equivalents, end of year</b>	<b>\$ 373,224</b>	<b>\$ 835,073</b>
Cash paid during the year for interest	\$ 77,398	\$ 18,533
<b>Supplemental disclosures of non-cash financing activities:</b>		
Property and equipment acquired in exchange for long-term debt	\$ -	\$ 1,207,000
Property and equipment acquired in exchange for deferred lease incentive	570,936	-
Property and equipment accrued in accounts payable	22,624	34,445

*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 prevent HIV infections, support and empower people living with or affected by HIV, and eliminate HIV-related stigma and health disparities. The Organization is the oldest and largest AIDS Service Organization in Oregon and Southwest Washington and provides HIV supportive housing and care services, youth and family programming, prevention services, community education, and leadership in public policy and advocacy. The Organization's programs serve the broad and diverse set of communities impacted by HIV, from culturally specific programs focused on the gay, bisexual, and trans community, communities of color, as well as individuals, and families living with HIV. In 2017, the Organization expanded its mission to include the provision of direct health care services to the broader LGBTQ+ community with the opening of its primary care health center, Prism Health.

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

**Housing and Support** - The Housing and Support Services Department offers one-on-one support in finding and maintaining housing, coordinates case management intake, offers educational programs to help people living with HIV thrive at home and at work, builds community among the HIV positive, and strengthens families. 531 households received rent, utility, and emergency assistance, and 1,034 HIV-positive people received some form of support services for the year ended June 30, 2017. Assistance with housing includes both long-term and short-term or emergency housing assistance and help moving and finding furnishings. Support services include a program to help clients find meaningful employment and also workshops in budgeting and being a good tenant. Peer mentor programs help people experiencing mental illness and/or substance abuse find and stay in medical care and housing, and culturally specific navigation programs serve African American and Latino clients seeking housing and support services. Programs include Camp KC, a week-long residential camp for HIV infected and affected children.

**Prevention and Education** - The Prevention and Education Department annually provides services to approximately 3,000 people each year. The Department offers HIV/STI testing services in various locations across Multnomah, Clackamas, Washington, and Clark counties with approximately 2,900 HIV tests completed during the year ending June 30, 2017. The Department also offers low barrier testing through Pivot. Pivot is a community space dedicated to the health and wellness of all gay/bisexual/queer men and trans-identified people with a focus on sexual health and HIV.

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

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

**Southwest Washington Services** - In partnership with the Washington State Department of Health, Cascade AIDS Project opened a new office in Southwest Washington during the year ended June 30, 2017. The SW Washington program offers a wide range of unified Care and Prevention services, providing culturally affirming, trauma-informed services to residents of SW Washington (Clark and Skamania counties). In the first four months of operation (through June 30, 2017), staff members enrolled 140 clients in Medical Case Management services, performed 250 HIV tests, and provided housing assistance to 25 households (short and longer term rent assistance, emergency rental assistance, and move-in costs). Other services provided onsite include navigation services (connecting clients to mental health care and substance abuse treatment), wellness case management, housing advocacy and support, insurance enrollment, PrEP Navigation, STI screening and treatment, providing safer sex supplies, and community education and outreach.

**Primary Care Services** - Prism Health delivers primary care to the general public with an emphasis on providing culturally relevant, affirming and non-judgmental care to the LGBTQ+ community. Prism Health opened for patients on May 2, 2017. In the year ending June 30, 2017, Prism Health saw 74 new patients.

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

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

**Principles of Consolidation** - The consolidated financial statements include the accounts of Cascade AIDS Project and CAP Belmont LLC, a limited liability company that is wholly owned by Cascade AIDS Project. 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 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 consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the consolidated financial statements for, among other things, the calculation of depreciation and amortization expense, the allowance for doubtful accounts, and functional allocation of expenses.

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

Revenues received with donor imposed restrictions that are met in the same year received are reported as revenues in the unrestricted net asset class.

**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.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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

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

**Investments** - Investments in debt and equity securities are carried at fair value. Net appreciation or depreciation in the fair value of investments, which consists of the realized and unrealized gains or losses of those investments, is shown in the consolidated statement of activities as a component of investment return. Investments in cash equivalents and other certificates of deposit are carried at cost plus accumulated interest, which approximates fair 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 are generally 5 to 35 years. The Organization capitalizes all property and equipment purchases over \$2,500.

**Capitalized Interest** - The Organization follows the policy of capitalizing interest as a component of property and land and equipment constructed for its own use.

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

**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. Service revenues received in advance of being earned and sponsorship revenues received in advance of the related event are recorded as deferred revenue.

**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, contracts receivable, and investments. These financial instruments may subject the Organization to concentrations of credit and other risk. At June 30, 2017, and frequently during the fiscal year, cash and cash equivalents balances exceeded amounts insured by the Federal Deposit Insurance Corporation. Contracts receivable are due primarily from governmental agencies and are deemed to be low in risk. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. 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 the amounts reported in the consolidated statement of financial position.

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

**Reclassifications** - Certain reclassifications have been made to the 2016 financial statements to conform to the 2016 presentation. These reclassifications have no impact on previously reported change in net assets.

**Summarized Financial Information for 2016** - The accompanying financial information as of and for the year ended June 30, 2016, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

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**2. Investments**

Investments consist of the following at June 30:

	2017	2016
Cash equivalents	\$ 17,906	\$ 3,518
Mutual funds	356,646	334,194
Common stock	<u>9,436</u>	<u>7,836</u>
	<u>\$ 383,988</u>	<u>\$ 345,548</u>

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

	2017	2016
Interest and dividend income	\$ 7,947	\$ 9,943
Realized and unrealized gain (loss) on investments	<u>38,792</u>	<u>(985)</u>
	<u>\$ 46,739</u>	<u>\$ 8,958</u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 3. Contracts Receivable

	2017	2016
Multnomah County	\$ 433,539	\$ 280,821
Washington County	21,100	25,600
Clackamas County	8,835	18,540
State of Washington, Department of Health	94,911	34,936
City of Portland, Bureau of Housing and Community Development	-	167,243
Home Forward	43,713	25,813
Centers for Disease Control and Prevention	47,216	34,718
Department of Housing and Urban Development	36,649	32,154
State of Oregon, Health Division	118,499	153,719
Transition Projects, Inc.	2,830	2,239
Our House of Portland	16,057	6,015
Other	22,297	1,435
	<u>\$ 845,646</u>	<u>\$ 783,233</u>

#### 4. Contributions and Grants Receivable

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

	2017	2016
Unconditional promises expected to be collected in: <sup>A</sup>		
Less than one year	\$ 125,333	\$ 44,028
One to five years <sup>B</sup>	51,216	-
	176,549	44,028
Less allowance for doubtful accounts	(7,298)	(10,000)
	<u>\$ 169,251</u>	<u>\$ 34,028</u>

<sup>A</sup>Approximately 31 percent of the balance at June 30, 2017, is due from two donors.

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

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 5. Property and Equipment - Net

	2017	2016
Land	403,000	\$ 403,000
Building and improvements	2,427,337	1,251,713
Office equipment	218,730	174,691
Computer equipment	265,261	204,694
Leasehold improvements	621,182	36,344
	<u>3,935,510</u>	<u>2,070,442</u>
Less accumulated depreciation and amortization	<u>(318,980)</u>	<u>(214,749)</u>
Net property and equipment	<u>\$ 3,616,530</u>	<u>\$ 1,855,693</u>

The Organization purchased a building to operate the Prism health clinic during the year ended June 30, 2016, which was renovated and placed in service during the year ended June 30, 2017. Interest paid during the construction period was capitalized as a component of building and improvements. The Organization capitalized interest of \$55,268 and \$18,533 for the years ended June 30, 2017 and 2016, respectively. Total interest included in buildings and improvements is \$73,801 at June 30, 2017. Total interest cost incurred during the year ended June 30, 2017, was \$77,398.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 6. Note Payable

	2017	2016
Note payable to Wells Fargo Bank in monthly installments of \$9,529 including interest at 5.25 percent per annum. Final balloon payment due April 20, 2027, secured by real property with a net book value of \$2,819,318.	<u>\$ 1,575,822</u>	<u>\$ 1,197,102</u>

The note payable contains various covenants regarding certain financial statement amounts, ratios, and activities of the Organization.

Future principal maturities are as follows at June 30, 2017:

Years Ending June 30,	Amount
2018	\$ 32,547
2019	34,297
2020	36,142
2021	38,085
2022	40,134
Thereafter	<u>1,394,617</u>
	<u>\$ 1,575,822</u>

#### 7. Line of Credit

At June 30, 2017, the Organization has a \$200,000 revolving line of credit with Wells Fargo Bank. Interest is payable at the bank's index rate plus .5 percent per annum (4.75 percent at June 30, 2017), with an interest rate floor of 4 percent. The line of credit is secured by the Organization's investments. The outstanding balance on the line of credit was \$137,000 and \$-0- for the years ended June 30, 2017 and 2016, respectively.

The amount available to the Organization under this agreement is reduced by a letter of credit, which was issued by Wells Fargo Bank in August 2016 in the amount of \$63,000. Beginning in July 2017, the amount available under the letter of credit decreases each year until it expires in July 2026. Subsequent to June 30, 2017, the balance on the line of credit was paid in full and the line of credit was cancelled.

**CASCADE AIDS PROJECT**

**Notes to Consolidated Financial Statements - Continued**

**8. Temporarily Restricted Net Assets**

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

	<b>2017</b>	<b>2016</b>
PrEP Program	\$ -	\$ 58,160
STI Prevention and Testing	19,000	-
Future periods	<u>175,750</u>	<u>43,000</u>
	<u><u>\$ 194,750</u></u>	<u><u>\$ 101,160</u></u>

**9. Contracts and Cooperative Agreements**

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

	<b>2017</b>	<b>2016</b>
Multnomah County	\$ 2,381,138	\$ 1,372,637
City of Portland, Bureau of Housing and Community Development	152,367	1,009,317
State of Oregon, Health Division	1,205,274	945,761
Centers for Disease Control and Prevention	367,427	301,478
Office of Minority Health	-	71,457
Department of Housing and Urban Development	435,798	292,766
Washington County	120,519	142,267
Clackamas County	91,156	80,107
State of Washington, Department of Health	375,175	186,993
Transition Projects, Inc.	19,604	34,131
Our House of Portland	75,043	72,828
Other	<u>128,755</u>	<u>9,895</u>
	<u><u>\$ 5,352,256</u></u>	<u><u>\$ 4,519,637</u></u>

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 10. In-Kind Contributions

The Organization reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the years ended June 30, 2017 and 2016, the Organization recorded in-kind contributions of services totaling \$32,833 and \$40,185, respectively, primarily benefiting management and general and financial development activities.

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

In-kind contributions of equipment and other materials are recorded where there is an objective basis on which to value these contributions and the contributions are an integral part of the Organization's activities. During the years ended June 30, 2017 and 2016, the Organization recorded \$80,300 and \$202,909, respectively, in contributed advertising, materials, equipment, and supplies.

#### 11. Special Events

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

	<b>AIDS Walk</b>	<b>Art Auction</b>	<b>Other Events</b>	<b>Total</b>	
				<b>2017</b>	<b>2016</b>
Gross revenue	\$ 383,241	\$ 611,884	\$ 49,021	\$ 1,044,146	\$ 1,147,807
Less direct expenses	<u>(116,808)</u>	<u>(294,581)</u>	<u>(18,817)</u>	<u>(430,206)</u>	<u>(504,038)</u>
Net special event revenue	<u>\$ 266,433</u>	<u>\$ 317,303</u>	<u>\$ 30,204</u>	<u>\$ 613,940</u>	<u>\$ 643,769</u>

#### 12. Net Assets Released from Restrictions

During the year ended June 30, 2017, the Organization released restricted net assets totaling \$101,160 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### **13. Expenses**

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

Expenses by natural classification are presented in the consolidated 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, the Centers for Disease Control and Prevention, and the Department of Housing and Urban Development. Amounts received or receivable under these contracts are subject to audit and adjustment by these and other organizations. Any expenditures or claims disallowed as a result of such audits would become a liability. In the opinion of the Organization's management, any adjustments that might result from such audits would not be material to the Organization's overall consolidated financial statements.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

#### 15. Operating Lease Commitments

The Organization leases office facilities under operating leases expiring in April 2020 and June 2026, which provide for escalating payments. The total lease amount is charged to expense over the life of the lease on a straight-line basis with the unpaid portion included in deferred rent and lease incentive liability. These leases also includes lease incentives for renovation of the spaces totaling \$77,376 and \$570,936, respectively. The value of the renovations is included in property and equipment. The lease incentives are amortized over the life of the leases on a straight-line basis as an offset to rent expense with the remaining obligation included in deferred rent and lease incentive liability.

The Organization also leases various equipment under operating lease agreements that expire through March 2023.

Future minimum lease payments at June 30, 2017, are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2018	\$ 525,141
2019	539,069
2020	537,728
2021	490,759
2022	497,035
Thereafter	<u>2,048,980</u>
	<u><u>\$ 4,638,712</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, 2017 and 2016, totaled \$491,232 and \$308,867, respectively.

## CASCADE AIDS PROJECT

### Notes to Consolidated Financial Statements - Continued

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#### 16. Retirement Plan

The Organization provides substantially all full-time and part-time employees with a qualified profit sharing retirement plan (the Plan) as described under Section 401(k) of the IRC. Employees, who have completed at least 30 consecutive days of employment and have attained the age of 21, may elect to make voluntary contributions to the Plan on a pre-tax basis, up to the limits allowed by law. The Organization makes matching contributions to the Plan up to 3 percent of the annual compensation of each eligible employee. Employees select from several investment options. Contributions to the Plan from the employees vest as accrued, and contributions from the Organization vest over three years. Contributions by the Organization to the Plan totaled \$56,162 and \$46,993 for the years ended June 30, 2017 and 2016, respectively.

#### 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 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 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 Consolidated Financial Statements - Continued

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#### 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, 2017:

	Level 1
Domestic stock	\$ 9,436
Fixed income mutual funds:	
Commodities broad basket	7,024
Intermediate-term bond	54,083
Short-term bond	50,367
International bond	17,877
Equity mutual funds:	
Large cap	76,830
Mid cap	32,281
Small cap	10,974
International large	75,099
Real estate	21,557
International real estate	10,554
	<u>\$ 366,082</u>

Investments in mutual funds are recorded at fair value based on current quoted market prices provided primarily by custodians.

#### 18. Subsequent Events

Management has evaluated subsequent events through November 21, 2017, the date the consolidated financial statements were available for issue.

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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, 2017**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
<i>Multnomah County Health Department :</i>			
HIV Emergency Relief Project Grants	93.914	4400002408 4400002428 4400002429 4400003144	\$ 685,911
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	4400002102	4,671
Special Projects of National Significance	93.928	4400000318	87,049
<i>Centers for Disease Control and Prevention - Direct Award :</i>			
HIV Prevention Activities - Non-Governmental Organization Based	93.939	N/A	367,427
<i>Oregon Health &amp; Science University :</i>			
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	1004285	2,725
<i>Washington County Community Health Department :</i>			
HIV Prevention Activities - Health Department Based	93.940	16-1112	71,719
<i>Clackamas County Community Health :</i>			
HIV Prevention Activities - Health Department Based	93.940	7172	59,491
<i>State of Washington, Department of Health :</i>			
HIV Prevention Activities - Health Department Based	93.940	N21360/N22493	<u>194,419</u>
		Total CFDA No. 93.940	325,629
<i>Rand Corporation</i>			
HIV-Related Training and Technical Assistance	93.145	U1SHA29299	<u>120,930</u>
<b>Total U.S. Department of Health and Human Services (carried forward)</b>			<b>1,594,342</b>

*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, 2017**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Total U.S. Department of Health and Human Services (brought forward)</b>			<b>\$ 1,594,342</b>
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Direct Award</i>			
Continuum of Care Program	14.267	N/A	435,798
<i>Transition Projects :</i>			
Continuum of Care Program	14.267	None	<u>20,990</u>
		Total CFDA No. 14.267	456,788
<i>Multnomah County Joint Office of Homeless Services</i>			
Housing Opportunities for Persons with AIDS	14.241	4400002839	980,309
<i>Our House of Portland :</i>			
Housing Opportunities for Persons with AIDS	14.241	ORH13008/ORH16003	75,043
<i>State of Oregon, Department of Human Services :</i>			
Housing Opportunities for Persons with AIDS	14.241	144648/152617 144650	<u>507,270</u>
		Total CFDA No. 14.241	1,562,622
<i>Home Forward :</i>			
Moving to Work Demonstration Program	14.881	ra13CAP	<u>22,226</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>2,041,636</u></b>
<b>Total Federal expenditures</b>			<b><u>\$ 3,635,978</u></b>

No federal awards were passed through to subrecipients.

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

## CASCADE AIDS PROJECT

### Notes to Schedule of Expenditures of Federal Awards

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#### 1. Significant Accounting Policies

**Basis of Presentation** - The accompanying schedule of expenditures of Federal awards (the Schedule) of Cascade AIDS Project includes all Federal grant activity of Cascade AIDS Project and has been prepared using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Pass-through entity numbers are presented when available. Because the Schedule presents only a selected portion of the operations of Cascade AIDS Project, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cascade AIDS Project.

#### 2. Expenditures

Expenditures reported on the schedule are recognized following cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the Uniform Guidance, as applicable, 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 minimum indirect cost rate allowed by the Uniform Guidance.

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

The Board of Directors  
Cascade AIDS Project

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Cascade AIDS Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 21, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of the 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.

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

Lake Oswego, Oregon  
November 21, 2017

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

The Board of Directors  
Cascade AIDS Project

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

We have audited Cascade AIDS Project's (the Organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2017. The Organization's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the Organization's major Federal programs. However, our audit does not provide a legal determination of the Organization's compliance.

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

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major Federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major Federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Lake Oswego, Oregon  
November 21, 2017

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

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Year Ended June 30, 2017

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

*Financial Statements:*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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

*Federal Awards:*

Internal control over major programs:

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

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

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

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

*Identification of Major Programs:*

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons With AIDS
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?   X   Yes    \_\_\_\_\_ No

**CASCADE AIDS PROJECT**

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

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**Year Ended June 30, 2017**

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**Section 2 - Financial Statement Findings**

None.

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

None.

**CASCADE AIDS PROJECT**

**Summary Schedule of Prior Audit Findings**

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**Year Ended June 30, 2017**

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There were no findings reported in the prior year audit.