



FINANCIAL STATEMENTS

Year Ended June 30, 2015

with

Independent Auditors' Report

and

Single Audit Reports

CASCADE AIDS PROJECT

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Independent Auditors' Report

The Board of Directors
Cascade AIDS Project

Report on the Financial Statements

We have audited the accompanying financial statements of Cascade AIDS Project (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Cascade AIDS Project as of June 30, 2015, 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 financial statements as a whole. The accompanying schedule of expenditures of Federal awards on pages 18 and 19 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Cascade AIDS Project's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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 10, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Heaman, Stewart & Schmiot, P.C.

Lake Oswego, Oregon
November 10, 2015

CASCADE AIDS PROJECT

Statement of Financial Position

June 30, 2015 <i>(With Comparative Amounts for 2014)</i>	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,600,822	\$ 1,219,506
Investments <i>(Notes 2 and 15)</i>	335,874	326,987
Contracts receivable <i>(Note 3)</i>	626,919	640,097
Contributions and grants receivable - net <i>(Note 4)</i>	73,539	87,066
Prepaid expenses	85,463	130,765
Deposits and other assets	21,892	21,994
Property and equipment - net <i>(Note 5)</i>	125,851	69,605
Total assets	<u>\$ 2,870,360</u>	<u>\$ 2,496,020</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses <i>(Note 13)</i>	\$ 164,304	\$ 199,343
Accrued payroll and related expenses	135,020	114,188
Deferred revenue	268,699	37,000
Total liabilities	568,023	350,531
Commitments and contingencies <i>(Notes 12, 13 and 14)</i>		
Net assets:		
Unrestricted:		
Available for programs and general operations	2,076,177	1,945,634
Net investment in property and equipment	125,851	69,605
Total unrestricted	2,202,028	2,015,239
Temporarily restricted <i>(Note 6)</i>	100,309	130,250
Total net assets	<u>2,302,337</u>	<u>2,145,489</u>
Total liabilities and net assets	<u>\$ 2,870,360</u>	<u>\$ 2,496,020</u>

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

CASCADE AIDS PROJECT

Statement of Activities

June 30, 2015 (With Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
Revenues, gains, and other support:				
Contracts and cooperative agreements (Note 7)	\$ 4,494,269	\$ -	\$ 4,494,269	\$ 4,558,406
Contributions and grants	310,410	100,309	410,719	405,633
In-kind contributions (Note 8)	327,702	-	327,702	371,322
Special events, net of direct expenses (Note 9)	635,122	-	635,122	603,592
Investment return (Note 2)	24,790	-	24,790	41,803
Net revenues and gains	5,792,293	100,309	5,892,602	5,980,756
Net assets released from restrictions (Note 10)	130,250	(130,250)	-	-
Net revenues, gains, and other support	5,922,543	(29,941)	5,892,602	5,980,756
Expenses (Note 11) :				
Program services	4,540,555	-	4,540,555	4,685,908
Supporting services:				
Management and general	535,937	-	535,937	512,824
Financial development	659,262	-	659,262	636,522
Total expenses	5,735,754	-	5,735,754	5,835,254
Increase (decrease) in net assets	186,789	(29,941)	156,848	145,502
Net assets, beginning of year	2,015,239	130,250	2,145,489	1,999,987
Net assets, end of year	\$ 2,202,028	\$ 100,309	\$ 2,302,337	\$ 2,145,489

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

CASCADE AIDS PROJECT

Statement of Functional Expenses

June 30, 2015 (With Comparative Totals for 2014)

	Program Services				Supporting Services			Total	
	Housing and Support Services	Prevention and Education Services	Advocacy and Public Policy	Total	Management and General	Financial Development	Total	2015	2014
	Payroll and related expenses	\$ 1,318,277	\$ 1,055,821	\$ 11,781	\$ 2,385,879	\$ 566,508	\$ 296,425	\$ 862,933	\$ 3,248,812
Professional fees	59,577	51,637	119	111,333	77,450	28,412	105,862	217,195	154,807
Direct client assistance	1,161,577	8,398	-	1,169,975	-	-	-	1,169,975	1,153,230
Training and recognition	9,492	15,911	5	25,408	6,275	6,217	12,492	37,900	36,250
Educational outreach and advertising	2,924	13,997	-	16,921	658	13,390	14,048	30,969	18,206
Printing and copying	3,530	6,513	-	10,043	1,908	4,097	6,005	16,048	23,432
Postage and shipping	2,185	354	4	2,543	1,582	4,529	6,111	8,654	13,958
Supplies	22,622	66,006	28	88,656	4,554	3,134	7,688	96,344	104,235
Transportation	24,009	35,222	-	59,231	9,628	2,497	12,125	71,356	70,570
Dues and subscriptions	350	311	2,500	3,161	1,506	-	1,506	4,667	4,540
Occupancy	117,744	162,107	620	280,471	57,366	17,538	74,904	355,375	369,124
Repairs, maintenance, and equipment purchases	16,234	10,014	17	26,265	24,535	577	25,112	51,377	42,715
Insurance	8,689	7,267	55	16,011	2,699	1,265	3,964	19,975	18,567
Food and beverages	6,762	14,306	44	21,112	16,105	7,007	23,112	44,224	39,245
Grant expense	6,432	29,052	-	35,484	-	-	-	35,484	128,114
Bad debt expense	-	-	-	-	-	2,000	2,000	2,000	2,970
Other	146	5,025	-	5,171	7,405	10,919	18,324	23,495	188
Total expenses before administrative allocation, depreciation and amortization, and in-kind expenses	2,760,550	1,481,941	15,173	4,257,664	778,179	398,007	1,176,186	5,433,850	5,426,819
Administrative allocation	129,871	107,401	531	237,803	(279,452)	41,649	(237,803)	-	-
Depreciation and amortization	13,617	11,727	84	25,428	4,922	1,943	6,865	32,293	37,113
In-kind expenses	13,811	5,820	29	19,660	32,288	217,663	249,951	269,611	371,322
Total expenses	\$ 2,917,849	\$ 1,606,889	\$ 15,817	\$ 4,540,555	\$ 535,937	\$ 659,262	\$ 1,195,199	\$ 5,735,754	\$ 5,835,254

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

CASCADE AIDS PROJECT

Statement of Cash Flows

June 30, 2015 <i>(With Comparative Totals for 2014)</i>	2015	2014
Cash flows from operating activities:		
Increase in net assets	\$ 156,848	\$ 145,502
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(9,541)	(26,614)
Depreciation and amortization	32,293	37,113
Bad debt expense	2,000	2,970
Donated property and equipment	(58,091)	-
Net changes in:		
Contracts receivable	13,178	125,053
Contributions and grants receivable	11,527	(66,583)
Prepaid expenses	45,302	(2,319)
Deposits and other assets	102	(21,843)
Accounts payable and accrued expenses	(35,039)	(7,596)
Accrued payroll and related expenses	20,832	(11,504)
Deferred revenue	231,699	(24,723)
Net cash provided by operating activities	411,110	149,456
Cash flows from investing activities:		
Proceeds from sales of investments	11,506	95,964
Purchase of investments	(10,852)	(101,498)
Purchase of property and equipment	(30,448)	(15,450)
Net cash used by investing activities	(29,794)	(20,984)
Cash flows from financing activities:		
Release of restricted cash for letter of credit	-	21,880
Net cash provided by financing activities	-	21,880
Increase in cash and cash equivalents	381,316	150,352
Cash and cash equivalents, beginning of year	1,219,506	1,069,154
Cash and cash equivalents, end of year	<u>\$ 1,600,822</u>	<u>\$ 1,219,506</u>

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

CASCADE AIDS PROJECT

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Organization - Founded in 1983 and incorporated in 1985, Cascade AIDS Project (the Organization) is a private, nonprofit Organization whose mission is to prevent HIV infections, support and empower people 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 competent programs focused on teens, communities of color, the gay community, individuals, and families living with HIV to the thousands of people throughout the state who seek education through the Oregon HIV/STD hotline each year.

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. 505 households received rent, utility and emergency assistance, and 1,261 HIV-positive people received some form of support services for the year ended June 30, 2015. 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 offers HIV and STI testing services in various locations across Multnomah, Clackamas, Washington, and Clark Counties. 2,900 HIV counseling and testing sessions were completed during the year ended June 30, 2015. Pivot, a center for promoting health and wellness among men who have sex with men and trans individuals provides HIV prevention information, safer sex supplies, HIV and STD testing, as well as health and wellness discussions. Additionally, the Prevention & Education department runs various programs that support people living with HIV, connects newly diagnosed individuals with medical care, provides intensive one-on-one care for out-of-care or newly diagnosed clients; and educates the community at large about HIV. The Oregon AIDS/STD hotline provides confidential, scientifically 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 - The Advocacy and Public Policy department advocates for effective HIV public policy at all levels of government. The Organization engages in efforts to advance progressive HIV/AIDS policy and legislation and to educate people living with HIV about how to advocate for their health.

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

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

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 (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.

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 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 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 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.

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

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

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

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

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 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 five to seven years. The Organization capitalizes all property and equipment purchases over \$2,500.

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. 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 Financial Statements - Continued

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 and comparable state law. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

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, 2015, 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 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, 2017.

Summarized Financial Information for 2014 - The accompanying financial information as of and for the year ended June 30, 2014, 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, 2014, from which the summarized information was derived.

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

2. Investments

Investments consist of the following at June 30:

	2015	2014
Mutual funds	\$ 332,842	\$ 323,017
Cash equivalents	3,032	3,970
	<u>\$ 335,874</u>	<u>\$ 326,987</u>

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

	2015	2014
Interest and dividend income	\$ 15,249	\$ 15,189
Realized and unrealized gain on investments	9,541	26,614
	<u>\$ 24,790</u>	<u>\$ 41,803</u>

3. Contracts Receivable

	2015	2014
Multnomah County	\$ 197,594	\$ 216,843
Washington County	11,667	11,667
Clackamas County	8,667	16,865
State of Washington, Department of Health	35,504	34,974
City of Portland, Bureau of Housing and Community Development	185,758	153,266
Office of Minority Health	2,731	18,750
Centers for Disease Control and Prevention	55,960	35,343
Department of Housing and Urban Development	49,845	-
State of Oregon, Health Division	67,677	133,206
Transition Projects, Inc.	3,798	12,694
Our House of Portland	6,323	5,341
Other	1,395	1,148
	<u>\$ 626,919</u>	<u>\$ 640,097</u>

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

4. Contributions and Grants Receivable

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

	2015	2014
Unconditional promises expected to be collected in less than one year ^A	\$ 88,508	\$ 101,066
Less allowance for doubtful accounts	<u>(14,969)</u>	<u>(14,000)</u>
	<u><u>\$ 73,539</u></u>	<u><u>\$ 87,066</u></u>

^A Approximately 61 percent of the balance at June 30, 2015, is due from two donors.

5. Property and Equipment - Net

	2015	2014
Office equipment	\$ 140,501	\$ 77,706
Computer equipment	196,049	170,305
Leasehold improvements	<u>22,407</u>	<u>22,407</u>
	358,957	270,418
Less accumulated depreciation and amortization	<u>(233,106)</u>	<u>(200,813)</u>
Net property and equipment	<u><u>\$ 125,851</u></u>	<u><u>\$ 69,605</u></u>

6. Temporarily Restricted Net Assets

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

	2015	2014
Housing	\$ 10,000	\$ -
Kids Connection	-	8,576
HIV Testing for All	-	2,722
Pivot Center	-	2,730
Cover Oregon	-	5,164
Oregon Queer Youth Summit	1,861	-
Future periods	<u>88,448</u>	<u>111,058</u>
	<u><u>\$ 100,309</u></u>	<u><u>\$ 130,250</u></u>

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

7. 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:

	2015	2014
Multnomah County	\$ 1,282,828	\$ 1,249,383
City of Portland, Bureau of Housing and Community Development	1,110,601	1,288,125
State of Oregon, Health Division	713,280	761,675
Centers for Disease Control and Prevention	424,412	426,641
Office of Minority Health	194,669	258,853
Department of Housing and Urban Development	212,809	-
Washington County	140,000	140,000
Clackamas County	104,000	91,386
State of Washington, Department of Health	174,795	210,449
Transition Projects, Inc.	47,400	50,454
Our House of Portland	78,789	60,189
Other	10,686	21,251
	<u>\$ 4,494,269</u>	<u>\$ 4,558,406</u>

8. 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, 2015 and 2014, the Organization recorded in-kind contributions of services totaling \$94,912 and \$80,219, 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, 2015 and 2014, the Organization recorded \$232,790 and \$291,103, respectively, in contributed advertising, materials, equipment, and supplies.

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

9. Special Events

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

	AIDS Walk	Art Auction	Other Events	Total	
				2015	2014
Gross revenue	\$ 420,396	\$ 603,952	\$ 61,102	\$1,085,450	\$1,086,844
Less direct expenses	<u>(163,810)</u>	<u>(257,882)</u>	<u>(28,636)</u>	<u>(450,328)</u>	<u>(483,252)</u>
Net special event revenue	<u>\$ 256,586</u>	<u>\$ 346,070</u>	<u>\$ 32,466</u>	<u>\$ 635,122</u>	<u>\$ 603,592</u>

10. Net Assets Released from Restrictions

During the year ended June 30, 2015, the Organization released restricted net assets totaling \$130,250 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

11. 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.

12. Significant Sources of Revenue and Contingencies

A majority of the Organization's revenue is earned under service contracts with Multnomah County, the City of Portland, the State of Oregon Health Division, and the Centers for Disease Control and Prevention. Amounts received or receivable under these contracts are subject to audit and adjustment by these and other organizations. Any expenditures or claims disallowed as a result of such audits would become a liability. In the opinion of the Organization's management, any adjustments that might result from such audits would not be material to the Organization's overall financial statements.

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

13. Operating Lease Commitments

The Organization leases various facilities and equipment under operating lease agreements that expire through 2021. The facilities lease, which began July 2009, provides for escalating payments over the lease term. Rental expense under this lease is being recognized using the straight-line method over the life of the lease. Amounts charged to expense in excess of amounts paid are recorded as a liability, which is included in accounts payable and accrued expenses on the statement of financial position and totaled \$39,369 at June 30, 2015.

Future minimum lease payments at June 30, 2015, are as follows:

Years Ending June 30,	Amount
2016	\$ 354,715
2017	26,766
2018	19,451
2019	19,451
2020	18,457
2021	1,497
	<u>\$ 440,337</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, 2015 and 2014, totaled \$316,995 and \$319,595, respectively.

14. Retirement Plan

The Organization provides substantially all full-time and part-time employees with a qualified profit sharing retirement plan as described under Section 401(k) of the 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 \$48,516 and \$50,899 for the years ended June 30, 2015 and 2014, respectively.

CASCADE AIDS PROJECT

Notes to Financial Statements - Continued

15. 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 Financial Statements - Continued

15. 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, 2015:

	Level 1
Bond mutual funds:	
Multisector bond	\$ 99,968
Intermediate-term bond	64,523
World bond	15,873
Equity mutual funds:	
Foreign large blend	17,129
Large blend	37,320
Real Estate	6,621
Foreign small/mid blend	6,163
Large value	30,265
Small value	6,720
Large growth	27,665
Mid-cap blend	10,384
Small blend	10,211
	<u>\$ 332,842</u>

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

16. Subsequent Events

Management has evaluated subsequent events through November 10, 2015, the date the financial statements were available for issue.

CASCADE AIDS PROJECT

Single Audit Reports

CASCADE AIDS PROJECT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
<i>Multnomah County Health Department :</i>			
HIV Emergency Relief Project Grants	93.914	4400000318 4600000860/4400001660 4400000849/4400001668 4400000850/4400001665	\$ 737,094
HIV Prevention Activities - Health Department Based (Note 3)	93.940	4600001308	269,847
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	4600008075/4400001474	46,352
Special Projects of National Significance	93.928	4400000318	191,209
<i>Centers for Disease Control and Prevention :</i>			
HIV Prevention Activities - Non-Governmental Organization Based	93.939	N/A	424,412
<i>Office of Minority Health :</i>			
Community Programs to Improve Minority Health Grant Program	93.137	N/A	194,669
<i>Oregon Health & Science University:</i>			
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	1004285	5,588
<i>Washington County Community Health Department :</i>			
HIV Prevention Activities - Health Department Based (Note 3)	93.940	13-0630	114,798
<i>Clackamas County Community Health :</i>			
HIV Prevention Activities - Health Department Based (Note 3)	93.940	15-013	69,680
<i>State of Washington, Department of Health :</i>			
HIV Prevention Activities - Health Department Based (Note 3)	93.940	N19101	69,918
<i>State of Oregon, Department of Human Services :</i>			
HIV Prevention Activities - Health Department Based (Note 3)	93.940	139905	<u>10,364</u>
Total U.S. Department of Health and Human Services (carried forward)			2,133,931

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, 2015

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Total U.S. Department of Health and Human Services (brought forward)			\$ 2,133,931
U.S. Department of Housing and Urban Development:			
<i>Department of Housing and Urban Development</i>			
Continuum of Care Program (Note 3)	14.267	N/A	212,809
<i>Transition Projects :</i>			
Continuum of Care Program (Note 3)	14.267	OR16B01001-MOU	47,400
<i>City of Portland Bureau of Housing and Community Development :</i>			
Housing Opportunities for Persons with AIDS (Note 3)	14.241	32000664/32001123	1,042,229
<i>Our House of Portland :</i>			
Housing Opportunities for Persons with AIDS (Note 3)	14.241	ORH13008	78,789
<i>State of Oregon, Department of Human Services :</i>			
Housing Opportunities for Persons with AIDS (Note 3)	14.241	144648/144650	426,476
<i>Home Forward :</i>			
Moving to Work Demonstration Program	14.881	ra13CAP	32,010
Total U.S. Department of Housing and Urban Development			<u>1,839,713</u>
Total Federal expenditures			<u>\$ 3,973,644</u>

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

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the 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*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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	\$ 534,607
CFDA No. 14.241	1,547,494
CFDA No. 14.267	260,209

**Independent Auditors' 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, 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 financial statements of Cascade AIDS Project (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 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 10, 2015

**Independent Auditors' Report on Compliance for Each
Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 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 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Heuman, Stewart & Schmirer, P.C.

Lake Oswego, Oregon
November 10, 2015

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section 1 - Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes 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 Section 510(a) of OMB Circular A-133? Yes No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program
93.939	HIV Prevention Activities - Non-Governmental Organization Based
93.940	HIV Prevention Activities - Health Department Based

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

Auditee qualified as low-risk auditee? Yes No

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2015

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, 2015

There were no findings reported in the prior year audit.