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**CASCADE AIDS PROJECT**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2008**

**with**

**Independent Auditors' Report**

**and**

**Single Audit Reports**

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# CASCADE AIDS PROJECT

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## Independent Auditors' Report

The Board of Directors  
Cascade AIDS Project

We have audited the accompanying statement of financial position of Cascade AIDS Project as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated November 8, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2008 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

November 6, 2008

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

<b>June 30, 2008</b> <i>(With Comparative Amounts for 2007)</i>	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 564,151	\$ 826,775
Investments <i>(Note 2)</i>	422,248	113,424
Contracts receivable <i>(Note 3)</i>	396,347	379,709
Contributions and grants receivable <i>(Note 4)</i>	173,174	245,776
Prepaid expenses	82,074	82,795
Property and equipment <i>(Note 5)</i>	32,961	39,830
Deposits and other assets	6,985	6,985
<b>Total assets</b>	<b><u>\$ 1,677,940</u></b>	<b><u>\$ 1,695,294</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 92,551	\$ 68,169
Accrued payroll and related expenses	88,865	83,731
<b>Total liabilities</b>	<b>181,416</b>	<b>151,900</b>
Commitments and contingencies <i>(Notes 13, 14, and 15)</i>		
<b>Net assets:</b>		
Unrestricted:		
Available for programs and general operations	1,193,291	1,093,697
Net investment in property and equipment	32,961	39,830
Total unrestricted	1,226,252	1,133,527
Temporarily restricted <i>(Note 7)</i>	270,272	409,867
<b>Total net assets</b>	<b><u>1,496,524</u></b>	<b><u>1,543,394</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 1,677,940</u></b>	<b><u>\$ 1,695,294</u></b>

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

**CASCADE AIDS PROJECT**

**Statement of Activities**

**Year Ended June 30, 2008** (with Comparative Totals for 2007)

	Unrestricted	Temporarily Restricted	Total	
			2008	2007
<b>Revenues, gains, and other support:</b>				
Contract revenue (Note 8)	\$ 2,317,048	\$ -	\$ 2,317,048	\$ 2,170,737
Contributions and grants	318,496	270,272	588,768	760,091
In-kind contributions (Note 9)	362,895	-	362,895	424,541
Special events, net of direct expenses (Note 10)	750,274	-	750,274	687,149
Investment return (Note 2)	2,716	-	2,716	30,399
Other	-	-	-	5,759
<b>Total revenues and gains</b>	<b>3,751,429</b>	<b>270,272</b>	<b>4,021,701</b>	<b>4,078,676</b>
Net assets released from restrictions (Note 11)	409,867	(409,867)	-	-
<b>Total revenues, gains, and other support</b>	<b>4,161,296</b>	<b>(139,595)</b>	<b>4,021,701</b>	<b>4,078,676</b>
<b>Expenses (Note 12):</b>				
Program services	2,883,714	-	2,883,714	2,812,531
Supporting services:				
Management and general	507,050	-	507,050	470,273
Financial development	677,807	-	677,807	676,889
<b>Total expenses</b>	<b>4,068,571</b>	<b>-</b>	<b>4,068,571</b>	<b>3,959,693</b>
<b>Increase (decrease) in net assets</b>	<b>92,725</b>	<b>(139,595)</b>	<b>(46,870)</b>	<b>118,983</b>
Net assets, beginning of year	1,133,527	409,867	1,543,394	1,424,411
<b>Net assets, end of year</b>	<b>\$ 1,226,252</b>	<b>\$ 270,272</b>	<b>\$ 1,496,524</b>	<b>\$ 1,543,394</b>

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

## CASCADE AIDS PROJECT

### Statement of Functional Expenses

**Year Ended June 30, 2008** (with Comparative Totals for 2007)

	Program Services				Total
	Education and Family Services	Prevention Services	Supportive Housing and Care Services	Advocacy and Public Policy	
Payroll and related expenses	\$ 430,383	\$ 411,169	\$ 594,165	\$ 8,765	\$ 1,444,482
Professional fees	56,234	112,828	7,049	13,029	189,140
Direct client assistance	3,441	10,423	581,591	-	595,455
Training and recognition	1,552	5,176	6,523	-	13,251
Educational outreach and advertising	9,671	9,293	3,714	6	22,684
Educational materials	135	676	33	-	844
Printing and copying	5,402	10,376	8,086	83	23,947
Postage and shipping	1,898	1,574	2,642	14	6,128
Supplies	6,899	23,006	26,735	60	56,700
Transportation	10,523	7,294	20,157	1,304	39,278
Dues and subscriptions	100	108	-	150	358
Occupancy	36,269	61,056	50,826	1,442	149,593
Repairs, maintenance and equipment purchases	1,060	9,065	1,097	-	11,222
Insurance	3,053	2,751	4,186	17	10,007
Food and beverages	8,827	9,439	2,481	411	21,158
Bad debt expense	-	-	-	-	-
Other	1,103	1,284	1,629	32	4,048
Total expenses before administrative allocation, depreciation and amortization and in-kind contributions	576,550	675,518	1,310,914	25,313	2,588,295
Administrative allocation	51,279	45,927	70,923	296	168,425
Depreciation and amortization	4,077	3,674	5,627	23	13,401
In-kind contributions (Note 9)	58,824	21,848	32,790	131	113,593
<b>Total expenses</b>	<b>\$ 690,730</b>	<b>\$ 746,967</b>	<b>\$ 1,420,254</b>	<b>\$ 25,763</b>	<b>\$ 2,883,714</b>

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

<b>Supporting Services</b>			<b>Total</b>	
<b>Management and General</b>	<b>Financial Development</b>	<b>Total</b>	<b>2008</b>	<b>2007</b>
\$ 527,138	\$ 347,784	\$ 874,922	\$ 2,319,404	\$ 2,214,985
19,837	4,397	24,234	213,374	295,315
-	-	-	595,455	431,000
19,590	5,658	25,248	38,499	31,934
4,668	1,028	5,696	28,380	35,247
142	291	433	1,277	1,447
5,381	6,267	11,648	35,595	36,122
3,262	4,153	7,415	13,543	14,361
3,953	2,210	6,163	62,863	58,580
9,504	2,253	11,757	51,035	59,948
3,380	609	3,989	4,347	5,653
44,482	23,413	67,895	217,488	209,490
22,204	-	22,204	33,426	34,100
2,738	2,161	4,899	14,906	17,731
9,942	308	10,250	31,408	31,468
-	8,045	8,045	8,045	12,352
7,522	4,634	12,156	16,204	16,751
683,743	413,211	1,096,954	3,685,249	3,506,484
(204,446)	36,021	(168,425)	-	-
3,667	3,359	7,026	20,427	28,668
24,086	225,216	249,302	362,895	424,541
<b>\$ 507,050</b>	<b>\$ 677,807</b>	<b>\$ 1,184,857</b>	<b>\$ 4,068,571</b>	<b>\$ 3,959,693</b>

## CASCADE AIDS PROJECT

### Statement of Cash Flows

<b>Year Ended June 30, 2008</b> <i>(with Comparative Totals for 2007)</i>	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (46,870)	\$ 118,983
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Realized and unrealized loss on investments	32,594	-
Depreciation and amortization	20,427	28,668
Bad debt expense	8,045	12,352
Net changes in:		
Contracts receivable	(16,638)	(91,348)
Contributions and grants receivable	64,557	200,637
Prepaid expenses	721	(15,206)
Deposits and other assets	-	(49)
Accounts payable and accrued expenses	24,382	(4,863)
Accrued payroll and related expenses	5,134	11,236
<b>Net cash provided by operating activities</b>	<b>92,352</b>	<b>260,410</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	635,861	696,117
Purchase of investments	(977,279)	(713,616)
Purchase of property and equipment	(13,558)	(7,935)
<b>Net cash used by investing activities</b>	<b>(354,976)</b>	<b>(25,434)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(262,624)</b>	<b>234,976</b>
Cash and cash equivalents, beginning of year	826,775	591,799
<b>Cash and cash equivalents, end of year</b>	<b>\$ 564,151</b>	<b>\$ 826,775</b>

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

# CASCADE AIDS PROJECT

## Notes to Financial Statements

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

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

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

**Education and Family Services** - The *Kids' Connection* program promotes healthy lives for children and youth impacted by HIV and their families by providing support and developmentally-appropriate sexuality education, assisting with permanency planning and HIV disclosure at home and in schools, and organizing inter- and intra-generational social and recreational opportunities. The new *Schools' Connection* program works with community after-school programs to build their capacity to help HIV-impacted kids and to link families to care and support services. *Camp Starlight* is a week-long residential camp on the Oregon coast for children and youth living in families impacted by HIV. *Teen2Teen* is a year-long peer education program, which teaches its youth members about healthy sexuality and HIV prevention, supports them as they talk with their friends about HIV, and provides comprehensive sexuality and intensive HIV prevention workshops for youth in a variety of community and school settings. *Latinos Unidos Enfrentando el SIDA (LUES)* trains community health workers and community-based HIV educators; reaches out and educates at migrant camps, day labor centers, and community events; and educates through a social marketing campaign employing Spanish-language radio *novelas*. The Organization's *Oregon AIDS/STD Hotline* provides HIV/STD information, makes referrals to HIV counseling and testing, and delivers risk-reduction counseling for people from every county in Oregon who call, email, or visit the Organization's website.

**Supportive Housing and Care Services** - Delivers a comprehensive and holistic continuum of housing and supportive care services for low- and very low-income people living with HIV/AIDS (PLHAs) and their families in the six-county Portland metropolitan area of Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties, Oregon and Clark County, Washington. Supportive Housing programs provide case management, emergency rental assistance, distribution of donated furniture and household goods, and eviction prevention services, and a full range of housing options from emergency housing to short-term transitional and long-term housing, and advocates for clients who have been chronically homeless, involved with the corrections system, or have chronic mental health issues. *Intake Services* is the centralized point of contact for newly-diagnosed PLHAs, where the Organization assesses their needs and links them to medical case management as well as to other services. *Early Intervention Services* assists newly-diagnosed PLHAs or those who have fallen out of care with accessing medical care and navigating medical, mental health, and substance abuse systems. The program also provides culturally-specific medical case management through its *Latino Medical Case Management* program for traditionally underserved Latino PLHAs, linking them with medical care, providing medical services education, and assisting them with obtaining medical benefits.

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

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

**Supportive Housing and Care Services - Continued** - The Organization's interdepartmental *Positive Directions* initiative educates and supports PLHAs and their families with interactive workshops on such topics as tenant education (*Ready to Rent*), HIV disclosure (*+alk*), family support and education days (*Kids' Connection*), and the *Positive Living* self-management series to help PLHAs achieve life and wellness goals, obtain and retain affordable housing, attain financial literacy, reduce stress, and better negotiate safer sex behavior. *Positive Directions* also organizes the annual *What's New in HIV* care and treatment update conference for PLHAs and their caregivers, as well as service providers, from across the state.

**Prevention Services** - Delivers effective evidence-based interventions to men who have sex with men, who account for about three in four HIV diagnoses in Oregon. The men's prevention and wellness activities are housed primarily at the *Men's Wellness Center*, an off-site storefront venue in downtown Portland open most evenings. The Center offers HIV prevention and health and wellness programming using a holistic approach mixing educational events with both scheduled and *ad hoc* social activities and interactions. The Center hosts free twice-weekly anonymous or confidential HIV counseling, testing, and referral service (CTR), with one session conducted in partnership with health professionals from *Outside In* who also offer full screening for sexually-transmitted infections. The Program also conducts CTR at a youth dance club and a men's bathhouse. *The Link* is a social networking group for gay and bisexual men living with HIV/AIDS offering twice-monthly "Pizza Talks" and social excursions. *+alk* is a five-session small group, which teaches coping skills, stress management, safer sex negotiation, and risk reduction skills to people living with HIV. *Chicos Latinos* is a bilingual social support and HIV prevention weekly group modeled on the popular *Mpowerment* evidence-based prevention intervention. *CityGuys* volunteers conduct outreach in the community by talking to gay and bisexual men about safer sex, offering safer sex supplies and information, and recruiting men for CTR and other Organization programs. *Magnetic Men* is a group for gay and bisexual men, both HIV-negative and +positive, who want to explore issues surrounding dating, relationships, and sex with men who are of opposite HIV status.

**Advocacy and Public Policy** - Advocates for effective global, national, state, and local HIV public policy. The Organization's Board of Directors' *Public Policy Committee* leads efforts to advance progressive HIV/AIDS policy and legislation and includes PLHAs and members from AIDS service organizations from across Oregon. An intensive three-day *Oregon AIDS Leadership Training* program builds statewide grassroots capacity by educating and supporting informed, activated, and engaged HIV-positive advocates.

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

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

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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 financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

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

**Investments** - Investments are carried at market value. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments, is shown in the statement of activities.

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

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

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

**Benefits Provided by Donors at Special Events** - The Organization conducts special fund-raising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization.

**Advertising Expenses** - Advertising costs are charged to expense as they are incurred.

**Income Taxes** - The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Organization is not classified as a private foundation.

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

**Concentrations of Credit Risk** - The Organization's investments consist primarily of financial instruments including cash equivalents. These financial instruments may subject the Organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC), the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. Certain pledges receivable also subject the Organization to concentrations of credit risk. At June 30, 2008 the Organization maintained bank deposits in excess of FDIC limits.

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

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

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

**Summarized Financial Information for 2007** - The accompanying financial information as of and for the year ended June 30, 2007 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007 from which the summarized information was derived.

**2. Investments**

Investments consist of the following at June 30:

	<b>2008</b>	<b>2007</b>
Bonds	\$ -	\$ 109,955
Common stock	94,158	-
Preferred stock	79,015	-
Money market funds	<u>249,075</u>	<u>3,469</u>
	<u>\$ 422,248</u>	<u>\$ 113,424</u>

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

Interest and dividend income	\$ 35,310	\$ 30,399
Realized and unrealized loss on investments	<u>(32,594)</u>	<u>-</u>
	<u>\$ 2,716</u>	<u>\$ 30,399</u>

**3. Contracts Receivable**

	<b>2008</b>	<b>2007</b>
Multnomah County	\$ 108,281	\$ 139,570
Washington County	9,393	15,234
City of Portland, Bureau of Housing and Community Development	136,568	113,247
US Department of Health and Human Services, the Center for Disease Control and Prevention	60,062	57,259
State of Oregon	<u>82,043</u>	<u>54,399</u>
	<u>\$ 396,347</u>	<u>\$ 379,70</u>

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

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**4. Contributions and Grants Receivable**

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

	<b>2008</b>	<b>2007</b>
Unconditional promises expected to be collected in less than 1 year <sup>A</sup>	\$ 198,174	\$ 270,776
Less allowance for doubtful accounts	<u>(25,000)</u>	<u>(25,000)</u>
	<u>\$ 173,174</u>	<u>\$ 245,776</u>

<sup>A</sup> Approximately 83 percent of the balance at June 30, 2008 is due from two donors.

**5. Property and Equipment**

	<b>2008</b>	<b>2007</b>
Office equipment	\$ 88,387	\$ 85,959
Computer equipment	179,275	168,145
Leasehold improvements	<u>36,612</u>	<u>36,612</u>
	304,274	290,716
Less accumulated depreciation and amortization	<u>(271,313)</u>	<u>(250,886)</u>
Net property and equipment	<u>\$ 32,961</u>	<u>\$ 39,830</u>

**6. Line of Credit**

The Organization has a \$200,000 line of credit available with US Bank. Interest is payable monthly at the bank's reference rate plus 1 percent per annum. The line of credit is secured by the Organization's receivables and equipment. As of June 30, 2008 and 2007, the line of credit had no outstanding balance due.

**CASCADE AIDS PROJECT**

**Notes to Financial Statements - Continued**

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**7. Temporarily Restricted Net Assets**

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

	<b>2008</b>	<b>2007</b>
Kid's Connection	\$ 50,000	\$ 178,022
Youth HIV Education	36,620	30,000
Camp Starlight	20,884	42,539
LUES	127,914	125,198
Other programs	8,000	5,208
Future periods	<u>26,854</u>	<u>28,900</u>
	<u>\$ 270,272</u>	<u>\$ 409,867</u>

**8. Contract Revenue**

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

	<b>2008</b>	<b>2007</b>
Multnomah County	\$ 740,726	\$ 765,162
City of Portland, Bureau of Housing and Community Development	533,124	531,254
State of Oregon, Health Division	347,101	193,906
Centers for Disease Control and Prevention	476,400	457,593
Washington County	65,000	65,000
Other	<u>154,697</u>	<u>157,822</u>
	<u>\$ 2,317,048</u>	<u>\$ 2,170,737</u>

**9. 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, 2008 and 2007, the Organization recorded in-kind contributions of services totaling \$141,525 and \$188,131, respectively.

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

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#### 9. In-Kind Contributions - Continued

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

In-kind contributions of equipment and other materials are recorded where there is an objective basis on which to value these contributions and where the contributions are an integral part of the Organization's activities. During the years ended June 30, 2008 and 2007, the Organization recorded \$221,370 and \$236,410, respectively, in contributed advertising, materials and supplies.

#### 10. Special Events

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

	2008				2007
	AIDS Walk	Art Auction	Other Events	Total	Total
Gross revenue	\$ 378,993	\$ 593,270	\$ 50,905	\$ 1,023,168	\$ 965,913
Less direct expenses	<u>(99,017)</u>	<u>(173,877)</u>	<u>-</u>	<u>(272,894)</u>	<u>(278,764)</u>
Net special event revenue	<u>\$ 279,976</u>	<u>\$ 419,393</u>	<u>\$ 50,905</u>	<u>\$ 750,274</u>	<u>\$ 687,149</u>

#### 11. Net Assets Released from Restrictions

During the year ended June 30, 2008, the Organization incurred expenses totaling \$409,867 in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

#### 12. 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.

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

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

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

#### 14. Operating Lease Commitments

The Organization leases various facilities and equipment under operating lease agreements which expire through 2013.

Future minimum lease payments are as follows:

<b>Years Ending June 30</b>	<b>Amount</b>
2009	\$ 209,574
2010	38,032
2011	24,881
2012	13,084
2013	<u>6,174</u>
	<u>\$ 291,745</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, 2008 and 2007 totaled \$192,544 and \$186,665, respectively.

## CASCADE AIDS PROJECT

### Notes to Financial Statements - Continued

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#### **15. Retirement Plan**

The Organization provides substantially all full- and part-time employees with a qualified profit sharing retirement plan as described under Section 401(k) of the Internal Revenue Code. Employees who have completed at least thirty consecutive days of employment and have attained the age of 21, may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. The Organization makes matching contributions to the plan up to 3 percent of the annual compensation of each eligible employee. Employees select from several investment options. Contributions to the plan from both the employees and the Organization vest as accrued. Contributions by the Organization to the plan totaled \$35,341 and \$31,880 for the years ended June 30, 2008 and 2007, respectively.

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# **CASCADE AIDS PROJECT**

**Single Audit Reports**

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**CASCADE AIDS PROJECT**

**Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2008**

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<b>Federal agency</b>	<b>CFDA</b>	<b>Federal</b>
<b>Pass-through funding agency</b>	<b>Number</b>	<b>Expenditures</b>
<b>Federal program name</b>		
<b>US Department of Health and Human Services:</b>		
<i>Multnomah County Health Department:</i>		
HIV Emergency Relief Project Grants	93.914	\$ 479,769
HIV Care Formula Grants	93.917	20,785
HIV Prevention Activities - Health Department Based ( <i>Notes 2 and 3</i> )	93.940	175,347
<i>Centers for Disease Control and Prevention:</i>		
HIV Prevention Activities - Non-Governmental Organization Based	93.939	356,751
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	120,009
<i>Washington County Community Health Department:</i>		
HIV Prevention Activities - Health Department Based ( <i>Notes 2 and 3</i> )	93.940	36,400
<i>Oregon Health &amp; Science University:</i>		
Ryan White HIV/AIDS Dental Reimbursements	93.924	4,730
<i>Outside In:</i>		
Preventative Health Services - Sexually Transmitted Diseases Control Grants ( <i>Note 2</i> )	93.977	13,886
<b>Total US Department of Health and Human Services</b>		<b>1,207,677</b>
<b>US Department of Housing and Urban Development:</b>		
<i>City of Portland Bureau of Housing and Community Development:</i>		
Housing Opportunities for Persons with AIDS ( <i>Note 3</i> )	14.241	533,124
<i>Our House of Portland:</i>		
Housing Opportunities for Persons with AIDS ( <i>Note 3</i> )	14.241	46,194
<i>Transition Projects:</i>		
Supportive Housing Program	14.235	9,860
<b>Total US Department of Housing and Urban Development</b>		<b>589,178</b>
<b>Total Federal expenditures</b>		<b>\$ 1,796,855</b>

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

**CASCADE AIDS PROJECT**

**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2008**

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**1. Significant Accounting Policies**

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

**2. HIV Cluster of Programs**

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

CFDA No. 93.940	\$ 211,747
CFDA No. 93.977	<u>13,886</u>
Total HIV Cluster	<u>\$ 225,633</u>

**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	\$ 211,747
CFDA No. 14.241	579,318

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

The Board of Directors  
Cascade AIDS Project

We have audited the financial statements of Cascade AIDS Project as of and for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

\* \* \* \*

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

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

Portland, Oregon  
November 6, 2008

**Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal  
Control Over Compliance in Accordance with  
OMB Circular A-133**

The Board of Directors  
Cascade AIDS Project

**Compliance**

We have audited the compliance of Cascade AIDS Project with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. The Organization's major Federal programs are identified in the summary of auditors' reports section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.

## Internal Control Over Compliance

The management of Cascade AIDS Project is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affect the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

\* \* \* \*

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

*Hellman, Seibert & Schmitz, P.C.*

Portland, Oregon  
November 6, 2008

**CASCADE AIDS PROJECT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

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

*Financial Statements*

Type of auditors' report issued Unqualified

Internal control over financial reporting:

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

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

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

*Federal Awards*

Internal control over major programs:

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

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

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

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

*Identification of Major Programs*

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

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

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

**CASCADE AIDS PROJECT**

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

**Year Ended June 30, 2008**

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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**  
**Year Ended June 30, 2008**

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There were no findings reported in the prior year audit.