



CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Opinion

We have audited the accompanying consolidated financial statements of Cascade AIDS Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing the audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 32 through 34, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Cascade AIDS Project’s 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated 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 March 30, 2023, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s 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.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
March 30, 2023

CASCADE AIDS PROJECT
Consolidated Statement of Financial Position

June 30, 2022 <i>(With Comparative Amounts for 2021)</i>	2022	2021
ASSETS		
Cash and cash equivalents <i>(Note 20)</i>	2,856,806	\$ 2,696,402
Investments <i>(Note 2 and 20)</i>	1,601,030	-
Contracts receivable - net <i>(Note 3 and 20)</i>	2,863,630	1,940,259
Contributions and grants receivable - net <i>(Note 4)</i>	532,124	477,799
Accounts receivable - patient service and pharmacy <i>(Note 5)</i>	1,040,975	722,820
Prepaid expenses <i>(Note 20)</i>	245,276	70,939
Deposits and other assets	91,098	90,406
Property and equipment - net <i>(Notes 6, 8, 17 and 20)</i>	8,948,497	3,487,111
Total assets	<u>\$ 18,179,436</u>	<u>\$ 9,485,736</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses <i>(Note 20)</i>	\$ 1,507,220	\$ 342,182
Accrued payroll and related expenses <i>(Note 20)</i>	878,522	799,309
Refundable advances	563,668	455,739
Deferred rent and lease incentive <i>(Note 17)</i>	740,019	796,576
Paycheck Protection Program loan <i>(Note 7)</i>	-	1,034,247
Other notes payable - net <i>(Note 8)</i>	2,108,342	1,877,565
Total liabilities	5,797,771	5,305,618
Commitments and contingencies <i>(Notes 8, 16, 17, and 18)</i>		
Net assets:		
Without donor restrictions <i>(Note 9)</i>	10,948,095	3,022,840
With donor restrictions <i>(Note 10)</i>	1,433,570	1,157,278
Total net assets	<u>12,381,665</u>	<u>4,180,118</u>
Total liabilities and net assets	<u>\$ 18,179,436</u>	<u>\$ 9,485,736</u>

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

CASCADE AIDS PROJECT
Consolidated Statement of Activities

Year Ended June 30, 2022 *(With Comparative Totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Revenues, gains, and other support:				
Contracts and cooperative agreements <i>(Notes 11 and 16)</i>	\$ 10,651,072	\$ -	\$ 10,651,072	\$ 9,483,738
Net patient service and pharmacy revenue (net of contractual allowances and discounts)	9,430,755	-	9,430,755	5,924,926
Contributions and grants	537,783	903,359	1,441,142	1,142,342
Donated nonfinancial assets <i>(Note 12)</i>	345,652	-	345,652	231,210
Special events, net of direct expenses <i>(Note 13)</i>	344,908	-	344,908	128,687
Other revenue	31,496	-	31,496	21,065
Net revenues and gains	21,341,666	903,359	22,245,025	16,931,968
Net assets released from restrictions <i>(Note 14)</i>	627,067	(627,067)	-	-
Net revenues, gains, and other support	21,968,733	276,292	22,245,025	16,931,968
Expenses <i>(Note 15)</i> :				
Program services	19,146,187	-	19,146,187	14,448,771
Supporting services:				
Management and general	2,203,222	-	2,203,222	1,412,719
Development and community engagement	845,928	-	845,928	639,573
Total expenses	22,195,337	-	22,195,337	16,501,063
Increase (decrease) in net assets from operations (carried forward)	(226,604)	276,292	49,688	430,905

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

CASCADE AIDS PROJECT

Consolidated Statement of Activities - Continued

Year Ended June 30, 2022 *(With Comparative Totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Brought forward	\$ (226,604)	\$ 276,292	\$ 49,688	\$ 430,905
Non-operating activities:				
Paycheck Protection Program loan forgiveness <i>(Note 7)</i>	1,034,247	-	1,034,247	1,034,247
Net investment loss	(292,360)	-	(292,360)	-
Increase in net assets from acquisition <i>(Note 20)</i>	7,409,972	-	7,409,972	-
Net non-operating activities	8,151,859	-	8,151,859	1,034,247
Increase in net assets	7,925,255	276,292	8,201,547	1,465,152
Net assets, beginning of year	3,022,840	1,157,278	4,180,118	2,714,966
Net assets, end of year	\$ 10,948,095	\$ 1,433,570	\$ 12,381,665	\$ 4,180,118

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

CASCADE AIDS PROJECT

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022 *(With Comparative Totals for 2021)*

	Program Services						Supporting Services				Total	
	Residential Care	Housing and Support Services	Prevention and Health Services	Southwest Washington Services	Primary Care and Behavioral Health Services	Advocacy and Public Policy	Total	Management and General	Development and Community Engagement	Total	2022	2021
Payroll and related expenses	\$ 880,019	\$ 2,139,209	\$ 1,252,767	\$ 996,168	\$ 2,198,640	\$ 94,244	\$ 7,561,047	\$ 1,590,029	\$ 553,658	\$ 2,143,687	\$ 9,704,734	\$ 7,491,846
Professional fees	72,242	11,951	9,914	5,688	248,402	27,230	375,427	412,811	74,948	487,759	863,186	408,003
Direct client assistance	8,321	2,926,912	10,088	650,559	6,030	200	3,602,110	-	-	-	3,602,110	3,843,649
Training, recognition, and recruitment	313	17,846	9,331	5,643	14,887	210	48,230	159,879	2,148	162,027	210,257	136,218
Educational outreach and advertising	24	70	4,857	8	67,473	5,000	77,432	11,531	3,507	15,038	92,470	51,089
Printing and postage	85	401	524	986	1,211	3	3,210	3,018	16,080	19,098	22,308	17,046
Supplies	13,971	21,803	82,430	6,809	3,273,714	2,256	3,400,983	17,819	2,251	20,070	3,421,053	1,588,338
Pharmacy program fees	63	-	-	-	1,686,282	-	1,686,345	-	-	-	1,686,345	902,927
Transportation	1,745	13,211	21,644	5,142	2,017	2	43,761	7,312	315	7,627	51,388	15,494
Dues and subscriptions	4,227	5,659	2,827	4,498	40,439	12,611	70,261	56,833	31,984	88,817	159,078	96,135
Occupancy	69,951	231,580	148,114	175,452	61,722	6,121	692,940	134,933	45,247	180,180	873,120	809,070
Repairs, maintenance, and equipment	40,307	43,759	20,595	31,320	158,759	650	295,390	19,992	14,983	34,975	330,365	306,181
Insurance	54,798	37,117	18,100	14,900	79,364	840	205,119	22,025	5,981	28,006	233,125	102,903
Food and beverages	15,166	8,056	1,701	4,510	2,741	849	33,023	5,176	7,761	12,937	45,960	13,426
Interest expense	-	-	1,453	6,804	60,898	-	69,155	4,844	-	4,844	73,999	77,025
Bad debt expense	-	-	-	-	-	-	-	7,500	-	7,500	7,500	2,750
Grant expense	-	51,379	81,491	-	-	-	132,870	-	-	-	132,870	72,245
Special events	-	-	-	-	-	-	-	-	415,692	415,692	415,692	400,945
Other	5,289	5,707	449	724	16,458	2,601	31,228	39,529	9,690	49,219	80,447	173,901
Total expenses before administrative allocation, depreciation and amortization, and donated nonfinancial assets (carried forward)	1,166,521	5,514,660	1,666,285	1,909,211	7,919,037	152,817	18,328,531	2,493,231	1,184,245	3,677,476	22,006,007	16,509,191

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

CASCADE AIDS PROJECT

Consolidated Statement of Functional Expenses - Continued

Year Ended June 30, 2022 *(With Comparative Totals for 2021)*

	Program Services						Supporting Services				Total	
	Residential Care	Housing and Support Services	Prevention and Health Services	Southwest Washington Services	Primary Care and Behavioral Health Services	Advocacy and Public Policy	Total	Management and General	Development and Community Engagement	Total	2022	2021
Brought forward	\$1,166,521	\$5,514,660	\$1,666,285	\$ 1,909,211	\$ 7,919,037	\$ 152,817	\$18,328,531	\$ 2,493,231	\$ 1,184,245	\$ 3,677,476	\$22,006,007	\$16,509,191
Administrative allocation	37,177	115,891	64,764	52,360	72,812	2,960	345,964	(332,421)	(13,543)	(345,964)	-	-
Depreciation and amortization	110,508	36,426	35,799	116,121	93,209	989	393,052	33,305	6,803	40,108	433,160	291,872
Donated nonfinancial assets	-	78,640	-	-	-	-	78,640	9,107	84,115	93,222	171,862	100,945
Total expenses	1,314,206	5,745,617	1,766,848	2,077,692	8,085,058	156,766	19,146,187	2,203,222	1,261,620	3,464,842	22,611,029	16,902,008
Less costs netted with revenue	-	-	-	-	-	-	-	-	(415,692)	(415,692)	(415,692)	(400,945)
	<u>\$1,314,206</u>	<u>\$5,745,617</u>	<u>\$1,766,848</u>	<u>\$ 2,077,692</u>	<u>\$ 8,085,058</u>	<u>\$ 156,766</u>	<u>\$19,146,187</u>	<u>\$ 2,203,222</u>	<u>\$ 845,928</u>	<u>\$ 3,049,150</u>	<u>\$22,195,337</u>	<u>\$16,501,063</u>

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

CASCADE AIDS PROJECT
Consolidated Statement of Cash Flows

Year Ended June 30, 2022 <i>(With Comparative Totals for 2021)</i>	2022	2021
Cash flows from operating activities:		
Increase in net assets	\$ 8,201,547	\$ 1,465,152
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	433,160	291,872
Change in debt issuance costs	1,568	2,331
Bad debt expense	-	2,750
Sale of donated inventory for art auction	-	191,133
Unrealized loss on investments	307,888	-
Increase in net assets from acquisition	(7,409,972)	-
Paycheck Protection Program loan forgiveness	(1,034,247)	(1,034,247)
Net changes in:		
Contracts receivable	(555,823)	(296,448)
Contributions and grants receivable	(54,325)	(53,253)
Accounts receivable - patient service and pharmacy	(318,155)	(365,303)
Prepaid expenses	(150,529)	118,352
Deposits and other assets	(692)	(10,087)
Accounts payable and accrued expenses	1,131,874	61,330
Accrued payroll and related expenses	(96,682)	265,287
Refundable advances	107,929	(189,778)
Deferred rent and lease incentive	(151,327)	(142,995)
Net cash provided by operating activities	412,214	306,096
Cash flows from investing activities:		
Cash acquired in acquisition	345,168	-
Purchase of property and equipment	(478,562)	(66,338)
Purchase of investments	(5,657)	-
Net cash used by investing activities	(139,051)	(66,338)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	1,034,247
Principal payments on notes payable	(112,759)	(101,561)
Net cash provided (used) by financing activities	(112,759)	932,686
Increase in cash and cash equivalents	160,404	1,172,444
Cash and cash equivalents, beginning of year	2,696,402	1,523,958
Cash and cash equivalents, end of year	\$ 2,856,806	\$ 2,696,402

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

CASCADE AIDS PROJECT

Consolidated Statement of Cash Flows - Continued

Year Ended June 30, 2022 <i>(With Comparative Totals for 2021)</i>	2022	2021
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 79,372	\$ 81,636
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment acquired in exchange for long-term debt	\$ 341,968	\$ -
Property and equipment acquired in exchange for deferred lease incentive	94,770	-
Assets acquired and liabilities assumed in acquisition of Our House of Portland:		
Assets:		
Investments	\$ 1,903,261	\$ -
Contracts receivable	367,548	-
Prepaid expenses	23,808	-
Property and equipment	4,979,246	-
Liabilities:		
Accounts payable and accrued expenses	33,164	-
Accrued payroll and related expenses	175,895	-

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

CASCADE AIDS PROJECT

Notes to Consolidated 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 support and empower all people living with or affected by HIV, reduce stigma, and provide compassionate healthcare to the LGBTQ+ community and beyond. The Organization is the oldest and largest AIDS Service Organization in Oregon and Southwest Washington and provides HIV supportive housing and care services, youth and family programming, prevention services, community education, and leadership in public policy and advocacy. The Organization's programs serve the broad and diverse set of communities impacted by HIV, from culturally specific programs focused on the gay, lesbian, bisexual, and transgender community, Black, Indigenous, and People of Color, as well as individuals and families living with HIV. In 2017, the Organization expanded its mission to include the provision of direct health care services to the broader LGBTQ+ community with the opening of Prism Health, its primary care and behavioral health center. In 2019, Prism Health was designated a Federally Qualified Health Center Look Alike. In 2020, the clinic opened an on-site pharmacy. In 2022, the Organization acquired Our House of Portland (OHOP), a local non-profit entity that provides 24-hour specialized nursing care and social work services to people living with HIV. OHOP also operates a community food pantry and a clothing and household goods donation site.

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

Housing and Support - The Housing and Support Services Department coordinates intake into the Organization's services, provides one-on-one support in finding and maintaining housing, offers educational programs to help people living with HIV thrive at home and at work, and builds community among people living with HIV. 676 households received rent, utility, and/or emergency assistance, and 1,315 households received some form of support services for the year ended June 30, 2022. 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. Culturally specific navigation programs help African American and Latinx clients understand their diagnosis and engage in HIV care. Other programs offered include Camp KC, a week-long residential camp for HIV infected and affected children, and Aging Well, a program that builds community and supports the well-being of aging adults living with or affected by HIV.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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

Prevention and Health Services - The Prevention and Health Services Department provided services to 1,785 people during the year ended June 30, 2022. The Department offers HIV/STI testing services in various locations across Multnomah, Clackamas, Washington, and Clark counties with approximately 1,202 HIV tests completed during the year ending June 30, 2022. The Department also offers low barrier testing through Pivot. Pivot is a community space dedicated to the health and wellness of all gay/bisexual/queer men and trans-identified people with a focus on sexual health and HIV.

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

Southwest Washington Services - In partnership with the Washington State Department of Health, the Organization opened a new office in Southwest Washington during the year ended June 30, 2017. The SW Washington program offers a wide range of unified care and prevention services, provides culturally affirming, trauma-informed services to residents of SW Washington (Clark and Skamania counties). A second office in Longview, Washington opened in December 2018, serving Cowlitz and Wahkiakum counties. During the year ended June 30, 2022, staff members enrolled 428 clients in Medical Case Management services and provided housing assistance to 133 households (short and long term rent assistance, emergency rental assistance, and move-in costs), and provided supportive services, such as food and transportation, to 110 clients. Other services provided onsite include employment support and job readiness, peer navigation services (connecting clients to mental health care and substance abuse treatment), support groups, wellness case management, housing advocacy and support, insurance enrollment, PrEP navigation, STI screening and treatment, safer sex supplies, and community education and outreach.

Primary Care and Behavioral Health Services - Prism Health delivers primary care and behavioral healthcare to the general public with an emphasis on providing culturally relevant, affirming and non-judgmental care to the LGBTQ+ community. Prism Health opened for patients on May 2, 2017, as the first LGBTQ primary care clinic in Oregon. During the year ended June 30, 2022, Prism Health saw a total of 1,579 patients for medical services and 146 patients for behavioral health care.

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 Consolidated Financial Statements - Continued

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

Residential Care - Acquired in 2022, Our House of Portland provides 24-hour residential care for people living with HIV. During the year ended June 30, 2022, 12 of the 14 rooms were occupied by residents. In addition, Our House of Portland provides in-home support services to roughly 48 households per year through its Neighborhood Housing and Care Program. Furthermore, Our House operates a community food pantry, Ester's Pantry, and a clothing/household good donation site, Tod's corner. Over 500 clients utilize these services each month.

Supporting Services:

Development and Community Engagement - The Development and Community Engagement department is charged with inspiring and connecting multiple audiences with our mission and vision in order to build community support. The Organization uses a variety of traditional and new media to share meaningful stories, promote the Organization's ideas, disseminate health research and information, amplify partner voices, and catalyze change. Development activities include creating opportunities for donors and volunteers to engage with the Organization's work, conducting fundraising campaigns, preparing and distributing fundraising materials, and managing other activities involving soliciting contributions from individuals, foundations, corporations, and public entities. Through the Organization's special events, engagements are created that bring people together to build new connections, spark big ideas, raise awareness on critical issues, and inspire meaningful change.

Management and General - The Organization's Management and General activities include executive direction, financial management, accounting, recordkeeping, budgeting and planning, human resources, operations, information technology, workplace JEDI (Justice, Equity, Diversity and Inclusion), advocacy, and related administrative activities. These services provide the necessary developmental, organizational, and managerial support for the effective operation of the Organization's programs.

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

Principles of Consolidation - The consolidated financial statements include the accounts of the Organization and CAP Belmont LLC, a limited liability company that is wholly owned by the Organization. CAP Belmont LLC was formed during 2016. All significant inter-organization balances and transactions have been eliminated.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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 net assets with donor restrictions or net assets without donor restrictions. Net assets without donor restrictions are those not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Use of Estimates - The preparation of consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the consolidated financial statements for, among other things, the calculation of depreciation and amortization expense, the allowance for doubtful accounts, the functional allocation of expenses and the valuation of donated nonfinancial 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 are carried at fair value. Investment income is accrued as earned and is reported net of investment advisory fees.

Contracts Receivable - Contracts receivable are recognized as services are provided in accordance with the terms of the related contract. An allowance for uncollectible balances is recorded based on management's assessment of the specific amounts outstanding.

Accounts Receivable - Accounts receivable are recorded as the related revenues are recognized. The Organization does not assess finance charges on past due amounts.

Property and Equipment - Property and equipment are carried at cost when purchased and at estimated fair value when acquired by gift. Property and equipment acquired through an acquisition are recorded at estimated fair value at the date of acquisition. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the respective assets, which are generally 5 to 35 years. The Organization capitalizes all property and equipment purchases over \$5,000.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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

Debt Issuance Costs - Debt issuance costs are reported net with the related long-term debt and are amortized using the straight line method over the term of such debt. Amortization of debt issuance costs is included with interest expense.

Deferred Rent and Lease Incentive - For lease agreements that contain lease incentives and/or rent escalation clauses, the Organization records a liability and amortizes it on a straight-line basis over the term of the lease.

Revenue Recognition - The Organization's policy for the recognition of revenues is as follows:

Contributions and Grants - The Organization recognizes contribution and grant revenue when cash, securities or other assets; an unconditional promise to give (pledge); or a notification of beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized as revenue until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions and grants receivable expected to be collected over a period exceeding one year are discounted to present value, if material.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor imposed restrictions are reclassified to net assets without donor imposed restrictions, and are reported in the consolidated statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year received are reported as contributions without donor imposed restrictions.

The Organization reports gifts of land, buildings, and equipment as support without donor imposed restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contracts and Cooperative Agreements - The Organization's contract and cooperative agreement revenue is derived from grants and contracts from government agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the performance requirements or incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to meeting performance requirements or incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. At June 30, 2022, the Organization had conditional government grants and contracts totaling approximately \$8,500,000 that have not been recognized as revenue as qualifying expenditures have not yet been incurred.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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

Net Patient Service and Pharmacy Revenue - Patient revenue is recognized based on the amount the Organization expects to receive in exchange for providing patient care services once the Organization has met its related performance obligation. The performance obligation is typically met at the point in time when the service is provided. The amounts are due from third-party payors, including private insurance and government payors, and include variable consideration for retroactive revenue adjustments that may occur under the terms of the various agreements the Organization has with its payors. Pharmacy revenue is recognized when the prescription is filled and the goods are provided to patients. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments, discounts, and implicit price concessions provided to uninsured and under-insured patients. The Organization determines its initial estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with uninsured and under-insured patients. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Settlements with third-party payors for retroactive adjustments are included in the estimated transaction price for providing patient care. Estimated settlements are adjusted in future periods as adjustments become known or as new information becomes available.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to various interpretations. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these regulations, and it is not possible to determine the impact such claims or penalties would have upon the Organization.

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

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

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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

Income Taxes - The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

CAP Belmont LLC is a disregarded entity for income tax purposes. As such, its activities are reported on the Organization's annual information returns that are filed with the Internal Revenue Service.

Under GAAP, the recognition of an estimated tax liability and related disclosures is required for tax positions taken by the Organization that may not be sustained under examination by a taxing authority. Management does not believe the Organization has any significant tax positions that would not be sustained under examination and, accordingly, has not recorded an estimated liability. The Organization did not record any penalty or interest related to its tax positions and, if any were recorded, those amounts would be included with management and general expenses.

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

Concentrations of Risk - The Organization's financial instruments consist primarily of cash equivalents, investments, and contracts receivable. These financial instruments may subject the Organization to concentrations of credit and other risk. At June 30, 2022, and frequently during the fiscal year, cash and cash equivalents balances exceeded amounts insured by the Federal Deposit Insurance Corporation. The Organization's investments are exposed to various risks, such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. 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 amounts reported in the consolidated financial statements. Contracts receivable are due primarily from governmental agencies and are deemed to be low in risk.

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 expired on September 30, 2022 and is currently being renegotiated.

New Accounting Standard - The Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets. Among other things, nonprofits are required to include information on the entity's policies on monetization and utilization of contributed nonfinancial assets during the reporting period, as well as donor imposed restrictions and valuation techniques. The Organization implemented the provisions of ASU 2020-07 on a retrospective basis, and has updated disclosures as necessary. The ASU did not have a material impact on the Organization's consolidated financial statements.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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

Fair Value Measurements - Accounting standards pertaining to fair value measurements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs, other than quoted prices observable for the asset; and
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

Measure of Operations - The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to activities of a more unusual or non-recurring nature, or net investment return.

Recent Accounting Pronouncement - In February 2016, Financial Accounting Standards Board issued ASU 2016-02, *Leases (Topic 842)*. This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Organization on July 1, 2022. The Organization is evaluating the potential impact of this ASU on the Organization's consolidated financial statements.

Summarized Financial Information for 2021 - The accompanying financial information as of and for the year ended June 30, 2021, is presented for comparative purposes only and is not intended to represent a complete consolidated financial statement presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

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

Reclassifications - Certain reclassification have been made to the 2021 information to conform with the 2022 presentation.

2. Investments

Investments consist of the following at June 30, 2022 and have been measured using Level 1 inputs under the fair value hierarchy:

	Level 1	Total
Money market funds	\$ 62,318	\$ 62,318
Domestic common stock	770	770
Domestic equity mutual and exchange traded funds	557,150	557,150
Foreign equity mutual funds	197,240	197,240
Fixed income mutual and exchange traded funds	783,552	783,552
	<u>\$ 1,601,030</u>	<u>\$ 1,601,030</u>

The fair value of the above investments has been determined by reference to quoted market prices.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

3. Contracts Receivable

	2022	2021
Multnomah County	\$ 1,057,590	\$ 986,123
Washington County	15,361	32,315
Clackamas County	20,976	-
State of Washington, Department of Health	571,988	219,911
Home Forward	13,058	24,690
Centers for Disease Control and Prevention	138,876	102,898
Department of Housing and Urban Development	230,443	121,062
State of Oregon, Health Division	454,429	281,977
Our House of Portland	-	96,516
Health Resources and Services Administration	52,410	48,512
Kaiser Permanente	41,020	-
CareOregon	194,676	-
Other	<u>72,803</u>	<u>35,865</u>
	2,863,630	1,949,869
Less reserve for uncollectible accounts	<u>-</u>	<u>(9,610)</u>
Accounts receivable - net	<u>\$ 2,863,630</u>	<u>\$ 1,940,259</u>

At June 30, 2022, contracts receivable includes \$666,123 that has been outstanding for greater than 90 days. Management does not believe an allowance for uncollectible accounts is necessary.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

4. Contributions and Grants Receivable - Net

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

	2022	2021
Unconditional promises expected to be collected in: ^A		
Less than one year	\$ 388,917	\$ 449,453
One to five years ^B	<u>144,223</u>	<u>30,837</u>
	533,140	480,290
Less allowance for doubtful accounts	<u>(1,016)</u>	<u>(2,491)</u>
	<u>\$ 532,124</u>	<u>\$ 477,799</u>

^AApproximately 76 percent of the balance at June 30, 2022, is due from two donors.

^BManagement has not recorded a present value discount for these amounts as it is deemed immaterial.

5. Accounts Receivable - Patient Service and Pharmacy

	2022	2021
Patient service revenue	\$ 525,643	\$ 575,695
Pharmacy revenue	<u>515,332</u>	<u>147,125</u>
	<u>\$ 1,040,975</u>	<u>\$ 722,820</u>

At June 30, 2022, patient service revenue receivable includes \$199,358 that has been outstanding for greater than 90 days. Management does not believe an allowance for uncollectible accounts is necessary.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

6. Property and Equipment - Net

	2022	2021
Land	\$ 720,500	\$ 403,000
Building and improvements	7,126,604	2,577,933
Office equipment	229,033	189,326
Computer equipment	364,939	307,659
Leasehold improvements	1,358,196	1,198,125
Vehicles	115,696	-
	<u>9,914,968</u>	<u>4,676,043</u>
Less accumulated depreciation and amortization	<u>(1,629,144)</u>	<u>(1,213,276)</u>
	8,285,824	3,462,767
Construction in progress	<u>662,673</u>	<u>24,344</u>
Net property and equipment	<u>\$ 8,948,497</u>	<u>\$ 3,487,111</u>

In January 2022, the Organization entered into a tenancy in common (TIC) agreement with three unrelated parties to purchase certain real property that will operate as a second Prism clinic location. The Organization is a 25 percent owner of the TIC, and its portion of the land and building acquired by the TIC is included in construction in progress at June 30, 2022. In August 2022, the Organization entered into an agreement to lease the portion of TIC property owned by the other TIC members under a seven year lease, with an option for the Organization to purchase the other TIC interests in the property after a period of five years.

7. Paycheck Protection Program Loan

In March 2021, the Organization received proceeds from a second draw Paycheck Protection Program (PPP) loan from Heritage Bank in the amount of \$1,034,247. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and subsequent legislation provided loans that could be fully or partially forgiven if loan proceeds were used for qualifying expenses and certain other conditions were satisfied. The Organization elected to account for the PPP as long-term debt. In June 2022, the Small Business Administration determined the Organization met the conditions of the program and forgave the second draw PPP loan in full. Accordingly, the Organization recognized PPP loan forgiveness in accompanying consolidated statement of activities.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

8. Notes Payable - Net

Other notes payable - net consist of the following at June 30:

	2022	2021
<p>Note payable to Heritage Bank in monthly installments of \$9,370 including interest at 3.235 percent per annum through December 2027, at which time the rate will reset based on the change in the ten year Federal Home Loan Bank of Des Moines, resetting every ten years through the maturity date of the note in January 2043 (including net unamortized debt issuance costs of \$49,806 at June 30, 2022). Secured by a deed of trust and assignment of rents on real property with a net book value of \$2,659,802 at June 30, 2022.</p>	\$ 1,635,478	\$ 1,689,846
<p>Note payable to Avita Drugs, LLC in monthly installments of \$1,836 including interest at 4 percent per annum through October 2024, at which time all outstanding principal and interest will be due. Secured by property and equipment with a net book value of \$112,645 at June 30, 2022.</p>	65,769	84,751
<p>Tenant improvement loan payable to PMB Vancouver 604 Memorial Mob, LLC payable in monthly installments of \$3,235 including interest at 8 percent per annum through June 2024.</p>	71,250	102,968
<p>Construction loan payable to Pacific West Bank with monthly interest only payments at 3.42 percent per annum through January 2023, then monthly installments of \$2,732 including interest at 3.42 percent per annum through January 2027. At that time, the rate will reset based on the five year index rate published by the Federal Home Loan Bank of Des Moines, plus 2.25 percent, through January 2032, at which time all remaining principal and interest will be due (including net unamortized debt issuance costs of \$6,123 at June 30, 2022). Secured by the Organization's interest in a deed of trust on real property with a net book value of \$634,482 at June 30, 2022. Guaranteed co-borrowers of the TIC (<i>Note 6</i>).</p>	<u>335,845</u>	<u>-</u>
	<u>\$ 2,108,342</u>	<u>\$ 1,877,565</u>

Certain of the aforementioned notes payable contain various covenants regarding financial statement amounts, ratios, and activities of the Organization.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

8. Notes Payable - Net - Continued

The Organization's interest in the construction loan payable with Pacific West Bank consists of the following at June 30, 2022:

Total loan amount	\$ 2,167,682
Less construction project reserve	(774,586)
Less interest reserve	(25,226)
	1,367,870
Less debt issuance costs	(24,489)
Total loan balance, net	1,343,381
Less amounts owed by other members of TIC	(1,007,536)
Cascade AIDS Project obligation for TIC loan	\$ 335,845

The members of the TIC (*Note 6*) are jointly and severally responsible for the construction loan payable. Under the terms of the TIC agreement, the Organization is liable for 25 percent of the outstanding balance of the loan. The net loan balance recognized in the consolidated statement of financial position at June 30, 2022 represents the Organization's interest in the liability.

Future principal maturities are as follows at June 30, 2022:

Years Ending June 30,	Amount
2023	\$ 122,025
2024	140,032
2025	110,759
2026	88,151
2027	91,205
Thereafter	1,612,099
	2,164,271
Less unamortized debt issuance costs	(55,929)
	\$ 2,108,342

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

9. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at June 30:

	2022	2021
Available for programs and general operations	\$ 2,980,534	\$ 1,853,120
Board designated for capital projects at Prism Clinic	100,000	100,000
Board designated reserve for residential care	1,500,000	-
Net investment in property and equipment	<u>6,367,561</u>	<u>1,069,720</u>
	<u>\$ 10,948,095</u>	<u>\$ 3,022,840</u>

10. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2022	2021
Subject to expenditures for specified purposes:		
Prism Clinic	\$ 10,000	\$ 61,795
STI prevention and testing	79,231	230,108
Equity and inclusion	-	41,457
HIV and aging	458,410	80,172
Camp KC	15,477	17,304
Housing and supportive services	129,762	133,156
SW Washington services	481,467	475,318
Our House of Portland residential care facility	5,000	-
Subject to the passage of time not otherwise restricted	<u>254,223</u>	<u>117,968</u>
Total net assets with donor restrictions	<u>\$ 1,433,570</u>	<u>\$ 1,157,278</u>

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

11. 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:

	2022	2021
Multnomah County	\$ 4,941,173	\$ 4,306,146
Washington County	95,567	110,000
Clackamas County	67,283	75,244
State of Washington, Department of Health	1,682,613	1,709,623
Home Forward	97,713	266,710
Centers for Disease Control and Prevention	344,573	336,552
Health Resources and Services Administration	180,999	114,155
Department of Housing and Urban Development	594,953	479,958
State of Oregon, Health Division	2,452,165	1,725,223
Transition Projects, Inc.	24,335	20,666
Our House of Portland	86,478	300,435
Other	83,220	39,026
	\$ 10,651,072	\$ 9,483,738

12. Donated Nonfinancial Assets

The Organization received the following donations of nonfinancial assets for the year ended June 30:

Program or Supporting Service	Donated Goods	Donated Services	Donated Art	Total	
				2022	2021
Housing and support services	\$ 78,640	\$ -	\$ -	\$ 78,640	\$ -
Management and general	-	9,107	-	9,107	36,580
Development and community engagement	71,287	12,828	173,790	257,905	194,630
	\$ 149,927	\$ 21,935	\$ 173,790	\$ 345,652	\$ 231,210

There were no donor-imposed restrictions associated with the donated nonfinancial assets. The Organization receives contributions of art to be sold at the Organization's annual art auction. Donated art is valued at the gross selling price received at the auction. All other donated goods or services were utilized by the Organization in various programs or supporting services. Donated goods are valued at the estimated fair value at the time of donation based on comparable selling prices.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

12. Donated Nonfinancial Assets - Continued

The Organization reports as revenue the estimated fair value of contributed services received when 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 year ended June 30, 2022, the Organization recognized in-kind contributions of services totaling \$21,935, primarily consisting of donated legal and other professional services benefiting management and general and financial development activities. Donated services are valued at the estimated standard hourly rates charged for those services.

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.

13. 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	
				2022	2021
Gross revenue	\$ 187,132	\$ 540,081	\$ 33,387	\$ 760,600	\$ 529,632
Less direct expenses	<u>(45,135)</u>	<u>(362,902)</u>	<u>(7,655)</u>	<u>(415,692)</u>	<u>(400,945)</u>
Net special event revenue	<u>\$ 141,997</u>	<u>\$ 177,179</u>	<u>\$ 25,732</u>	<u>\$ 344,908</u>	<u>\$ 128,687</u>

14. Net Assets Released from Restrictions

During the year ended June 30, 2022, the Organization released restricted net assets totaling \$627,067 by incurring expenses in satisfaction of donor restrictions or by the occurrence of other events specified by donors.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

15. Expenses

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

The consolidated statement of functional expenses reports certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization and occupancy, which are allocated on a square footage basis, as well as payroll and related expenses, which are allocated on the basis of estimates of time and effort.

16. Significant Sources of Revenue and Contingencies

The Organization derives a substantial amount of its revenue under contracts and cooperative agreements with various agencies (*Note 11*). Amounts received or receivable under these contracts are subject to audit and adjustment by these and other organizations. Any expenditures or claims disallowed as a result of such audits would become a liability. In the opinion of the Organization's management, any adjustments that might result from such audits would not be material to the Organization's overall consolidated financial statements.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

17. Operating Lease Commitments

The Organization leases office facilities under operating leases expiring through August 2029, some of which provide for escalating payments over the term of the lease. The total lease amount is charged to expense over the life of the lease on a straight-line basis with the unpaid portion included in deferred rent and lease incentive liability. Certain leases also include lease incentives for tenant renovations. The value of the renovations is included in property and equipment. The lease incentives are amortized over the life of the leases on a straight-line basis as an offset to rent expense with the remaining obligation included in deferred rent and lease incentive liability.

One lease for office facilities contains an early termination clause which would require the Organization to reimburse the landlord for the unamortized portion of the lease incentive in the event the lease is terminated early by the Organization. Reimbursement would be payable over a five year period, including interest at the rate of 8 percent per annum. In addition, a termination fee equal to four months' base rent would be assessed. The unamortized lease incentive and termination fee at June 30, 2022, would be \$195,364 and \$293,046, respectively.

The Organization also leases various equipment under operating lease agreements that expire through March 2024.

Future minimum lease payments at June 30, 2022, are as follows:

Years Ending June 30,	Amount
2023	\$ 960,693
2024	1,048,586
2025	875,466
2026	868,901
2027	204,806
Thereafter	<u>446,380</u>
	<u><u>\$ 4,404,832</u></u>

The above table excludes a number of month-to-month and other short-period leases entered into by the Organization's housing department on behalf of the transitional housing clients it serves.

Rent expense for the years ended June 30, 2022 and 2021, totaled \$714,961 and \$767,877, respectively.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

18. Retirement Plan

The Organization provides substantially all full-time and part-time employees with a qualified profit sharing retirement plan (the Plan) as described under Section 401(k) of the IRC. Employees, who have completed at least 30 consecutive days of employment and have attained the age of 21, may elect to make voluntary contributions to the Plan on a pre-tax basis, up to the limits allowed by law. The Organization makes matching contributions to the Plan up to 3 percent of the annual compensation of each eligible employee, and these contributions vest over a three year period. Contributions by the Organization to the Plan totaled \$176,969 and \$110,884 for the years ended June 30, 2022 and 2021, respectively.

19. Liquidity and Availability

The Organization's financial assets available for general expenditure within one year of the statement of financial position date consist of the following at June 30:

	2022	2021
Cash and cash equivalents	\$ 2,856,806	\$ 2,696,402
Investments	1,601,030	-
Contracts receivable - net	2,863,630	1,940,259
Contributions and grants receivable	387,901	477,799
Accounts receivable - patient service and pharmacy	<u>1,040,975</u>	<u>722,820</u>
Total financial assets available within one year	8,750,342	5,837,280
Less: amounts unavailable for general expenditure within one year, due to restrictions by donors	(1,178,331)	(1,070,147)
Less: amounts unavailable for general expenditure within one year, due to designations by board of directors	<u>(1,600,000)</u>	<u>(100,000)</u>
Net financial assets available to management for general expenditure within one year	<u>\$ 5,972,011</u>	<u>\$ 4,667,133</u>

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition, the amount designated by the board of directors could be made available if necessary.

CASCADE AIDS PROJECT

Notes to Consolidated Financial Statements - Continued

20. Acquisition of Our House of Portland

On January 1, 2022, the Organization acquired the assets and liabilities of Our House of Portland. The purpose of this acquisition was to integrate the services both organizations provided to the same community of clients. In accordance with GAAP, this transaction was recorded in the Organization's financial statements using the acquisition method of accounting. Under this method, the assets acquired and the liabilities assumed were recorded at their estimated fair values. The difference between the assets acquired and the liabilities assumed as been recorded as an increase in net assets from acquisition in the accompanying statement of activities.

The following is a summary of the assets acquired and the liabilities assumed as a result of this transaction:

Assets:	
Cash	\$ 345,168
Investments	1,903,261
Contracts receivable	367,548
Prepaid expenses	23,808
Property and equipment	<u>4,979,246</u>
	<u>\$ 7,619,031</u>
Liabilities:	
Accounts payable and accrued expenses	\$ 33,164
Accrued payroll and related expenses	<u>175,895</u>
	209,059
Increase in net assets from acquisition	<u>7,409,972</u>
	<u>\$ 7,619,031</u>

The assumption of property and equipment included land and building with an estimated fair value (determined by management based the fair market value assessment from the Multnomah County's Assessor's office) of \$4,818,680.

21. Subsequent Events

Management has evaluated subsequent events through March 30, 2023, the date the consolidated financial statements were available for issue.

In February 2023, the Organization obtained a \$1,000,000 revolving line of credit from Heritage Bank that matures in February 2024.

CASCADE AIDS PROJECT

Single Audit Reports

CASCADE AIDS PROJECT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:				
<i>Multnomah County :</i>				
HIV Emergency Relief Project Grants	93.914	HD-SVCSGEN-11956-2020 HD-SVCSGEN-11962-2020 HD-SVCSGEN-11981-2019	\$ 51,378	\$ 292,553
COVID-19 HIV Emergency Relief Project Grants	93.914	HD-SVCSGEN-11981-2020	-	31,376
		Total 93.914	51,378	323,929
<i>Direct Award :</i>				
HIV Prevention Activities - Non-Governmental Organization Based	93.939	N/A	81,491	344,573
<i>Oregon Health & Science University :</i>				
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	1013415	-	2,783
<i>Multnomah County :</i>				
HIV Prevention Activities - Health Department Based	93.940	HD-SVCSGEN-13168-2021	-	152,916
<i>Washington County :</i>				
HIV Prevention Activities - Health Department Based	93.940	21-1062	-	95,567
<i>State of Washington :</i>				
HIV Prevention Activities - Health Department Based	93.940	CBO24203	-	142,009
<i>Clackamas County:</i>				
HIV Prevention Activities - Health Department Based	93.940	10127	-	40,370
		Total 93.940	-	430,862
Carried forward			132,869	1,102,147

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, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Brought forward			\$ 132,869	\$ 1,102,147
<i>Multnomah County:</i>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HD-SVCSGEN-12420-2021	-	92,506
Special Projects of National Significance	93.928	HD-SVCSGEN-11954-2020	-	9,052
<i>Direct Award:</i>				
Health Center Program Cluster: Grants for New and Expanded Services Under the Health Center Program	93.527	N/A	-	180,999
Total U.S. Department of Health and Human Services			132,869	1,384,704
U.S. Department of Housing and Urban Development:				
<i>Direct Award:</i>				
Continuum of Care Program	14.267	N/A	-	408,375
<i>Transition Projects, Inc. :</i>				
Continuum of Care Program	14.267	None	-	24,335
		Total 14.267	-	432,710
<i>Direct Award:</i>				
Housing Opportunities for Persons with AIDS	14.241	N/A	-	186,578
<i>Multnomah County :</i>				
Housing Opportunities for Persons with AIDS	14.241	JOHS-SVCSGEN-11047-2019	-	1,722,272
COVID-19 Housing Opportunities for Persons with AIDS	14.241	JOHS-SVCSGEN-11047-2019	-	6,481
<i>Our House of Portland :</i>				
Housing Opportunities for Persons with AIDS	14.241	None	-	35,040
Carried forward			132,869	3,767,785

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, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Brought forward			\$ 132,869	\$ 3,767,785
<i>State of Oregon :</i>				
Housing Opportunities for Persons with AIDS	14.241	162738/166866	-	491,243
COVID-19 Housing Opportunities for Persons with AIDS	14.241	164925	-	104,671
<i>State of Washington :</i>				
Housing Opportunities for Persons with AIDS	14.241	CBO25027	-	122,075
		Total 14.241	-	2,668,360
Total U.S. Department of Housing and Urban Development			-	3,101,070
Total federal expenditures			\$ 132,869	\$ 4,485,774

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Pass-through entity numbers are presented when available. Because the Schedule presents only a selected portion of the operations of Cascade AIDS Project, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cascade AIDS Project.

Pass-through entity numbers are presented when available.

2. Expenditures

Expenditures reported on the schedule are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

The Board of Directors
Cascade AIDS Project

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Cascade AIDS Project (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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 this 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.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
March 30, 2023

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

The Board of Directors
Cascade AIDS Project

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cascade AIDS Project's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
March 30, 2023

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section 1 - Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to consolidated financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? X 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 2 CFR 200.516(a)? X Yes _____ No

Identification of Major Programs:

<u>Federal Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program
93.527	Health Center Program Cluster
93.940	HIV Prevention Activities – Health Department Based

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2022

Section 2 - Consolidated Financial Statement Findings

There were no current year financial statement findings.

Section 3 - Federal Award Findings and Questioned Costs

Finding 2022-001 **93.527 – Health Center Program Cluster - Grants for New and Expanded Services Under the Health Center Program**

Significant Deficiency in Internal Control over Compliance - Special Tests and Provisions

CRITERIA: Providers of health care services who receive funding under this program are required to apply a sliding scale fee discount to all individuals and families based on annual income and household size.

CONDITION: During our sliding scale fee discount testing procedures, we selected 18 transactions to test that the patient met the criteria for the sliding fee scale discount and that the discount was properly applied. We identified three instances in our sample where the sliding fee discount applied to the patient was incorrect, resulting in the patient paying a higher rate for services than they were otherwise entitled to. We also noted salary amounts were not consistently documented, resulting in errors in the determination of the appropriate sliding scale fee discount.

CAUSE and CONTEXT: Based on discussions with clinic management, it appears there is no consistent process used to inform patients of their right to receive a fee discount based on their income and household size. It also appears patient intake forms are not being consistently reviewed to ensure accurate demographic information is entered into the patient billing system in order for the appropriate sliding fee scale discount to be applied.

POSSIBLE EFFECT: In our judgment, without accurate demographic information, patients at the clinic may not receive the appropriate sliding scale fee discount.

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2022

Section 3 - Federal Award Findings and Questioned Costs - Continued

Finding 2022-001 - Continued

RECOMMENDATION:

We recommend the Organization develop formal procedures to ensure patients are given the opportunity to provide demographic information, and that this information is reviewed for accuracy when input into the patient billing system. Such procedures could include placing a placard in the main area of the clinic and in the treatment rooms informing patients of their right to receive a discount to encourage patients to provide the required information, and implementation of a periodic review process to ensure accuracy of data input and the application of sliding scale discounts.

VIEWS of RESPONSIBLE
OFFICIALS and PLANNED
CORRECTIVE ACTIONS:

We agree. CAP has embarked on a process to improve our formal procedures to ensure patients are given the opportunity to provide demographic information, and that this information is reviewed for accuracy when input into the patient billing system. Though patients are informed of the opportunity and their rights through existing visible signage, patient enrollment information, and via our website, these communications will be expanded and improved. The waiting room placard will be included in all exam rooms, patient application clarity will be improved and all applications reviewed in a 2-person verification process. Data entry procedures will be improved through a Plan-Do-Study-Act (PDSA) process. We have identified four key areas to improving the collection of accurate income and household size: staff and patient discomfort, the electronic health record (EHR), in-person versus telemedicine visits, and staff pre-appointment data scrubbing processes. The Prism team is activating plans on these four identified needs.

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2022

Section 3 - Federal Award Findings and Questioned Costs - Continued

Finding 2022-002

93.527 – Health Center Program Cluster - Grants for New and Expanded Services Under the Health Center Program

Allowable Costs and Cost Principles

CRITERIA:

Projects funded under this program are required to follow HRSA American Rescue Plan Act Emergency Action Section 106, Project Review Process, prior to submitting claims for reimbursement of costs for alteration or renovation projects.

CONDITION:

The Organization applied to the State Historic Preservation Office (SHPO) as required for approval of a roof restoration and emergency generator installation on the Prism Clinic structure in October 2021. The finance department drew down federal funds to reimburse costs after the project was completed, but before approval had been received from the SHPO.

CAUSE and CONTEXT:

The Organization had several communications with the SHPO during the course of the project regarding changes in scope and additional information requested by the SHPO. During the process, the individual managing the project went on leave and subsequently resigned from the Organization. The finance department followed procedures to draw down federal funds after costs had been incurred, but were not aware of the requirement for SHPO approval prior to submitting the claim. The lack of communication appears to be due to the unexpected leave taken by the project manager.

EFFECT:

The funder notified the Organization in September 2022 that the funds drawn down for the roof restoration and generator installation needed to be returned. Funds were returned to HRSA in October 2022.

QUESTIONED COSTS:

\$50,284 in total.

RECOMMENDATION:

We recommend the Organization implement a more robust grant review process to ensure that personnel involved in managing grant funds and requests for reimbursement are aware of any special tests or provisions prior to submitting applications for reimbursement under federal programs.

CASCADE AIDS PROJECT

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2022

Section 3 - Federal Award Findings and Questioned Costs - Continued

Finding 2002-001 - Continued

VIEWS of RESPONSIBLE
OFFICIALS and PLANNED
CORRECTIVE ACTIONS:

We agree. CAP is implementing a more robust grant review process to ensure that all personnel involved in managing grant funds and requests for reimbursements are aware of special tests or provisions prior to submitting applications for reimbursements. This process includes circulating grant agreements and contracts to all those involved in management and reimbursement prior to the beginning of a grant as well as a multi-step reimbursement approval process.

CASCADE AIDS PROJECT

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

There were no findings reported in the prior year audit.