

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES,
EDUCATION AND SERVICES**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

**VERMONT COMMITTEE FOR A.I.D.S. RESOURCES,
EDUCATION AND SERVICES**

FINANCIAL STATEMENTS

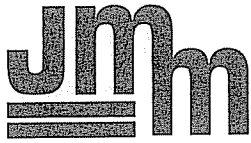
SEPTEMBER 30, 2008 AND 2007

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES,
EDUCATION AND SERVICES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Vermont Committee for A.I.D.S. Resources,
Education and Services
Burlington, Vermont

We have audited the accompanying statements of financial position of Vermont Committee for A.I.D.S. Resources, Education and Services (Vermont CARES), a nonprofit corporation, as of September 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended September 30, 2008. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Vermont CARES as of September 30, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Jmm & Associates

March 5, 2009

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 295	\$ 24,532
Grants receivable	52,480	73,166
Prepaid expenses	400	2,960
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	53,175	100,658
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT		
Furniture and equipment	114,952	114,952
Less accumulated depreciation	(109,860)	(106,879)
	<hr/>	<hr/>
TOTAL PROPERTY AND EQUIPMENT	5,092	8,073
	<hr/>	<hr/>
OTHER ASSETS		
Prepaid deposits	2,000	2,000
	<hr/>	<hr/>
TOTAL OTHER ASSETS	2,000	2,000
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 60,267</u>	<u>\$ 110,731</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 1,350	\$ 16,738
Line of credit	2,000	40,000
Accrued salaries and related liabilities	18,275	16,024
Accrued vacation	8,684	15,957
Deferred revenue	-	4,580
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	30,309	93,299
	<hr/>	<hr/>
TOTAL LIABILITIES	30,309	93,299
	<hr/>	<hr/>
NET ASSETS (DEFICIT)		
Unrestricted	29,958	(7,568)
Temporarily restricted	-	25,000
	<hr/>	<hr/>
TOTAL NET ASSETS (DEFICIT)	29,958	17,432
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,267</u>	<u>\$ 110,731</u>

See accompanying notes.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants - federal	\$ 320,387	\$ 282,632
Grants - state	237,499	267,202
Grants - local	7,354	7,303
Foundation grants	11,800	17,750
Special events	74,659	68,563
Contributions	57,399	86,545
United Way income	6,056	9,838
Service fees - honoraria	1,274	2,716
Miscellaneous income	5,204	4,870
Loss on disposal of assets	-	(4,355)
	<u>721,632</u>	<u>743,064</u>
Net assets released from restrictions	25,000	40,000
	<u>746,632</u>	<u>783,064</u>
TOTAL SUPPORT AND REVENUE		
EXPENSES		
Program services	536,787	568,538
General and administrative	74,593	70,754
Fundraising	97,726	110,656
	<u>709,106</u>	<u>749,948</u>
TOTAL EXPENSES		
CHANGE IN UNRESTRICTED NET ASSETS	37,526	33,116
BEGINNING UNRESTRICTED NET ASSETS (DEFICIT)	<u>(7,568)</u>	<u>(40,684)</u>
ENDING UNRESTRICTED NET ASSETS (DEFICIT)	<u>\$ 29,958</u>	<u>\$ (7,568)</u>

See accompanying notes.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Foundation grants	\$ -	\$ 25,000
Net assets released from restrictions	<u>(25,000)</u>	<u>(40,000)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(25,000)	(15,000)
BEGINNING TEMPORARILY RESTRICTED NET ASSETS	<u>25,000</u>	<u>40,000</u>
ENDING TEMPORARILY RESTRICTED NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 25,000</u></u>
TOTAL CHANGE IN NET ASSETS (DEFICIT)		
Unrestricted	\$ 37,526	\$ 33,116
Temporarily restricted	<u>(25,000)</u>	<u>(15,000)</u>
	<u><u>\$ 12,526</u></u>	<u><u>\$ 18,116</u></u>

See accompanying notes.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	Direct Program Services	Prevention Services	Client Assistance Fund	Total Program Services
Salaries	\$ 185,508	\$ 70,830	\$ -	\$ 256,338
Employee benefits	37,701	14,395	-	52,096
Payroll taxes	17,695	6,756	-	24,451
Subtotal - personnel costs	240,904	91,981	-	332,885
Client assistance	-	-	82,940	82,940
Rent expense	15,329	5,853	-	21,182
Program events	4,672	-	-	4,672
Travel	14,719	8,525	-	23,244
Supplies	2,599	16,771	-	19,370
Subcontractors	-	-	-	-
Program stipends	11,217	3,618	-	14,835
Professional services	-	7,956	-	7,956
Insurance	5,298	2,023	-	7,321
Telephone	4,652	1,776	-	6,428
Utilities	2,586	987	-	3,573
Miscellaneous	1,428	-	-	1,428
Equipment lease and maintenance	1,847	705	-	2,552
Interest	-	-	-	-
Postage	1,398	507	-	1,905
Volunteer training	1,800	-	-	1,800
Advertising	200	294	-	494
Printing	792	302	-	1,094
Staff development	334	509	-	843
TOTAL EXPENSES BEFORE DEPRECIATION	309,775	141,807	82,940	534,522
DEPRECIATION	1,639	626	-	2,265
TOTAL EXPENSES	<u>\$ 311,414</u>	<u>\$ 142,433</u>	<u>\$ 82,940</u>	<u>\$ 536,787</u>

See accompanying notes.

	General and Administrative	Fundraising	Total Support Services	2008 Total	2007 Total
Salaries	\$ 30,356	\$ 50,593	\$ 80,949	\$ 337,287	\$ 377,886
Employee benefits	6,169	10,282	16,451	68,547	63,286
Payroll taxes	2,896	4,826	7,722	32,173	34,641
Subtotal - personnel costs	39,421	65,701	105,122	438,007	475,813
Client assistance	-	-	-	82,940	70,020
Rent expense	2,508	4,181	6,689	27,871	32,082
Program events	-	21,977	21,977	26,649	27,548
Travel	68	128	196	23,440	19,579
Supplies	425	709	1,134	20,504	22,655
Subcontractors	16,197	-	16,197	16,197	5,828
Program stipends	-	-	-	14,835	11,420
Professional services	6,000	-	6,000	13,956	12,435
Insurance	867	1,445	2,312	9,633	7,554
Telephone	761	1,269	2,030	8,458	9,808
Utilities	423	705	1,128	4,701	5,020
Miscellaneous	3,088	-	3,088	4,516	7,380
Equipment lease and maintenance	302	504	806	3,358	8,022
Interest	2,752	-	2,752	2,752	3,221
Postage	215	359	574	2,479	4,565
Volunteer training	-	-	-	1,800	11,750
Advertising	897	210	1,107	1,601	2,977
Printing	346	-	346	1,440	4,720
Staff development	55	91	146	989	846
TOTAL EXPENSES BEFORE DEPRECIATION	74,325	97,279	171,604	706,126	743,243
DEPRECIATION	268	447	715	2,980	6,705
TOTAL EXPENSES	<u>\$ 74,593</u>	<u>\$ 97,726</u>	<u>\$ 172,319</u>	<u>\$ 709,106</u>	<u>\$ 749,948</u>

See accompanying notes.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal, state and local grants	\$ 585,926	\$ 472,859
Cash received from contributors and other grants	149,914	251,073
Other operating cash receipts	1,898	7,586
Interest paid	(2,752)	(3,221)
Cash paid for personnel	(443,029)	(473,402)
Cash paid to suppliers for goods and services	<u>(278,194)</u>	<u>(247,046)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,763</u>	<u>7,849</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(5,142)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(5,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	67,000	52,000
Payments on line of credit	(105,000)	(40,000)
Proceeds from related party loan	15,000	-
Payments on related party loan	<u>(15,000)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(38,000)</u>	<u>12,000</u>
INCREASE (DECREASE) IN CASH	(24,237)	14,707
BEGINNING CASH	<u>24,532</u>	<u>9,825</u>
ENDING CASH	<u><u>\$ 295</u></u>	<u><u>\$ 24,532</u></u>

See accompanying notes.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 12,526	\$ 18,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,980	6,705
Loss on disposal of assets	-	4,355
(Increase) decrease in:		
Grants receivable	20,686	10,313
Prepaid expenses	2,560	-
Prepaid deposits	-	950
Increase (decrease) in:		
Accounts payable	(15,387)	12,049
Accrued salaries and related liabilities	2,251	(1,686)
Accrued vacation	(7,273)	4,096
Grant refunds payable	-	(2,068)
Deferred revenue	(4,580)	(44,981)
Total adjustments	<u>1,237</u>	<u>(10,267)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 13,763</u>	<u>\$ 7,849</u>

See accompanying notes.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations

Vermont Committee for A.I.D.S. Resources, Education and Services (Vermont CARES) is an independent, nonprofit corporation formed in 1986 to support Vermonters living with HIV/A.I.D.S. Vermont CARES continues to provide advocacy and support which will improve the quality of life of those infected and affected with HIV/A.I.D.S. disease, and endeavors to prevent the spread of the virus through education of the community at large. Vermont CARES has offices located in Burlington, Montpelier, St. Johnsbury, and Colchester, Vermont.

Income taxes

Vermont CARES is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 501(a) of the Code.

Cash and investments

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts on deposit in financial institutions and other short-term investments with original maturities of three months or less. Cash and cash equivalents are stated at cost, which approximates market value.

Contributions

Vermont CARES reports its contributions received in accordance with Statement on Financial Accounting Standard (SFAS) No. 116; contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Financial statement presentation

Vermont CARES reports its financial statements in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, Vermont CARES is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets as of September 30, 2008 or 2007.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated services

Vermont CARES receives noncash contributions in the form of volunteers performing various clerical functions to support various program and support activities. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Donated services totaled 4,707 and 4,860 hours for the years ended September 30, 2008 and 2007, respectively.

Property and equipment

It is the policy of Vermont CARES to capitalize items with a value of \$500 or more. Property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Vermont CARES reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Vermont CARES reclasses temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over the estimated useful lives. Depreciation expense was \$2,980 and \$6,705 for the years ended September 30, 2008 and 2007, respectively.

Functional allocation of expenses

Vermont CARES' expenses are presented on a functional basis, showing basic program activities and support services. Vermont CARES allocates expenses based on the organizational cost centers in which the expenses are incurred. In certain instances, expenses are allocated between support functions and program services based on an analysis of personnel time.

Advertising

Advertising costs are charged to expense when incurred. Advertising costs were \$1,601 and \$2,977 in 2008 and 2007, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

2) GRANTS RECEIVABLE

Grants receivable represent grants and gifts payable in less than one year. Due to their current nature, no allowance is deemed necessary.

3) LINE OF CREDIT

In June 2005, Vermont CARES increased the line of credit to \$40,000. The line bears interest at the Wall Street Journal Prime Rate plus 2% (7% and 9.75% at September 30, 2008 and 2007, respectively). The line is guaranteed by all assets of Vermont CARES. The line has a maturity date of June 7, 2010, however, it is subject to annual review. The outstanding amounts as of September 30, 2008 and 2007 were \$2,000 and \$40,000, respectively. The line is required to be paid down to \$0 for at least one period of 30 consecutive days per loan year.

Subsequent to September 30, 2008, Vermont CARES borrowed an additional \$28,000 on this line of credit.

4) CONCENTRATION OF CREDIT

Vermont CARES received approximately 77% and 70% of its total support and revenue from federal and state grants in 2008 and 2007, respectively.

5) DEFERRED REVENUE

Deferred revenue consists of the following at September 30:

	<u>2008</u>	<u>2007</u>
AIDS service program grant	\$ -	\$ 4,580
	<u>\$ -</u>	<u>\$ 4,580</u>

6) LEASES

Vermont CARES rents its facilities from third parties under agreements reflected as operating leases. Rent expense was \$27,871 and \$32,082 in 2008 and 2007, respectively. In December 2006, Vermont CARES signed a new, five-year lease for office space in Burlington, Vermont which requires monthly payments of \$2,168. Included in the monthly payments are base rent of \$1,379 and common area maintenance fees of \$788.

Vermont CARES also leases office equipment under a noncancellable lease expiring in December 2011. Equipment lease expense was \$3,358 and \$4,058 for the years ended September 30, 2008 and 2007, respectively.

VERMONT COMMITTEE FOR A.I.D.S. RESOURCES, EDUCATION AND SERVICES

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

6) LEASES (continued)

In May 2008, Vermont CARES entered into a lease for office space in Montpelier which requires monthly payments of \$200. The lease is for six months.

Future minimum lease payments under all operating leases are as follows for the years ending September 30:

2009	\$ 29,400
2010	30,000
2011	30,500
2012	<u>5,100</u>
	<u>\$ 95,000</u>

7) RESTRICTED NET ASSETS

Temporarily restricted net assets are available to support a future period or a specific activity not completed by Vermont CARES. Temporarily restricted net assets at September 30 consist of:

	<u>2008</u>	<u>2007</u>
Fiscal year 2008 programs	<u>\$ -</u>	<u>\$ 25,000</u>

8) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the awards and their terms, it has accommodated objectives to the provisions of the gift.