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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

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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, 2009 and 2008, 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, 2009. 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, 2009 and 2008, 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.

January XX, 2010

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

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2009 AND 2008

ASSETS

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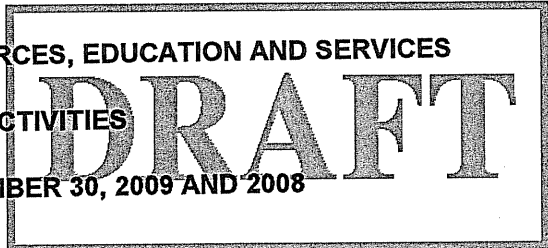
	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash	\$ 46,831	\$ 295
Grants receivable	46,817	52,480
Prepaid expenses	<u>1,000</u>	<u>400</u>
TOTAL CURRENT ASSETS	<u>94,648</u>	<u>53,175</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	115,622	114,952
Less accumulated depreciation	<u>(112,316)</u>	<u>(109,860)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>3,306</u>	<u>5,092</u>
OTHER ASSETS		
Prepaid deposits	<u>2,000</u>	<u>2,000</u>
TOTAL OTHER ASSETS	<u>2,000</u>	<u>2,000</u>
TOTAL ASSETS	<u>\$ 99,954</u>	<u>\$ 60,267</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 1,350
Line of credit	-	2,000
Accrued salaries and related liabilities	17,991	18,275
Accrued vacation	8,346	8,684
Deferred revenue	<u>53,332</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>79,669</u>	<u>30,309</u>
TOTAL LIABILITIES	<u>79,669</u>	<u>30,309</u>
NET ASSETS		
Unrestricted	17,785	29,958
Temporarily restricted	<u>2,500</u>	<u>-</u>
TOTAL NET ASSETS	<u>20,285</u>	<u>29,958</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 99,954</u>	<u>\$ 60,267</u>

See accompanying notes.

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

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008



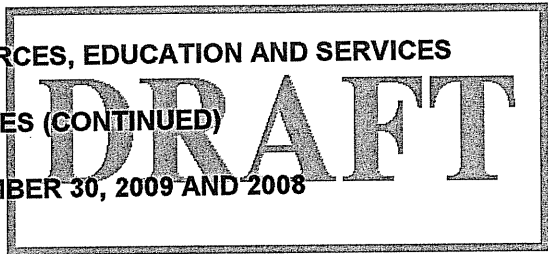
	<u>2009</u>	<u>2008</u>
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants - federal	\$ 292,162	\$ 320,387
Grants - state	226,983	237,499
Grants - local	6,683	7,354
Foundation grants	26,990	11,800
Special events	74,270	74,659
Contributions	64,496	57,399
United Way income	8,917	6,056
Service fees - honoraria	1,660	1,274
Miscellaneous income	6,665	5,204
	<u>708,826</u>	<u>721,632</u>
Net assets released from restrictions	-	25,000
	<u>708,826</u>	<u>746,632</u>
EXPENSES		
Program services	570,614	536,787
General and administrative	44,538	74,593
Fundraising	105,847	97,726
	<u>720,999</u>	<u>709,106</u>
CHANGE IN UNRESTRICTED NET ASSETS	(12,173)	37,526
BEGINNING UNRESTRICTED NET ASSETS (DEFICIT)	<u>29,958</u>	<u>(7,568)</u>
ENDING UNRESTRICTED NET ASSETS	<u>\$ 17,785</u>	<u>\$ 29,958</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, 2009 AND 2008



	<u>2009</u>	<u>2008</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Foundation grants	\$ 2,500	\$ -
Net assets released from restrictions	<u>-</u>	<u>(25,000)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	2,500	(25,000)
BEGINNING TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>25,000</u>
ENDING TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 2,500</u>	<u>\$ -</u>
TOTAL CHANGE IN NET ASSETS (DEFICIT)		
Unrestricted	\$ (12,173)	\$ 37,526
Temporarily restricted	<u>2,500</u>	<u>(25,000)</u>
	<u>\$ (9,673)</u>	<u>\$ 12,526</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

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	Direct Program Services	Prevention Services	Client Assistance Fund	Total Program Services
Salaries	\$ 238,325	\$ 38,553	\$ -	\$ 276,878
Employee benefits	49,200	7,959	-	57,159
Payroll taxes	22,278	3,604	-	25,882
Subtotal - personnel costs	309,803	50,116	-	359,919
Client assistance	-	-	71,164	71,164
Program events	4,017	-	-	4,017
Rent expense	20,348	3,292	-	23,640
Travel	17,257	5,247	-	22,504
Supplies	3,691	16,338	-	20,029
Subcontractors	13,511	2,186	-	15,697
Professional services	12,069	1,837	-	13,906
Insurance	6,678	1,080	-	7,758
Telephone	6,039	977	-	7,016
Program stipends	4,528	2,457	-	6,985
Utilities	4,225	684	-	4,909
Miscellaneous	910	-	-	910
Equipment lease and maintenance	2,288	370	-	2,658
Advertising	121	2,435	-	2,556
Staff development	-	1,813	-	1,813
Postage	1,074	115	-	1,189
Volunteer training	1,620	-	-	1,620
Printing	97	287	-	384
Interest	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	408,276	89,234	71,164	568,674
DEPRECIATION	1,670	270	-	1,940
TOTAL EXPENSES	<u>\$ 409,946</u>	<u>\$ 89,504</u>	<u>\$ 71,164</u>	<u>\$ 570,614</u>

See accompanying notes.

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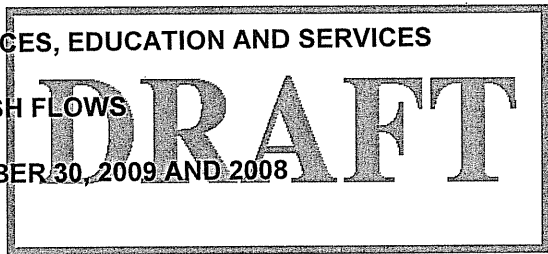
	General and Administrative	Fundraising	Total Support Services	2009 Total	2008 Total
Salaries	\$ 24,533	\$ 49,067	\$ 73,600	\$ 350,478	\$ 337,287
Employee benefits	5,065	10,129	15,194	72,353	68,547
Payroll taxes	2,293	4,587	6,880	32,762	32,173
Subtotal - personnel costs	31,891	63,783	95,674	455,593	438,007
Client assistance	-	-	-	71,164	82,940
Program events	-	27,352	27,352	31,369	26,649
Rent expense	2,095	4,189	6,284	29,924	27,871
Travel	100	-	100	22,604	23,440
Supplies	360	719	1,079	21,108	20,504
Subcontractors	1,391	2,782	4,173	19,870	16,197
Professional services	455	2,338	2,793	16,699	13,956
Insurance	687	1,375	2,062	9,820	9,633
Telephone	622	1,243	1,865	8,881	8,458
Program stipends	-	-	-	6,985	14,835
Utilities	435	870	1,305	6,214	4,701
Miscellaneous	3,821	-	3,821	4,731	4,516
Equipment lease and maintenance	236	471	707	3,365	3,358
Advertising	242	-	242	2,798	1,601
Staff development	655	-	655	2,468	989
Postage	275	381	656	1,845	2,479
Volunteer training	-	-	-	1,620	1,800
Printing	1,101	-	1,101	1,485	1,440
Interest	-	-	-	-	2,752
TOTAL EXPENSES BEFORE DEPRECIATION	44,366	105,503	149,869	718,543	706,126
DEPRECIATION	172	344	516	2,456	2,980
TOTAL EXPENSES	\$ 44,538	\$ 105,847	\$ 150,385	\$ 720,999	\$ 709,106

See accompanying notes.

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008



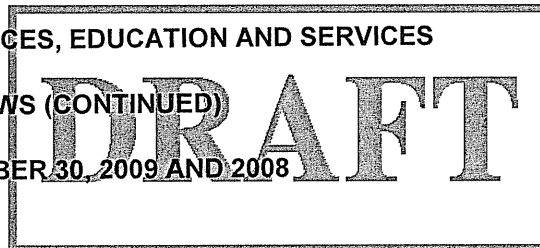
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal, state and local grants	\$ 533,991	\$ 585,926
Cash received from contributors and other grants	174,673	149,914
Other operating cash receipts	61,656	1,898
Interest paid	(1,035)	(2,752)
Cash paid for personnel	(456,215)	(443,029)
Cash paid to suppliers for goods and services	(263,864)	(278,194)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>49,206</u>	<u>13,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(670)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(670)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	78,000	67,000
Payments on line of credit	(80,000)	(105,000)
Proceeds from related party loan	-	15,000
Payments on related party loan	<u>-</u>	<u>(15,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(2,000)</u>	<u>(38,000)</u>
INCREASE (DECREASE) IN CASH	46,536	(24,237)
BEGINNING CASH	<u>295</u>	<u>24,532</u>
ENDING CASH	<u>\$ 46,831</u>	<u>\$ 295</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, 2009 AND 2008



	<u>2009</u>	<u>2008</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (9,673)	\$ 12,526
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,456	2,980
(Increase) decrease in:		
Grants receivable	5,663	20,686
Prepaid expenses	(600)	2,560
Increase (decrease) in:		
Accounts payable	(1,350)	(15,387)
Accrued salaries and related liabilities	(284)	2,251
Accrued vacation	(338)	(7,273)
Deferred revenue	53,332	(4,580)
Total adjustments	<u>58,879</u>	<u>1,237</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 49,206</u>	<u>\$ 13,763</u>

See accompanying notes.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

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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

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the Statement of Activities as net assets released from restrictions.

Financial statement presentation

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, 2009 or 2008.

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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

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

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 4,782 and 4,707 hours for the years ended September 30, 2009 and 2008, 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 \$2,456 and \$2,980 for the years ended September 30, 2009 and 2008, 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 \$2,798 and \$1,601 in 2009 and 2008, 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008



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% (5.25% and 7% at September 30, 2009 and 2008, 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, 2009 and 2008 were \$0 and \$2,000, respectively. The line is required to be paid down to \$0 for at least one period of 30 consecutive days per loan year.

4) CONCENTRATION OF CREDIT

Vermont CARES received approximately 73% and 77% of its total support and revenue from federal and state grants in 2009 and 2008, respectively.

5) DEFERRED REVENUE

Deferred revenue consists of the following at September 30:

	<u>2009</u>	<u>2008</u>
AIDS service program grant	<u>\$ 53,332</u>	<u>\$ -</u>

6) LEASES

Vermont CARES rents its facilities from third parties under agreements reflected as operating leases. Rent expense was \$29,924 and \$27,871 in 2009 and 2008, 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 \$1,447 and common area maintenance fees of \$732.

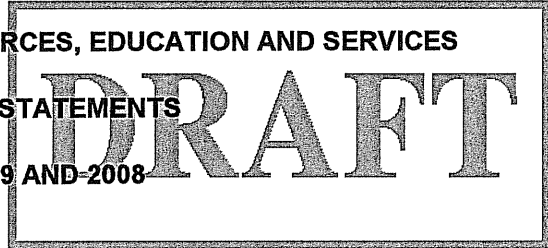
Vermont CARES also leases office equipment under a noncancellable lease expiring in December 2011. Equipment lease expense was \$3,365 and \$3,358 for the years ended September 30, 2009 and 2008, respectively.

In May 2008, Vermont CARES entered into a lease for office space in Montpelier which required monthly payments of \$200. The lease ended in November 2008 and converted to a month-to-month arrangement with the same payment terms.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008



6) LEASES (continued)

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

2010	\$	30,000
2011		30,000
2012		5,000
		<hr/>
	\$	65,000
		<hr/> <hr/>

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>2009</u>	<u>2008</u>
Fiscal year 2010 programs	<u>\$ 2,500</u>	<u>\$ -</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.

9) SUBSEQUENT EVENTS

Vermont CARES has evaluated events and transactions for potential recognition or disclosure through January XX, 2010, the date the financial statements were available to be issued.