

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

FINANCIAL STATEMENTS

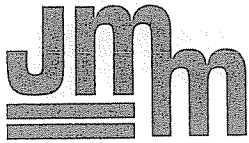
SEPTEMBER 30, 2010 AND 2009

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, 2010 and 2009, 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, 2010. 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, 2010 and 2009, 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

January 4, 2011

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

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash	\$ 49,796	\$ 46,831
Grants receivable	37,887	46,817
Prepaid expenses	<u>1,000</u>	<u>1,000</u>
TOTAL CURRENT ASSETS	<u>88,683</u>	<u>94,648</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	137,914	115,622
Less accumulated depreciation	<u>(116,401)</u>	<u>(112,316)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>21,513</u>	<u>3,306</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>\$ 112,196</u>	<u>\$ 99,954</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 253	\$ -
Accrued salaries and related liabilities	20,049	17,991
Accrued vacation	10,026	8,346
Deferred revenue	<u>47,815</u>	<u>53,332</u>
TOTAL CURRENT LIABILITIES	<u>78,143</u>	<u>79,669</u>
TOTAL LIABILITIES	<u>78,143</u>	<u>79,669</u>
NET ASSETS		
Unrestricted	27,053	17,785
Temporarily restricted	<u>7,000</u>	<u>2,500</u>
TOTAL NET ASSETS	<u>34,053</u>	<u>20,285</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 112,196</u>	<u>\$ 99,954</u>

See accompanying notes.

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

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants - federal	\$ 373,882	\$ 292,162
Grants - state	151,476	226,983
Grants - local	6,710	6,683
Foundation grants	49,493	26,990
Special events	62,247	74,270
Contributions	57,596	64,496
United Way income	5,447	8,917
Donated equipment	11,971	-
Service fees - honoraria	1,850	1,660
Miscellaneous income	4,477	6,665
	<u>725,149</u>	<u>708,826</u>
Net assets released from restrictions	2,500	-
	<u>727,649</u>	<u>708,826</u>
EXPENSES		
Program services	625,440	570,614
General and administrative	25,131	44,538
Fundraising	67,810	105,847
	<u>718,381</u>	<u>720,999</u>
CHANGE IN UNRESTRICTED NET ASSETS	9,268	(12,173)
BEGINNING UNRESTRICTED NET ASSETS	<u>17,785</u>	<u>29,958</u>
ENDING UNRESTRICTED NET ASSETS	<u>\$ 27,053</u>	<u>\$ 17,785</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Foundation grants	\$ 7,000	\$ 2,500
Net assets released from restrictions	<u>(2,500)</u>	<u>-</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	4,500	2,500
BEGINNING TEMPORARILY RESTRICTED NET ASSETS	<u>2,500</u>	<u>-</u>
ENDING TEMPORARILY RESTRICTED NET ASSETS	<u><u>\$ 7,000</u></u>	<u><u>\$ 2,500</u></u>
TOTAL CHANGE IN NET ASSETS (DEFICIT)		
Unrestricted	\$ 9,268	\$ (12,173)
Temporarily restricted	<u>4,500</u>	<u>2,500</u>
	<u><u>\$ 13,768</u></u>	<u><u>\$ (9,673)</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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Direct Program Services	Prevention Services	Client Assistance Fund	Total Program Services
Salaries	\$ 281,233	\$ 32,450	\$ -	\$ 313,683
Employee benefits	54,596	6,299	-	60,895
Payroll taxes	22,263	2,569	-	24,832
Subtotal - personnel costs	358,092	41,318	-	399,410
Client assistance	-	-	82,154	82,154
Professional services	11,628	1,303	-	12,931
Rent expense	22,411	2,586	-	24,997
Subcontractors	17,031	1,965	-	18,996
Travel	16,404	3,907	-	20,311
Program events	4,409	-	-	4,409
Supplies	3,917	14,525	-	18,442
Insurance	12,021	1,387	-	13,408
Telephone	7,059	815	-	7,874
Utilities	4,444	513	-	4,957
Equipment lease and maintenance	2,860	330	-	3,190
Miscellaneous	1,176	132	-	1,308
Advertising	560	2,800	-	3,360
Program stipends	-	2,638	-	2,638
Postage	1,157	73	-	1,230
Volunteer training	1,840	-	-	1,840
Staff development	291	28	-	319
Interest	-	-	-	-
Printing	111	-	-	111
TOTAL EXPENSES BEFORE DEPRECIATION	465,411	74,320	82,154	621,885
DEPRECIATION	3,187	368	-	3,555
TOTAL EXPENSES	<u>\$ 468,598</u>	<u>\$ 74,688</u>	<u>\$ 82,154</u>	<u>\$ 625,440</u>

See accompanying notes.

	General and Administrative	Fundraising	Total Support Services	2010 Total	2009 Total
Salaries	\$ 14,422	\$ 32,450	\$ 46,872	\$ 360,555	\$ 350,478
Employee benefits	2,800	6,299	9,099	69,994	72,353
Payroll taxes	1,142	2,569	3,711	28,543	32,762
Subtotal - personnel costs	18,364	41,318	59,682	459,092	455,593
Client assistance	-	-	-	82,154	71,164
Professional services	244	1,303	1,547	14,478	16,699
Rent expense	1,149	2,586	3,735	28,732	29,924
Subcontractors	873	1,965	2,838	21,834	19,870
Travel	-	-	-	20,311	22,604
Program events	-	15,874	15,874	20,283	31,369
Supplies	168	379	547	18,989	21,108
Insurance	616	1,387	2,003	15,411	9,820
Telephone	362	815	1,177	9,051	8,881
Utilities	228	513	741	5,698	6,214
Equipment lease and maintenance	147	330	477	3,667	3,365
Miscellaneous	2,061	132	2,193	3,501	3,696
Advertising	-	-	-	3,360	2,798
Program stipends	-	-	-	2,638	6,985
Postage	260	812	1,072	2,302	1,845
Volunteer training	-	-	-	1,840	1,620
Staff development	12	28	40	359	2,468
Interest	350	-	350	350	1,035
Printing	134	-	134	245	1,485
TOTAL EXPENSES BEFORE DEPRECIATION	24,968	67,442	92,410	714,295	718,543
DEPRECIATION	163	368	531	4,086	2,456
TOTAL EXPENSES	\$ 25,131	\$ 67,810	\$ 92,941	\$ 718,381	\$ 720,999

See accompanying notes.

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal, state and local grants	\$ 542,481	\$ 533,991
Cash received from contributors and other grants	174,783	174,673
Other operating cash receipts	6,326	61,656
Interest paid	(350)	(1,035)
Cash paid for personnel	(455,354)	(456,215)
Cash paid to suppliers for goods and services	<u>(254,599)</u>	<u>(263,864)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,287</u>	<u>49,206</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(10,322)</u>	<u>(670)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(10,322)</u>	<u>(670)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	46,000	78,000
Payments on line of credit	<u>(46,000)</u>	<u>(80,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(2,000)</u>
INCREASE IN CASH	2,965	46,536
BEGINNING CASH	<u>46,831</u>	<u>295</u>
ENDING CASH	<u>\$ 49,796</u>	<u>\$ 46,831</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	<u>\$ 13,768</u>	<u>\$ (9,673)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,086	2,456
Donated equipment	(11,971)	-
(Increase) decrease in:		
Grants receivable	8,930	5,663
Prepaid expenses	-	(600)
Increase (decrease) in:		
Accounts payable	253	(1,350)
Accrued salaries and related liabilities	2,058	(284)
Accrued vacation	1,680	(338)
Deferred revenue	<u>(5,517)</u>	<u>53,332</u>
Total adjustments	<u>(481)</u>	<u>58,879</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 13,287</u></u>	<u><u>\$ 49,206</u></u>

See accompanying notes.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

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.

Under a new accounting standard effective for Vermont CARES as of October 1, 2009, an organization must record the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of this new standard had no impact on Vermont CARES' financial statements for 2010. Vermont CARES does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of October 1, 2009 as a result of the adoption of this new accounting standard. For the year ended September 30, 2010, there were no interest or penalties recorded or included in the financial statements.

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 Statements 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, 2010 or 2009.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

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 4,074 and 4,782 hours for the years ended September 30, 2010 and 2009, 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 \$4,086 and \$2,456 for the years ended September 30, 2010 and 2009, 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 \$3,360 and \$2,798 in 2010 and 2009, 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, 2010 AND 2009

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 its line of credit to \$40,000 under an agreement that expired in June 2010. The line had an adjustable interest rate at the Wall Street Journal Prime Rate plus 2% (5.25% at September 30, 2009). In July 2010, Vermont CARES renewed this line of credit agreement and increased the maximum amount available to \$50,000. The line of credit bears interest at the Wall Street Journal Prime Rate plus 1.5% (4.75% at September 30, 2010) and expires in July 2015; however, it is subject to an annual review by the bank. The agreement requires the line of credit be paid down to \$0 for at least one period of 30 consecutive days per year, and the line is guaranteed by all assets of Vermont CARES. There were no outstanding amounts as of September 30, 2010 or 2009.

4) CONCENTRATION OF CREDIT

Vermont CARES received approximately 72% and 73% of its total support and revenue from federal and state grants in 2010 and 2009, respectively.

5) DEFERRED REVENUE

Deferred revenue consists of the following at September 30:

	<u>2010</u>	<u>2009</u>
AIDS service program grant	\$ 47,815	\$ 53,332

6) LEASES

Vermont CARES rents its facilities from third parties under agreements reflected as operating leases. Rent expense was \$28,732 and \$29,924 in 2010 and 2009, respectively. In December 2006, Vermont CARES signed a new, five-year lease for office space in Burlington, Vermont which requires monthly payments of \$2,179. 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 \$3,667 and \$3,365 for the years ended September 30, 2010 and 2009, respectively.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

6) LEASES (continued)

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 was converted to a month-to-month arrangement with the same payment terms.

Future minimum lease payments, including common area maintenance fees, under all operating leases are as follows for the years ending September 30:

2011	\$	30,000
2012		<u>5,000</u>
	\$	<u>35,000</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>2010</u>	<u>2009</u>
Programs in future periods	<u>\$ 7,000</u>	<u>\$ 2,500</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 4, 2011, the date the financial statements were available to be issued.