

AIDS Outreach Center, Inc.

Financial Statements and Independent
Auditor's Report

August 31, 2008 and 2007

AIDS Outreach Center, Inc.

Financial Statements and Independent Auditor's Report

August 31, 2008 and 2007

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position, August 31, 2008 and 2007	3
Statements of Activities, For the years ended August 31, 2008 and 2007	4
Statements of Functional Expenses, For the years ended August 31, 2008 and 2007	5
Statements of Cash Flows, For the years ended August 31, 2008 and 2007	6
Notes to Financial Statements	7
Supplemental Information: Not a required part of the basic financial statements	
Schedule of Expenditures of Federal Awards, For the year ended August 31, 2008	12
Notes to Schedule of Expenditures of Federal Awards	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	15
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	17
Schedule of Findings and Questioned Costs	19



Independent Auditor's Report

To the Board of Directors
AIDS Outreach Center, Inc.

We have audited the accompanying statement of financial position of AIDS Outreach Center, Inc. (the Organization), a nonprofit organization, as of August 31, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of August 31, 2007 and the year then ended were audited by other auditors whose report dated November 20, 2007 expressed an unqualified 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

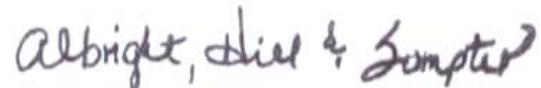
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Outreach Center, Inc. as of August 31, 2008, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Albright, Hill & Sumpter, PC
Certified Public Accountants

A handwritten signature in dark ink that reads "Albright, Hill & Sumpter". The signature is written in a cursive, flowing style.

December 1, 2008

AIDS Outreach Center, Inc.
 Statements of Financial Position
 August 31, 2008 and 2007

	2008	2007
Assets		
Cash and cash equivalents	\$ 246,806	\$ 160,559
Government grant receivables	468,771	472,997
United Way and other receivables	30,974	40,415
Inventory - nutrition center	6,316	9,427
Prepaid expenses	1,620	17,435
Property and equipment, net	19,149	20,733
Deposits	7,850	7,850
Total assets	\$ 781,486	\$ 729,416
Liabilities		
Accounts payable and accrued liabilities	\$ 45,120	\$ 82,206
Accrued salaries and benefits	46,536	51,601
Total liabilities	91,656	133,807
Net Assets		
Unrestricted	642,970	545,609
Temporarily restricted	46,860	50,000
Total net assets	689,830	595,609
Total liabilities and net assets	\$ 781,486	\$ 729,416

The accompanying notes are an integral part of these statements.

AIDS Outreach Center, Inc.
 Statements of Activities
 For the years ended August 31, 2008 and 2007

	2008	2007
Changes in Unrestricted Net Assets		
Revenues		
Contributions - unrestricted	\$ 326,485	\$ 285,647
Government grants and contracts	2,256,395	2,397,835
United Way	147,690	138,995
Special events	106,044	192,847
Service fees and miscellaneous revenue	7,330	9,803
Interest income	8,373	8,284
Net assets released from restrictions	3,140	-
Total unrestricted revenues	2,855,457	3,033,411
Expenses		
Program services	2,207,059	2,432,006
Management and administrative	339,834	415,065
Development	211,203	227,293
Total expenses	2,758,096	3,074,364
Increase (decrease) in unrestricted net assets	97,361	(40,953)
Changes in Temporarily Restricted Net Assets		
Contributions - temporarily restricted	-	50,000
Net assets released from restrictions	(3,140)	-
	(3,140)	50,000
Increase in net assets	94,221	9,047
Net assets, beginning of year	595,609	586,562
Net assets, end of year	\$ 689,830	\$ 595,609

The accompanying notes are an integral part of these statements.

AIDS Outreach Center, Inc.
Statements of Functional Expenses
For the years ended August 31, 2008 and 2007

	Program Services	Management and Administrative	Development	Totals 2008	Totals 2007
Salaries	\$ 912,100	\$ 163,151	\$ 117,135	\$ 1,192,386	\$ 1,212,527
Payroll taxes	69,880	10,781	8,852	89,513	103,306
Employee insurance	118,735	25,528	11,746	156,009	151,393
Employee retirement	-	2,172	-	2,172	-
Corporate insurance	13,704	3,349	2,644	19,697	25,383
Conferences, continuing education	2,833	249	-	3,082	7,405
Equipment lease, repairs and maintenance	15,904	-	1,690	17,594	24,000
Telephone and data communication	15,570	2,065	278	17,913	24,365
Supplies	24,454	840	8,040	33,334	38,365
Dues and subscriptions	2,101	1,132	1,194	4,427	3,600
Postage	5,668	-	6,739	12,407	16,911
Copy and printing	2,218	31	16,680	18,929	20,952
Audit and legal expenses	-	10,784	-	10,784	29,872
Permits, licenses, filling fees	825	2,242	35	3,102	2,640
Bank service charges	-	3,440	25	3,465	2,774
Building maintenance	17,534	2,554	2,178	22,266	20,159
Security	3,531	63	1,161	4,755	5,516
Rent	86,606	-	14,300	100,906	113,388
Utilities	29,149	1,651	5,565	36,365	37,326
Interest expense	-	14	3	17	269
Property taxes	3,620	392	430	4,442	12,675
Local travel expenses	10,959	656	2,221	13,836	18,613
Other travel	3,890	-	1,462	5,352	11,844
Advertising and information services	1,824	1,203	3,256	6,283	4,378
Contract labor	43,694	90,657	-	134,351	119,234
Participation incentives	3,429	-	-	3,429	11,671
Contract computer support	1,571	13,694	1,660	16,925	28,233
Food - nutrition center	101,833	1,699	2,666	106,198	171,981
Client transportation	63,686	-	-	63,686	74,607
Client assistance & insurance	643,042	36	150	643,228	763,593
Vending, water, coffee	582	1,451	24	2,057	2,561
Depreciation	8,117	-	1,069	9,186	14,730
Other expenses	-	-	-	-	93
Totals	\$ 2,207,059	\$ 339,834	\$ 211,203	\$ 2,758,096	\$ 3,074,364

The accompanying notes are an integral part of these statements.

AIDS Outreach Center, Inc.
 Statements of Cash Flows
 For the years ended August 31, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities		
Change in net assets	\$ 94,221	\$ 9,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,186	14,730
Decrease in grant receivables	4,226	19,215
(Increase) decrease in other receivables	9,441	(7,399)
(Increase) decrease in nutrition center inventory	3,111	(3,558)
(Increase) decrease in prepaid expenses	15,815	(12,232)
Increase in accounts payable	(37,086)	(10,117)
Increase in accrued salaries and benefits	(5,069)	(2,463)
Net cash provided by operating activities	93,845	7,223
 Cash Flows From Investing Activities		
Capital additions	(7,598)	(2,524)
Net cash (used in) investing activities	(7,598)	(2,524)
 Cash Flows From Financing Activities		
Net increase in capital lease obligation	-	(2,415)
Net cash (used in) financing activities	-	(2,415)
 Net increase in cash and equivalents	86,247	2,284
 Cash and equivalents, beginning of year	160,559	158,275
Cash and equivalents, end of year	\$ 246,806	\$ 160,559

Supplemental Disclosures

None Applicable

The accompanying notes are an integral part of these statements.

AIDS Outreach Center, Inc.
Notes to Financial Statements
August 31, 2008 and 2007

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In fulfilling its responsibility for the preparation of the Organization's financial statements and disclosures, management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires estimating, matching and timing of revenue and costs in the determination of support and expenditures. It is also necessary for management to determine, measure, allocate and make certain assumptions regarding resources and obligations within the financial process according to these principles. Below are certain significant accounting policies selected by management.

Nature and Purpose of The Organization

AIDS Outreach Center, Inc. (the Organization) is a charitable organization which was incorporated in 1987 under the nonprofit corporation laws of the State of Texas. The Organization provides programs in Tarrant and surrounding rural counties serving men, women, and children with HIV and their families, educating the public about HIV prevention and advocating sound HIV public policies. The Organization helps families and single individuals with HIV and AIDS live independent and productive lives through the interaction of vital client programs. Approximately 80% of the Organization's revenue is derived from government grants.

General

The Organization's financial statements have been prepared on the accrual basis of accounting. Significant accounting policies are described below.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with Statements of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*." Under SFAS No. 117, the Organization 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. Net assets and changes therein are classified as follows.

Unrestricted net assets – those funds available for support of the Organization and its programs.

Temporarily restricted net assets – those funds limited by the donor(s) for later periods or specific purposes.

AIDS Outreach Center, Inc.
Notes to Financial Statements
August 31, 2008 and 2007

Permanently restricted net assets – those funds limited by the donor(s) for permanent investment of principal and use of income. As of August 31, 2008 and 2007, there were no permanently restricted net assets.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates and assumptions primarily relate to valuation as of the date of the financial statements of receivables and lives used to depreciate fixed assets. Accordingly, actual results could differ from these estimates and assumptions. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

Inventory

Inventory consists of food and supplies located in the Organization's nutrition center. This inventory is stated at the lower of cost or market, as determined by the first-in, first-out method.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from four to ten years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or estimated fair value, less costs to sell.

Donated Equipment and Services

The Organization records the value of donated food, supplies and equipment when there is an objective basis available to measure their value. Donated food, supplies and equipment are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. No donated services were received that met the criteria to be recorded. Management estimates that hours contributed by volunteers in the Organization's program services for the fiscal years

AIDS Outreach Center, Inc.
Notes to Financial Statements
August 31, 2008 and 2007

ended August 31, 2008 and 2007, amounted to approximately 10,000 and 8,900 hours, respectively.

Contributions and Recognition of Donor Restrictions

In accordance with 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. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are 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 into unrestricted net assets. Donations of property and equipment 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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain direct and indirect costs have been allocated among the programs and supporting services benefited, based on allocation percentages determined by the Organization's management.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

AIDS Outreach Center, Inc.
Notes to Financial Statements
August 31, 2008 and 2007

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and grants receivable. As of August 31, 2008, cash balances at one financial institution exceeded federally insured amounts by approximately \$89,000.

In the normal course of business, the Organization grants credit to its consumers and grantors. While the operations of the Organization are concentrated in Tarrant County, Texas, approximately 87% of receivables are from Federal grants and approximately 80% of total revenue is derived from these Federal grants.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following, at August 31, 2008:

Furniture, fixtures and equipment	\$ 149,244
Leasehold improvements	64,724
	213,968
Less: accumulated depreciation	194,819
	\$ 19,149

Depreciation expense of \$9,186 and \$14,730 was recorded for the years ended August 31, 2008 and 2007.

NOTE 3 – LEASE COMMITMENTS

At August 31, 2008, the Organization was obligated under certain office and equipment lease agreements, which expire at dates through April, 2015. All of these leases are classified as operating leases. The future minimum lease payments under these operating leases at August 31, 2008 are as follows:

Fiscal Year	Amount
Ending	
2009	\$ 111,268
2010	26,068
2011	5,113
2012	3,240
2013	3,240
Thereafter	3,744
Total	\$ 152,673

AIDS Outreach Center, Inc.
Notes to Financial Statements
August 31, 2008 and 2007

NOTE 4 – RETIREMENT SAVINGS PLAN

The Organization has a retirement savings plan, under Section 403(b) of the Internal Revenue Code, which covers substantially all employees. Under this plan, employees may defer up to 15% of their base salary on a pre-tax basis through contributions to the plan. The Organization currently does not match the employee contributions.

NOTE 5 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at August 31, 2008 consisted of contributions received from a local foundation which has stipulated these funds be used for new program initiatives. During the year ended August 31, 2008, \$3,140 was used for the restricted purpose.

AIDS Outreach Center, Inc.
Schedule of Expenditures of Federal Awards
For the year ended August 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Expenditures
<u>Grantor: U.S. Department of Health & Human Services</u>	
<u>Subgrantor: Tarrant County</u>	
Ryan White I (CFDA #93.914)	\$ 1,216,204
Ryan White II (CFDA #93.917)	169,974
Ryan White III (CFDA #93.918)	81,900
<u>Subgrantor: Department of State Health Services</u>	
HIV Health Education/Risk Reduction (CFDA #93.940)	230,901
Total - U.S. Department of Health & Human Services	1,698,979
 <u>Grantor: U.S. Department of Housing and Urban Development</u>	
<u>Subgrantor: City of Fort Worth</u>	
HOPWA (Housing Opportunities for Persons Living With AIDS) (CFDA #14.241)	380,945
<u>Subgrantor: City of Arlington</u>	
CDBG (CFDA #14.219)	20,023
Total - U.S. Department of Housing and Urban Development	400,968
 <u>Grantor: Federal Emergency Management Agency</u>	
Emergency Food and Shelter Program (CFDA #83.523)	15,092
Total - Federal Awards	2,115,039
Other Non-Federal	141,356
Total Government Grants and Contracts	\$ 2,256,395

The accompanying notes are an integral part of this schedule.

Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of AIDS Outreach Center, Inc. during the year, presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 – Major Programs

The Organization's Ryan White I grant and the HOPWA grant are considered major programs, as defined by the OMB circular A-133.

This page left blank intentionally.



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

To the Board of Directors
AIDS Outreach Center, Inc.

We have audited the financial statements of AIDS Outreach Center, Inc. (the Organization), a nonprofit organization, as of and for the year ended August 31, 2008, and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

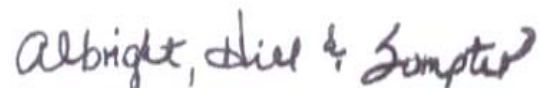
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Organization's Board, management, others within the Organization, and the applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albright, Hill & Sumpter, PC
Certified Public Accountants



December 1, 2008



Independent Auditor's Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in Accordance with OMB
Circular A-133

To the Board of Directors
AIDS Outreach Center, Inc.

Compliance

We have audited the compliance of AIDS Outreach Center, Inc. (the Organization), a nonprofit organization, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

Internal Control Over Compliance

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

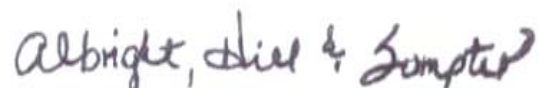
A control deficiency in an Organization's internal control over compliances exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of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

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

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

This report is intended solely for the information and use of the Organization's Board, management, others within the Organization, and the applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albright, Hill & Sumpter, PC
Certified Public Accountants



December 1, 2008

AIDS Outreach Center, Inc.
 Schedule of Findings and Questioned Costs
 For the year ended August 31, 2008

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Sec. 501(a)?	No

Identification of major programs:

Ryan White II - CFDA #93.917
 Ryan White Part C- CFDA #93.918
 DSHS Prevention - CFDA # 93.940
 HOPWA - CFDA #14.241

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings:

None.

Section III - Federal Award Findings and Questioned Costs:

None.

The accompanying notes are an integral part of this schedule.

The accompanying notes are an integral part of this schedule.