

**AIDS PROJECT HARTFORD, INC.**

**Financial Statements**

**June 30, 2011 and 2010**

# AIDS PROJECT HARTFORD, INC.

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June 30, 2011 and 2010

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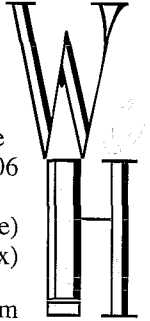
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
AIDS Project Hartford, Inc.

We have audited the accompanying statements of financial position of AIDS Project Hartford, Inc. as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of AIDS Project Hartford, Inc.'s management. Our responsibility is to express an opinion on these financial statements based upon 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Project Hartford, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Whittlesey & Hadley, P.C.*

October 18, 2011

# AIDS PROJECT HARTFORD, INC.

## Statements of Financial Position

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 482,320	\$ 570,431
Grants and contributions receivable	179,103	103,140
Prepaid expenses	1,796	-
Fixed assets, net of accumulated depreciation of \$43,327 and \$48,745, respectively	<u>24,761</u>	<u>6,527</u>
 Total assets	 <u><u>\$ 687,980</u></u>	 <u><u>\$ 680,098</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 123,307	\$ 126,519
Grants payable	<u>26,954</u>	<u>22,072</u>
 Total liabilities	 <u>150,261</u>	 <u>148,591</u>
Net Assets:		
Unrestricted net assets:		
Board designated - client assistance fund	5,885	5,885
Undesignated	497,194	507,317
Temporarily restricted net assets	<u>34,640</u>	<u>18,305</u>
 Total net assets	 <u>537,719</u>	 <u>531,507</u>
 Total liabilities and net assets	 <u><u>\$ 687,980</u></u>	 <u><u>\$ 680,098</u></u>

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

# AIDS PROJECT HARTFORD, INC.

## Statement of Activities

For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>			
Grants	\$ 2,229,537	\$ 23,433	\$ 2,252,970
Contributions	40,720	-	40,720
Miscellaneous income	4,582	-	4,582
Interest	1,364	-	1,364
Net assets released from restrictions	7,098	(7,098)	-
	<u>2,283,301</u>	<u>16,335</u>	<u>2,299,636</u>
<b>Program services:</b>			
Prevention	441,006	-	441,006
Syringe Exchange	170,891	-	170,891
Ryan White Part A	786,774	-	786,774
Project TLC	428,798	-	428,798
Tolland County	155,550	-	155,550
Other	43,999	-	43,999
<b>Supporting services:</b>			
Management and general	266,406	-	266,406
	<u>2,293,424</u>	<u>-</u>	<u>2,293,424</u>
Change in net assets	(10,123)	16,335	6,212
Net assets, beginning of year	513,202	18,305	531,507
Net assets, end of year	<u>\$ 503,079</u>	<u>\$ 34,640</u>	<u>\$ 537,719</u>

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

# AIDS PROJECT HARTFORD, INC.

## Statement of Activities

For the year ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue:</b>			
Government grants	\$ 2,398,494	\$ 15,000	\$ 2,413,494
Contributions	91,811	-	91,811
Interest	2,352	-	2,352
Net assets released from restrictions	5,041	(5,041)	-
	<u>2,497,698</u>	<u>9,959</u>	<u>2,507,657</u>
<b>Program services:</b>			
Prevention	446,919	-	446,919
Syringe Exchange	164,221	-	164,221
Ryan White Part A	876,649	-	876,649
Project TLC	422,338	-	422,338
Project PLUS	38,904	-	38,904
Tolland County	168,721	-	168,721
Other	68,860	-	68,860
<b>Supporting services:</b>			
Management and general	264,391	-	264,391
	<u>2,451,003</u>	<u>-</u>	<u>2,451,003</u>
Change in net assets	46,695	9,959	56,654
Net assets, beginning of year	466,507	8,346	474,853
Net assets, end of year	<u>\$ 513,202</u>	<u>\$ 18,305</u>	<u>\$ 531,507</u>

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

## AIDS PROJECT HARTFORD, INC.

### Statement of Functional Expenses

For the year ended June 30, 2011

	Prevention	Syringe Exchange	Ryan White Part A	Project TLC	Tolland County	Other	Management and General	Total
Wages and benefits	\$ 337,413	\$ 128,622	\$ 636,035	\$ 326,859	\$ 113,460	\$ 24,390	\$ 201,489	\$ 1,768,268
Subcontracts	-	-	24,638	16,837	-	-	-	41,475
Rent/utilities	18,726	8,412	26,309	4,153	2,500	12,754	3,645	76,499
Conference/training	63,354	-	1,446	85	85	-	3,338	68,308
Professional	-	-	2,160	2,650	-	5,325	12,000	22,135
Travel	8,136	143	6,265	19,627	8,988	513	529	44,201
Meals and food pantry	-	-	45,870	-	508	-	-	46,378
Telephone	3,476	2,188	14,105	7,981	3,327	-	13,108	44,185
Client assistance	-	-	-	22,983	23,965	1,004	-	47,952
Medical supplies	-	14,986	-	25,025	-	-	-	40,011
Office supplies	1,909	334	2,233	1,708	1,818	12	13,038	21,052
Site costs	-	-	20,000	-	-	-	-	20,000
Insurance	-	4,400	-	-	-	-	13,154	17,554
Vehicle repairs and maintenance	-	10,636	-	-	-	-	322	10,958
Depreciation	1,207	-	1,021	-	-	-	2,970	5,198
Subject incentives	3,033	-	-	-	-	-	-	3,033
Lease equipment	2,683	1,143	6,559	793	31	-	1,685	12,894
Postage	145	27	133	97	368	1	1,128	1,899
Education materials	924	-	-	-	500	-	-	1,424
<b>Total</b>	<b>\$ 441,006</b>	<b>\$ 170,891</b>	<b>\$ 786,774</b>	<b>\$ 428,798</b>	<b>\$ 155,550</b>	<b>\$ 43,999</b>	<b>\$ 266,406</b>	<b>\$ 2,293,424</b>

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

# AIDS PROJECT HARTFORD, INC.

## Statement of Functional Expenses

For the year ended June 30, 2010

	Prevention	Syringe Exchange	Ryan White Part A	Project TLC	Project PLUS	Tolland County	Other	Management and General	Total
Wages and benefits	\$ 336,254	\$ 132,512	\$ 710,517	\$ 366,572	\$ -	\$ 117,358	\$ 41,945	\$ 201,850	\$ 1,907,008
Subcontracts	-	-	34,930	-	30,146	-	5,768	-	70,844
Rent/utilities	19,475	4,386	23,149	7,012	-	3,000	20,000	5,933	82,955
Conference/training	59,766	-	10	-	-	-	-	-	59,776
Professional	-	-	720	-	8,250	300	-	11,775	21,045
Travel	6,388	145	10,272	19,099	208	9,963	837	350	47,262
Meals and food pantry	-	-	62,516	-	-	249	-	-	62,765
Telephone	4,705	1,144	12,725	7,405	-	4,575	-	7,072	37,626
Client assistance	-	-	-	19,520	-	30,767	310	531	51,128
Medical supplies	10,000	11,770	-	-	-	-	-	-	21,770
Office supplies	2,296	332	2,347	1,718	-	1,504	-	11,938	20,135
Site costs	-	-	14,500	-	-	-	-	-	14,500
Insurance	-	4,400	-	-	-	-	-	14,611	19,011
Vehicle repairs and maintenance	50	8,523	-	-	-	-	-	-	8,573
Depreciation	851	-	1,466	-	-	-	-	4,565	6,882
Subject incentives	3,512	-	-	-	300	-	-	-	3,812
Lease equipment	1,805	780	2,517	747	-	160	-	4,257	10,266
Postage	639	229	980	265	-	845	-	1,509	4,467
Education materials	1,111	-	-	-	-	-	-	-	1,111
Printing	67	-	-	-	-	-	-	-	67
<b>Total</b>	<b>\$ 446,919</b>	<b>\$ 164,221</b>	<b>\$ 876,649</b>	<b>\$ 422,338</b>	<b>\$ 38,904</b>	<b>\$ 168,721</b>	<b>\$ 68,860</b>	<b>\$ 264,391</b>	<b>\$ 2,451,003</b>

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



# AIDS PROJECT HARTFORD, INC.

## Statements of Cash Flows

For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 6,212	\$ 56,654
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	5,198	6,882
(Increase)/decrease in operating assets:		
Grants and contributions receivable	(75,963)	44,269
Prepaid expenses	(1,796)	3,845
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(3,212)	(9,356)
Grants payable	4,882	22,072
Net change in cash from operating activities	(64,679)	124,366
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(23,432)	-
Net change in cash	(88,111)	124,366
Cash and cash equivalents, beginning of year	570,431	446,065
Cash and cash equivalents, end of year	<u>\$ 482,320</u>	<u>\$ 570,431</u>

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

# AIDS PROJECT HARTFORD, INC.

## Notes to Financial Statements

June 30, 2011

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### NOTE 1 - PURPOSE OF ORGANIZATION:

AIDS Project Hartford, Inc.'s mission is to improve the lives of people impacted by HIV through direct services, advocacy and prevention. Its vision is to be a recognized leader in the prevention and care of people impacted by HIV, creating new approaches to service, working in collaboration with all stakeholders, and advocating for a dignified, respectful system of service delivery. AIDS Project Hartford, Inc. provides services to the greater Hartford area.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of Accounting

The financial statements have been prepared on the accrual basis.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the *Financial Statement of Not-for-Profit Organizations* of the FASB Accounting Standard Codification (ASC958). Under *Financial statement of Not-for-Profit Organization*, AIDS Project Hartford, Inc. reports information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets. AIDS Project Hartford, Inc. does not have any permanently restricted net assets. Grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give. Fund raising expenses are shown as part of management and general in the statement of functional expenses.

AIDS Project Hartford, Inc. follows the recommendations of *Accounting for Contributions Received and Contributions Made* of the FASB Accounting Standard Codification. In accordance with *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

#### Furniture and Equipment

Furniture and equipment are recorded at cost less accumulated depreciation. The straight-line method of computing depreciation has been applied over estimated useful lives of five years. Maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense as incurred.

Donations of property and equipment are recorded as contributions at their estimated value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. It is AIDS Project Hartford, Inc.'s policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property and equipment.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.):

### Cash Equivalents

For the purposes of the statement of financial position and cash flows, AIDS Project Hartford, Inc. considers all short-term, highly liquid investments due within three months to be cash equivalents.

### Net Asset Categories

To ensure observation of limitations and restrictions placed on the use of resources available to AIDS Project Hartford, Inc., the accounts of AIDS Project Hartford, Inc. are maintained in the following net asset categories:

Unrestricted - Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are funds which are earmarked by the Board of Directors for specific purposes.

Temporarily Restricted - Temporarily restricted net assets represent available resources whose use by AIDS Project Hartford, Inc. is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by subsequent actions of AIDS Project Hartford, Inc.

### Revenue Recognition

Grant revenue is recognized as costs are incurred. Receivables are recognized to the extent costs have been incurred, but not reimbursed.

### Donated Services

*Accounting for Contributions Received and Contributions Made* requires recognition of donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet this criteria for recognition in the financial statements. No donated services have been recognized in the accompanying financial statements.

### Estimates

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. Accordingly, actual results could differ from those estimates.

### Revenue Concentration

For fiscal year ended 2011, approximately 59% and 38% of the Organization's funding comes from the State of Connecticut and the Federal Government, respectively. These funds are received through the Department of Public Health as well as the City of Hartford.

### Subsequent Events Measurement Date

AIDS Project Hartford, Inc. monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2011 through October 18, 2011, the date on which financial statements were available to be issued.

**NOTE 3 - INCOME TAXES:**

AIDS Project Hartford, Inc. is organized as a Connecticut non-stock corporation and is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. AIDS Project Hartford, Inc. adopted accounting for uncertainty in income taxes guidance. The adoption of that guidance did not result in the recognition of any unrecognized tax benefits and AIDS Project Hartford, Inc. has no unrecognized tax benefits as of June 30, 2011. AIDS Project Hartford, Inc.'s continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings to determine if AIDS Project Hartford, Inc. has any uncertain tax position. AIDS Project Hartford, Inc.'s federal information returns for the years ended 2008 through 2010 remain open to inspection by the IRS.

**NOTE 4 - CONTINGENCY:**

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to grantors.

**NOTE 5 - LEASES:**

AIDS Project Hartford, Inc. currently renewed leases for office facilities under an operating lease, which expires October 31, 2014. Minimum future lease payments required under this agreement are as follows:

2012	\$	48,468
2013		49,453
2014		49,945
2015		16,648

**NOTE 6 - FIXED ASSETS:**

A summary of fixed assets is as follows as of June 30:

	2011	2010
Equipment	\$ 26,495	\$ 27,827
Vehicles	41,593	27,445
	<u>68,088</u>	<u>55,272</u>
Less: accumulated depreciation	43,327	48,745
	<u>\$ 24,761</u>	<u>\$ 6,527</u>

Depreciation expense totaled \$5,198 and \$6,882 for the years ended June 30, 2011 and 2010, respectively.

**NOTE 7 - CREDIT RISK:**

AIDS Project Hartford, Inc. maintains cash in bank accounts, which at times, may exceed federally insured limits. AIDS Project Hartford, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets as of June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Mac Foundation	\$ 10,130	\$ 15,000
Fixed assets, net of depreciation of \$27,340 and \$35,729 for 2011 and 2010, respectively	<u>24,510</u>	<u>3,305</u>
	<u>\$ 34,640</u>	<u>\$ 18,305</u>

**NOTE 9 - LINE OF CREDIT:**

AIDS Project Hartford, Inc. has a line-of-credit of \$75,000 with Bank of America. The agreement calls for an interest rate of 4% per annum. The line-of-credit expires October 10, 2011. The balance outstanding on the line of credit as of June 30, 2011 and 2010 was \$-0-. The line of credit is unsecured.

AIDS Project Hartford, Inc. has a line-of-credit of \$75,000 with the Greater Hartford Business Development Center. The agreement calls for an interest rate of 4% per annum. The line-of-credit expires on December 31, 2011. The balance outstanding on the line of credit as of June 30, 2011 and 2010 was \$-0-. The line of credit is unsecured.

**NOTE 10 - EMPLOYEE BENEFIT PLAN:**

AIDS Project Hartford, Inc.'s eligible employees participate in a 403(b) matching plan effective July 2008. Under this plan the Organization has the option to contribute 4% of eligible employee salary. Eligible employees are defined as any employees who work 500 hours per year. During the fiscal year ended June 30, 2010 the Organization discontinued its matching contribution into the 403(b) plan. Pension expense totaled \$-0- for the years ended June 30, 2011 and 2010, respectively.