



LONDON & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

AND BUSINESS CONSULTANTS

231 FARMINGTON AVENUE

FARMINGTON, CONNECTICUT 06032-1915

TEL. (860) 679-5290 • FAX (860) 679-5292

INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut AIDS Resource Coalition, Inc.
110 Bartholomew Ave.
Hartford, Connecticut

We have audited the accompanying statements of financial position of Connecticut AIDS Resource Coalition, Inc. (a not-for-profit corporation) as of December 31, 2010, and the related statements of activities and changes in net assets, 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 of Connecticut AIDS Resource Coalition, Inc.'s as of December 31, 2009 were audited by other auditors whose report dated April 30, 2010, expressed an unqualified opinion on those financial statements.

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 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 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 Connecticut AIDS Resource Coalition, Inc. as of December 31, 2010, and the changes in its net assets and its 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 a report dated April 23, 2011, on our consideration of Connecticut AIDS Resource Organization, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Respectfully submitted,

London + Company, LLC
London & Company, LLC

Certified Public Accountants

April 23, 2011

We present the following report as of December 31, 2010:

- Exhibit A - Comparative Statement of Financial Position as of December 31, 2010 and December 31, 2009.
- Exhibit B - Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2010, with Comparative Totals for the Year Ended December 31, 2009.
- Exhibit C - Comparative Statement of Cash Flows for the Years Ended December 31, 2010 and December 31, 2009.

Notes to Financial Statements.

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

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF FINANCIAL POSITION

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash	\$ 390,173	\$ 399,608
Board designated cash equivalents	-	29,575
Grants receivable	173,431	130,884
Other receivable	26,725	60,580
Contributions receivable	1,035	3,513
Prepaid expenses	<u>14,126</u>	<u>16,728</u>
Total current assets	605,490	640,888
<u>Equipment and office furniture (net)</u>	<u>23,241</u>	<u>7,973</u>
<u>Other assets:</u>		
Investments	187,785	110,388
Security deposit	<u>2,255</u>	<u>4,586</u>
Total other assets	<u>190,040</u>	<u>114,974</u>
<u>Total assets</u>	\$ <u>818,771</u>	\$ <u>763,835</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 21,655	\$ 11,739
Accrued expenses	-	711
Accrued payroll	19,423	19,247
Deferred rent	3,931	2,211
Deferred revenue	248,932	173,715
Refundable advances	-	63,836
Total Liabilities	<u>293,941</u>	<u>271,459</u>
<u>Net assets:</u>		
Unrestricted	332,990	336,635
Board designated	<u>187,785</u>	<u>139,963</u>
Total unrestricted	520,775	476,598
Temporarily restricted	4,055	15,778
Total net assets	<u>524,830</u>	<u>492,376</u>
<u>Total liabilities and net assets</u>	\$ <u>818,771</u>	\$ <u>763,835</u>

See Accompanying Notes

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
<u>Revenue and other support:</u>				
Government grants	\$ 1,113,838	\$ -	\$ 1,113,838	\$ 1,003,641
Contract revenue	769,169	-	769,169	341,402
Fund-raising events, net of expenses of \$21,477 and \$12,199, respectively	39,021	-	39,021	37,508
Contributions and grants	43,468	4,055	47,523	39,907
Other revenue	7,458	-	7,458	11,378
Dues and fees	7,900	-	7,900	8,025
Interest and dividend income	3,364	-	3,364	2,566
Unrealized gain or (loss) on investments	20,612	-	20,612	30,217
Net assets released from satisfaction of program restrictions	<u>15,778</u>	<u>(15,778)</u>	<u>-</u>	<u>-</u>
<u>Total revenue and other support</u>	<u>2,020,608</u>	<u>(11,723)</u>	<u>2,008,885</u>	<u>1,474,644</u>
<u>Expenses:</u>				
Client assistance payments	569,703	-	569,703	534,267
Emergency housing payments	457,296	-	457,296	58,509
Salaries	395,533	-	395,533	393,591
Contractual expense	280,043	-	280,043	185,142
Fringe benefits	103,324	-	103,324	92,762
General office expense	86,541	-	86,541	67,968
Rent	26,533	-	26,533	31,295
Quality assurance	20,000	-	20,000	20,101
Professional	15,600	-	15,600	18,900
Insurance	7,288	-	7,288	5,270
Conferences	8,408	-	8,408	6,070
Depreciation	6,162	-	6,162	2,768
Member and staff development	<u>-</u>	<u>-</u>	<u>-</u>	<u>251</u>
<u>Total expenses</u>	<u>1,976,431</u>	<u>-</u>	<u>1,976,431</u>	<u>1,416,894</u>
<u>Changes in net assets</u>	44,177	(11,723)	32,454	57,750
<u>Net assets - beginning</u>	<u>476,598</u>	<u>15,778</u>	<u>492,376</u>	<u>434,626</u>
<u>Net assets - ending</u>	\$ <u>520,775</u>	\$ <u>4,055</u>	\$ <u>524,830</u>	\$ <u>492,376</u>

See Accompanying Notes

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash

	For the Years Ended December 31,	
	<u>2010</u>	<u>2009</u>
<u>Cash flows from operating activities:</u>		
Changes in net assets	\$ <u>32,454</u>	\$ <u>57,750</u>
Adjustments to reconcile changes in net assets to net cash provided by program activities:		
Depreciation	6,162	2,768
Deferred rent	1,720	2,211
Unrealized loss (gain) on investments	(20,612)	(30,217)
Changes in assets and liabilities:		
Changes in operating assets and liabilities:		
Receivables	(6,214)	(100,022)
Prepaid expenses and other assets	4,933	(2,206)
Accounts payable and accrued expenses	9,205	(715)
Accrued payroll	176	(1,064)
Deferred revenue	75,217	167,566
Refundable advances	(63,836)	38,469
Total adjustments	<u>6,751</u>	<u>76,790</u>
Net cash provided by operating activities	<u>39,205</u>	<u>134,540</u>
<u>Cash flows used in investing activities:</u>		
Purchase of investments	(56,785)	(724)
Capital expenditures	(21,430)	(1,800)
Net cash used in investing activities	<u>(78,215)</u>	<u>(2,524)</u>
<u>Net increase (decrease) in cash</u>	(39,010)	132,016
<u>Cash - beginning of year</u>	<u>429,183</u>	<u>297,167</u>
<u>Cash - end of year</u>	\$ <u>390,173</u>	\$ <u>429,183</u>
<u>Reconciliation of cash to the statement of financial position:</u>		
Cash	\$ 390,173	\$ 399,608
Board designated cash	-	29,575
Total cash	\$ <u>390,173</u>	\$ <u>429,183</u>

See Accompanying Notes

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

The Connecticut AIDS Resource Coalition, Inc. (the "Organization") was incorporated in the State of Connecticut as a nonprofit organization. The Organization serves as a resource for member agencies by providing a network of support and technical assistance to these agencies in their efforts to provide housing for people with AIDS. The Organization also provides public education on behalf of homeless persons with AIDS, and develops financial and other appropriate resources for member organizations and persons they serve. In addition, the Organization administers emergency housing funds for people with AIDS.

Note 2 - Accounting policies:

A. Tax status:

The Organization is a not-for-profit voluntary health and welfare agency exempt from federal income taxation under Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the years ended December 31, 2010 and December 31, 2009.

B. Basis of presentation:

The accompanying financial statements have been prepared utilizing the accrual basis method of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets:

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets:

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

C. Receivables:

The Organization regularly monitors receivable balances to determine if an allowance for doubtful accounts is deemed necessary. No allowance is required as of December 31, 2010 and 2009, as management believes all amounts are collectible

D. Cash and cash equivalents:

Cash and cash equivalents include all cash balances and highly liquid short-term instruments with an original maturity of three months or less when acquired. At December 31, 2010 and 2009, cash equivalents were \$0 and \$29,575, respectively.

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 - Accounting policies (continued):

E. Comparative information:

The financial statements include certain prior-year summarized comparative information in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statement for the year ended December 31, 2009, from which the summarized information was derived.

F. Depreciation:

Equipment and office furniture acquired by the Organization has been capitalized at cost and are being depreciated over five and six years, utilizing the straight-line method. This includes equipment and office furniture acquired with restricted grant revenues for respective program purposes. For the years ended December 31, 2010 and 2009, depreciation was recorded in the amount of \$6,162 and \$2,768, respectively.

The total cost and related accumulated depreciation for the years ended December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Cost of equipment and office furniture	\$ 58,752	\$ 40,950
Less: Accumulated depreciation	<u>35,511</u>	<u>32,977</u>
Equipment and office furniture (net)	\$ <u>23,241</u>	\$ <u>7,973</u>

Expenditures for additions and improvements are capitalized, and costs for repairs and maintenance are charged to expense as incurred. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

G. Donated materials and services:

The Organization receives, at times, donated materials and volunteer assistance from various sources. The donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of their receipt. For the years ended December 31, 2010 and December 31, 2009, the Organization did not receive donated materials. No amounts for volunteer assistance have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

H. Recognition of restricted grant revenues:

Revenues restricted by the donor, grantor, or any other outside party for particular operating purposes are deemed to be earned and reported as revenues currently.

I. Use of estimates:

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

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - Lease commitments:

In October 2009, the Organization entered into an operating lease for 2,578 square feet of office space in Hartford, Connecticut for the period April 1, 2010 to March 31, 2015.

The total rental expense was \$26,533 and \$31,295 for the years ended December 31, 2010 and 2009, respectively.

Future minimum lease payments over the term of the lease are as follows:

December 31, 2011	27,069
December 31, 2012	27,069
December 31, 2013	27,688
December 31, 2014	27,894
Thereafter	<u>6,973</u>
Total	\$ <u>116,693</u>

Note 4 - Supplemental cash flow information:

There was no income tax expense or interest expense for either of the years ended December 31, 2010 and 2009.

Note 5 - Retirement plan:

The Organization maintains a 403(b) tax deferred annuity plan for all eligible employees. The plan allows employees to make voluntary pre-tax contributions not exceeding 20% of salary. All plan contributions are invested in an individual annuity contract issued by an insurer and are fully vested.

Note 6 - Subsequent events:

Management has evaluated subsequent events through May 4, 2011, the date the financial statements were available to be issued. And there were no events requiring disclosure thru May 4, 2011.

Note 7 - Board designated funds:

The Board of directors has a board designated endowment fund specifying that the capital of the endowment would be retained and invested and that there would be no withdrawal of capital or earnings except upon approval by the Board. The balance included in unrestricted net assets as of December 31, 2010 and 2009 was \$187,785 and \$139,963.

The changes in net assets of the board designated fund consist of the following for the years ended December 31, 2010 and 2009, respectively:

	<u>2010</u>	<u>2009</u>
Investment income	\$ 2,116	\$ 1,330
Net unrealized gain	<u>20,612</u>	<u>30,217</u>
Increase in Board designated funds	\$ <u>22,728</u>	\$ <u>31,547</u>

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 8 - Investments – fair value measurements:

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2010 and 2009, are as follows:

<u>December 31, 2010</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual funds	\$ <u>187,785</u>	\$ <u>187,785</u>
 <u>December 31, 2009</u>		
Mutual funds	\$ <u>110,388</u>	\$ <u>110,388</u>

Investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets.

Note 9 - Concentration of revenue:

For the year ended December 31, 2010 and 2009, approximately 55% and 68%, respectively of the Organization's funding came from Government grants.

Note 10- Refundable advances:

Refundable advances are revenues from government grants, billed or received, which have not been earned as of December 31, 2010 and 2009 and consisted of the following:

	<u>2010</u>	<u>2009</u>
Department of Public Health	\$ -	\$ 15,386
Department of Social Services	<u>-</u>	<u>48,450</u>
Total	\$ <u>-</u>	\$ <u>63,836</u>

Refundable advances include government contract grants that are on a different fiscal year than the Organization. Management anticipates that amounts currently included in refundable advances will be expensed within the contract period.

CONNECTICUT AIDS RESOURCE COALITION, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 11 - Temporarily restricted net assets:

At December 31, 2010 and 2009, temporarily restricted net assets were as follows:

	<u>2010</u>	<u>2009</u>
Fundraising Event	\$ 4,055	\$ -
Technology grant	<u>-</u>	<u>15,778</u>
Total	\$ <u>4,055</u>	\$ <u>15,778</u>

Note 12 - Deferred revenue:

At December 31, 2010 and 2009, deferred revenue consisted of the following:

	<u>2010</u>	<u>2009</u>
DDAP – HMIS Conversion Project	\$ -	\$ 9,600
HPRP Emergency housing	213,395	122,953
Lobbying project and other	6,000	6,537
NWPC Employment account	9,672	3,248
Bridgeport Rapid re-housing project	<u>19,865</u>	<u>31,377</u>
Total	\$ <u>248,932</u>	\$ <u>173,715</u>