

AIDS NETWORK, INC.
**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

December 31, 2008 and 2007





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
AIDS Network, Inc.
Madison, Wisconsin

We have audited the accompanying statements of financial position of AIDS Network, Inc. as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of AIDS Network, Inc.'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 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 the 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 AIDS Network, Inc. as of December 31, 2008 and 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2009 on our consideration of AIDS Network, Inc.'s internal control over financial reporting and on 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal and state awards and revenue and expenses by function are presented for purposes of additional analysis as required by the *Provider Agency Audit Guide*, 1999 revision, issued by the Wisconsin Departments of Health Services, Workforce Development, and Corrections, and are not a required part of the basic financial statements. The additional information on pages 16-25 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

Wegner LLP

Wegner LLP
Madison, Wisconsin
June 8, 2009



CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	8
Notes to Financial Statements	9
Schedule of Expenditures of Federal and State Awards	14
Notes to Schedule of Expenditures of Federal and State Awards	15
Schedule of Revenue and Expenses by Function	16
Schedule of Revenue and Expenses by Contract/Grant	18
Schedule of Revenue and Expenses from Wisconsin DHS	20
Schedule of Revenue and Expenses by State Contracts	21
Schedule of Revenue and Expenses by Funding Source and Contract – Dane County	23
Provider Agency Expense Reports – Dane County Department of Human Services	24
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> and the <i>Provider Agency Audit Guide</i>	26
Schedule of Findings and Questioned Costs	28
Schedule of Prior Year Findings	30

AIDS NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash	\$ 131,633	\$ 72,649
Certificates of deposit	147,409	140,226
Accounts receivable	53,205	43,986
Unconditional promises to give	9,875	11,500
Prepaid expenses	26,225	21,853
Total current assets	368,347	290,214
FURNITURE AND EQUIPMENT		
Furniture and equipment	652,302	558,352
Less accumulated depreciation	491,104	411,889
Furniture and equipment - net	161,198	146,463
Total assets	\$ 529,545	\$ 436,677
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 61,671	\$ 53,138
Accrued payroll	61,530	36,745
Deferred revenue	89,896	83,555
Total liabilities	213,097	173,438
NET ASSETS		
Unrestricted	306,573	251,739
Temporarily restricted	9,875	11,500
Total net assets	316,448	263,239
Total liabilities and net assets	\$ 529,545	\$ 436,677

See accompanying notes.

AIDS NETWORK, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2008 and 2007

	2008	2007
UNRESTRICTED NET ASSETS		
SUPPORT, REVENUE AND RECLASSIFICATIONS		
Grants	\$ 1,308,031	\$ 1,122,055
Contributions	67,813	66,701
Special events	413,076	398,309
Interest	9,340	9,999
Patient care	60,208	48,411
Donated services and materials	93,047	109,290
Miscellaneous	98	145
Total unrestricted support and revenue	1,951,613	1,754,910
Net assets released from restrictions	11,500	10,800
Total unrestricted support, revenue and reclassifications	1,963,113	1,765,710
EXPENSES		
Program services		
Education and outreach	269,402	294,084
Early intervention	141,450	136,150
Client services	978,518	770,215
Volunteer coordination	58,978	55,187
Total program services	1,448,348	1,255,636
Supporting activities		
Management and general	138,504	128,621
Fundraising	321,427	338,359
Total supporting activities	459,931	466,980
Total expenses	1,908,279	1,722,616
Change in unrestricted net assets	54,834	43,094
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	9,875	11,500
Net assets released from restrictions	(11,500)	(10,800)
Change in temporarily restricted net assets	(1,625)	700
Change in net assets	53,209	43,794
Net assets - beginning of year	263,239	219,445
Net assets - end of year	\$ 316,448	\$ 263,239

See accompanying notes.

AIDS NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2008

	Program Services			
	Education and Outreach	Early Intervention	Client Services	Volunteer Coordination
Personnel	\$ 167,172	\$ 104,690	\$ 531,267	\$ 43,230
Program supplies	21,284	8,655	8,656	259
Subcontracts	-	352	17,250	-
Hospitality	50	794	548	456
Advertising	396	-	170	14
Dues and subscriptions	69	-	874	25
Insurance	3,328	456	8,148	529
Office supplies	1,461	982	5,364	357
Miscellaneous	-	-	-	-
Telephone	5,895	1,666	13,542	1,099
Equipment and repairs	9,102	8,178	35,360	2,517
Conferences and training	35	504	3,093	101
Printing and postage	1,924	1,487	10,250	548
Occupancy	18,411	10,797	54,825	4,297
Professional fees	4,532	-	25,733	662
Travel	6,618	2,646	7,452	729
Direct client payments	-	-	203,178	-
Donated services	-	-	-	-
Depreciation	29,125	243	52,808	4,155
Total expenses	\$ 269,402	\$ 141,450	\$ 978,518	\$ 58,978

See accompanying notes.

Total Program Services	Supporting Activities		Total Supporting Activities	Total Expenses
	Management and General	Fundraising		
\$ 846,359	\$ 104,656	\$ 103,679	\$ 208,335	\$ 1,054,694
38,854	9	47,631	47,640	86,494
17,602	-	-	-	17,602
1,848	4,424	394	4,818	6,666
580	18	14,038	14,056	14,636
968	614	273	887	1,855
12,461	5,523	2,216	7,739	20,200
8,164	737	635	1,372	9,536
-	579	-	579	579
22,202	918	2,125	3,043	25,245
55,157	3,097	9,373	12,470	67,627
3,733	812	148	960	4,693
14,209	780	17,147	17,927	32,136
88,330	1,699	8,157	9,856	98,186
30,927	8,259	13,529	21,788	52,715
17,445	522	1,157	1,679	19,124
203,178	-	-	-	203,178
-	-	93,047	93,047	93,047
86,331	5,857	7,878	13,735	100,066
<u>\$ 1,448,348</u>	<u>\$ 138,504</u>	<u>\$ 321,427</u>	<u>\$ 459,931</u>	<u>\$ 1,908,279</u>

AIDS NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2007

	Program Services			
	Education and Outreach	Early Intervention	Client Services	Volunteer Coordination
Personnel	\$ 191,766	\$ 95,395	\$ 434,328	\$ 39,883
Program supplies	17,880	11,485	11,964	589
Subcontracts	-	430	15,950	-
Hospitality	32	1,630	2,473	801
Advertising	-	817	-	27
Dues and subscriptions	143	-	1,050	79
Insurance	2,903	400	6,894	421
Office supplies	1,664	1,018	4,485	344
Miscellaneous	-	-	-	-
Telephone	6,225	2,122	13,184	1,103
Equipment and repairs	6,328	9,468	41,480	2,517
Conferences and training	493	745	2,440	90
Printing and postage	3,747	1,016	9,773	396
Occupancy	20,757	10,582	47,700	4,211
Professional fees	6,299	-	5,571	524
Travel	5,602	1,042	6,222	295
Direct client payments	-	-	123,048	-
Donated services	-	-	-	-
Depreciation	30,245	-	43,653	3,907
Total expenses	\$ 294,084	\$ 136,150	\$ 770,215	\$ 55,187

See accompanying notes.

Total Program Services	Supporting Activities		Total Supporting Activities	Total Expenses
	Management and General	Fundraising		
\$ 761,372	\$ 104,245	\$ 101,876	\$ 206,121	\$ 967,493
41,918	240	46,044	46,284	88,202
16,380	-	-	-	16,380
4,936	1,092	2,274	3,366	8,302
844	261	13,603	13,864	14,708
1,272	1,877	615	2,492	3,764
10,618	665	2,185	2,850	13,468
7,511	763	826	1,589	9,100
-	297	370	667	667
22,634	1,688	2,557	4,245	26,879
59,793	4,460	9,095	13,555	73,348
3,768	125	98	223	3,991
14,932	(386)	16,970	16,584	31,516
83,250	3,681	9,582	13,263	96,513
12,394	2,697	11,445	14,142	26,536
13,161	399	2,268	2,667	15,828
123,048	-	-	-	123,048
-	-	109,290	109,290	109,290
77,805	6,517	9,261	15,778	93,583
<u>\$ 1,255,636</u>	<u>\$ 128,621</u>	<u>\$ 338,359</u>	<u>\$ 466,980</u>	<u>\$ 1,722,616</u>

AIDS NETWORK, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,209	\$ 43,794
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	100,066	93,583
(Increase) decrease in assets		
Accounts receivable	(9,219)	(3,004)
Unconditional promises to give	1,625	(700)
Prepaid expenses	(4,372)	(2,376)
Increase (decrease) in liabilities		
Accounts payable	8,533	5,536
Accrued payroll	24,785	3,950
Deferred revenue	6,341	(936)
Net cash provided by operating activities	<u>180,968</u>	<u>139,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest retained in certificates of deposit	(7,183)	(6,489)
Purchases of furniture and equipment	<u>(114,801)</u>	<u>(96,851)</u>
Net cash used in investing activities	<u>(121,984)</u>	<u>(103,340)</u>
Net change in cash	58,984	36,507
Cash - beginning of year	<u>72,649</u>	<u>36,142</u>
Cash - end of year	<u>\$ 131,633</u>	<u>\$ 72,649</u>

See accompanying notes.

AIDS NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

AIDS Network, Inc. is a nonprofit organization that provides support services, public education, and advocacy in response to the AIDS crisis in Southern Wisconsin. The objectives of AIDS Network include providing direct services to people affected by the AIDS disease and to prevent further spread of AIDS/HIV infection. AIDS Network is funded primarily by grants from the Wisconsin Department of Health Services. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, AIDS Network is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by AIDS Network in perpetuity.

Accounts Receivable and Unconditional Promises to Give

AIDS Network considers all accounts receivable and all unconditional promises to give to be fully collectible and, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. All unconditional promises to give are due within one year.

Furniture and Equipment

Furniture and equipment items in excess of \$500 are recorded at cost or, if donated, as support at their estimated fair 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 furniture and equipment are reported as restricted support. Absent of donor restrictions regarding how long those donated assets must be maintained, AIDS Network reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies temporarily restricted net assets to unrestricted net assets at that time. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years.

AIDS NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from a grantor or other outside party for particular services is deemed to be earned and reported as revenue when AIDS Network has incurred expenses in compliance with specific requirements. Such amounts received, but not earned, are reported as deferred revenue. Such amounts earned, but not received, are reported as accounts receivable.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are 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 and reported in the statements of activities as net assets released from restrictions.

Government Grants

Certain programs are funded by contracts with government agencies. Revenue from these contracts is based on the actual cost of providing such services up to the maximum amount specified in the contracts. Costs allocated to these programs are in accordance with established procedures and are subject to audit by the applicable government agency. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Donated Services

Donated services are recorded at estimated fair values when the services are received as in-kind contributions and in-kind expenses in the statements of activities and functional expenses.

Income Taxes

AIDS Network is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

AIDS Network has elected to defer the application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, in accordance with FASB Staff Position No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. AIDS Network evaluates any uncertain tax positions in accordance with SFAS No. 5, *Accounting for Contingencies*, until it applies the provisions of Interpretation 48.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses.

AIDS NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses (continued)

Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Education and Outreach

Education and Outreach provides risk reduction programs and information necessary to stop the spread of HIV infection. Such services are offered in ways that are effective and readily accessible to all people regardless of age, sex, sexual orientation, socio-economic status, ethnicity, color, or handicap.

Early Intervention

Early Intervention is designed to engage those individuals diagnosed with HIV infection who may not already be receiving medical care. Funding supports culturally competent outreach into communities hardest hit by the HIV epidemic and counseling of individuals who are at high-risk for contracting HIV and other sexually transmitted infections in order to decrease the risk of transmission.

Client Services

Life Care Services is designed to assist people affected by HIV in coping with the physical, emotional, and financial issues of a chronic and often disabling illness. The goal of client services is to provide a system of physical and emotional support to individuals with HIV infection, their family members, and friends. The system seeks to maximize individual participation in the community and protect civil and human rights.

Volunteer Coordination

Volunteers are the most valuable asset of AIDS Network contributing their time, skills, and compassion to this health crisis. Extensive training and continuing education are provided for all volunteers to explore the issues relating to AIDS and HIV infection and to prepare them for work with AIDS Network clients.

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.

NOTE 2 – PENSION PLAN

AIDS Network maintains a Tax Sheltered Annuity (TSA) for employees who are eligible after one year of service. AIDS Network contributes 3% of eligible compensation, which totaled \$8,070 and \$9,085 for 2008 and 2007.

AIDS NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 3 – GRANTS

Grants for 2008 and 2007 consisted of the following:

	2008	2007
Wisconsin DHS	\$ 1,034,038	\$ 855,266
City of Madison	26,000	26,000
Dane County Department of Human Services	114,970	114,970
Wisconsin AIDS Fund	13,960	25,427
United Way of Dane County	24,887	25,887
Wisconsin Trust Account Foundation	45,000	25,000
Others	49,176	49,505
	\$ 1,308,031	\$ 1,122,055

NOTE 4 – LEASE OBLIGATIONS

AIDS Network has lease obligations for certain office and program space and equipment. The office space lease expires on October 31, 2009 and requires monthly payments of \$5,657 that increase by 3% each year. If AIDS Network were to experience a significant reduction in its funding (at least 30%), it may opt out of this lease with a 90 day notice. The remaining lease obligations are due on a monthly or quarterly basis and expire on or before September 30, 2013. Lease expense for 2008 and 2007 was \$104,769 and \$91,345.

Future lease commitments are as follows for the years ending December 31:

2009	\$ 102,309
2010	112,140
2011	115,410
2012	118,765
2013	122,194
Total	\$ 570,818

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2008 and 2007 consisted of the following:

	2008	2007
Wisconsin DHS	\$ 10,551	\$ 5,093
Dane County Department of Human Services	28,232	29,704
City of Madison	6,476	3,166
Fundraising	7,946	6,023
	\$ 53,205	\$ 43,986

AIDS NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 6 – CONTINGENCIES

Economic Dependency

AIDS Network receives approximately 50% of its funding from the Wisconsin Department of Health Services. A significant reduction in the level of this funding it could have an adverse effect on AIDS Network's programs.

NOTE 7 – LINE OF CREDIT

AIDS Network has obtained a \$50,000 line of credit from a local financial institution. The line has an interest rate of 5.75% and matures on May 20, 2009. There was no outstanding balance at December 31, 2008 and 2007.

NOTE 8 – DONATED SERVICES

Donated advertising and other various services related to the AIDS Ride and AIDS Walk, which were valued at \$93,047 and \$109,290, have been recorded in the financial statements for 2008 and 2007.

Through AIDS Network's legal program, the clients directly receive donated attorney and accountant time for various reasons, which was valued at approximately \$29,246 and \$36,650 for 2008 and 2007 and has not been recorded in the financial statements.

AIDS Network also has a number of volunteers who donated an estimated 16,330 and 18,045 hours of their time to further AIDS Network's program objectives and services in 2008 and 2007. No amount is recognized for these services because the criteria for recognition under SFAS No. 116 have not been met.

AIDS NETWORK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended December 31, 2008

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Pass-through programs from Wisconsin Department of Health Services			
HIV Care Formula Grants	93.917	155919	\$ 227,398
HIV Prevention Activities - Health Department Based	93.940	155908	29,329
Block Grants for Prevention and Treatment of Substance Abuse	93.959	155908	<u>14,712</u>
Total expenditures of federal awards			<u>\$ 271,439</u>

<u>State Grantor/ Pass Through Grantor/ Program Title</u>	<u>CARS Number</u>	<u>State Expenditures</u>
Wisconsin Department of Health Services		
HIV LCS/EI (GPR)	435.155902	\$ 646,657
HIV Prevention - IDU	435.155900	23,759
HIV Prevention - ASO	435.155908	<u>92,183</u>
Total expenditures of state awards		<u>\$ 762,599</u>

AIDS NETWORK, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
December 31, 2008

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of AIDS Network and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *the Provider Agency Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, AIDS Network provided federal awards to subrecipients as follows:

SUBRECIPIENTS			
Program Title	Federal CFDA Number	Amount Provided to Subrecipients	
HIV Care Formula Grants Community Action Coalition of South Central WI	93.917	\$ 17,250	

AIDS NETWORK, INC.
SCHEDULE OF REVENUE AND EXPENSES BY FUNCTION
Year ended December 31, 2008

	Program Services			
	Education and Outreach	Early Intervention	Client Services	Volunteer Coordination
REVENUE				
Wisconsin DHS	\$ 145,438	\$ 57,379	\$ 744,746	\$ -
City of Madison	-	-	26,000	-
United Ways	14,359	-	-	18,693
Dane County DHS	15,576	85,600	-	-
Other grants	38,560	-	58,452	-
Contributions	6,985	-	25,992	3,521
Special events	48,661	-	76,249	36,462
Interest income	1,373	-	5,120	302
Direct client receipts	-	-	60,208	-
Donated services	-	-	-	-
Miscellaneous	150	-	-	-
Total revenue	271,102	142,979	996,767	58,978
EXPENSES				
Personnel	167,172	104,690	531,267	43,230
Program supplies	21,284	8,655	8,656	259
Subcontracts	-	352	17,250	-
Hospitality	50	794	548	456
Advertising	396	-	170	14
Dues and subscriptions	69	-	874	25
Insurance	3,328	456	8,148	529
Office supplies	1,461	982	5,364	357
Miscellaneous	-	-	-	-
Telephone	5,895	1,666	13,542	1,099
Equipment and repairs	9,102	8,178	35,360	2,517
Conferences and training	35	504	3,093	101
Printing and postage	1,924	1,487	10,250	548
Occupancy	18,411	10,797	54,825	4,297
Professional fees	4,532	-	25,733	662
Travel	6,618	2,646	7,452	729
Direct client payments	-	-	203,178	-
Donated services	-	-	-	-
Depreciation	29,125	243	52,808	4,155
Total expenses	269,402	141,450	978,518	58,978
Excess revenue (expenses)	\$ 1,700	\$ 1,529	\$ 18,249	\$ -

Supporting Activities		
Management and General	Fundraising	Total
\$ 86,475	\$ -	\$ 1,034,038
-	-	26,000
32,837	-	65,889
13,797	-	114,973
11,124	-	108,136
4,977	23,394	64,869
20,887	204,032	386,291
1,007	1,535	9,337
-	-	60,208
-	93,047	93,047
175	-	325
<u>171,279</u>	<u>322,008</u>	<u>1,963,113</u>
104,656	103,679	1,054,694
9	47,631	86,494
-	-	17,602
4,424	394	6,666
18	14,038	14,636
614	273	1,855
5,523	2,216	20,200
737	635	9,536
579	-	579
918	2,125	25,245
3,097	9,373	67,627
812	148	4,693
780	17,147	32,136
1,699	8,157	98,186
8,259	13,529	52,715
522	1,157	19,124
-	-	203,178
-	93,047	93,047
5,857	7,878	100,066
<u>138,504</u>	<u>321,427</u>	<u>1,908,279</u>
\$ 32,775	\$ 581	\$ 54,834

AIDS NETWORK, INC.
SCHEDULE OF REVENUE AND EXPENSES BY CONTRACT/GRANT
Year ended December 31, 2008

	Wisconsin DHS	Dane County	City of Madison
REVENUE			
Wisconsin DHS	\$ 1,034,038	\$ -	\$ -
City of Madison			26,000
United Ways			
Dane County DHS		114,970	
Other grants			
Contributions			
Special events			
Interest			-
Direct client receipts			-
Donated services			-
Miscellaneous			-
Total revenue	1,034,038	114,970	26,000
EXPENSES			
Personnel	616,702	76,248	19,649
Program supplies	26,586	3,813	5
Subcontracts	17,250	352	
Hospitality	81	814	100
Advertising	-		
Dues and subscriptions	760		
Insurance	-	456	
Office supplies	6,369	677	165
Miscellaneous			
Telephone	12,318	1,128	375
Equipment and repairs	16,290	7,789	319
Conferences and training	3,411		222
Printing and postage	11,673	977	250
Occupancy	63,102	7,127	1,677
Professional fees	17,917		
Travel	12,136	1,793	118
Direct client payments	113,900		
Donated services			
Depreciation			
Indirect costs	90,075	13,796	3,120
Total expenses	1,008,570	114,970	26,000
Excess revenue (expenses)	25,468	\$ -	\$ -
Equipment purchases under \$5,000	25,468		
Excess revenue (expenses)	\$ -		

Other Grants	Unrestricted Funds	Total
\$ -	\$ -	\$ 1,034,038
-	-	26,000
36,160	29,729	65,889
-	-	114,970
108,136	-	108,136
-	47,518	47,518
-	403,869	403,869
-	9,340	9,340
-	60,208	60,208
-	93,047	93,047
-	98	98
<u>144,296</u>	<u>643,809</u>	<u>1,963,113</u>
85,713	256,382	1,054,694
7,810	48,280	86,494
-	-	17,602
30	5,641	6,666
-	14,636	14,636
-	1,095	1,855
1,896	17,848	20,200
731	1,594	9,536
-	579	579
1,261	10,163	25,245
3,830	39,399	67,627
75	985	4,693
873	18,363	32,136
7,521	18,759	98,186
-	34,798	52,715
2,590	2,487	19,124
16,476	72,802	203,178
-	93,047	93,047
-	100,066	100,066
<u>15,490</u>	<u>(122,481)</u>	<u>-</u>
<u>144,296</u>	<u>614,443</u>	<u>1,908,279</u>
\$ -	\$ 29,366	\$ 54,834

AIDS NETWORK, INC.
 SCHEDULE OF REVENUE AND EXPENSES FROM WISCONSIN DHS
 Year ended December 31, 2008

	HIV Prevention ASO	Prevention IDU	Life Care Services	Ryan White	Total
REVENUE					
Wisconsin DHFS	\$ 136,224	\$ 23,759	\$ 646,657	\$ 227,398	\$ 1,034,038
EXPENSES					
Personnel	98,532	16,873	393,917	107,380	616,702
Program supplies	7,418	2,225	11,813	5,130	26,586
Subcontracts	-	-	17,250	-	17,250
Hospitality	30	-	51	-	81
Advertising	-	-	-	-	-
Dues and subscriptions	-	-	760	-	760
Office supplies	1,024	126	4,370	849	6,369
Telephone	1,950	277	7,047	3,044	12,318
Equipment and repairs	2,326	116	12,572	1,276	16,290
Conferences and training	36	-	2,956	419	3,411
Printing and postage	1,345	162	8,848	1,318	11,673
Occupancy	6,778	1,220	42,140	12,964	63,102
Professional fees	50	-	17,867	-	17,917
Travel	2,550	600	6,224	2,762	12,136
Direct client payments	-	-	41,242	72,658	113,900
Indirect costs	12,385	2,160	56,590	18,940	90,075
Total expenses	134,424	23,759	623,647	226,740	1,008,570
Excess revenue (expenses)	1,800	\$ -	23,010	658	25,468
Equipment purchases under \$5,000	1,800	-	23,010	658	25,468
Excess revenue (expenses)	\$ -	-	\$ -	\$ -	\$ -

AIDS NETWORK, INC.
SCHEDULE OF REVENUE AND EXPENSES BY STATE CONTRACTS
Year ended December 31, 2008

	Prevention ASO Funds	Prevention IDU
	1/08-12/08	1/08-12/08
REVENUE		
Wisconsin DHS	\$ 136,224	\$ 23,759
EXPENSES		
Personnel	98,532	16,873
Program supplies	7,418	2,225
Subcontracts	-	-
Hospitality	30	-
Advertising	-	-
Dues and subscriptions	-	-
Office supplies	1,024	126
Telephone	1,950	277
Equipment and repairs	2,326	116
Conferences and training	36	-
Printing and postage	1,345	162
Occupancy	6,778	1,220
Professional fees	50	-
Travel	2,550	600
Direct client payments	-	-
Indirect costs	12,385	2,160
Total expenses	134,424	23,759
Excess revenue (expenses)	1,800	\$ -
Equipment purchases under \$5,000	1,800	-
Excess revenue (expenses)	\$ -	-

Life Care Services		Ryan White Care Grant		Total
7/07-6/08	7/08-6/09	4/07-3/08	4/08-3/09	
\$ 351,878	\$ 294,779	\$ 83,319	\$ 144,079	\$ 1,034,038
198,402	196,515	22,587	84,793	616,702
11,899	114	1,430	3,700	26,586
9,568	7,684	-	-	17,250
10	41	-	-	81
-	-	-	-	-
760	-	-	-	760
2,832	1,538	371	478	6,369
3,952	3,095	808	2,236	12,318
4,957	7,615	379	897	16,290
2,956	-	-	419	3,411
4,893	3,955	260	1,058	11,673
21,145	20,995	3,313	9,651	63,102
8,367	9,500	-	-	17,917
3,823	2,401	837	1,925	12,136
41,242	-	48,848	23,810	113,900
25,299	31,291	4,466	14,454	90,075
<u>339,903</u>	<u>283,744</u>	<u>83,319</u>	<u>143,421</u>	<u>1,008,570</u>
11,975	11,035	\$ -	658	25,468
<u>11,975</u>	<u>11,035</u>		<u>658</u>	<u>25,468</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

AIDS NETWORK, INC.
 SCHEDULE OF REVENUE AND EXPENSES BY FUNDING SOURCE AND CONTRACT - DANE COUNTY
 Year ended December 31, 2008

	Early Intervention		Education and Outreach		Other	Total - All Programs
	Dane County	Other	Dane County	Other		
REVENUE	\$ 97,270	\$ 63,012	\$ 17,700	\$ 277,257	\$ 1,506,249	\$ 1,961,488
EXPENSES						
Program expenses						
Personnel	66,441	38,249	9,807	157,365	574,497	846,359
Operations	12,378	13,233	5,069	78,750	183,449	292,879
Space	6,426	4,371	700	17,711	59,122	88,330
Special costs	352	-	-	-	220,428	220,780
Other	-	-	-	-	-	-
Total program expenses	85,597	55,853	15,576	253,826	1,037,496	1,448,348
Administrative expenses						
Personnel	8,025	3,873	1,256	13,039	182,142	208,335
Operations	2,544	1,225	740	7,606	229,625	241,740
Space	1,104	532	128	1,086	7,006	9,856
Special costs	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administrative expenses	11,673	5,630	2,124	21,731	418,773	459,931
Total expenses	97,270	61,483	17,700	275,557	1,456,269	1,908,279
Excess revenue (expenses)	\$ -	\$ 1,529	\$ -	\$ 1,700	\$ 49,980	\$ 53,209

DANE COUNTY DEPARTMENT OF HUMAN SERVICES PROVIDER AGENCY EXPENSE REPORT THROUGH: September, 2008

Provider Name:	AIDS Network, Inc	Contract #:	80620	*Provider Certified By:	2/19/2009
Program Name:	Early Intervention	Program Group #:	6096		Date

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	49,316	5,368	43,948	49,316	49,316	
Taxes	3,773	411	3,362	3,773	3,773	
Benefits	7,570	824	6,746	7,570	7,570	
Subtotal A	60,659	6,603	54,056	60,659	60,659	0.00%
B OPERATING						
Insurance	744	375	369	744	744	
Professional Fees	75	75	0	75	75	
Audit	680	680	0	680	680	
Data Processing Fees	0	0	0	0	0	
Postage, Office, and Program Su	7,220	200	7,020	7,220	7,220	
Equipment/Furnishings	0	0	0	0	0	
Depreciation	0	0	0	0	0	
Telephone	1,054	329	725	1,054	1,054	
Training/Conference	0	0	0	0	0	
Food/Household Supplies	0	0	0	0	0	
Auto Allowance	0	0	0	0	0	
Vehicle Costs	526	50	476	526	526	
Other1	0	0	0	0	0	
Other2	0	0	0	0	0	
Subtotal B	10,299	1,709	8,590	10,299	10,299	0.00%
C SPACE						
Rent	5,245	845	4,400	5,245	5,245	
Utilities	596	96	500	596	596	
Maintenance	119	119	100	119	119	
Mortgage Interest Depreciation	0	0	0	0	0	
Property Taxes	0	0	0	0	0	
Subtotal C	5,960	960	5,000	5,960	5,960	0.00%
D SPECIAL COSTS						
Assistance to Individuals	352	0	352	352	352	
Subtotal D	352	0	352	352	352	0.00%
E OTHER						
Other3				0		
Other4				0		
Subtotal E	0	0	0	0	0	#DIV/0!
This section for Adult - DD only						
F OFF-SETTING REVENUE						
Show as negative numbers						
Government Benefits (SSI, SSD) etc				0		
Private Pay (Trust Funds etc)				0		
Cost Share				0		
Other				0		
Subtotal F	0	0	0	0	0	#DIV/0!
TOTAL A THROUGH F	77,270	9,272	67,998	77,270	77,270	0.00%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

DANE COUNTY DEPARTMENT OF HUMAN SERVICES PROVIDER AGENCY EXPENSE REPORT THROUGH: December 2008

Provider Name:	AIDS Network, Inc	Contract #:	80620	*Provider Certified By:	2/19/2009
Program Name:	Needle Exchange	Program Group #:	9105		Date

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	20,220	2,177	18,043	20,220	20,220	
Taxes	1,547	67	1,380	1,547	1,547	
Benefits	3,103	334	2,769	3,103	3,103	
Subtotal A	24,870	2,678	22,192	24,870	24,870	0.00%
B OPERATING						
Insurance	172	85	87	172	172	
Professional Fees	75	75	0	75	75	
Audit	375	375	0	375	375	
Data Processing Fees	0	0	0	0	0	
Postage, Office, and Program Sup	7,300	250	7,050	7,300	7,300	
Equipment/Furnishings	0	0	0	0	0	
Depreciation	0	0	0	0	0	
Telephone	706	303	403	706	706	
Training/Conference	0	0	0	0	0	
Food/Household Supplies	0	0	0	0	0	
Auto Allowance	0	0	0	0	0	
Vehicle Costs	1,417	101	1,317	1,417	1,417	
Other1 - Advertisem	387	387	0	387	387	
Other2:				0		
Subtotal B	10,432	1,575	8,857	10,432	10,432	0.00%
C SPACE						
Rent	1,869	210	1,659	1,869	1,869	
Utilities	289	35	254	289	289	
Maintenance	240	27	213	240	240	
Mortgage Interest, Depreciation,	0	0	0	0	0	
Property Taxes	0	0	0	0	0	
Subtotal C	2,398	272	2,126	2,398	2,398	0.00%
D SPECIAL COSTS						
Assistance to Individuals	0			0	0	
Subtotal D	0	0	0	0	0	#DIV/0!
E OTHER						
Other3	0			0	0	
Other4	0			0	0	
Subtotal E	0	0	0	0	0	#DIV/0!
<i>This section for Adult - DD only</i>						
F OFF-SETTING REVENUE						
<i>Show as negative numbers:</i>						
Government Benefits (SSI, SSDI, etc.)				0	0	
Private Pay (Trust Funds, etc.)				0	0	
Cost Share				0	0	
Other				0	0	
Subtotal F	0	0	0	0	0	#DIV/0!
TOTAL A THROUGH F	37,700	4,525	33,175	37,700	37,700	0.00%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.



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 AND THE PROVIDER
AGENCY AUDIT GUIDE

To the Board of Directors
AIDS Network, Inc.
Madison, Wisconsin

We have audited the financial statements of AIDS Network, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated June 8, 2009. 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 and the *Provider Agency Audit Guide*, 1999 revision, issued by the Wisconsin Departments of Health Services, Workforce Development, and Corrections.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

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 entity's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether AIDS Network, Inc.'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* or the *Provider Agency Audit Guide*.

AIDS Network, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit AIDS Network, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, board of directors, others within the entity, and all applicable funding sources and is not intended to be and should not be used by anyone other than these specified parties.

Wegner LLP

Wegner LLP
Madison, Wisconsin
June 8, 2009

AIDS NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2008

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unqualified
Internal control over financial reporting -	
Material weakness identified?	No
Significant deficiencies identified and not considered a material weakness?	Yes
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

2008-1

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place that provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Condition: The organization does not have anyone on staff with the necessary expertise to prepare the financial statements and related notes in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the organization's financial statements.

Effect: Because management relies on the auditor to assist with the preparation of the financial statements, the organization's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Auditor's Recommendation: The auditor will continue to work with the organization, providing information and training where needed, to make the organization's personnel more knowledgeable about its responsibility for the financial statements.

Grantee Response: The control deficiency has been discussed with management and we acknowledge our responsibility for the financial statements. We also acknowledge that despite the fact that the auditor's assistance with the preparation of the financial statements may give users more confidence that they are correct, it does not eliminate the control deficiency.

AIDS NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended December 31, 2008

Section III - Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show an audit issue (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Provider Agency Audit Guide*?

Department of Health Services	No
Department of Workforce Development	N/A
Department of Corrections	N/A
Dane County Department of Human Services	No

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Signature of Partner in Charge



Name of Partner in Charge

Bruce Mayer, CPA

Date of report

June 8, 2009

AIDS NETWORK, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
Year ended December 31, 2008

Finding 2007-1 Preparation of the Financial Statements

The prior year finding stated that internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the organization's financial statements would be prevented and detected.

Since the organization does not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles, management requested that the auditor continue to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of this service is not unusual in organizations of your size and is a result of management's cost benefit decision to use our accounting expertise rather than to incur internal resource costs.