

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

(With Summarized Totals for the Year Ended August 31, 2007)

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

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Independent Auditor's Report

Board of Directors
AIDS Resource Center of Wisconsin, Inc. and Affiliates

We have audited the accompanying balance sheet of AIDS Resource Center of Wisconsin, Inc. and Affiliates as of August 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of AIDS Resource Center of Wisconsin, Inc. and Affiliates' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' 2007 financial statements and, in our report dated November 29, 2007, we 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 AIDS Resource Center of Wisconsin, Inc. and Affiliates as of August 31, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of AIDS Resource Center of Wisconsin, Inc. and Affiliates taken as a whole. The accompanying schedules of functional revenue and expenses are presented for purposes of additional analysis and are 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.

Ritz Holman LLP

RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
December 5, 2008

Ritz Holman LLP
Serving businesses, nonprofits, individuals and trusts.

Two Plaza East, Suite 550 t. 414.271.1451
330 East Kilbourn Avenue f. 414.271.7464
Milwaukee, WI 53202 ritzholman.com

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
BALANCE SHEET
AUGUST 31, 2008
(With Summarized Totals for August 31, 2007)

ASSETS	2008	2007
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 44,140	\$ 195,574
Short-Term Investments	360,157	---
Government Grants Receivable	2,104,892	1,726,744
Donor Pledges Receivable	700,210	1,155,307
Health Care Reimbursement and Other Accounts Receivable	237,105	202,082
Prepaid Expenses	179,199	80,941
Total Current Assets	<u>\$ 3,625,703</u>	<u>\$ 3,360,648</u>
NET FIXED ASSETS	<u>\$ 3,220,458</u>	<u>\$ 2,308,343</u>
OTHER ASSETS		
Interest in Split Dollar Insurance	\$ 176,237	\$ 161,254
Deposits	11,079	9,998
Total Other Assets	<u>\$ 187,316</u>	<u>\$ 171,252</u>
TOTAL ASSETS	<u><u>\$ 7,033,477</u></u>	<u><u>\$ 5,840,243</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 758,317	\$ 827,850
Accrued Payroll and Vacation	122,085	107,229
Refundable Advances	1,079,671	916,552
Letter of Credit - Unemployment Compensation	66,297	66,297
Security Deposits - MAHC	856	1,284
Current Portion of Long-Term Liabilities	107,962	14,642
Total Current Liabilities	<u>\$ 2,135,188</u>	<u>\$ 1,933,854</u>
LONG-TERM LIABILITIES		
Leases Payable	\$ 55,838	\$ 70,480
Renovation Loan Payable	400,000	17,635
Mortgage Payable	680,090	680,090
Less: Current Portion of Long-Term Liabilities	(107,962)	(14,642)
Total Long-Term Liabilities	<u>\$ 1,027,966</u>	<u>\$ 753,563</u>
Total Liabilities	<u>\$ 3,163,154</u>	<u>\$ 2,687,417</u>
NET ASSETS		
Unrestricted		
Operating - ARCW	\$ 1,469,822	\$ 1,088,706
Operating - MAHC	(370,341)	(339,302)
Property - ARCW	2,339,155	1,780,677
Total Unrestricted Net Assets	<u>\$ 3,438,636</u>	<u>\$ 2,530,081</u>
Temporarily Restricted	421,300	612,358
Permanently Restricted	10,387	10,387
Total Net Assets	<u>\$ 3,870,323</u>	<u>\$ 3,152,826</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,033,477</u></u>	<u><u>\$ 5,840,243</u></u>

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

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total
REVENUE					
U.S. Department of Housing and Urban Development	\$ 882,504	\$ ---	\$ ---	\$ 882,504	\$ 733,468
U.S. Department of Health and Human Services	1,741,950	---	---	1,741,950	1,980,047
State of Wisconsin					
Department of Health Services					
Division of Public Health	5,300,564	---	---	5,300,564	3,990,943
Department of Commerce					
Bureau of Housing	477,085	---	---	477,085	475,595
City of Milwaukee	504,799	---	---	504,799	530,695
Milwaukee County	225,059	---	---	225,059	302,909
Racine County	55,000	---	---	55,000	52,780
Brown County	26,520	---	---	26,520	22,810
Eau Claire County	35,450	---	---	35,450	26,042
Dane County	13,603	---	---	13,603	18,907
Special Events					
Events - Participants	469,368	---	---	469,368	466,822
Events - Corporate	129,312	---	---	129,312	75,880
Special Event Expenses	(404,880)	---	---	(404,880)	(387,831)
Grants to Wisconsin AIDS Agencies	(15,675)	---	---	(15,675)	(18,147)
Foundation Contributions	372,967	---	---	372,967	411,464
Corporate Contributions	582,622	29,549	---	612,171	552,771
Individual Donations	529,212	1,500	---	530,712	559,880
United Way	117,376	116,381	---	233,757	622,664
Milwaukee Health Services, Inc.	173,349	---	---	173,349	125,510
Medical College of Wisconsin	76,084	---	---	76,084	6,192
General Assistance - Medical Program	16,689	---	---	16,689	15,327
Medicaid	199,653	---	---	199,653	161,018
Medicare	68,000	---	---	68,000	79,704
Commercial Insurance	77,413	---	---	77,413	152,786
Patient Payments	5,140	---	---	5,140	62,614
Interest Income	5,077	---	---	5,077	6,544
Rental Income	94,183	---	---	94,183	144,724
Gain on Disposal of Fixed Assets	---	---	---	---	15,198
Miscellaneous Income	4,793	---	---	4,793	2,647
Net Assets Released From Restrictions:					
United Way	304,404	(304,404)	---	---	---
Individual and Corporate Donations	34,084	(34,084)	---	---	---
Total Revenue	\$ 12,101,705	\$ (191,058)	\$ ---	\$ 11,910,647	\$ 11,189,963
EXPENSES					
Program Services					
ARCW Medical Center	\$ 3,484,622	\$ ---	\$ ---	\$ 3,484,622	\$ 2,548,443
Social Services	2,200,235	---	---	2,200,235	1,771,766
Housing Services	1,731,155	---	---	1,731,155	1,514,635
Legal Services	149,633	---	---	149,633	147,818
Prevention Services	2,433,791	---	---	2,433,791	2,462,056
Public Affairs	216,599	---	---	216,599	205,841
Fund Development	335,672	---	---	335,672	326,928
Management and Supporting Services	641,443	---	---	641,443	931,328
Total Expenses	\$ 11,193,150	\$ ---	\$ ---	\$ 11,193,150	\$ 9,908,815
CHANGE IN NET ASSETS	\$ 908,555	\$ (191,058)	\$ ---	\$ 717,497	\$ 1,281,148
Net Assets, Beginning of Year	2,530,081	612,358	10,387	3,152,826	1,871,678
NET ASSETS, END OF YEAR	\$ 3,438,636	\$ 421,300	\$ 10,387	\$ 3,870,323	\$ 3,152,826

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

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 717,497	\$ 1,281,148
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	272,479	220,964
Gain on Sale of Fixed Assets	---	(12,720)
(Increase) Decrease in Government Grants Receivable	(378,148)	(90,632)
(Increase) Decrease in Donor Pledges Receivable	455,097	(403,431)
(Increase) Decrease in Health Care Reimbursement and Other Accounts Receivable	(35,023)	(122,461)
(Increase) Decrease in Prepaid Expenses	(98,258)	59,253
(Increase) Decrease in Deposits	(1,081)	(623)
Increase (Decrease) in Accounts Payable	(69,533)	285,088
Increase (Decrease) in Accrued Payroll and Vacation	14,856	(28,787)
Increase (Decrease) in Refundable Advances	163,119	96,664
Increase (Decrease) in Security Deposits - MAHC	(428)	154
	<u>\$ 1,040,577</u>	<u>\$ 1,284,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Leasehold Improvements	\$ (1,184,594)	\$ (1,008,599)
Proceeds From Sale of Fixed Assets	---	64,635
Investment in Interest in Split Dollar Insurance	(14,983)	(28,457)
	<u>\$ (1,199,577)</u>	<u>\$ (972,421)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Line of Credit	\$ 175,000	\$ 2,175,986
Payments on Line of Credit	(175,000)	(2,331,179)
Proceeds From Renovation Loan	382,365	17,635
Payments on Capital Leases	(14,642)	(17,550)
	<u>\$ 367,723</u>	<u>\$ (155,108)</u>
Net Increase in Cash and Cash Equivalents	\$ 208,723	\$ 157,088
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>195,574</u>	<u>38,486</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 404,297</u>	<u>\$ 195,574</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 9,470	\$ 8,379

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

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

NOTE A - Summary of Significant Accounting Policies

Organization

The AIDS Resource Center of Wisconsin (ARCW) is a private, nonprofit health and social service agency that is at the forefront of HIV prevention, care, and treatment dedicated to providing quality medical, dental, mental health, and social services for all people with HIV disease. The Organization operates throughout Wisconsin with clinic and office locations in Milwaukee, Madison, La Crosse, Kenosha, Superior, Green Bay, Appleton, Wausau, and Eau Claire.

ARCW is incorporated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Combined Financial Statements

The combined financial statements include the accounts of AIDS Resource Center of Wisconsin, Inc. and Affiliates, Milwaukee AIDS Housing Corporation, Inc. (MAHC), and ARCW Endowment Fund, Inc., Wisconsin nonprofit corporations. MAHC is registered under Section 811 of the National Affordable Housing Act of 1990. ARCW is the sole corporate member of both MAHC and ARCW Endowment Fund, Inc. All significant intercompany transactions and accounts are eliminated.

Accounting Method

The financial statements of AIDS Resource Center of Wisconsin, Inc. and Affiliates have been prepared on the accrual basis.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents including short-term investments include all highly liquid debt instruments with original maturities of three months or less.

Fixed Assets

Fixed Assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life of the asset. The Organization capitalizes expenses greater than \$500.

Interest in Split Dollar Insurance

The Organization has an interest in a life insurance policy under a Split Dollar Agreement with the President and CEO. The Organization has a \$200,000 death benefit interest in the insurance policy. At August 31, 2008, the Organization's interest in the agreement was \$176,237 which is the cash surrender value of the policy.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

NOTE A - Summary of Significant Accounting Policies (continued)

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, 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. Assets of the restricted classes are created only by donor-imposed restrictions.

Government Grants

Funds due from various funding sources under government grants are recognized as revenue in the accounting period in which the expenses are incurred.

Contributions

AIDS Resource Center of Wisconsin, Inc. and Affiliates account for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - Comparative Financial Information

The financial information shown for 2007 in the accompanying financial statements is included to provide a basis of comparison with 2008 and presents summarized totals only.

**AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

NOTE C - Restrictions on Cash

ARCW maintained the following restricted balance as of August 31, 2008, as part of a HUD escrow savings account.

Cash in Bank	<u>\$25,815</u>
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NOTE D - Concentration of Credit Risk Arising From Cash Deposits in Excess of Federally Insured Limits

The Organization maintains its cash in a financial institution located in Milwaukee, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At August 31, 2008, the Organization's uninsured cash balances total \$313,637.

NOTE E - Government Grants Receivable

Government Grants Receivable consists of the following as of August 31, 2008:

<u>Source</u>	<u>Amount</u>
State of Wisconsin -	
Department of Health Services -	
Division of Public Health	\$1,619,857
Department of Commerce -	
Bureau of Housing	69,246
U.S. Department of Housing and Urban Development	46,786
U.S. Department of Health and Human Services	146,465
Milwaukee Health Services	48,768
Medical College of Wisconsin	29,779
Milwaukee County	44,194
City of Milwaukee	74,749
Brown County	8,320
Dane County	3,645
Eau Claire County	8,500
Racine County	<u>4,583</u>
 Total Government Grants Receivable	 <u>\$2,104,892</u>

**AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

NOTE F - Donor Pledges Receivable

The Organization records donor and United Way pledges in the year that they are made. Amounts that are expected to be collected after one year have been discounted by 3.10% which is the certificate of deposit interest rate.

Future pledges are expected to be collected as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2009	\$ 559,095
2010	135,392
2011	18,589
2012	<u>1,250</u>
	\$ 714,326
Less: Allowance for Uncollectable Donor Pledges	(7,411)
Less: Present Value Allowance	<u>(6,705)</u>
Total	<u>\$ 700,210</u>

NOTE G - ARCW Medical Center Uncompensated Care and Treatment

Revenue from reimbursement for health services is net of contractual allowances and patient subsidies. ARCW provided the following uncompensated care and treatment to its medical, dental, and mental health patients totaling \$1,575,661 during the 2008 fiscal year.

<u>Service</u>	<u>Amount</u>
Contractual Allowance	\$ 321,451
Patient Subsidy	706,896
Patient Medications	103,646
Patient Laboratory Testing	406,085
Patient Assistance	<u>37,583</u>
Total	<u>\$1,575,661</u>

NOTE H - Health Care Reimbursement and Other Accounts Receivable

Health Care Reimbursement and Other Accounts Receivable consists of reimbursement for medical, dental and mental health services provided by ARCW Medical Center, case management services, and other miscellaneous receivables, less an allowance for uncollectible amounts of \$20,642. Health Care Reimbursement and Other Accounts Receivable is expected to be collected within one year from August 31, 2008. Health Care Reimbursement and Other Accounts Receivable was \$237,105 as of August 31, 2008.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

NOTE I - Net Fixed Assets

Net Fixed Assets consists of the following at August 31, 2008:

<u>Source</u>	<u>Amount</u>
Land	\$ 200
Wisconsin House Leasehold Improvements	264,720
Wisconsin House Equipment	8,853
Garden View Apartments	714,500
Leasehold Improvements	2,228,170
Furniture and Fixtures	648,979
Office Equipment and Technology	851,570
Motor Vehicles	86,829
Health Care Equipment	369,134
Leased Office Equipment	<u>463,026</u>
Total Fixed Assets	\$ 5,635,981
Less: Accumulated Depreciation and Amortization	<u>(2,415,523)</u>
Net Fixed Assets	<u>\$ 3,220,458</u>

NOTE J - Refundable Advances

Refundable Advances consists of funds that were received by the Organization as of August 31, 2008, for use in the subsequent fiscal year.

<u>Source</u>	<u>Amount</u>
State of Wisconsin - Department of Health Services - Division of Public Health	\$ 965,678
U.S. Department of Health and Human Services	70,000
Milwaukee County	<u>43,993</u>
Total	<u>\$1,079,671</u>

NOTE K - Line of Credit

ARCW had a line of credit available of \$1,300,000 as of August 31, 2008, which is due March 31, 2009. The line of credit had a zero balance at August 31, 2008.

NOTE L - Letter of Credit - Unemployment Compensation

Under the terms of Wisconsin law, the Organization has elected a reimbursement financing method for unemployment compensation. The balance of \$66,297 at August 31, 2008, represents a letter of credit for the payment of future unemployment compensation claims.

**AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

NOTE M - Leases - Operating

The Organization has several noncancelable operating leases primarily for the rental of buildings in the Milwaukee, La Crosse, Kenosha, Eau Claire, Green Bay, Wausau, Appleton, and Madison areas with expirations at various dates through 2019. The Organization also leases postage machines and a vehicle with expirations in 2009 and 2011, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2009	\$ 519,347
2010	413,382
2011	382,532
2012	347,364
2013	307,478
Thereafter	<u>1,565,955</u>
Total	<u>\$3,536,058</u>

NOTE N - Capital Lease Obligations

Equipment under capital leases consists of dental equipment and a copy machine with a combined capitalized cost of \$78,890. Net Fixed Assets on the balance sheet included accumulated depreciation of \$16,756 relating to the leased equipment. Depreciation expense reported in the statement of activities includes \$10,384 for the equipment under capital lease.

Future minimum payments required under the various leases for the next five years, together with their present value, are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2009	\$16,259
2010	18,070
2011	13,308
2012	<u>8,201</u>
Total	<u>\$55,838</u>

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

NOTE O - Renovation Loan Payable

The Organization received a renovation loan with a loan balance of \$400,000 on August 31, 2008, and bears a 6% interest rate with 48 monthly payments of principal and interest of \$9,409 required from September 2008 through August 2012.

Future minimum principal payments on the renovation loan are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2009	\$ 91,703
2010	96,468
2011	102,635
2012	<u>109,194</u>
Total	<u>\$400,000</u>

NOTE P - Mortgage Payable

MAHC currently has a mortgage payable to HUD in the amount of \$680,090. This mortgage was used to construct Garden View Apartments to house people with HIV and AIDS. The mortgage matures on July 1, 2037 and does not accrue interest so long as the building is used for the stated exempt purpose. At the time this mortgage matures, the entire loan amount will be forgiven. Prepayment of the mortgage is not allowed without HUD approval. If the loan would be paid before the maturity date, interest would be due at the rate of 7% per year.

NOTE Q - Net Assets Released From Restrictions

Net Assets Released From Restrictions includes income temporarily restricted in the prior fiscal year for which donor restrictions were met as of August 31, 2008.

Net Assets Released From Restrictions consists of the following as of August 31, 2008:

<u>Source</u>	<u>Amount</u>
United Way	\$ 304,404
Corporate Donations	30,584
Individual Donations	<u>3,500</u>
Total	<u>\$338,488</u>

NOTE R - Concentration of Risk

Approximately 78% of the Organization's revenue for the year ended August 31, 2008 consisted of 53 contracts from various government agencies whose programs rely on the availability of funding from federal, state, and local government.

AIDS RESOURCE CENTER OF WISCONSIN, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

NOTE S - In-Kind Goods and Services

In-Kind Goods and Services of \$321,120 have been included in the accompanying financial statements. In-kind services are comprised of medical services of \$41,895, painting services of \$4,621, food pantry food of \$24,871, food pantry equipment of \$5,541 and clinic and office furniture of \$244,192.

NOTE T - 401(k) Plan

ARCW has a flexible investment 401(k) plan. The Organization matched up to 3% of gross wages for all participating employees from September 1, 2007 through December 31, 2007, and from January 1, 2008 through August 31, 2008 the Organization matched up to 5% for all participating employees, amounting to \$118,764 for the year ended August 31, 2008.

NOTE U - Related Parties

During the year ended August 31, 2008, ARCW paid the following amounts to related parties: \$21,548 for leasehold improvements to an architectural firm at which a board member is a principal, \$3,600 for lobbying services to a board member, and \$10,596 for repair services to the brother of the corporate secretary/treasurer. An amount of \$208,594 was paid to a furniture company at which the owner is the spouse of board member and in-kind furniture of \$244,192 was received from the furniture company. These related party activities do not adversely affect government departmental programs.

NOTE V - Change in Net Assets

In 2008 the Organization conducted a capital fund-raising campaign which raised \$503,492 to fund capital expenditures for the renovation of its Milwaukee facilities. This capital revenue is reflected in the unrestricted change in net assets of \$908,555. Without this capital revenue the change in net assets from continuing operations is \$405,063.

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	ARCW Medical Center	Social Services	Housing Services	Legal Services	Prevention Services	Public Affairs	Fund Development	Administration	2008 Total	2007 Total
REVENUE										
Federal										
U.S. Department of Housing and Urban Development	\$ 57,588	\$ 71,166	\$ 740,922	\$ ---	\$ ---	\$ ---	\$ ---	\$ 12,828	\$ 882,504	\$ 733,468
U.S. Department of Health and Human Services	712,976	---	---	---	679,065	---	---	349,909	1,741,950	1,980,047
Total Federal Revenue	\$ 770,564	\$ 71,166	\$ 740,922	\$ ---	\$ 679,065	\$ ---	\$ ---	\$ 362,737	\$ 2,624,454	\$ 2,713,515
State of Wisconsin										
Department of Health Services	\$ 1,842,441	\$ 1,923,582	\$ ---	\$ 57,989	\$ 824,897	\$ ---	\$ ---	\$ 651,655	\$ 5,300,564	\$ 3,990,943
Division of Public Health	---	---	450,621	---	---	---	---	26,464	477,085	475,595
Department of Commerce - Bureau of Housing	---	---	---	---	---	---	---	---	---	---
Total State of Wisconsin Revenue	\$ 1,842,441	\$ 1,923,582	\$ 450,621	\$ 57,989	\$ 824,897	\$ ---	\$ ---	\$ 678,119	\$ 5,777,649	\$ 4,466,538
Local Government										
City of Milwaukee	\$ 57,363	\$ ---	\$ 363,619	\$ ---	\$ 45,033	\$ ---	\$ ---	\$ 38,784	\$ 504,799	\$ 530,695
Milwaukee County	---	---	---	---	225,059	---	---	---	225,059	302,909
Racine County	---	---	---	---	53,625	---	---	1,375	55,000	52,780
Brown County	---	---	---	---	26,520	---	---	---	26,520	22,810
Eau Claire County	---	---	---	---	35,450	---	---	---	35,450	26,042
Dane County	---	---	---	---	13,603	---	---	---	13,603	18,907
Total Local Government Revenue	\$ 57,363	\$ ---	\$ 363,619	\$ ---	\$ 399,290	\$ ---	\$ ---	\$ 40,159	\$ 860,431	\$ 954,143
Private Grants and Public Support										
Events - Participants	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 469,368	\$ ---	\$ 469,368	\$ 466,822
Events - Corporate	---	---	---	---	---	---	129,312	---	129,312	75,880
Special Events Expenses	---	---	---	---	---	---	(404,860)	---	(404,860)	(387,831)
Grants to Wisconsin AIDS Agencies	---	---	---	---	---	---	(15,675)	---	(15,675)	(18,147)
Foundation Contributions	---	---	---	---	---	---	366,967	---	366,967	405,464
Individual Donations	---	---	---	---	---	---	563,296	---	563,296	611,580
Corporate Contributions	---	---	---	---	---	---	582,622	---	582,622	493,089
United Way	65,652	225,026	---	---	131,102	---	---	---	421,780	462,807
Milwaukee Health Services, Inc.	173,349	---	---	---	---	---	---	---	173,349	125,510
Medical College of Wisconsin	---	50,942	---	---	25,142	---	---	---	76,084	6,192
Total Private Grants and Public Support	\$ 239,001	\$ 275,968	\$ ---	\$ ---	\$ 156,244	\$ ---	\$ 1,691,010	\$ ---	\$ 2,362,223	\$ 2,241,366
Revenue Carried Forward	\$ 2,909,369	\$ 2,210,716	\$ 1,555,162	\$ 57,989	\$ 2,059,496	\$ ---	\$ 1,691,010	\$ 1,081,015	\$ 11,624,157	\$ 10,375,562

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	ARCW Medical Center	Social Services	Housing Services	Legal Services	Prevention Services	Public Affairs	Fund Development	Administration	2008 Total	2007 Total
REVENUE										
Revenue Brought Forward	\$ 2,909,369	\$ 2,270,716	\$ 1,555,162	\$ 57,989	\$ 2,059,496	\$ ---	\$ 1,691,010	\$ 1,081,015	\$ 11,624,757	\$ 10,375,562
Reimbursement for Services										
General Assistance - Medical Program	\$ 14,959	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,730	\$ 16,689	\$ 15,327
Medicaid	140,550	37,405	---	---	---	---	---	21,698	199,653	161,018
Medicare	61,100	---	---	---	---	---	---	6,900	68,000	79,704
Commercial Insurance	62,505	---	---	---	8,154	---	---	6,754	77,413	152,786
Patient Payments	2,258	---	---	---	2,490	---	---	392	5,140	62,614
Total Reimbursement for Services	\$ 281,372	\$ 37,405	\$ ---	\$ ---	\$ 10,644	\$ ---	\$ ---	\$ 37,474	\$ 366,895	\$ 471,449
Other Revenue										
Interest Income	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 4,745	\$ 4,745	\$ 5,952
Rental Income	---	---	36,701	---	---	---	---	---	36,701	92,076
Gain on Disposition of Fixed Assets	---	---	---	---	---	---	---	---	---	15,198
Miscellaneous Income	45	---	---	1,611	---	---	---	3,137	4,793	2,647
Total Other Revenue	\$ 45	\$ ---	\$ 36,701	\$ 1,611	\$ ---	\$ ---	\$ ---	\$ 7,882	\$ 46,239	\$ 115,873
Total Revenue (Carried Forward)	\$ 3,190,786	\$ 2,308,121	\$ 1,591,863	\$ 59,600	\$ 2,070,140	\$ ---	\$ 1,691,010	\$ 1,126,371	\$ 12,037,891	\$ 10,962,884

AIDS RESOURCE CENTER OF WISCONSIN, INC.
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	ARCW Medical Center	Social Services	Housing Services	Legal Services	Prevention Services	Public Affairs	Fund Development	Administration	2008 Total	2007 Total
Total Revenue (Brought Forward)	\$ 3,190,786	\$ 2,308,121	\$ 1,591,863	\$ 59,600	\$ 2,070,140	\$ ---	\$ 1,691,010	\$ 1,126,371	\$ 12,037,891	\$ 10,982,884
EXPENSES										
Personnel Expenses										
Salaries and Wages	\$ 1,417,752	\$ 1,041,147	\$ 407,088	\$ 102,453	\$ 978,289	\$ 131,726	\$ 190,553	\$ 690,972	\$ 4,959,980	\$ 4,478,167
Payroll Taxes	99,175	82,973	28,427	7,160	68,140	9,200	13,320	50,826	359,221	334,134
Employee Benefits	206,754	204,048	78,581	13,854	199,875	24,503	38,264	133,003	898,882	729,984
Total Personnel Expenses	\$ 1,723,681	\$ 1,328,168	\$ 514,096	\$ 123,467	\$ 1,246,304	\$ 165,429	\$ 242,137	\$ 874,801	\$ 6,218,083	\$ 5,542,285
Contracted Program Services	413,384	6,381	140,559	---	367,675	---	---	---	927,999	903,441
Client Financial Assistance	3,968	38,580	13	1,118	16	---	---	---	43,695	62,833
Patient Financial Assistance	37,583	---	---	---	---	---	---	---	37,583	20,637
Client Food Assistance	---	45,631	---	---	---	---	---	---	45,631	35,894
Client Rent Assistance	---	---	739,385	---	---	---	---	---	739,385	619,293
Client Property Management	---	---	13,009	---	---	---	---	---	13,009	19,463
Client Parking	12,000	12,000	---	---	---	---	---	1,157	25,157	---
Program Materials	132,039	125,165	2,296	1,789	235,760	---	970	2,354	500,373	308,997
Patient Medications	103,646	---	---	---	---	---	---	---	103,646	98,813
Patient Laboratory	406,085	---	---	---	---	---	---	---	406,085	332,278
Employee Travel and Education	44,860	50,236	17,860	2,927	83,764	2,317	4,530	28,056	234,550	178,568
Printing and Copying	---	---	---	---	9,826	21,959	9,410	60,652	101,847	77,133
Professional Services	30,387	56	---	---	300	8,560	30,265	108,084	177,652	177,399
Telephone	---	---	3,524	---	---	---	---	82,246	85,770	89,864
Insurance	336	3,156	---	2,321	25,534	---	---	61,817	93,164	93,413
Office Supplies	4,508	586	19	495	433	792	191	6,594	13,618	14,354
Postage and Delivery	---	---	---	66	6	1,247	7,705	39,474	48,498	45,446
Meeting Costs	5,061	715	465	388	8,438	1,232	4,409	9,737	30,445	29,573
Recruiting	---	150	---	---	---	---	---	13,615	13,765	11,702
Advertising	---	---	---	---	1,430	2,935	---	227	4,592	40,159
Repairs and Maintenance	---	---	---	---	---	---	---	319,349	319,349	255,205
Interest Expense	---	---	---	---	---	---	---	9,470	9,470	8,379
Other Expenses	---	---	---	---	---	---	---	1,734	1,734	12,306
Bank Charges	---	---	---	---	---	---	---	---	---	8,740
Occupancy	196,159	187,550	108,861	---	95,628	---	---	56,393	644,591	659,715
Depreciation	112,519	36,691	24,460	2,446	51,367	2,446	---	14,665	244,594	189,220
Licenses and Fees	8,215	1,341	361	4,954	915	20	2,623	10,134	28,563	17,759
Grant Disbursements	---	---	---	---	5,000	---	---	---	5,000	3,500
Uncollectible Donor Pledges	---	---	---	---	---	---	7,080	---	7,080	7,975
Total Direct Expenses	\$ 3,234,431	\$ 1,836,406	\$ 1,564,908	\$ 139,971	\$ 2,132,396	\$ 206,937	\$ 309,320	\$ 1,700,559	\$ 11,124,928	\$ 9,864,344
Department Allocations	250,191	363,829	71,673	9,662	301,395	9,662	26,352	(1,059,116)	(26,352)	(28,979)
Total Expenses	\$ 3,484,622	\$ 2,200,235	\$ 1,636,581	\$ 149,633	\$ 2,433,791	\$ 216,599	\$ 335,672	\$ 641,443	\$ 11,098,576	\$ 9,835,371
CHANGE IN NET ASSETS										
Fixed Asset Additions	\$ (293,836)	\$ 107,886	\$ (44,718)	\$ (90,033)	\$ (363,651)	\$ (216,599)	\$ 1,355,338	\$ 484,928	\$ 939,315	\$ 1,127,513
	\$ 314,150	\$ 145,466	\$ ---	\$ ---	\$ 18,250	\$ ---	\$ ---	\$ 692,928	\$ 1,170,794	\$ 369,262

MILWAUKEE AIDS HOUSING CORPORATION
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	2008	2007
REVENUE		
Rental Income	\$ 57,482	\$ 52,648
Contribution	6,000	6,000
Interest Income	53	111
Total Revenue	\$ 63,535	\$ 58,759
 EXPENSES		
Management Fees	\$ 3,048	\$ 2,631
Occupancy	15,866	10,967
Telephone	253	184
Conferences	---	650
Snow Removal	5,688	2,800
Professional Services	4,826	4,682
Insurance	6,267	6,040
Repairs and Maintenance	30,586	17,013
Fees and Licenses	155	140
Other Expenses	---	456
Depreciation	27,885	27,881
Total Expenses	\$ 94,574	\$ 73,444
 CHANGE IN NET ASSETS	\$ (31,039)	\$ (14,685)

ARCW ENDOWMENT FUND, INC.
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Summarized Totals for the Year Ended August 31, 2007)

	<u>2008</u>	<u>2007</u>
REVENUE		
Interest Income	\$ 279	\$ 481
Total Revenue	<u>\$ 279</u>	<u>\$ 481</u>
 CHANGE IN NET ASSETS	 <u>\$ 279</u>	 <u>\$ 481</u>