

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

CONTENTS

	Page
Independent Auditors' Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statement of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7
Supplemental Information.....	20
Schedule of Expenditures of Federal and Nonfederal Awards	21
The Global Forum on MSM & HIV Supplemental Statement of Activities.....	23

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
AIDS Project Los Angeles
and APLA Dental Services

We have audited the accompanying consolidated statement of financial position of AIDS Project Los Angeles and APLA Dental Services (APLA) as of June 30, 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of APLA's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information is derived from the June 30, 2010 consolidated financial statements of APLA, and in our report dated November 30, 2010, we expressed an unqualified opinion on those consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of APLA as of June 30, 2011, 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 our report dated October 11, 2011 on our consideration of APLA'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 controls 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 read in conjunction with this report in considering the results of our audit.

To the Boards of Directors of
AIDS Project Los Angeles
and APLA Dental Services

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of APLA taken as a whole. The accompanying Schedule of Expenditures of Federal and Nonfederal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic consolidated financial statements. The Global Forum on MSM & HIV Supplemental Statement of Activities is also presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as whole.

Green Hasson & Janks LLP

October 11, 2011
Los Angeles, California

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2011

With Summarized Totals at June 30, 2010

ASSETS	2011			Total	2010 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Cash and Cash Equivalents	\$ 514,230	\$ 135,345	\$ -	\$ 649,575	\$ 1,181,858
Investments	2,376,971	-	261,273	2,638,244	3,390,392
Accounts Receivable (Net)	14,007	-	-	14,007	14,958
Contributions Receivable	307,438	790,530	-	1,097,968	668,316
Grants Receivable	1,605,877	-	-	1,605,877	1,416,237
Medi-Cal Receivable	249,194	-	-	249,194	270,800
Prepaid Expenses and Other Assets	625,792	-	-	625,792	391,410
Deposits	300,000	-	-	300,000	200,000
Inventory	188,200	-	-	188,200	163,116
Split Interest Agreements	-	131,700	-	131,700	118,376
Property and Equipment (Net)	1,228,660	-	-	1,228,660	1,247,728
TOTAL ASSETS	\$ 7,410,369	\$ 1,057,575	\$ 261,273	\$ 8,729,217	\$ 9,063,191
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts Payable	\$ 491,214	\$ -	\$ -	\$ 491,214	\$ 716,469
Accrued Expenses	401,361	-	-	401,361	312,247
Deferred Revenue	11,950	-	-	11,950	237,553
Notes Payable	489,490	-	-	489,490	499,490
TOTAL LIABILITIES	1,394,015	-	-	1,394,015	1,765,759
NET ASSETS:					
Unrestricted:					
Undesignated	4,468,227	-	-	4,468,227	4,538,368
Board Designated	1,548,127	-	-	1,548,127	1,492,386
TOTAL UNRESTRICTED NET ASSETS	6,016,354	-	-	6,016,354	6,030,754
Temporarily Restricted	-	1,057,575	-	1,057,575	1,005,405
Permanently Restricted	-	-	261,273	261,273	261,273
TOTAL NET ASSETS	6,016,354	1,057,575	261,273	7,335,202	7,297,432
TOTAL LIABILITIES AND NET ASSETS	\$ 7,410,369	\$ 1,057,575	\$ 261,273	\$ 8,729,217	\$ 9,063,191

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2011
With Summarized Totals for the Year Ended June 30, 2010

	2011			Total	2010 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE AND SUPPORT:					
Fundraising Events	\$ 4,447,616	\$ -	\$ -	\$ 4,447,616	\$ 4,919,637
Less: Cost of Direct Donor Benefits	(862,354)	-	-	(862,354)	(596,661)
TOTAL FUNDRAISING EVENTS	3,585,262	-	-	3,585,262	4,322,976
Grants	7,564,478	-	-	7,564,478	6,909,615
Contributions	2,593,760	1,160,540	-	3,754,300	2,921,831
Medi-Cal Waiver	1,215,964	-	-	1,215,964	974,666
Contributed Goods and Services	1,435,750	-	-	1,435,750	1,257,763
Interest Income	42,149	-	-	42,149	92,870
Dental Income	61,518	-	-	61,518	88,882
Other Income	68,131	-	-	68,131	89,916
Change in Value of Split Interest Agreements	-	13,324	-	13,324	43,543
Net Assets Released from Purpose Restrictions	797,114	(797,114)	-	-	-
Net Assets Released from Time Restrictions	324,580	(324,580)	-	-	-
TOTAL REVENUE AND SUPPORT	17,688,706	52,170	-	17,740,876	16,702,062
EXPENSES:					
Program Services	13,222,528	-	-	13,222,528	12,567,086
Management and General	1,883,860	-	-	1,883,860	1,494,010
Fundraising	2,596,718	-	-	2,596,718	3,401,706
TOTAL EXPENSES	17,703,106	-	-	17,703,106	17,462,802
CHANGE IN NET ASSETS	(14,400)	52,170	-	37,770	(760,740)
Net Assets - Beginning of Year	6,030,754	1,005,405	261,273	7,297,432	8,058,172
NET ASSETS - END OF YEAR	<u>\$ 6,016,354</u>	<u>\$ 1,057,575</u>	<u>\$ 261,273</u>	<u>\$ 7,335,202</u>	<u>\$ 7,297,432</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

AIDS PROJECT LOS ANGELES AND APLA DENTAL SERVICES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011

With Summarized Totals for the Year Ended June 30, 2010

	2011									2010 Total
	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total		
	Client Support	Education	Government Affairs		Management and General	Fundraising				
Salaries and Wages	\$ 3,490,728	\$ 2,006,104	\$ 254,247	\$ 5,751,079	\$ 637,693	\$ 544,748	\$ 1,182,441	\$ 6,933,520	\$ 6,595,734	
Payroll Taxes and Employee Benefits	939,567	473,375	57,476	1,470,418	140,868	131,285	272,153	1,742,571	1,515,379	
TOTAL PERSONNEL EXPENSES	4,430,295	2,479,479	311,723	7,221,497	778,561	676,033	1,454,594	8,676,091	8,111,113	
Professional and Contract Services	706,176	801,182	20,025	1,527,383	167,382	557,901	725,283	2,252,666	2,143,463	
Occupancy	772,868	370,930	25,860	1,169,658	103,430	154,961	258,391	1,428,049	1,291,349	
Food Supplies	787,681	-	-	787,681	-	-	-	787,681	672,389	
Staff and Volunteer Training, Development and Travel	66,863	459,520	18,899	545,282	48,386	74,571	122,957	668,239	694,711	
Attendant and Skilled Nursing Care Supplies and Equipment	599,517	-	-	599,517	-	-	-	599,517	546,993	
Rental and Maintenance	331,161	150,705	3,145	485,011	29,244	43,766	73,010	558,021	561,173	
Temporary Help	665	182,466	-	183,131	866	366,663	367,529	550,660	1,088,608	
Promotions and Outreach	65,274	185,813	135	251,222	44,884	176,149	221,033	472,255	425,769	
Legal and Accounting	4,000	-	-	4,000	384,800	-	384,800	388,800	488,245	
Printing and Duplicating	17,059	57,592	197	74,848	2,208	286,079	288,287	363,135	491,932	
Postage and Delivery	8,025	40,966	208	49,199	3,268	244,180	247,448	296,647	260,539	
Depreciation	163,407	33,885	2,002	199,294	15,940	6,217	22,157	221,451	200,574	
Support to Other Organizations	913	571	34	1,518	183,106	305	183,411	184,929	216,243	
Communications	64,374	39,669	3,788	107,831	9,946	9,893	19,839	127,670	139,987	
Insurance	-	-	-	-	110,268	-	110,268	110,268	118,795	
Reserves and Other	6,347	9,109	-	15,456	1,571	-	1,571	17,027	10,919	
TOTAL 2011 FUNCTIONAL EXPENSES	\$ 8,024,625	\$ 4,811,887	\$ 386,016	\$ 13,222,528	\$ 1,883,860	\$ 2,596,718	\$ 4,480,578	\$ 17,703,106		
TOTAL 2010 FUNCTIONAL EXPENSES	\$ 7,706,725	\$ 4,235,339	\$ 625,022	\$ 12,567,086	\$ 1,494,010	\$ 3,401,706	\$ 4,895,716		\$ 17,462,802	

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2011

With Summarized Totals for the Year Ended June 30, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 37,770	\$ (760,740)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	221,451	200,574
Change in Value of Split Interest Agreements	(13,324)	(43,543)
Amortization of Notes Payable through Service Credits	(10,000)	(10,000)
Bad Debt Expense	-	12,420
Donated Property and Equipment	(59,998)	-
(Increase) Decrease in:		
Accounts Receivable	951	48,843
Contributions Receivable	(429,652)	270,002
Grants Receivable	(189,640)	(128,602)
Medi-Cal Receivable	21,606	58,021
Prepaid Expenses and Other Assets	(234,382)	216,260
Deposits	(100,000)	(200,000)
Inventory	(25,084)	(38,858)
Increase (Decrease) in:		
Accounts Payable	(225,255)	330,807
Accrued Expenses	89,114	(16,182)
Deferred Revenue	(225,603)	69,443
	(1,142,046)	8,445
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(142,385)	(44,317)
Net Proceeds from Maturity of Investments	752,148	163,827
	609,763	119,510
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(532,283)	127,955
Cash and Cash Equivalents - Beginning of Year	1,181,858	1,053,903
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 649,575	\$ 1,181,858

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

AIDS PROJECT LOS ANGELES AND APLA DENTAL SERVICES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Year Ended June 30, 2011

NOTE 1 - NATURE OF ORGANIZATION

AIDS Project Los Angeles (APLA), one of the largest non-profit AIDS service organizations in the United States, provides bilingual direct health and support services, HIV testing and prevention education, and leadership on HIV/AIDS-related policy and legislation at the local, state, and federal levels. With more than 25 years of service, APLA is a community-based, volunteer-supported organization with local, national, and global reach.

HISTORY

APLA was founded in 1982 by four friends who were alarmed by the sudden deaths in their communities and enraged at an unresponsive government. APLA has grown from a single telephone hotline, operated from a closet, to a provider of comprehensive health and social services, HIV testing and prevention education, and government advocacy from twelve locations across Los Angeles County.

PROGRAMS AND DIRECT SERVICES

APLA's bilingual programs and services enhance the health and quality of life of people living with HIV/AIDS. APLA's client population closely reflects the demographics of the HIV epidemic countywide. Most are people of color who live at or below the federal poverty level and face multiple challenges to their physical and mental health. APLA serves more than 10,000 clients annually with life-sustaining programs that provide food, housing assistance, in-home health care, and much more. Included within APLA is APLA Dental Services, a nonprofit organization that was incorporated on September 16, 2004. APLA Dental Services provides comprehensive oral health care services to people living with HIV/AIDS throughout Los Angeles County, regardless of their ability to pay, through two permanent dental clinics and one mobile dental unit.

HIV TESTING AND PREVENTION

Since the beginning of the epidemic, APLA has delivered innovative HIV prevention programs that reduce infection rates through individual, group, and community-level activities. APLA's current programs seek to prevent infection among those who are HIV-negative and reduce the risk of HIV transmission among people who are already living with the disease. APLA's prevention efforts target those at greatest risk of HIV infection, including gay men, people of color, youth, and those who struggle with addiction and mental health challenges. The agency also provides free HIV testing in three locations countywide.

GOVERNMENT AFFAIRS

APLA is a leader among global, national, state, and local organizations fighting for fair and effective HIV/AIDS-related public policy and developing and defending government programs that people affected by the disease depend on. These efforts include grassroots trainings and communications, policy position papers, visits to Congressional offices, educational efforts among decision-makers at all levels of government, public speaking and testimony, and work with coalitions of other advocates to achieve high-quality care, treatment, and prevention services.

AIDS PROJECT LOS ANGELES AND APLA DENTAL SERVICES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Year Ended June 30, 2011

NOTE 1 - NATURE OF ORGANIZATION (continued)

GLOBAL FORUM ON MSM & HIV

Founded in 2006 at the International AIDS Conference in Toronto, the Global Forum on MSM & HIV (MSMGF) is the only global HIV/AIDS advocacy organization specifically devoted to the needs of men who have sex with men (MSM). Its mission is to advocate for equitable access to effective HIV prevention, care, treatment, and support services tailored to the needs of gay men and other MSM – including MSM living with HIV while promoting their health and human rights worldwide.

The MSMGF's work is informed by five core operating goals: 1) universal access to comprehensive, high quality HIV-related services for gay men and other MSM; 2) improved promotion and protection of their human rights; 3) increased investments for effective health and rights-focused programs for MSM; 4) increased knowledge of MSM and HIV through the promotion of research and broad-based information exchange and communications; and 5) strategic engagement of advocates in efforts to promote health and rights of gay men and other MSM, using the MSMGF network and other global, regional, sub regional and national networks. These goals are the basis of its 5-year Strategic Plan, which the MSMGF developed during the Spring of 2011.

The MSMGF uses APLA as its administrative and fiscal host. APLA provides the MSMGF with office space and administrative, human resources, financial, and operational support. Executive Officer, Dr. George Ayala directly supervises all six full-time MSMGF staff and receives his programmatic and strategic direction from the MSMGF's volunteer 20-member steering committee, representing eighteen countries, primarily from Africa, Asia, the Caribbean, and Latin America. The MSMGF also supports two standing international reference groups of transgender and youth activists, which advise the MSMGF and uses the group as a platform to organize on issues prioritized by group members.

During the year ended June 30, 2011, the MSMGF received funding from Aids Fonds the Netherlands, Hivos, UNAIDS, Open Society Institute, the United Kingdom Department for International Development (DFID), the Bill and Melinda Gates Foundation, ViiV Healthcare's Positive Action Program, and the Levi Strauss Foundation among others.

The MSMGF has a broad portfolio of programmatic and policy-related activities, including networking events, research, technical assistance, capacity building, and global advocacy. In the past year, the MSMGF has issued several calls to action, open letters to heads of state, and position papers on issues ranging from concern about the criminalization of homosexuality to the pathologization of transgender people. The MSMGF was among a group of global AIDS advocates calling to accelerate progress towards achieving the United Nations' Millennium Development Goals and urging for the greater involvement of MSM in decision making at the country level to help key at-risk populations access resources disseminated by the Global Fund. The MSMGF developed an advocacy toolkit designed to train MSM to advocate on their own behalf for expanded coverage of rights-based, HIV-related services in their respective countries. The MSMGF also collaborated with the World Health Organization to develop guidelines for the prevention and treatment of HIV and other sexually transmitted infections among MSM and transgender people. And finally, to help increase understanding of the HIV prevention knowledge and needs of MSM globally, the MSMGF administered a multi-lingual online survey of over 5,000 MSM and MSM service providers from across all major regions of the world. Survey results will help inform future advocacy priorities focused on HIV prevention research and programs.

AIDS PROJECT LOS ANGELES AND APLA DENTAL SERVICES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Year Ended June 30, 2011

NOTE 1 - NATURE OF ORGANIZATION (continued)

In July 2010, the MSMGF organized and produced, *Be Heard*, a one-day, pre-conference event to the XVIII International AIDS Conference in Vienna, Austria. *Be Heard* convened over 500 advocates, researchers, public health officials, representatives of multi-lateral organizations, and global donors representing 321 organizations from 80 countries, for workshops, skills building, information exchange and networking sessions. *Be Heard* explored the challenges and best practices in achieving universal access to HIV-related prevention, care, treatment, and support services for MSM and transgender communities worldwide.

The MSMGF has produced several seminal policy briefs, conducted numerous web seminars, and sends weekly e-blasts to over 2,300 advocates representing over 600 organizations in 125 countries around the world. The MSMGF also manages an online platform for global information exchange and networking among MSM from all regions of the world that is offered in seven languages: Arabic, Chinese, English, French, Portuguese, Spanish, and Russian. The website (www.msmgf.org) currently receives over 20,000 page views a month, with an average of more than 240 visits a day. In addition, the MSMGF manages a multi-lingual database of HIV-related resources for MSM, member collaboration projects, and language specific discussion forums.

Included in APLA's consolidated financial statements for the year ended June 30, 2011, is revenue of \$1,700,723 and expenses of \$1,593,812 restricted to the MSMGF. A supplemental statement of activities for MSMGF can be found on Page 23.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of AIDS Project Los Angeles and APLA Dental Services after elimination of all inter-company transactions and balances.

(b) BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the accrual basis of accounting.

(c) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of APLA are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Undesignated Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions. At June 30, 2011, APLA has \$4,468,227 of unrestricted undesignated net assets.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) ACCOUNTING (continued)

- **Unrestricted Board Designated Net Assets.** These are comprised of resources which the Board of Directors has established as being designated as an operating reserve. For purposes of complying with net assets accounting, this fund is included in unrestricted net assets at June 30, 2011 with a balance of \$1,548,127.
- **Temporarily Restricted Net Assets.** APLA reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from purpose or time restrictions. At June 30, 2011, APLA has \$1,057,575 of temporarily restricted net assets.
- **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit APLA to expend all of the income (or other economic benefits) derived from the donated assets. APLA has \$261,273 of permanently restricted net assets at June 30, 2011.

(d) CASH AND CASH EQUIVALENTS

APLA considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2011 approximates its fair value.

APLA places its temporary cash investments with high-credit, quality financial institutions which, at times, may exceed federally insured limits. APLA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

(e) INVESTMENTS

Investments in marketable securities with readily determinable fair market values are reported at fair value. Interest and dividend income and gains and losses on investments are reflected in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulations or law. At June 30, 2011, investments consist of certificates of deposit.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. There was no allowance for doubtful accounts at June 30, 2011.

(g) CONTRIBUTIONS RECEIVABLE

Unconditional contributions, including pledges recorded at fair value, are recognized as revenues in the period received. APLA reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets.

(h) GRANTS RECEIVABLE AND DEFERRED REVENUE

Revenue from government grants is recorded to the extent of the expenses incurred under the grant for cost reimbursement grants, or services provided for fee-for-service grants. Any difference between expenses incurred or services provided and the total funds received under the grants are recorded as receivables from the granting agencies to the extent of the grant awards. Any funds received in excess of expenditures are recorded as deferred revenue.

The total amount of grants receivable at June 30, 2011 of \$1,605,877 consists of grants from government agencies which are deemed fully collectible within one year.

(i) INVENTORY

Inventory consists primarily of food items, most of which are canned and non-perishable. Purchased inventory is stated at the lower of cost or market. Inventory purchased at below market prices from the Los Angeles Regional Food Bank and donated food inventory are stated at the wholesale price.

(j) SPLIT INTEREST AGREEMENTS

At June 30, 2011, split interest agreements consist of the following:

- **Gift Annuity Receivable:** The California Community Foundation, on behalf of APLA, has received donations of assets in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. At June 30, 2011, APLA has recorded a receivable of \$84,610, which reflects the fair market value of the donated assets at June 30, 2011, net of the annuitant liability, which is adjusted annually to reflect changes in life expectancies.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) SPLIT INTEREST AGREEMENTS (continued)

- **Beneficial Interest in Charitable Remainder Trust:** APLA has been designated as the beneficiary of assets held in a charitable remainder trust administered by other trustees. Upon initial recognition of such beneficial interests, a receivable is recorded at the present value of the amount held by the trustee that is expected to be received by APLA. APLA uses an interest rate commensurate with the risks involved to discount the receivable. The amortization of this discount and changes in actuarial assumptions are reflected in the consolidated statement of activities as a change in value of split interest agreements. At June 30, 2011 APLA's beneficial interest in the charitable remainder trust amounted to \$47,090.

(k) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is recorded as expense as incurred; significant renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$500 and the useful life is greater than one year. The estimated useful lives of property and equipment are as follows:

Leasehold Improvements	Shorter of Asset Life or Lease Term
Equipment, Furniture and Fixtures	3 - 7 Years
Building	10 Years
Donated Assets	3 - 4 Years

At times, the State of California and other government agencies provide grants for the purchase of assets that are used by APLA in the provision of program services. These assets are not capitalized by APLA as the State of California and other government agencies have a reversionary interest in such assets.

(l) LONG-LIVED ASSETS

APLA evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No such impairment losses have been recognized during the year ended June 30, 2011.

(m) INCOME TAXES

APLA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the code) and the corresponding state provisions.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2011, contributed goods and services consist of the following:

Food Supplies	\$ 568,362
Legal Services	330,270
Volunteer Hours	277,133
Travel and Conferences	127,369
Transportation	70,560
Computer Software	<u>62,056</u>
<i>TOTAL CONTRIBUTED GOODS AND SERVICES</i>	<i>\$ 1,435,750</i>

APLA receives a significant amount of contributed time from volunteers who assist in various programs that does not meet the recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. The hours contributed is estimated by management to be approximately 101,000 hours valued at approximately \$2,365,000 (using the latest Independent Sector's dollar value of a volunteer hour in California of \$23.42).

(o) ADVERTISING

Advertising costs are expensed as incurred. Total advertising expense was \$220,911 for the year ended June 30, 2011 and is included in promotions and outreach expenses.

(p) FUNCTIONAL ALLOCATION

The costs of providing APLA's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited by a method that best measures the relative degree of benefit. APLA uses payroll hours and full time equivalents to allocate indirect costs.

(q) USE OF ESTIMATES

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

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the consolidated financial statements of APLA for the year ended June 30, 2010 from which the summarized information was derived.

(s) RECLASSIFICATION

For comparability, the June 30, 2010 amounts have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2011.

(t) SUBSEQUENT EVENTS

APLA has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2011 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through October 11, 2011, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

APLA has implemented the accounting standard that defines fair value for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about APLA's assets that are measured at fair value on a recurring basis at June 30, 2011 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2011	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 2,638,244	\$ -	\$ 2,638,244	\$ -
Split Interest Agreements	131,700	-	-	131,700
TOTAL	\$ 2,769,944	\$ -	\$ 2,638,244	\$ 131,700

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The fair value of investments within Level 2 was determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and considering the credit worthiness of the issuers.

The fair value of the split interest agreements within Level 3 was determined as described in Note 2(j).

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Temporarily Restricted Split Interest Agreements
Beginning Balance	\$ 118,376
Change in Value	13,324
ENDING BALANCE	\$ 131,700

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Included in contributions receivable at June 30, 2011 is the use of donated land for the S. Mark Taper Foundation Center through March 2019. The use of the land is expected to be recognized as follows for the years ending June 30:

Years Ending June 30

2012	\$	39,662
2013		39,662
2014		39,662
2015		39,662
2016		39,662
Thereafter		105,764
TOTAL	\$	304,074

In-kind rent expense for the year ended June 30, 2011 was \$39,662.

The balance of contributions receivable at June 30, 2011 of \$793,894 is expected to be collected in its entirety during the year ended June 30, 2012.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2011 consist of the following:

Leasehold Improvements	\$	1,457,466
Equipment		933,667
Building		699,302
Furniture and Fixtures		104,480
Donated Assets		79,131
Construction in Progress		33,805
TOTAL		3,307,851
Less: Accumulated Depreciation		(2,079,191)
PROPERTY AND EQUIPMENT (NET)	\$	1,228,660

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 5 - PROPERTY AND EQUIPMENT (continued)

Depreciation expense for the year ended June 30, 2011 was \$221,451.

APLA is in the process of renovating rental space at the APLA Health and Wellness Center. The estimated cost of construction is \$315,000. As of June 30, 2011, approximately \$34,000 has been expended. The remaining cost to complete the APLA Health and Wellness Center is estimated at \$281,000.

NOTE 6 - ACCRUED EXPENSES

Accrued expenses at June 30, 2011 consist of the following:

Accrued Vacation	\$	324,379
Other Accrued Expenses		76,982
TOTAL ACCRUED EXPENSES	\$	401,361

NOTE 7 - NOTES PAYABLE

Notes payable at June 30, 2011 consist of the following:

State of California Department of Housing and Community Development for the Pre-Payment of a Long-Term Lease Agreement on a Residential Facility for Persons with AIDS; Secured by APLA's Leasehold Interest in the Property, Bearing Interest at 3% per Annum, Unpaid Balance of Principal and Interest Due July 2025	\$	280,000
City of Los Angeles Community Redevelopment Agency for the Renovation of a Residential Facility for Persons with AIDS; Secured by APLA's Leasehold Interest in the Property, Non-Interest Bearing, Unpaid Principal Balance Due August 2031		209,490
TOTAL NOTES PAYABLE	\$	489,490

In 1991, APLA borrowed \$280,000 from the Department of Housing and Community Development of the State of California (the State). With the proceeds from this loan, APLA prepaid a 40-year lease in the amount of \$207,288 for a residential apartment building that provides housing to persons living with HIV/AIDS. The remaining \$72,712 was spent on leasehold improvements to the property. The remaining balance of the lease of \$139,621 and the unamortized leasehold improvements totaling \$51,002 are currently being amortized over a 40-year term of the lease. Upon maturity of the note and in accordance with the terms of the prepaid lease agreement, another organization (the lessor) will provide APLA with the principal amount due on the note payable, which APLA will, in turn, remit to the State. Due to the uncertainty of collection of the receivable, it has not been recorded in the accompanying consolidated financial statements.

The Community Redevelopment Agency (the City) loan is a "service repayment loan" and reduces at a rate of \$10,000 a year based upon the subject property being used to provide low-income housing to people living with HIV/AIDS. No principal or interest is due prior to maturity as long as the property continues to be used for the intended purpose. Due to the nature of the service credits, APLA recognizes such amounts after receiving approval from the City.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 7 - NOTES PAYABLE (continued)

Future minimum payments, by year, and in the aggregate, under these notes consist of the following:

Years Ending June 30	Service Credits	Payments	Total
2012	\$ 10,000	\$ -	\$ 10,000
2013	10,000	-	10,000
2014	10,000	-	10,000
2015	10,000	-	10,000
2016	10,000	-	10,000
Thereafter	159,490	280,000	439,490
TOTAL	\$ 209,490	\$ 280,000	\$ 489,490

NOTE 8 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

APLA leases office space and office equipment under operating lease agreements that expire at various dates through August 2016. Future minimum annual lease payments as of June 30, 2011 are as follows:

Years Ending June 30	
2012	\$ 1,062,032
2013	940,112
2014	549,269
2015	479,134
2016	402,816
Thereafter	31,722
TOTAL	\$ 3,465,085

Rent expense for the year ended June 30, 2011 totaled \$1,107,020 and is included in occupancy in the consolidated statement of functional expenses.

(b) LEGAL MATTERS

In the ordinary course of business, APLA may become subject to certain lawsuits and other potential legal actions. In the opinion of the management, such matters will not have a material effect on the consolidated financial position of the organization.

(c) GRANTS AND CONTRACTS

APLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2011 consist of the following:

Global Forum on MSM & HIV	\$	473,371
APLA Dental Services Operations		442,545
Split Interest Agreements		131,700
Prevention Programs		8,262
Other		<u>1,697</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$	<u>1,057,575</u>

NOTE 10 - ENDOWMENTS

APLA's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts to either provide a permanent endowment, which is to provide a permanent source of income to APLA, or a term endowment, which is to provide income for a specified period to APLA. Beneficial interests in split interest agreements are not considered part of APLA's endowments, nor are Board designated net assets, since they are designated for particular programs or capital projects.

APLA's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for APLA'S endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management.

During the year ended June 30, 2011, APLA appropriated \$1,421 for operations, representing the interest earned on the endowment portfolio for the year.

NOTE 11 - SUPPORT TO OTHER ORGANIZATIONS

It is the policy of the Board of Directors to support other service organizations whose goals are compatible with and whose services supplement those of APLA. In this regard, during the year ended June 30, 2011, APLA contributed \$184,929 to other service organizations.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2011**

NOTE 12 - RELATED PARTY TRANSACTIONS

APLA's Board of Directors has a conflict of interest policy in place that is intended to assure APLA's stakeholders that the decisions of APLA are made objectively and with full knowledge of the involvement, if any, of the Board of Directors and staff. At times during the course of the year, APLA may determine that doing business with a Board member is in the best interest of APLA. In accordance with the APLA's by-laws, such transactions are reviewed and approved by APLA's Board of Directors.

Two Directors on the Board of APLA are partners at a law firm that contributed pro-bono legal services to APLA during the year ended June 30, 2011 in the amount of \$210,385.

NOTE 13 - EMPLOYEE BENEFIT PLAN

APLA sponsors a voluntary retirement plan which includes a discretionary employer matching provision. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). APLA incurred matching expenses of \$153,741 for the year ended June 30, 2011.

NOTE 14 - ALLOCATION OF JOINT COSTS

Through certain fundraising events, APLA incurred joint costs of \$1,317,336 to expand HIV/AIDS awareness, to inform the public of the HIV/AIDS health crisis and to raise funds. Of those costs, \$943,353 was allocated to fundraising expenses and \$373,983 was allocated to program services.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2011

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2011

Agency - Program Grant Title	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Nonfederal	
FEDERAL AWARDS					
MAJOR AWARDS					
U.S. Department of Health and Human Services: Capacity Building Assistance (CBA) for Community-Based Organizations (CBO) and Health Departments	1U65PS001734	93.943	\$ 1,432,186	\$ -	\$ 1,432,186
Pass-through, County of Los Angeles, Office of AIDS Program and Policy HIV/AIDS Client Advocacy	H-700937	93.943	123,653	-	123,653
			<u>1,555,839</u>	<u>-</u>	<u>1,555,839</u>
U.S. Department of Housing and Urban Development: Pass-through, HOPWA Program of the City of Los Angeles: HOPWA Housing Case Management	112268	14.241	286,444	-	286,444
HOPWA Supportive Services in Permanent Housing	112268	14.241	147,524	-	147,524
HOPWA Other Supportive Services	112268	14.241	188,861	-	188,861
			<u>622,829</u>	<u>-</u>	<u>622,829</u>
Health Care Finance Administration: Pass-through, State Department of Health and Human Services - AIDS Medi-Cal Waiver Program (*)	03-76049	13.118	607,982	607,982	1,215,964
U.S. Department of Health and Human Services: RESPECT and Mpowerment	1U65PS002389	93.939	230,881	-	230,881
TOTAL MAJOR AWARDS			<u>3,017,531</u>	<u>607,982</u>	<u>3,625,513</u>
NON-MAJOR AWARDS					
U.S. Department of Health and Human Services: SAMSHA	1U79SP018065	93.243	157,678	-	157,678
Federal Emergency Management Agency: Pass-through, Local Services Board of Federal Emergency Management Agency - Emergency Food and Shelter Program Phase XXV	069500-001	97.024	98,572	-	98,572
U.S. Department of Health and Human Services: Pass-through, County of Los Angeles, Office of AIDS Program and Policy: HIV/AIDS Case Management, Home-Based Services	H-204620	93.914	678,048	-	678,048
HIV/AIDS Oral Health Care (Dental Services)	H-204505	93.914	1,087,917	-	1,087,917
HIV/AIDS Case Management Services	H-210849	93.917	326,838	-	326,838
HIV/AIDS Benefits Specialty	H-210849-A	93.917	45,610	-	45,610
AIDS & HIV Mental Health and Psycho Social Support Services	H-210815	93.914	274,553	-	274,553
AIDS & HIV Food and Nutrition Services	H-700241	93.914	536,109	-	536,109
			<u>2,949,075</u>	<u>-</u>	<u>2,949,075</u>
Pass-through, County of Los Angeles Center for Disease Control and Prevention Comprehensive Risk Counseling and Services	PH001051	93.940	99,726	-	99,726
Health Education/Risk Reduction Prevention Services	PH001026	93.940	630,013	-	630,013
HIV Counseling, Testing and Referral Services (*)	PH000805	93.940	34,687	-	34,687
HERR Mpowerment	PH001058	93.940	180,258	-	180,258
			<u>944,684</u>	<u>-</u>	<u>944,684</u>

See Independent Auditors' Report

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2011**

	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Nonfederal	
State of California Department of Mental Health Pass-through, Los Angeles County Department of Mental Health - Mental Health Services	MH120188	N/A	-	32,109	32,109
City of West Hollywood	2010 - 2011	N/A	-	201,148	201,148
Accelerating Excellence in Translational Science (AXIS) Pass-through, Charles Drew University	10-11-SMG-GOB11KP2	93.389	15,888	-	15,888
City of Los Angeles HIV Prevention Program	C - 113439	N/A	-	44,441	44,441
NIAID HIV Vaccine Research Education Initiative Program Pass-through, Academy for Educational Development	3727-0104-APLA	93.001	32,194	-	32,194
Office of Minority Health Resource Center	N/A	N/A	-	12,636	12,636
Treatment Adherence	81758	N/A	-	5,590	5,590
University of California					
UARP - CA Center for HIV/AIDS Research Policy	RP08 - APLA - 604	N/A	-	186,895	186,895
UARP HIV+ Latino MSMW - NARLA Part 2	1568 G MA172	N/A	-	32,841	32,841
Department for International Development	200886-102	N/A	-	440,595	440,595
Project Tobacco Reduction Using Effective Strategies and Teamwork (TRUST)	PH001570	N/A	-	583	583
TOTAL NON-MAJOR AWARDS			4,198,091	956,838	5,154,929
TOTAL FEDERAL AND NONFEDERAL AWARDS			\$ 7,215,622	\$ 1,564,820	\$ 8,780,442

Summary of Significant Accounting Policies

1. Basis of Accounting - The Schedule of Expenditures of Federal and Nonfederal Awards has been reported on the accrual basis of accounting.
2. APLA is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

(*) This contract is a fee for service contract. The amount represents expenditures for fiscal year 2011.

**AIDS PROJECT LOS ANGELES
AND APLA DENTAL SERVICES**

**THE GLOBAL FORUM ON MSM AND HIV
SUPPLEMENTAL STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Total	
Grants	\$ 440,595	\$ -	\$ 440,595	431,122
Contributions	263,627	944,590	1,208,217	802,468
Contributed Goods and Services	51,911	-	51,911	9,096
Net Assets Released from Purpose Restrictions	674,277	(674,277)	-	-
TOTAL REVENUE	1,430,410	270,313	1,700,723	1,242,686
Salaries and Wages	548,982	-	548,982	341,981
Professional and Contracted Services	259,186	-	259,186	218,462
Indirect Cost Charges	247,478	-	247,478	186,106
Staff Development and Travel	235,068	-	235,068	322,865
Taxes and Benefits	106,957	-	106,957	63,969
Occupancy	72,461	-	72,461	34,138
Promotion and Outreach	61,939	-	61,939	9,794
Materials, Equipment and Supplies	18,160	-	18,160	40,616
Printing and Duplication	16,590	-	16,590	49,476
Postage and Delivery	14,804	-	14,804	1,361
Communications	12,187	-	12,187	8,364
Accounting and Legal	-	-	-	9,096
Support to Other Organizations	-	-	-	7,652
TOTAL EXPENSES	1,593,812	-	1,593,812	1,293,880
CHANGE IN NET ASSETS	\$ (163,402)	\$ 270,313	\$ 106,911	\$ (51,194)

See Independent Auditors' Report