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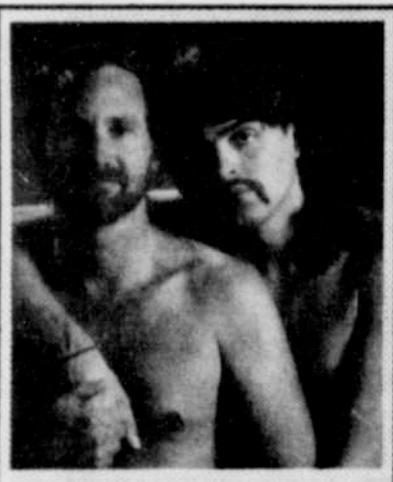
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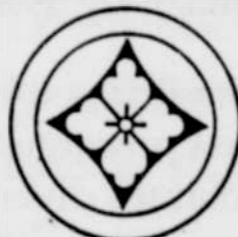


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# IGTA

## local news

# CAP faces financial struggle

*Employees' health-care plans are put in jeopardy as the board tries to determine the depth of a financial setback*

by Pamela Lyons

**T**he Cascade AIDS Project administration has discovered that bills, including rent, health insurance, telephone and grant payments, have gone unpaid during the past several months.

All together, CAP owes about \$120,000. Unpaid bills include \$30,000 in outgoing grants, \$15,000 in rent and \$20,000 in employee health insurance. The rest comes from phone and utility bills, costs from fund-raising activities, advertising and other costs.

CAP was able to meet a Feb. 11 deadline to make a payment of more than \$19,000 to Blue Cross-Blue Shield to protect employee health benefits, said Theresa Wright, chairwoman of CAP's board of directors. That payment was about three months overdue.

Attorney Ben Merrill, who was appointed by the board to conduct an independent investigation, suggested that the organization create a separate health premium trust fund, where donations from the community marked for health insurance will be placed. The fund was set up at the Bank of America.

Wright said that no decisions have been made to cut services due to the financial setback.

The organization's manager of administration and development, Rob Koala Bradley, who was in charge of the finances, has been placed on administrative leave pending the results of a financial review conducted by an independent auditing firm.

Wright said it is not clear yet if there was any criminal activity. The checks for many of the bills were written, but not mailed or cashed, she said.

The problem was discovered on Jan. 31, when a CAP staff member was told by a health insurance broker that the group's health insurance premiums had not been paid for the past three months. Other unpaid bills were then found by Philip Varnum, who became manager of administration in late January.

Merrill was named by the board to conduct an independent investigation of the financial status of CAP, determine the causes of the funding shortfall and make recommendations to CAP's board. He said the investigation should be completed by March 9. Other than expenses, he is not being paid by CAP. "I am neither an advocate of or apologist for the Cascade AIDS Project," he said.

The board was not aware of the unpaid bills until Jan. 31, Wright said, but it did know of some previous funding shortfalls. It had made budget cuts in December and January, including laying

off five administrative staff on Feb. 1. The board also decided not to fill two open positions.

The funding shortfall was due to low turnout at two fund-raisers in 1993, Wright said. The Halloween Ball was expected to bring in \$10,000, but instead came out \$10,000 in debt. The summer AIDS walkathon, From All Walks of Life, brought in about \$15,000 less than expected.

Wright said that Bradley, who had worked for CAP since 1990, was in charge of both fundraising and finances, each of which required a full-time worker. She said he was probably overwhelmed with this heavy workload.

The financial crunch comes at a time of transition for CAP. Mica Smith announced his resignation as director two months ago, due to health issues. The board is currently looking for a new executive director. Frank Yost is currently serving as the acting director. Smith's departure had nothing to do with the financial crisis, Yost said, but it may have contributed to some confusion of job duties.

Since 1983, CAP has been providing services to people directly affected by HIV and AIDS. It is Portland's most prominent AIDS service and education organization. Its budget has grown from \$250,000 to \$1.5 million. CAP employs about 30 people.

Wright said that AIDS service organizations nationwide are experiencing financial problems due in part to massive budget growth similar to CAP's. She added that when AIDS service organizations

started about 12 years ago, most of the money was coming from community donations. Now, more money is coming from government and private grants, creating the illusion that individual donations are not needed, she said. In fact, the donations are needed more than ever. "This shift in terms of funding basis and our financial problems is not unique to CAP," she said.

"There may be minor cuts made, and they may be temporary," Wright said. The board will consider future income if cuts are needed, she said. Often times, grants to CAP are based on certain programs in place. If those programs are eliminated now to save money, it may result in future funding shortfalls. "We are trying to keep the long run in mind, so that we aren't hurt later," Wright said. No services have been cut back yet.

The organization is in the middle of a funding phonathon. Yost said donors usually pledge around \$3,500 per night. Since the financial setback was publicized by the media, he said, the phonathon has brought in more than \$7,000 nightly. The funding drive ends March 3.

*"There may be minor cuts made, and they may be temporary."*

**Theresa Wright,  
chairwoman of CAP's  
board of directors**



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