

**Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach**

Financial Statements with  
Independent Accountant's Review Report

Year Ended December 31, 2021

Larson Gross 

**Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach**

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## Independent Accountant's Review Report

To the Board of Directors  
Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach  
Bend, Oregon

We have reviewed the accompanying financial statements of Central Oregon Veteran & Community Outreach, Inc. dba Central Oregon Veterans Outreach (the Organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Central Oregon Veterans & Community Outreach, Inc. dba Central Oregon Veterans Outreach and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.

*Larson Gross PLLC*

Bellingham, Washington  
October 27, 2022

Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach

**Statement of Financial Position**

December 31, 2021

(See Independent Accountant's Review Report)

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,318,088
Prepaid expenses and other current assets	<u>13,085</u>
Total current assets	1,331,173
<b>Investments</b>	253,037
<b>Security deposits</b>	10,090
<b>Property and equipment, net</b>	<u>3,323,905</u>
<b>Total assets</b>	<u><u>\$ 4,918,205</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 5,031
Accrued expenses	27,011
Current portion of long-term debt	<u>12,244</u>
Total current liabilities	44,286
<b>Long-term debt, net of current portion</b>	<u>3,596,510</u>
<b>Total liabilities</b>	3,640,796
<b>Net assets</b>	
Without donor restrictions	1,270,705
With donor restrictions	<u>6,704</u>
Total net assets	<u>1,277,409</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 4,918,205</u></u>

Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach

**Statement of Activities**

Year Ended December 31, 2021

(See Independent Accountant's Review Report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Public support			
Contributions and gifts	\$ 382,802	\$ -	\$ 382,802
In-kind contributions	13,869	-	13,869
Fundraising	<u>16,807</u>	<u>-</u>	<u>16,807</u>
Total public support	413,478	-	413,478
Government grants			
Contracts with governmental agencies	487,450	-	487,450
Forgiveness of Paycheck Protection Program loan	40,000	-	40,000
Other organizations	<u>1,054,750</u>	<u>-</u>	<u>1,054,750</u>
Total fees and grants	1,582,200	-	1,582,200
Other revenue			
Rent contracts	206,066	-	206,066
Miscellaneous	2,279	-	2,279
Net realized gains from disposal of property and equipment	<u>104,555</u>	<u>-</u>	<u>104,555</u>
Total other revenue	312,900	-	312,900
Net assets released from restrictions			
Satisfaction of program expenses	<u>6,271</u>	<u>(6,271)</u>	<u>-</u>
Total revenue, gains, and other support	2,314,849	(6,271)	2,308,578
<b>Expenses</b>			
Program services			
Housing programs	236,794	-	236,794
SSVF program	403,624	-	403,624
Other veterans programs	<u>203,025</u>	<u>-</u>	<u>203,025</u>
Total program services	843,443	-	843,443
Supporting services			
Management and general	<u>268,796</u>	<u>-</u>	<u>268,796</u>
Total expenses	1,112,239	-	1,112,239
<b>Change in net assets</b>	1,202,610	(6,271)	1,196,339
Net assets – beginning of year, as restated	<u>68,095</u>	<u>12,975</u>	<u>81,070</u>
<b>Net assets – end of year</b>	<u>\$ 1,270,705</u>	<u>\$ 6,704</u>	<u>\$ 1,277,409</u>

Central Oregon Veteran & Community Outreach, Inc.  
 dba Central Oregon Veterans Outreach

**Statement of Functional Expenses**

Year Ended December 31, 2021

(See Independent Accountant's Review Report)

	Program Services			Total	Management and General	Total
	Housing Programs	SSVF Program	Other Veterans Programs	Program Services		
Salaries and wages	\$ -	\$ 197,725	\$ 155,455	\$ 353,180	\$ 62,432	\$ 415,612
Temporary financial assistance	-	183,394	14,337	197,731	-	197,731
Utilities and occupancy	19,125	-	2,469	21,594	101,338	122,932
Depreciation	98,477	-	-	98,477	4,274	102,751
Payroll taxes	-	15,197	15,699	30,896	5,099	35,995
Office expense	207	830	-	1,037	34,233	35,270
Insurance	22,962	-	1,046	24,008	8,514	32,522
Legal and professional	7,308	-	-	7,308	21,482	28,790
Property taxes	28,522	-	-	28,522	-	28,522
Repairs and maintenance	26,009	-	77	26,086	2,428	28,514
Miscellaneous	16,174	-	1,396	17,570	1,096	18,666
Special events	-	-	-	-	16,678	16,678
Supplies	282	1,338	9,852	11,472	1,824	13,296
Contracted services	11,534	-	-	11,534	-	11,534
Telephone	1,120	4,293	202	5,615	2,644	8,259
Bank fees	-	-	-	-	5,467	5,467
Interest	5,074	-	-	5,074	10	5,084
Travel and transportation	-	560	2,373	2,933	1,277	4,210
License and permits	-	287	-	287	-	287
Training	-	-	119	119	-	119
<b>Total expenses</b>	<u>\$ 236,794</u>	<u>\$ 403,624</u>	<u>\$ 203,025</u>	<u>\$ 843,443</u>	<u>\$ 268,796</u>	<u>\$ 1,112,239</u>

Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach

**Statement of Cash Flows**

Year Ended December 31, 2021

(See Independent Accountant's Review Report)

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 1,196,339
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	102,751
Gain from disposal of property and equipment	(104,555)
Forgiveness of Paycheck Protection Program loan	(40,000)
Donated assets included in public support revenue	(13,869)
(Increase) decrease in assets	
Contracts receivable	8,859
Prepaid expenses and other current assets	7,887
Security deposits	(5,090)
Increase (decrease) in liabilities	
Accounts payable	(5,212)
Accrued expenses	1,032
	<hr/>
<b>Net cash provided by operating activities</b>	1,148,142
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(12,995)
Proceeds from sale of property and equipment	89,079
Purchase of investments	(245,000)
	<hr/>
<b>Net cash used by investing activities</b>	(168,916)
<b>Cash flows from financing activities</b>	
Payments on long-term debt	(19,395)
	<hr/>
<b>Net cash used by financing activities</b>	(19,395)
Net increase in cash	959,831
Cash – beginning of year	358,257
	<hr/>
<b>Cash – end of year</b>	<u>\$ 1,318,088</u>
<b>Supplemental Disclosures of Cash Flow Information</b>	
Cash paid during the year for interest	<u>\$ 5,084</u>

Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach

**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 1 – Summary of Significant Accounting Policies**

**Nature of organization** – Central Oregon Veterans & Community Outreach, Inc dba Central Oregon Veterans Outreach (the Organization) is a nonprofit corporation organized in the State of Oregon in 2005. The Organization's mission is to provide assistance to homeless veterans and other homeless individuals and families in Central Oregon.

**Basis of accounting** – The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting and follow the recommendations of the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) 958. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as net assets without donor restrictions.

**Net assets with donor restrictions** – Net assets that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specific or unspecific purposes. All net assets with donor restrictions are for the Bend Veterans Day Parade as of December 31, 2021.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions.

**Cash and cash equivalents** – Cash consists of funds held in checking and savings accounts. Short term investments with maturities of three months or less to be cash equivalents.

**Investment valuation and income recognition** – Investments in marketable securities are stated at fair value. Income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless restricted by donor.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.



**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 1 – Summary of Significant Accounting Policies – (Continued)**

**Property and equipment** – The Organization capitalizes all property and equipment acquisitions in excess of \$500 with a useful life greater than one year. Property and equipment are stated at cost. Additions, improvements, and expenditures which add to productive capacity or extend the life of an asset are capitalized. Repair and maintenance expenditures that do not extend useful life are expensed as incurred. Depreciation is calculated using the straight-line method over an estimated life of five to thirty years.

**Revenue recognition** – The Organization identifies a contract with a customer when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services identified in the contract. Revenue is recognized as performance obligations under the terms of the contract with the client or customer are satisfied. Generally, this recognition occurs with the transfer of control of the good or service at a point in time to the client or customer. For further discussion of revenue and related accounting policies see Note 2.

The Organization receives funding from the U.S. Department of Veterans Affairs Supportive Services for Veteran Families (SSVF) program under both fee-for-service and cost reimbursable contracts. Revenues are recognized when the related services are performed, or the costs are incurred, and is primarily for room and board and recognized on a month-to-month basis.

**Contributions** – Contributions, including non-reciprocal grants and contracts, are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization receives approximately 21% of its support from various federal, state, and local government agencies. Grant receipts are subject to restrictions on the use of funds placed by the grantor. The Organization administers these funds in accordance with grantor guidelines. Grant revenue under cost reimbursement arrangements is recognized as expenses are incurred. Amounts incurred but not yet reimbursed are reported as contracts receivable. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's programs and activities.

**Donated items** – Gifts of land, buildings, and equipment are recorded at fair value on the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. Of the \$13,869 total in-kind contributions, \$12,995 relates to a donated vehicle.

## Notes to Financial Statements

December 31, 2021

(See Independent Accountant's Review Report)

### Note 1 – Summary of Significant Accounting Policies – (Continued)

**Functional allocation of expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. There were no fundraising expenses for the year ended December 31, 2021.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Salaries, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort. All other allocated expenses are allocated based on estimates of usage utilizing square footage, mileage, and other metrics.

**Federal income tax** – The Organization is a non-profit organization under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal income tax on income derived from activities related to its tax-exempt purposes. Accordingly, no provision for income tax is necessary.

The Organization files returns in the U.S. federal and the State of Oregon jurisdictions. The Organization's Form 990, Return of Organization Exempt from Income Tax, and the State of Oregon Form CT-12 for the years ending 2018, 2019, and 2020 are subject to examination by the IRS, generally for 3 years after they were filed.

**Use of estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

**Subsequent events** – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 27, 2022 the date the financial statements were available to be issued.

### Note 2 – Revenue from Contracts with Customers

**Revenue recognition** – The Organization recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- 1) Identify the contract
- 2) Identify performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue

**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 2 – Revenue from Contracts with Customers – (Continued)**

**Nature of goods and services** – The Organization promotes housing stability among very low-income veterans and their families. This includes rent contracts with veterans and their families who are either homeless, in housing crisis or at imminent risk of losing housing.

**Disaggregation of revenue** – The Organization's rent revenue is generated from residential housing located in Central Oregon to veterans and their families. Revenue generation is subject to economic conditions and may fluctuate based on changes in industry, regulatory policies and financial markets.

**Timing** – Rental revenue is recognized monthly as rentals become due. Rental payments received in advance are deferred until earned.

**Significant payment terms** – Residential rent for veterans and their families is generally covered by the U.S. Department of Veterans Affairs SSVF program unless the tenant does not meet certain income guidelines and is then responsible for a portion of, or the entirety of, rent charged by the Organization. Generally, tenants are billed on a monthly basis for the services provided. Tenants make payments based on approved payment terms in the contract. Payment terms on invoiced amounts are typically 30 days. The primary purpose of the Organization's invoicing terms is to provide tenants with simplified and predictable ways of purchasing services and not to receive financing from or provide financing to the tenant. Additionally, the Organization has elected the practical expedient that permits an entity to not recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less.

**Transaction price** – The transaction price is the amount of consideration to which the Organization expects to be entitled to for transferring goods and services to the client. Revenue on each revenue source is recorded based on the transaction price. Expenses incurred but not yet reimbursed are reported as accounts receivable on the statements of financial position.

**Contract modifications** – For private pay tenants, the Organization can adjust pricing based on changes in volumes, services and market conditions. Pricing adjustments are assessed by the tenant and, if approved, a contract amendment or change order is issued.

When a contract is modified to deliver additional goods or services that are distinct and the increase in price of the contract is for the same amount as the standalone selling price of the additional goods or services included in the modification, the modification is accounted for as a separate contract. If the transaction price is changed and no additional distinct goods or services are added, the effect of a change in the transaction price and the measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue on a cumulative catch-up basis. No such contract adjustments were made during the year ended December 31, 2021.

Central Oregon Veteran & Community Outreach, Inc.  
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**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 3 – Availability and Liquidity**

The following represents the Organization's financial assets available for general expenditures at December 31:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,318,088
Investments	253,037
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	1,571,125
Less: net assets with donor restrictions	(6,704)
	<hr/>
Financial assets available to meet general expenditures within one year	<u>\$ 1,564,421</u>

The Organization has a goal to maintain financial assets, including cash and cash equivalents and investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$272,700. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 4 – Investments and Fair Value Measurements**

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1: Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology that are unobservable for the asset or liability and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Central Oregon Veteran & Community Outreach, Inc.  
dba Central Oregon Veterans Outreach

**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 4 – Investments and Fair Value Measurements – (Continued)**

Following is a description of the valuation methodology used for assets measured at fair value.

*Equities and fixed income securities:*

Investments in actively managed equity portfolios and bond funds are recorded at fair value based on either the net asset value or listed price of each fund.

The preceding valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2021.

The following table sets forth the Organization's investments at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and fixed income securities	\$ 253,037	\$ -	\$ -	\$ 253,037

To assess the appropriate classification of investments with the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another.

The Organization evaluated the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2021 there were no significant transfers in or out of Level 3.

**Note 5 – Property and Equipment**

A summary of property and equipment is as follows:

Buildings	\$ 2,974,039
Land	1,098,097
Vehicles	56,997
Furniture and equipment	32,679
	<u>4,161,812</u>
Less accumulated depreciation	<u>(837,907)</u>
	<u>\$ 3,323,905</u>

Depreciation expense totaled \$102,751 for the year ended December 31, 2021.

Land and buildings with a carrying value of \$3,287,067 are pledged as collateral for debt. See Note 6.

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**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 6 – Long-Term Debt**

Long-term debt consists of the following as of December 31, 2021:

Non-interest notes payable, with no monthly installments, secured by real estate. Loans are to be repaid in event real estate is no longer used for specified purpose or Organization terminates.	\$ 2,878,592
Note payable, due in monthly installments of \$333 interest only payments at 1% until June 2026. Payment thereafter of \$1,507 until paid in full, secured by real estate.	400,000
Non-interest note payable, due in monthly installments of \$556 until paid in full, secured by real estate.	149,411
Non-interest note payable, due in monthly installments of \$388 until paid in full, secured by real estate.	151,045
Note payable, due in monthly installments of \$101, including interest at 1%, with remaining balance due February 2050, secured by real estate.	<u>29,706</u>
	3,608,754
Less current portion	<u>(12,244)</u>
	<u>\$ 3,596,510</u>

**Note 7 – Paycheck Protection Program Loan**

In May 2020, the Organization received a \$40,000 loan through the Paycheck Protection Program (PPP). This loan accrued interest at 1%, was guaranteed by the Small Business Administration (SBA). Monthly accrued interest payments began November 2020. In May 2021, the loan was fully forgiven by the SBA. Forgiveness of the loan is recognized as grant revenue in the accompanying statement of activities.

**Note 8 – Operating Leases**

The Organization leases its office facility under a long-term lease. A \$5,000 security deposit was paid in 2014 with the original execution of the lease. In 2018, the Organization exercised its first two, four-year renewal option. In 2021, the Organization signed an addendum to the original lease to lease additional space and to extend the effective lease period to December 31, 2025. The rental expense related to this lease totaled \$101,338.

Central Oregon Veteran & Community Outreach, Inc.  
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**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 8 – Operating Leases – (Continued)**

Future minimum annual lease payments are as follows for the years ending December 31:

2022	\$	104,784
2023		107,928
2024		111,165
2025		114,500
	\$	<u>438,377</u>

**Note 9 – Concentrations of Risk**

Concentrations of risks not clearly identified elsewhere in these notes follow:

- The Organization receives significant support from the U.S. Department of Veterans Affairs SSVF program. Reductions of this support, if it were to occur, could have adverse effects on the Organization's ability to support programs and activities.
- The Organization maintains several bank accounts with one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2021, the Organization's uninsured cash balances totaled \$271,970.

**Note 10 – Recent Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases*. This guidance, as amended by subsequent ASU's on the topic, requires lessees to recognize a right-to-use asset and a lease obligation for all leases. Lessees are permitted to make an accounting policy election to not recognize an asset and liability for leases with a term of twelve months or less. Additional qualitative and quantitative disclosures, including significant judgments made by management, are required. Application is required for annual periods beginning after December 15, 2021. The Organization expects to adopt this standard on January 1, 2022. While the Organization is still evaluating impact of the new accounting guidance on its financial statements, based on management's preliminary assessment, the Organization will record assets and liabilities for long-term operating leases currently included in Note 8 – Operating Leases.

Central Oregon Veteran & Community Outreach, Inc.  
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**Notes to Financial Statements**

December 31, 2021

(See Independent Accountant's Review Report)

**Note 11 – Prior Period Restatement**

Subsequent to issuing the 2020 financial statements, management discovered an error in the treatment of a loan executed with the City of Bend in 2019, as a portion of the loan was improperly recorded as in-kind contribution revenue instead of long-term debt. Management corrected the misstatement in the accompanying 2021 financial statements. A summary of the impact is outlined below:

Net assets without donor restrictions, as previously reported, at December 31, 2020	\$	325,151
Adjustment		<u>(257,056)</u>
Net assets without donor restrictions at December 31, 2020, as restated	\$	<u><u>68,095</u></u>