

**CENTRAL OREGON VETERANS &
COMMUNITY OUTREACH INC.**

dba: CENTRAL OREGON VETERANS OUTREACH

**Financial Statements for
Year Ended
December 31, 2019**

CONTENTS

	Page
Independent Accountants' Review Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14



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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying financial statements of Central Oregon Veterans & Community Outreach, Inc. dba Central Oregon Veterans Outreach (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and 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 AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis of 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.

Other Matters

As disclosed in Note 3 to the financial statements, accounting principles generally accepted in the United States of America require that Long-Term Debt principal be presented as the present value of future payments discounted over the repayment period. Management has indicated they have not undertaken the calculations required to report Long-Term Debt amounts in this manner for the notes with no stated interest rates. Management has not determined the effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows.



Accountant's Conclusion

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
October 16, 2020

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba CENTRAL OREGON VETERANS OUTREACH
 STATEMENT OF FINANCIAL POSITION
 December 31, 2019

ASSETS

Cash	\$ 196,985
Accounts receivable, net	6,432
Prepaid expenses and other current assets	<u>20,164</u>
Total Current Assets	223,581
Security deposits	5,000
Property and equipment, net	<u>3,483,533</u>
Total Assets	<u><u>\$ 3,712,114</u></u>

LIABILITIES

Accounts payable	\$ 4,837
Accrued expenses	33,145
Current portion of long-term debt	<u>49,901</u>
Total Current Liabilities	<u>87,883</u>
Long-term debt, less current portion	<u>3,569,894</u>
Total Liabilities	<u>3,657,777</u>

NET ASSETS

Net Assets without donor restrictions:	
Undesignated	<u>29,826</u>
Net Assets with donor restrictions, Note 6	
Donor imposed purpose restrictions	<u>24,511</u>
Total Net Assets	<u>54,337</u>
Total Liabilities and Net Assets	<u><u>\$ 3,712,114</u></u>

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba CENTRAL OREGON VETERANS OUTREACH
 STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Public support			
Contributions and gifts	\$ 96,045	\$ 89,700	\$ 185,745
Contributions - in-kind	43,233	-	43,233
Fundraising	20,335	-	20,335
Total Public Support	<u>159,613</u>	<u>89,700</u>	<u>249,313</u>
Fees and grants from			
Governmental agencies	480,395	-	480,395
Other organizations	20,447	-	20,447
Total Fees and Grants	<u>500,842</u>	<u>-</u>	<u>500,842</u>
Other revenue			
Rents	228,763	-	228,763
Miscellaneous	481	-	481
Net realized gains (losses) from disposal of property and equip.	<u>(2,400)</u>	<u>-</u>	<u>(2,400)</u>
Total Other Revenue	<u>226,844</u>	<u>-</u>	<u>226,844</u>
Net assets released from restrictions			
Satisfaction of program expenses	<u>89,700</u>	<u>(102,536)</u>	<u>(12,836)</u>
Total Revenue, Gains, and Other Support	<u>976,999</u>	<u>(12,836)</u>	<u>964,163</u>
Expenses			
Program services			
Housing programs	293,493	-	293,493
SSVF program	323,627	-	323,627
Other veterans programs	199,259	-	199,259
Supporting services			
Management and general	<u>200,076</u>	<u>-</u>	<u>200,076</u>
Total Expenses	<u>1,016,455</u>	<u>-</u>	<u>1,016,455</u>
Change in Net Assets	(39,456)	(12,836)	(52,292)
Net Assets, beginning of year, as restated	<u>69,282</u>	<u>37,347</u>	<u>106,629</u>
Net Assets, end of year	<u>\$ 29,826</u>	<u>\$ 24,511</u>	<u>\$ 54,337</u>

See Notes to the Financial Statements

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba CENTRAL OREGON VETERANS OUTREACH
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2019

	Program Services			Total	Management and General	
	Housing Programs	SSVF Program	Other Veteran Programs	Program Services	and General	Total
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ 107	\$ 107
Contracted services	36,158	-	-	36,158	-	36,158
Depreciation	106,100	-	-	106,100	4,723	110,823
Insurance	20,117	-	916	21,033	6,368	27,401
Interest	7,113	-	-	7,113	1,569	8,682
Legal & professional	20,250	-	-	20,250	6,364	26,614
License and permits	-	11,637	-	11,637	1,697	13,334
Miscellaneous	2,032	-	841	2,873	-	2,873
Office expense	601	1,763	-	2,364	8,761	11,125
Payroll taxes	599	22,151	16,962	39,712	10,168	49,880
Office equipment under \$500	-	-	-	-	-	-
Property taxes	22,721	-	-	22,721	-	22,721
Repairs and maintenance	28,794	-	50	28,844	3,310	32,154
Salaries and wages	4,811	215,367	156,737	376,915	53,019	429,934
Supplies	65	504	10,439	11,008	846	11,854
Special events	-	-	-	-	5,573	5,573
Temp. financial assistance	-	58,492	427	58,919	-	58,919
Telephone	3,261	2,442	-	5,703	3,319	9,022
Training	-	8,252	50	8,302	-	8,302
Travel and transportation	-	3,019	12,030	15,049	429	15,478
Utilities and occupancy	40,871	-	807	41,678	93,823	135,501
	<u>\$ 293,493</u>	<u>\$ 323,627</u>	<u>\$ 199,259</u>	<u>\$ 816,379</u>	<u>\$ 200,076</u>	<u>\$ 1,016,455</u>

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba CENTRAL OREGON VETERANS OUTREACH
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2019

Reconciliation of Change in Net Assets to Net Cash
 Provided by Operating Activities

Change in Net Assets	<u>\$ (52,292)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and amortization	110,823
Donated equipment included in public support revenue	(43,233)
Loss from disposals of property and equip.	2,400
(Increase)/decrease in accounts receivable	(6,411)
(Increase)/decrease in prepaids	(2,797)
(Increase)/decrease in security deposit	5,400
Increase/(decrease) in accounts payable	(13,003)
Increase/(decrease) in accrued expenses	<u>11,484</u>
Total Adjustments	<u>64,663</u>
Net Cash Provided (Used) by Operating Activities	<u>12,371</u>
Cash Flows from Investing Activities	
Acquisition of equipment	(6,378)
Proceeds from sale of assets	<u>3,407</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,971)</u>
Cash flows from Financing Activities	
Principal payments on notes payable	<u>(21,192)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(11,792)
Cash and Cash Equivalents	
Beginning of year	<u>208,777</u>
End of year	<u>\$ 196,985</u>
Interest paid	<u>\$ 8,682</u>

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
dba Central Oregon Veterans Outreach
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

Note 1. The Organization and Summary of Significant Accounting Policies

Central Oregon Veterans & Community Outreach, Inc., dba Central Oregon Veterans Outreach, is a not-for-profit corporation organized in the State of Oregon in 2005. Central Oregon Veterans Outreach, Inc's mission is to provide assistance to homeless veterans and other homeless individuals and families in Central Oregon.

The following is a summary of significant accounting policies of the Organization:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net Assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets that are subject to donor-imposed restrictions, but the Organization is permitted to use the income.

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. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers cash and short-term investments with maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management considers all receivables to be collectible. Accordingly, no bad debt expense or valuation allowance has been recorded.

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
dba Central Oregon Veterans Outreach
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

Note 1. The Organization and Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Organization accrues vacation pay when earned. Accrued but unused vacation for the year ended December 31, 2019, totaled \$16,488. This is included in accrued expenses on the Statement of Financial Position.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at date of gift, if donated. Property and equipment with a cost greater than \$500 and useful life greater than one year are capitalized. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

Expenditures for additions, major renewals and betterments are capitalized, and expenditures for repairs and maintenance are charged against revenue as incurred.

The costs of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to operations.

Capital assets are depreciated using the straight-line method over the following useful lives.

Buildings and improvements	10 to 30 years
Vehicles and Equipment	5 to 7 years

Revenue and Support Without Donor Restrictions and With Donor Restrictions

Contributions received are recorded without donor restrictions and with donor restrictions on support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
dba Central Oregon Veterans Outreach
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

Note 1. The Organization and 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 statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are made on the basis of cost accounting information available and the judgment of management.

Income Taxes

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

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 2016, 2017, and 2018 are subject to examination by the IRS, generally for 3 years after they were filed.

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.

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba Central Oregon Veterans Outreach
 NOTES TO FINANCIAL STATEMENTS
 Year Ended December 31, 2019

Note 2. Property and Equipment

Property and equipment consist of the following:

	<u>2019</u>
Land	\$ 1,059,951
Buildings	3,080,545
Furniture and equipment	33,078
Vehicles	45,001
Construction in progress	<u>16,740</u>
	4,235,315
Less accumulated depreciation	<u>(751,783)</u>
	<u>\$ 3,483,532</u>
Depreciation charged against income	<u>\$ 110,823</u>

Land and buildings with a carrying value of 3,802,518 are pledged as collateral for debt. See Note 3.

Note 3. Notes Payable

The Organization's obligations under Long-Term Debt consisted of the following for the year ended December 31, 2019:

4.37% note payable, due in monthly installments of \$1,299, including interest, with remaining balance due February 2023, secured by real estate.	\$ 155,887
Non-interest note payable, due in monthly installments of \$556 until paid in full, secured by real estate.	161,803
Non-interest note payable, due in monthly installments of \$388 until paid in full, secured by real estate.	160,364
5% note payable, due in monthly installments of \$1,955, with remaining balance paid during 2020, secured by real estate.	29,670
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.	<u>3,112,071</u>
	3,619,795
Less current maturities	<u>(49,901)</u>
	<u>\$ 3,669,696</u>

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba Central Oregon Veterans Outreach
 NOTES TO FINANCIAL STATEMENTS
 Year Ended December 31, 2019

Note 3. Notes Payable (Continued)

The Organization has significant debt agreements as noted above that do not bear any stated interest rate and/or do not require regularly scheduled repayments of principal. Accounting principles generally accepted in the United States of America require that debt be disclosed at the present value of future payments discounted over the repayment period which also requires imputing interest for notes with no, or below market, interest rates. The cost of making these calculations greatly outweighs the benefits of making the appropriate disclosures under United States of America generally accepted account principles. We have not determined the effects of these departures from accounting principles generally accepted in the United State of America on financial position, results of operations, and cash flows.

Maturities of long-term debt are as follows:

Year ended December 31,	
2020	\$ 49,901
2021	20,654
2022	21,075
2023	139,231
2024	11,326
Thereafter	<u>3,377,609</u>
	<u>\$ 3,619,795</u>

Note 4. In-Kind Donations and Donated Services

The Organization received a donated vehicle and gifts-in-kind totaling \$43,233 for the year ended.

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.

Note 5. Fair Values of Financial Instruments

Cash and Cash Equivalents

Cash and cash equivalents have original maturity dates of three months or less, therefore carrying value approximates fair value as follows:

	<u>Carrying Amount</u>		<u>Fair Value</u>
Financial Assets:			
Cash and Cash Equivalents	\$ 196,985	\$	196,985

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba Central Oregon Veterans Outreach
 NOTES TO FINANCIAL STATEMENTS
 Year Ended December 31, 2019

Note 6. Net Assets with Donor Restrictions

Donor-Imposed Purpose Restrictions

Donor-imposed purpose restricted net assets contain donor-imposed restrictions that expire once specific actions are undertaken by the Organization. The net assets are then released and reclassified to unrestricted support when they are expended.

Net assets with donor restrictions are available for the following purposes:

	December 31, 2018	Contributions	Released from Restrictions	June 30, 2019
Bend Veterans Day Parade	\$ 10,583	\$ 10,000	\$ 13,272	\$ 7,311
United Way Grant	5,625	-	5,625	-
US Bank Foundation Building Fund	4,200	-	-	4,200
Home of the Brave Projects	-	500	-	500
Crevier Grant	-	10,000	-	10,000
State of Oregon - Housing for Heroes	12,889	-	12,889	-
PacificSource Emergency Fund	4,050	-	4,050	-
BNSF Outreach Grant	-	2,500	-	2,500
Propane and Holiday Funds	-	3,700	3,700	-
Individual Donor Funds	-	63,000	63,000	-
	<u>\$ 37,347</u>	<u>\$ 89,700</u>	<u>\$ 102,536</u>	<u>\$ 24,511</u>

Note 7. Operating Leases

Central Oregon Veterans Outreach, Inc. 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 of two, four-year renewal options, with the current lease terms expiring March 31, 2022. The rental expense relating to this lease totaled \$92,312 for the year ended December 31, 2019.

Future obligations over the primary terms of the Organization's long-term lease are as follows:

Year Ended December 31,	
2020	\$ 94,836
2021	97,240
2022	<u>24,461</u>
	<u>\$ 216,538</u>

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
 dba Central Oregon Veterans Outreach
 NOTES TO FINANCIAL STATEMENTS
 Year Ended December 31, 2019

Note 7. Operating Leases (Continued)

The Organization leases a Konica C458 printer and copier under a long-term lease. Lease was executed in 2018 and expires in 2023. The rental expense relating to this lease totaled \$2,344.

Future monthly payment obligations over the primary terms of the Organization's long-term lease are as follows:

Year Ended December 31,	
2020	\$ 2,322
2021	2,322
2022	2,322
2023	968
	<u>\$ 7,934</u>

Note 8. Concentrations of Risk

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

- The Organization receives significant support from the Department of Veterans Affairs. Reductions of this support, if it were to occur, could have adverse effects on the Organization's ability to support programs and activities.
- At December 31, 2019, the Organization had no uninsured cash balances.

Note 9. Liquidity

The Organization has \$203,417 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$196,985 and accounts receivable of \$6,432. Of the financial assets \$24,511 are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, consisting of cash and cash equivalents, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$254,114. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CENTRAL OREGON VETERANS & COMMUNITY OUTREACH, INC.
dba Central Oregon Veterans Outreach
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

Note 10. Prior Period Restatement

The Organization had a prior period restatement due to lands donated during 2018 that were not recorded. This resulted in net assets without donor restrictions being understated. This restatement had the following effect on the net assets without donor restrictions:

Net Assets without donor restrictions at December 31, 2018	\$ (268,898)
Understated in-kind donations	<u>338,180</u>
Net Assets without donor restrictions at December 31, 2018, Restated	<u>\$ 69,282</u>

Note 11. Subsequent Events

Subsequent events were evaluated through October 15, 2020 which is the date the financial statements were available to be issued.

The COVID-19 outbreak worldwide has resulted in government mandated closures that have caused disruption in both the local and global economies. The extent and duration of the impact of this outbreak on operations is unknown at this time. In an effort to reduce financial risk, management applied for and received a potentially forgivable loan through the Paycheck Protection Program receiving funds of \$40,000 for use towards expenses for the year ended December 31, 2020.