

RAPHAEL HOUSE OF PORTLAND

Audited Financial Statements

For the Year Ended June 30, 2021



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Raphael House of Portland

We have audited the accompanying financial statements of Raphael House of Portland (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Raphael House of Portland as of June 30, 2021, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Raphael House of Portland's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobz, P.C.

Portland, Oregon
December 7, 2021

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With comparative totals for 2020)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 691,173	\$ 817,999
Investments	1,311,115	840,342
Accounts and pledges receivable, net	487,029	384,813
Prepaid expenses	44,882	15,857
Total current assets	2,534,199	2,059,011
Pledges receivable	-	20,000
Endowment investments	237,633	186,401
Property and equipment, net	2,052,437	2,115,415
TOTAL ASSETS	\$ 4,824,269	\$ 4,380,827
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 137,213	\$ 134,431
Deposits	12,364	1,831
Deferred revenue	10,550	-
Refundable advance - Paycheck Protection Program	-	314,400
Total current liabilities	160,127	450,662
Net assets:		
Without donor restrictions:		
Undesignated	2,198,141	1,550,148
Board-designated	103,506	79,179
Net property and equipment	2,052,437	2,115,415
Total without donor restrictions	4,354,084	3,744,742
With donor restrictions	310,058	185,423
Total net assets	4,664,142	3,930,165
TOTAL LIABILITIES AND NET ASSETS	\$ 4,824,269	\$ 4,380,827

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021
(With comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions	\$ 870,153	\$ 264,982	\$ 1,135,135	\$ 1,138,976
Government grants and contracts	2,111,331	-	2,111,331	1,407,409
Donated assets, materials and services	101,563	-	101,563	191,353
Special events, net direct costs of \$102,617 in 2021 and \$81,283 in 2020	244,798	-	244,798	283,442
Investment income	103,004	26,905	129,909	40,286
Other income	6,908	-	6,908	6,355
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions	167,252	(167,252)	-	-
Total support and revenue	<u>3,605,009</u>	<u>124,635</u>	<u>3,729,644</u>	<u>3,067,821</u>
Expenses:				
Program services	2,328,913	-	2,328,913	2,266,564
Management and general	246,633	-	246,633	200,299
Fundraising	420,121	-	420,121	401,783
Total expenses	<u>2,995,667</u>	<u>-</u>	<u>2,995,667</u>	<u>2,868,646</u>
Change in net assets	609,342	124,635	733,977	199,175
Net assets:				
Beginning of year	<u>3,744,742</u>	<u>185,423</u>	<u>3,930,165</u>	<u>3,730,990</u>
End of year	<u>\$ 4,354,084</u>	<u>\$ 310,058</u>	<u>\$ 4,664,142</u>	<u>\$ 3,930,165</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
(With comparative totals for 2020)

	Program Services						Total Program Services	Management and General	Fund- raising	2021 Total	2020 Total
	Emergency Services	Housing Programs/ Support	Youth Program	Advocacy Center Program	Volunteer Program	Community Programs					
Salaries	\$ 402,186	\$ 145,215	\$ 110,350	\$ 131,889	\$ 55,794	\$ 307,896	\$ 1,153,330	\$ 276,299	\$ 234,262	\$ 1,663,891	\$ 1,618,600
Payroll taxes and employee benefits	78,896	32,161	28,824	29,565	7,862	60,886	238,194	45,363	49,829	333,386	324,801
Professional fees	38	-	-	-	135	1,702	1,875	58,753	16,654	77,282	55,831
Consulting and contract services	16,122	-	-	-	-	-	16,122	-	-	16,122	12,548
Client services and assistance	11,826	262,221	1,827	124,304	-	20,937	421,115	-	-	421,115	325,770
Supplies	117,097	273	5,930	2,229	-	2,451	127,980	6,048	618	134,646	210,991
Occupancy	36,173	-	-	1,375	-	-	37,548	319	476	38,343	49,470
Office expense	21,582	3,022	2,382	5,710	1,053	8,801	42,550	34,323	8,460	85,333	53,992
Travel	651	2,774	492	1,059	-	1,197	6,173	4	1	6,178	10,122
Training	1,072	283	261	210	254	(264)	1,816	3,170	157	5,143	15,239
Insurance	25,878	2,025	4,816	2,169	2,104	4,700	41,692	7,915	3,435	53,042	48,598
Fundraising and media relations	-	-	-	-	-	-	-	-	119,130	119,130	98,171
Other operating costs	317	-	-	303	142	178	940	9,400	21,095	31,435	12,568
Depreciation	101,670	-	367	1,414	177	1,924	105,552	6,243	1,443	113,238	113,228
Expense allocation	<u>(58,589)</u>	<u>30,983</u>	<u>37,765</u>	<u>39,920</u>	<u>11,433</u>	<u>72,514</u>	<u>134,026</u>	<u>(201,204)</u>	<u>67,178</u>	<u>-</u>	<u>-</u>
Total operating expenses	754,919	478,957	193,014	340,147	78,954	482,922	2,328,913	246,633	522,738	3,098,284	2,949,929
Less expenses netted with revenue on the statement of activities:											
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,617)</u>	<u>(102,617)</u>	<u>(81,283)</u>
Total expenses	<u>\$ 754,919</u>	<u>\$ 478,957</u>	<u>\$ 193,014</u>	<u>\$ 340,147</u>	<u>\$ 78,954</u>	<u>\$ 482,922</u>	<u>\$ 2,328,913</u>	<u>\$ 246,633</u>	<u>\$ 420,121</u>	<u>\$ 2,995,667</u>	<u>\$ 2,868,646</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
(With comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 733,977	\$ 199,175
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	113,238	113,228
Change in value of investments	(110,812)	(15,429)
(Increase) decrease in:		
Accounts and pledges receivable	(82,216)	18,937
Prepaid expenses	(29,025)	27,693
Increase (decrease) in:		
Accounts payable and accrued expenses	2,782	32,935
Deposits	10,533	(733)
Deferred revenue	10,550	(6,500)
Refundable advance - Paycheck Protection Program	<u>(314,400)</u>	<u>314,400</u>
Net cash flows from operating activities	<u>334,627</u>	<u>683,706</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(50,260)	(15,206)
Additions to investments	(819,859)	(365,310)
Proceeds from the sale of investments	<u>408,666</u>	<u>345,855</u>
Net cash flows from investing activities	<u>(461,453)</u>	<u>(34,661)</u>
 Net change in cash and cash equivalents	(126,826)	649,045
 Cash and cash equivalents - beginning of year	<u>817,999</u>	<u>168,954</u>
 Cash and cash equivalents - end of year	<u>\$ 691,173</u>	<u>\$ 817,999</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. NATURE OF ACTIVITIES

Raphael House of Portland (the Organization) is a nonprofit human service agency established in Portland, Oregon in 1977 to assist families in crisis. The Organization's mission is: *"We believe everyone deserves to live a life free of violence. The mission of Raphael House is to engage our entire community in non-violent living through advocacy, education, community outreach, and providing a safe haven from domestic violence."*

Assistance includes housing, advocacy, information and referral services, community education, and other specially designed services in support of the Organization's programs. These services include emergency food, clothing and transportation, youth programs, and support groups. The Organization's programs are supported primarily through contributions and government grants.

The Organization's programs are as follows:

Emergency Services

During 2021, 70 survivors stayed at the Organization's emergency shelter an average of five months. It is confidentially located and can house up to 38 survivors (adults and children) at one time. The shelter is a safe and comfortable environment where survivors can access the resources necessary to help build a violence free life.

Housing Programs/Support:

Home in Hand / Hoqar en Mano Housing Program

The Organization operates a scattered housing program. Survivors and their children are assisted through housing and ongoing advocacy for a period of up to 24 months.

Shelter to Stability

The Organization provides support to survivors moving out of the three Multnomah County Domestic Violence Shelters and into housing by helping them pay off previously incurred housing debt or debt that is preventing them from being housed or supporting survivors in relocating for housing opportunities. This program also provides advocacy and peer lead economic empowerment learning sessions called SWAG (Survivors are Worthy Awesome and Gutsy).

Youth Program

The youth program provides advocacy, safety planning and developmentally appropriate activities for emergency shelter residents under 18 years of age as well as parenting support and guidance for the protective parent.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

I. NATURE OF ACTIVITIES, Continued

Advocacy Center Program

The Advocacy Center is a facility that offers essential supportive activities, resources and the community that survivors of domestic violence can utilize while in any of the Organization's programs and after they leave. The space contains computers for participant internet needs. There are rooms for counseling, community partner engagement, wellness activities, support groups, youth activities, youth advocacy, safety planning and developmentally appropriate activities. This program has been providing more housing case management and financial resource support since the Pandemic.

Volunteer Program

Raphael House of Portland volunteers are indispensable to the success of the Organization's programs. The volunteer program oversees and coordinates individual volunteers who donate a substantial amount of time and perform a variety of tasks that support the Organization's program services, fundraising and administrative duties.

Community Programs:

Prevention Education

Raphael House of Portland maintains a commitment to education and raising awareness in the community about the effects of domestic violence. Through outreach and educational programs, the Organization educates high school and middle school students, school staff and parents on the warning signs of intimate partner violence as well as their rights within all relationships. The Organization is also committed to raising awareness about domestic violence in the workplace so businesses and employees know their rights if they or someone they know is experiencing intimate partner violence.

Recovery Mentor

The first of its kind serving survivors accessing any domestic violence program in Multnomah County, this survivor-led, peer support programming serves survivors who are struggling with addiction as they transition from violence into safety. Our Domestic Violence Recovery Mentors offer lived experience in both recovery and as survivors themselves, and are uniquely able to provide a wide range of specialized supports.

Healthcare Advocacy

In collaboration with Volunteers of America Oregon, Home Free and OHSU Richmond Family Clinic, Raphael of Portland provides a confidential advocate for patients accessing the clinic. This new program provides resources, safety planning and advocacy for survivors in the safety of their doctor's office.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 and 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents included in investments are considered investments.

Investments

Investments are carried at fair value. Donor-restricted investment income is reported as an increase in net assets with donor restrictions and classified according to the nature of the restriction.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on management's assessment of the outstanding balances, it has concluded that possible future losses on balances outstanding at year-end will be immaterial.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Pledges Receivable

Pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. If material to the financial statements, unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management provides for probable uncollectible amounts for pledges receivable through a charge to expense and a credit 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 and pledges receivable.

Property and Equipment and Depreciation

Acquisitions of property and equipment of \$1,000 or greater are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 15 years for equipment and 40 years for buildings.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Government Grants and Contracts: A portion of the Organization's revenue is derived from cost-reimbursable grants and contracts, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has been awarded cost-reimbursable grants of approximately \$490,000 for the period through December 31, 2023 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred. The Organization has not received advances on these grants.

RAPHAEL HOUSE OF PORTLAND
 NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Paycheck Protection Program Loan: The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. The Organization received a PPP loan of \$314,400 during 2020 and satisfied the conditions and recognized the advance as a government grant in 2021.

Special Events: The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Sponsorships are recorded as revenue at the time of commitment unless commensurate value is included as part of the agreement. The portion of sponsorship revenue that relates to commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met. The commensurate value of sponsorships is included in deferred revenue and total \$10,550 at June 30, 2021.

Donated Assets, Materials and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A summary of donated assets, materials and services is as follows:

	<u>2021</u>	<u>2020</u>
Materials and goods included in program services	\$ 96,980	\$ 187,101
Professional services, included in management and general	<u>4,583</u>	<u>4,252</u>
Total donated assets, materials and services	<u>\$ 101,563</u>	<u>\$ 191,353</u>

In addition, many individuals volunteer a substantial amount of time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and administrative duties. These volunteer services, representing approximately \$37,900 and \$45,800 for 2021 and 2020, respectively, are not recognized as contributions in the financial statements since the recognition criteria were not met.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional 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 programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and related costs, supplies, office expense, insurance, and other, which are allocated on the basis of time and effort.

Income Tax Status

The Organization is a nonprofit corporation exempt from federal and state income - tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of financial statements in conformity 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.

Summarized Financial Information for 2020

The financial information as of June 30, 2020 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Change in Accounting Principle

The Organization has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* beginning in 2021. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The Organization has no material revenue streams subject to the standard in 2021 and 2020.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 691,173	\$ 817,999
Investments	1,311,115	840,342
Accounts and pledges receivable, net	<u>487,029</u>	<u>404,813</u>
	2,489,317	2,063,154
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	<u>175,931</u>	<u>78,201</u>
Financial assets available for general expenditure	<u>\$ 2,313,386</u>	<u>\$ 1,984,953</u>

The board-designated endowment fund may be spent with approval of the Board of Directors. See Note 9. See Note 7 for information about the Organization's line of credit.

4. INVESTMENTS

Investments consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 211,475	\$ 48,501
Money market funds	318,947	125,308
Mutual funds	965,060	814,043
Beneficial interest in assets held by OCF (Note 9)	<u>53,266</u>	<u>38,891</u>
Total investments	<u>\$ 1,548,748</u>	<u>\$ 1,026,743</u>
Current	\$ 1,311,115	\$ 840,342
Endowment (Note 12)	<u>237,633</u>	<u>186,401</u>
	<u>\$ 1,548,748</u>	<u>\$ 1,026,743</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

5. ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable are unsecured and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Pledges receivable:		
Within one year	\$ 83,070	\$ 106,250
Within two to five years	-	20,000
Less allowance for uncollectible accounts	<u>(9,200)</u>	<u>(9,200)</u>
Pledges receivable, net	<u>73,870</u>	<u>117,050</u>
Government contracts and grants:		
Multnomah County	239,097	211,323
State of Oregon	109,102	62,282
Other	<u>64,960</u>	<u>14,158</u>
Total government contracts and grants	<u>413,159</u>	<u>287,763</u>
Accounts and pledges receivable, net	<u>\$ 487,029</u>	<u>\$ 404,813</u>
Current	\$ 487,029	\$ 384,813
Noncurrent	-	20,000
	<u>\$ 487,029</u>	<u>\$ 404,813</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 119,300	\$ 119,300
Buildings	3,577,759	3,574,259
Vehicles	43,287	43,287
Furniture and fixtures	267,959	221,199
Website	<u>10,717</u>	<u>10,717</u>
Total property and equipment	4,019,022	3,968,762
Less accumulated depreciation	<u>1,966,585</u>	<u>1,853,347</u>
Net property and equipment	<u>\$ 2,052,437</u>	<u>\$ 2,115,415</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

7. LINE OF CREDIT

The Organization holds a \$250,000 unsecured line of credit with a bank. Interest is payable monthly on outstanding advances at an adjustable rate corresponding to the Prime Rate plus 3.1% at June 30, 2021 (Prime Rate plus 3.6% at June 30, 2020). The line matures February 2022. There were no advances on the line at June 30, 2021 and 2020.

8. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

9. BOARD-DESIGNATED NET ASSETS

The Organization's board-designated endowment funds totaling \$103,506 and \$79,179 June 30, 2021 and 2020, respectively, consist of the following funds:

The Organization established a board-designated endowment fund in the name of Morgan Dufault. Endowment funds are available for youth programs. Balances total \$50,240 and \$40,288 at June 30, 2021 and 2020, respectively.

The Organization also has a board-designated endowment fund with The Oregon Community Foundation (OCF) established as the Raphael House of Portland Endowment Fund of OCF. The Organization's fund is pooled with other assets managed by OCF which are invested in a mixture of equities, fixed-income instruments, alternative investment classes, and cash, which are reflected at fair value. Under the terms of the agreement, variance power has been granted to OCF, however, the Organization is the beneficiary of the fund and the transfer is reciprocal in nature. Also under the terms of the agreement, OCF shall distribute not less than annually, a percentage of the fair value of the fund as determined by the board of directors of OCF. However, in no event will the percentage be less than a reasonable rate of return. The beneficial interest in assets held total \$53,266 and \$38,891 at June 30, 2021 and 2020, respectively.

OCF may make additional distributions from the fund to the Organization upon a majority vote of all of the directors of the Organization, if, in the sole judgment of the board of OCF, the requested distribution is consistent with the objectives and purposes of the Organization.

See Note 12, Endowment.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net assets with expiring donor restrictions:		
Endowment earnings (Note 12)	\$ 34,127	\$ 7,222
Shelter to Stability	80,655	7,801
Emergency Shelter	54,330	11,790
COVID-19 Emergency Housing	457	32,397
Advocacy Center	28,821	-
Other purpose restrictions	1,668	1,213
Time restrictions	<u>10,000</u>	<u>25,000</u>
Total net assets with expiring donor restrictions	210,058	85,423
Net assets with perpetual donor restrictions:		
Endowment (Note 12)	<u>100,000</u>	<u>100,000</u>
Total net assets with donor restrictions	<u>\$ 310,058</u>	<u>\$ 185,423</u>

11. RETIREMENT PLAN

The Organization has a SIMPLE IRA plan (the Plan) that is available to all employees. Participants are eligible for an employer match of their contribution up to 3% of their gross wages. The percentage is established annually by the Board of Directors. The matching percentage established by the Board was 3% in calendar years 2021 and 2020. Employees may contribute the maximum amount allowed by IRS regulations. For the years ended June 30, 2021 and 2020, the Organization's contributions to the Plan totaled approximately \$44,600 and \$42,900, respectively.

12. ENDOWMENT

The Organization's endowment consists of funds established for long-term support of the Organization. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or session designations.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

12. ENDOWMENT, Continued

Interpretation of Relevant Law

The Board of Directors of the Organization have interpreted Oregon's Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classify as net assets with perpetual restrictions (a) the original value of gifts donated to the perpetual endowment (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual restrictions is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with UPMIFA, the Organization consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment funds
- (2) The purposes of the Organization and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment net asset composition by fund type is as follows as of June 30, 2021 and 2020:

	Without Donor <u>Restrictions</u>	<u>With Donor</u>		
		Expiring <u>Restrictions</u>	Perpetual <u>Restrictions</u>	<u>Total</u>
June 30, 2021				
Donor-restricted	\$ -	\$ 34,127	\$ 100,000	\$ 134,127
Board-designated	103,506	-	-	103,506
Endowment total	<u>\$ 103,506</u>	<u>\$ 34,127</u>	<u>\$ 100,000</u>	<u>\$ 237,633</u>
June 30, 2020				
Donor-restricted	\$ -	\$ 7,222	\$ 100,000	\$ 107,222
Board-designated	79,179	-	-	79,179
Endowment total	<u>\$ 79,179</u>	<u>\$ 7,222</u>	<u>\$ 100,000</u>	<u>\$ 186,401</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

12. ENDOWMENT, Continued

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without	With Donor		Total
	Donor	Expiring	Perpetual	
Endowment net assets:	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	
Balance, June 30, 2019	\$ 78,786	\$ 5,614	\$ 100,000	\$ 184,400
Investment return	393	1,608	-	2,001
Balance, June 30, 2020	79,179	7,222	100,000	186,401
Investment return	24,327	26,905	-	51,232
Balance, June 30, 2021	<u>\$ 103,506</u>	<u>\$ 34,127</u>	<u>\$ 100,000</u>	<u>\$ 237,633</u>

Fund with Deficiencies

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or the Act requires the Organizations to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are reported in net assets with expiring restrictions. There were no deficiencies at June 30, 2021 and 2020.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has adopted an asset allocation strategy that results in an acceptable risk and return profile while also providing an acceptable probability of achieving the investment objectives over the long-term.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has not yet established a spending policy and will do so once asset balances reach a sufficient level.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

13. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	Fair Value	Level 1	Level 3
June 30, 2021			
Money market funds	\$ 318,947	\$ 318,947	\$ -
Mutual funds:			
Equity	252,363	252,363	-
Fixed income	630,048	630,048	-
International equity	82,649	82,649	-
Beneficial interest in assets held by OCF	53,266	-	53,266
Total fair value investments	<u>\$ 1,018,326</u>	<u>\$ 965,060</u>	<u>\$ 53,266</u>
June 30, 2020			
Money market funds	\$ 125,308	\$ 125,308	\$ -
Mutual funds:			
Equity	179,572	179,572	-
Fixed income	576,282	576,282	-
International equity	58,189	58,189	-
Beneficial interest in assets held by OCF	38,891	-	38,891
Total fair value investments	<u>\$ 852,934</u>	<u>\$ 814,043</u>	<u>\$ 38,891</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

13. FAIR VALUE MEASUREMENTS, Continued

Fair values for fixed income, equity securities and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Investments held at OCF in pooled funds are valued at the net asset value per unit as provided by OCF trustees. Net asset value is based on fair value of the underlying assets of the funds using quoted market prices when available determined using a market approach. Quoted market prices are not available for certain alternative investment classes, such as limited partnership investments. The valuations for limited partnership investments are based on the net asset value of OCF's ownership interest in the partners' capital which includes assumptions and methods that were prepared by the general partners of the limited partnerships and were reviewed by OCF.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include:

Beneficial interest in assets held by OCF:

	2021	2020
Beginning of year	\$ 38,891	\$ 39,093
Change in value (reported in net assets without donor restrictions)	<u>14,375</u>	<u>(202)</u>
Ending balance	<u>\$ 53,266</u>	<u>\$ 38,891</u>

14. FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash balances, investments, pledges and accounts receivable. To limit credit risk, the Organization places its cash and cash equivalents with high credit quality financial institutions. The balances in each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances may exceed insured limits. Balances in excess of insured limits totaled approximately \$179,000 and \$35,000 at June 30, 2021 and 2020, respectively.

Government grants from two agencies represent 44% of total support and revenue for each of the years ended June 30, 2021 and 2020.

Investment securities, including investments held by OCF, are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2021

15. RELATED PARTY TRANSACTION

The Organization engaged in business transactions with companies or organizations where board and committee members are employees or owners. Transactions included, insurance, repair services and use of space for meetings. These transactions occurred in the normal course of business or were provided in-kind.

16. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through December 7, 2021, the date the financial statements were available to be issued.