

RAPHAEL HOUSE OF PORTLAND

Audited Financial Statements

For the Year Ended June 30, 2022



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Raphael House of Portland

Opinion

We have audited the accompanying financial statements of Raphael House of Portland (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Raphael House of Portland and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Raphael House of Portland's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Raphael House of Portland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Raphael House of Portland's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Raphael House of Portland 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobz, P.C.

Portland, Oregon
January 3, 2023

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 954,458	\$ 691,173
Certificates of deposit	859,224	-
Investments	1,170,842	1,311,115
Accounts and pledges receivable, net	480,650	487,029
Prepaid expenses	<u>20,883</u>	<u>44,882</u>
Total current assets	3,486,057	2,534,199
Endowment investments	257,930	237,633
Property and equipment, net	<u>1,977,761</u>	<u>2,052,437</u>
TOTAL ASSETS	<u><u>\$ 5,721,748</u></u>	<u><u>\$ 4,824,269</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 165,133	\$ 137,213
Deposits	-	12,364
Deferred revenue	<u>429,425</u>	<u>10,550</u>
Total current liabilities	<u>594,558</u>	<u>160,127</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,708,276	2,198,141
Board-designated	89,902	103,506
Net property and equipment	<u>1,977,761</u>	<u>2,052,437</u>
Total without donor restrictions	4,775,939	4,354,084
With donor restrictions	<u>351,251</u>	<u>310,058</u>
Total net assets	<u>5,127,190</u>	<u>4,664,142</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,721,748</u></u>	<u><u>\$ 4,824,269</u></u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 1,031,651	\$ 594,359	\$ 1,626,010	\$ 1,135,135
Government grants and contracts	2,099,237	-	2,099,237	2,111,331
Donated assets, materials and services	139,289	-	139,289	101,563
Special events, net direct costs of \$94,723 in 2022 and \$102,617 in 2021	322,309	-	322,309	244,798
Investment income (loss)	(149,294)	(26,099)	(175,393)	129,909
Other income	1,840	-	1,840	6,908
Net assets released from restrictions: Satisfaction of purpose and time restrictions	527,067	(527,067)	-	-
Total support and revenue	<u>3,972,099</u>	<u>41,193</u>	<u>4,013,292</u>	<u>3,729,644</u>
Expenses:				
Program services	2,765,762	-	2,765,762	2,328,913
Management and general	272,005	-	272,005	246,633
Fundraising	512,477	-	512,477	420,121
Total expenses	<u>3,550,244</u>	<u>-</u>	<u>3,550,244</u>	<u>2,995,667</u>
Change in net assets	421,855	41,193	463,048	733,977
Net assets:				
Beginning of year	<u>4,354,084</u>	<u>310,058</u>	<u>4,664,142</u>	<u>3,930,165</u>
End of year	<u>\$ 4,775,939</u>	<u>\$ 351,251</u>	<u>\$ 5,127,190</u>	<u>\$ 4,664,142</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022
(With comparative totals for 2021)

	Program Services						Total Program Services	Management and General	Fund- raising	2022 Total	2021 Total
	Emergency Services	Housing Programs/ Support	Youth Program	Advocacy Center Program	Volunteer Program	Community Programs					
Salaries	\$ 485,494	\$ 185,198	\$ 103,894	\$ 131,465	\$ 73,185	\$ 441,157	\$ 1,420,393	\$ 327,439	\$ 307,203	\$ 2,055,035	\$ 1,663,891
Payroll taxes and employee benefits	91,657	40,519	27,985	28,432	10,298	83,336	282,227	57,992	54,879	395,098	333,386
Professional fees	1,033	-	-	-	-	46,086	47,119	65,504	18,940	131,563	77,282
Consulting and contract services	16,755	-	-	-	-	-	16,755	-	-	16,755	16,122
Client services and assistance	20,074	254,933	4,471	154,762	-	44,673	478,913	-	-	478,913	421,115
Supplies	87,688	603	15,072	10,721	-	1,817	115,901	5,158	3,611	124,670	134,646
Occupancy	37,547	-	-	1,480	-	-	39,027	208	644	39,879	38,343
Office expense	17,196	3,450	617	1,837	821	7,957	31,878	26,435	7,126	65,439	85,333
Travel	609	3,269	1,185	909	-	5,804	11,776	33	192	12,001	6,178
Training	1,197	150	1,764	1,691	570	2,983	8,355	3,213	462	12,030	5,143
Insurance	27,985	2,420	5,469	2,593	2,261	7,780	48,508	8,888	4,408	61,804	53,042
Fundraising and media relations	-	-	-	-	-	-	-	-	114,581	114,581	119,130
Other operating costs	679	118	225	42	-	348	1,412	7,851	12,990	22,253	31,435
Depreciation	98,302	170	367	2,342	354	3,996	105,531	7,262	2,153	114,946	113,238
Expense allocation	<u>(80,855)</u>	<u>48,806</u>	<u>36,153</u>	<u>46,458</u>	<u>11,108</u>	<u>96,297</u>	<u>157,967</u>	<u>(237,978)</u>	<u>80,011</u>	<u>-</u>	<u>-</u>
Total operating expenses	805,361	539,636	197,202	382,732	98,597	742,234	2,765,762	272,005	607,200	3,644,967	3,098,284
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>(94,723)</u>	<u>(94,723)</u>	<u>(102,617)</u>
Total expenses	<u>\$ 805,361</u>	<u>\$ 539,636</u>	<u>\$ 197,202</u>	<u>\$ 382,732</u>	<u>\$ 98,597</u>	<u>\$ 742,234</u>	<u>\$ 2,765,762</u>	<u>\$ 272,005</u>	<u>\$ 512,477</u>	<u>\$ 3,550,244</u>	<u>\$ 2,995,667</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2022
(With comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 463,048	\$ 733,977
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	114,946	113,238
Less donated artwork	(8,800)	-
Change in value of investments	200,616	(110,812)
(Increase) decrease in:		
Accounts and pledges receivable	6,379	(82,216)
Prepaid expenses	23,999	(29,025)
Increase (decrease) in:		
Accounts payable and accrued expenses	27,920	2,782
Deposits	(12,364)	10,533
Deferred revenue	418,875	10,550
Refundable advance - Paycheck Protection Program	-	(314,400)
Net cash flows from operating activities	<u>1,234,619</u>	<u>334,627</u>
Cash flows from investing activities:		
Purchase of property and equipment	(31,470)	(50,260)
Additions to investments and certificates of deposit	(1,362,354)	(819,859)
Proceeds from the sale of investments	<u>422,490</u>	<u>408,666</u>
Net cash flows from investing activities	<u>(971,334)</u>	<u>(461,453)</u>
Net change in cash and cash equivalents	263,285	(126,826)
Cash and cash equivalents - beginning of year	<u>691,173</u>	<u>817,999</u>
Cash and cash equivalents - end of year	<u><u>\$ 954,458</u></u>	<u><u>\$ 691,173</u></u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 shelter, 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, emergency financial help, 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 2022, 75 domestic violence survivors stayed at the Organization's emergency shelter an average of 3.4 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. Additionally, emergency housing vouchers have housed about 30 families.

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, 2022

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, basic needs and financial resource support since the Pandemic.

Volunteer/Intern Program

Raphael House of Portland volunteers are indispensable to the success of the Organization's programs. The volunteer program oversees and coordinates individual volunteers, including interns from local universities, 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, 2022

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, 2022

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 \$932,600 for the period through December 31, 2023 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred. The Organization has received \$423,625 in advance on these grants.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

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 totaled \$5,800 at June 30, 2022 (\$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.

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 740 *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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Change in Accounting Standards

The Organization has implemented Accounting Standards Update 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) for the year ended June 30, 2022 on a retrospective basis. The standard provides new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements. There was no impact on the Organization's financial position and change in net assets upon adoption.

Summarized Financial Information for 2021

The financial information as of June 30, 2021 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through January 3, 2023, the date the financial statements were available to be issued.

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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

Financial assets available for general expenditure consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 954,458	\$ 691,173
Certificates of deposit	859,224	-
Investments	1,170,842	1,311,115
Accounts and pledges receivable, net	480,650	487,029
	<u>3,465,174</u>	<u>2,489,317</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	183,223	175,931
Financial assets available for general expenditure	<u>\$ 3,281,951</u>	<u>\$ 2,313,386</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 other available resources through the Organization's line of credit.

4. INVESTMENTS AND CERTIFICATES OF DEPOSIT

Investments

Investments consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash	\$ 65,585	\$ 211,475
Money market funds	315,961	318,947
Mutual funds	996,924	965,060
Beneficial interest in assets held by OCF (Note 9)	50,302	53,266
Total investments	<u>\$ 1,428,772</u>	<u>\$ 1,548,748</u>
Current	\$ 1,170,842	\$ 1,311,115
Endowment (Note 12)	257,930	237,633
	<u>\$ 1,428,772</u>	<u>\$ 1,548,748</u>

Certificates of Deposit

At June 30, 2022, the Organization holds certificates of deposit totaling \$859,224, with interest rates ranging from 1% to 2.9%, maturing between August 2022 and June 2023.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

5. ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable are unsecured and consist of the following at June 30, 2022 and 2021:

	2022	2021
Pledges receivable:		
Within one year	\$ 48,730	\$ 83,070
Less allowance for uncollectible accounts	(9,200)	(9,200)
Pledges receivable, net	<u>39,530</u>	<u>73,870</u>
Government contracts and grants:		
Multnomah County	334,575	239,097
State of Oregon	56,319	109,102
Other	50,226	64,960
Total government contracts and grants	<u>441,120</u>	<u>413,159</u>
Accounts and pledges receivable, net	<u>\$ 480,650</u>	<u>\$ 487,029</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	2022	2021
Land	\$ 119,300	\$ 119,300
Buildings	3,599,484	3,577,759
Vehicles	43,287	43,287
Furniture and fixtures	277,704	267,959
Website	10,717	10,717
Artwork	8,800	-
Total property and equipment	<u>4,059,292</u>	<u>4,019,022</u>
Less accumulated depreciation	<u>2,081,531</u>	<u>1,966,585</u>
Net property and equipment	<u>\$ 1,977,761</u>	<u>\$ 2,052,437</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

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, 2022 and 2021. The line matures March 2023. There were no advances on the line at June 30, 2022 and 2021.

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 \$89,902 and \$103,506 June 30, 2022 and 2021, 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 \$39,600 and \$50,240 at June 30, 2022 and 2021, 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 \$50,302 and \$53,266 at June 30, 2022 and 2021, 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, 2022

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Net assets with expiring donor restrictions:		
Endowment earnings (Note 12)	\$ 8,028	\$ 34,127
Shelter to Stability	32,142	80,655
Emergency Shelter	17,455	54,330
COVID-19 Emergency Housing	46,742	457
Advocacy Center	25,797	28,821
Other purpose restrictions	61,087	1,668
Time restrictions	-	10,000
Total net assets with expiring donor restrictions	191,251	210,058
Net assets with perpetual donor restrictions:		
Endowment (Note 12)	160,000	100,000
Total net assets with donor restrictions	<u>\$ 351,251</u>	<u>\$ 310,058</u>

II. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended June 30, 2022 and 2021:

	2022	2021
Materials and goods included in program services	\$ 70,536	\$ 96,980
Capitalized artwork	8,800	-
Professional services, included in management and general	13,867	4,583
Professional services, included in program services	46,086	-
Total donated assets, materials and services	<u>\$ 139,289</u>	<u>\$ 101,563</u>

The Organization received supplies that are restricted for use within designated programs. Donated supplies are recorded at fair value and are used to support programs and operations. Fair value is based on the current cost to acquire the supplies and the sales price of comparable supplies. The Organization received contributed professional services related to technology and program support. These services are used to support operations. Contributed professional services are recorded at their estimated fair value using current market rates from similar vendors and comparable professionals.

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 for 2022 and 2021, are not recognized as contributions in the financial statements since the recognition criteria for donated services were not met.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

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.

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 classifies 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 considers 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

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

12. ENDOWMENT, Continued

Endowment net asset composition by fund type is as follows as of June 30, 2022 and 2021:

	Without Donor Restrictions	With Donor		Total
		Expiring Restrictions	Perpetual Restrictions	
June 30, 2022				
Donor-restricted	\$ -	\$ 8,028	\$ 160,000	\$ 168,028
Board-designated	89,902	-	-	89,902
Endowment total	<u>\$ 89,902</u>	<u>\$ 8,028</u>	<u>\$ 160,000</u>	<u>\$ 257,930</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>

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor		Total
		Expiring Restrictions	Perpetual Restrictions	
Endowment net assets:				
Balance, June 30, 2020	\$ 79,179	\$ 7,222	\$ 100,000	\$ 186,401
Investment return	24,327	26,905	-	51,232
Balance, June 30, 2021	103,506	34,127	100,000	237,633
Contributions	-	-	60,000	60,000
Investment return	(13,604)	(26,099)	-	(39,703)
Balance, June 30, 2022	<u>\$ 89,902</u>	<u>\$ 8,028</u>	<u>\$ 160,000</u>	<u>\$ 257,930</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, 2022 and 2021.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

12. ENDOWMENT, Continued

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.

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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

13. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	Fair Value	Level 1	Level 3
June 30, 2022			
Money market funds	\$ 315,961	\$ 315,961	\$ -
Mutual funds:			
Equity	283,156	283,156	-
Fixed income	675,214	675,214	-
International equity	38,554	38,554	-
Beneficial interest in assets held by OCF	50,302	-	50,302
Total fair value investments	<u>\$ 1,363,187</u>	<u>\$ 1,312,885</u>	<u>\$ 50,302</u>
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>\$ 1,337,273</u>	<u>\$ 1,284,007</u>	<u>\$ 53,266</u>

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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

13. FAIR VALUE MEASUREMENTS, Continued

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

Beneficial interest in assets held by OCF:

	2022	2021
Beginning of year	\$ 53,266	\$ 38,891
Change in value (reported in net assets without donor restrictions)	(2,964)	14,375
Ending balance	<u>\$ 50,302</u>	<u>\$ 53,266</u>

14. 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 2022 and 2021. Employees may contribute the maximum amount allowed by IRS regulations. For the years ended June 30, 2022 and 2021, the Organization's contributions to the Plan totaled approximately \$55,800 and \$44,600, respectively.

15. 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 total approximately \$548,000 and \$178,000 at June 30, 2022 and 2021, respectively.

Government grants from two agencies represent 48% and 44% of total support and revenue for the years ended June 30, 2022 and 2021, respectively.

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, 2022

16. 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, use of space for meetings and legal services. These transactions occurred in the normal course of business or were provided in-kind.