

RAPHAEL HOUSE OF PORTLAND

Audited Financial Statements

For the Year Ended June 30, 2023



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, 2023, 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, 2023, 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's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
January 3, 2024

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF FINANCIAL POSITION

June 30, 2023

(With comparative totals for 2022)

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 331,438	\$ 954,458
Certificates of deposit	1,642,020	859,224
Investments	1,240,823	1,170,842
Accounts and pledges receivable, net	555,790	480,650
Prepaid expenses	31,130	20,883
Total current assets	3,801,201	3,486,057
Pledges receivable	15,000	-
Endowment investments	281,099	257,930
Property and equipment, net	2,001,597	1,977,761
TOTAL ASSETS	\$ 6,098,897	\$ 5,721,748
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 272,226	\$ 165,133
Deferred revenue	209,603	429,425
Total current liabilities	481,829	594,558
Net assets:		
Without donor restrictions:		
Undesignated	3,189,786	2,708,276
Board-designated	96,561	89,902
Net property and equipment	2,001,597	1,977,761
Total without donor restrictions	5,287,944	4,775,939
With donor restrictions	329,124	351,251
Total net assets	5,617,068	5,127,190
TOTAL LIABILITIES AND NET ASSETS	\$ 6,098,897	\$ 5,721,748

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023
(With comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions	\$ 1,065,609	\$ 410,209	\$ 1,475,818	\$ 1,626,010
Government grants and contracts	2,648,528	-	2,648,528	2,099,237
Donated assets, materials and services	120,599	-	120,599	139,289
Special events, net direct costs of \$81,038 in 2023 and \$94,723 in 2022	226,349	-	226,349	322,309
Investment income (loss)	101,689	16,510	118,199	(175,393)
Other income	3,854	-	3,854	1,840
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions	448,846	(448,846)	-	-
Total support and revenue	4,615,474	(22,127)	4,593,347	4,013,292
Expenses:				
Program services	3,282,289	-	3,282,289	2,765,762
Management and general	285,679	-	285,679	272,005
Fundraising	535,501	-	535,501	512,477
Total expenses	4,103,469	-	4,103,469	3,550,244
Change in net assets	512,005	(22,127)	489,878	463,048
Net assets:				
Beginning of year	4,775,939	351,251	5,127,190	4,664,142
End of year	\$ 5,287,944	\$ 329,124	\$ 5,617,068	\$ 5,127,190

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
(With comparative totals for 2022)

	Program Services						Total Program Services	Management and General	Fund- raising	2023 Total	2022 Total
	Emergency Services	Housing Programs/ Support	Youth Program	Advocacy Center Program	Volunteer Program	Community Programs					
Salaries	\$ 478,401	\$ 262,157	\$ 109,303	\$ 188,482	\$ 66,366	\$ 468,416	\$ 1,573,125	\$ 395,109	\$ 304,463	\$ 2,272,697	\$ 2,055,035
Payroll taxes and employee benefits	112,529	59,639	32,966	49,617	9,566	96,095	360,412	73,895	60,722	495,029	395,098
Professional fees	478	-	-	-	-	1,275	1,753	50,537	12,069	64,359	148,318
Client services and assistance	13,463	370,729	716	287,137	-	54,086	726,131	-	-	726,131	478,913
Supplies	127,608	917	10,715	6,421	-	3,360	149,021	6,130	2,791	157,942	124,670
Occupancy	49,486	-	-	1,867	-	-	51,353	361	428	52,142	39,879
Office expense	15,289	2,622	658	2,395	784	7,035	28,783	28,346	4,595	61,724	65,439
Travel	2,119	3,690	1,101	274	-	11,188	18,372	11	154	18,537	12,001
Training	6,605	2,668	133	206	-	8,400	18,012	1,390	256	19,658	12,030
Insurance	25,351	2,882	4,988	2,882	2,138	7,585	45,826	9,932	3,641	59,399	61,804
Fundraising and media relations	-	-	-	-	-	-	-	-	101,747	101,747	114,581
Other operating costs	538	-	216	150	-	450	1,354	6,640	20,817	28,811	22,253
Depreciation	108,427	339	183	2,270	547	5,085	116,851	7,693	1,787	126,331	114,946
Expense allocation	(61,746)	62,976	33,757	54,769	15,940	85,600	191,296	(294,365)	103,069	-	-
Total operating expenses	878,548	768,619	194,736	596,470	95,341	748,575	3,282,289	285,679	616,539	4,184,507	3,644,967
Less expenses netted with revenue on the statement of activities:											
Direct cost of special events	-	-	-	-	-	-	-	-	(81,038)	(81,038)	(94,723)
Total expenses	<u>\$ 878,548</u>	<u>\$ 768,619</u>	<u>\$ 194,736</u>	<u>\$ 596,470</u>	<u>\$ 95,341</u>	<u>\$ 748,575</u>	<u>\$ 3,282,289</u>	<u>\$ 285,679</u>	<u>\$ 535,501</u>	<u>\$ 4,103,469</u>	<u>\$ 3,550,244</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 489,878	\$ 463,048
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	126,331	114,946
Less donated artwork	-	(8,800)
Change in value of investments	(55,181)	200,616
(Increase) decrease in:		
Accounts and pledges receivable	(90,140)	6,379
Prepaid expenses	(10,247)	23,999
Increase (decrease) in:		
Accounts payable and accrued expenses	107,093	27,920
Deposits	-	(12,364)
Deferred revenue	<u>(219,822)</u>	<u>418,875</u>
Net cash flows from operating activities	<u>347,912</u>	<u>1,234,619</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(150,167)	(31,470)
Net additions to investments and certificates of deposit	(1,278,816)	(1,362,354)
Proceeds from the sale of investments	<u>458,051</u>	<u>422,490</u>
Net cash flows from investing activities	<u>(970,932)</u>	<u>(971,334)</u>
 Net change in cash and cash equivalents	(623,020)	263,285
 Cash and cash equivalents - beginning of year	<u>954,458</u>	<u>691,173</u>
 Cash and cash equivalents - end of year	<u>\$ 331,438</u>	<u>\$ 954,458</u>

See notes to financial statements.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 2023, 58 domestic violence survivors stayed at the Organization's emergency shelter an average of 3.6 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 the dependents of emergency shelter residents as well as parenting support and guidance for the protective parent.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

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 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 OHSU Richmond Family Clinic, Raphael of Portland provides a confidential advocate for patients accessing the clinic. This 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, 2023

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, 2023

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.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 \$273,900 for the period through December 31, 2024 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred. The Organization has received \$194,603 and \$423,625 in advance on these grants as of June 30, 2023 and 2022, respectively.

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 \$15,000 at June 30, 2023 (\$5,800 at June 30, 2022).

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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

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 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.

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.

New Accounting Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023. As of the date of implementation, the Organization had no leases that were significant to the financial statements and a right-of-use asset and lease liability were not recognized.

Summarized Financial Information for 2022

The financial information as of June 30, 2022 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated all subsequent events through January 3, 2024, 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.

Financial assets available for general expenditure consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 331,438	\$ 954,458
Certificates of deposit	1,642,020	859,224
Investments	1,240,823	1,170,842
Accounts and pledges receivable, net	<u>570,790</u>	<u>480,650</u>
	3,785,071	3,465,174
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	<u>144,586</u>	<u>183,223</u>
Financial assets available for general expenditure	<u>\$ 3,640,485</u>	<u>\$ 3,281,951</u>

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

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

3. INVESTMENTS AND CERTIFICATES OF DEPOSIT

Investments

Investments consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash	\$ 18,461	\$ 65,585
Money market funds	262,117	315,961
Mutual funds	1,188,110	996,924
Beneficial interest in assets held by OCF (Note 9)	53,234	50,302
Total investments	<u>\$ 1,521,922</u>	<u>\$ 1,428,772</u>
Current	\$ 1,240,823	\$ 1,170,842
Endowment (Note 12)	281,099	257,930
	<u>\$ 1,521,922</u>	<u>\$ 1,428,772</u>

Certificates of Deposit

At June 30, 2023, the Organization holds certificates of deposit totaling \$1,642,020, with interest rates ranging from 3.1% to 5.3%, maturing between July 2023 and June 2024. 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.

5. ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable are unsecured and consist of the following at June 30, 2023 and 2022:

	2023	2022
Pledges receivable:		
Within one year	\$ 142,018	\$ 48,730
Within two to five years	15,000	-
Less allowance for uncollectible accounts	<u>(15,150)</u>	<u>(9,200)</u>
Pledges receivable, net	<u>141,868</u>	<u>39,530</u>
Government contracts and grants:		
Multnomah County	319,237	334,575
State of Oregon	79,974	56,319
Other	29,711	50,226
Total government contracts and grants	<u>428,922</u>	<u>441,120</u>
Accounts and pledges receivable, net	<u>\$ 570,790</u>	<u>\$ 480,650</u>
Current	\$ 555,790	\$ 480,650
Noncurrent	15,000	-
	<u>\$ 570,790</u>	<u>\$ 480,650</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Land	\$ 119,300	\$ 119,300
Buildings	3,603,301	3,599,484
Vehicles	119,709	43,287
Furniture and fixtures	336,780	277,704
Website	10,717	10,717
Artwork	8,800	8,800
Total property and equipment	4,198,607	4,059,292
Less accumulated depreciation	2,197,010	2,081,531
Net property and equipment	\$ 2,001,597	\$ 1,977,761

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, 2023 and 2022. The line matures March 2024. There were no advances on the line at June 30, 2023 and 2022.

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 \$96,561 and \$89,902 at June 30, 2023 and 2022, 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 \$43,327 and \$39,600 at June 30, 2023 and 2022, respectively.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

9. BOARD-DESIGNATED NET ASSETS, Continued

The Organization also has a board-designated endowment fund with 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 \$53,234 and \$50,302 at June 30, 2023 and 2022, 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.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net assets with expiring donor restrictions:		
Endowment earnings (Note 12)	\$ 24,538	\$ 8,028
Emergency Shelter	91,608	17,455
Advocacy Center	-	25,797
Recovery Mentors	21,604	-
COVID-19 Emergency Housing	-	46,742
Shelter to Stability	-	32,142
Other purpose restrictions	1,374	61,087
Time restrictions	<u>30,000</u>	<u>-</u>
Total net assets with expiring donor restrictions	169,124	191,251
Net assets with perpetual donor restrictions:		
Endowment (Note 12)	<u>160,000</u>	<u>160,000</u>
Total net assets with donor restrictions	<u>\$ 329,124</u>	<u>\$ 351,251</u>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

II. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended June 30, 2023 and 2022:

	2023	2022
Materials and goods included in program services	\$ 117,226	\$ 70,536
Capitalized artwork	-	8,800
Professional services, included in management and general	3,373	13,867
Professional services, included in program services	-	46,086
Total donated assets, materials and services	\$ 120,599	\$ 139,289

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 \$32,175 and \$37,900 for 2023 and 2022, respectively, are not recognized as contributions in the financial statements since the recognition criteria for donated services were not met.

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 an endowment. 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 an endowment, 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.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

12. ENDOWMENT, Continued

Interpretation of Relevant Law, Continued

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

Endowment net asset composition by fund type is as follows as of June 30, 2023 and 2022:

	Without Donor Restrictions	With Donor		Total
		Expiring Restrictions	Perpetual Restrictions	
June 30, 2023				
Donor-restricted	\$ -	\$ 24,538	\$ 160,000	\$ 184,538
Board-designated	96,561	-	-	96,561
Endowment total	<u>\$ 96,561</u>	<u>\$ 24,538</u>	<u>\$ 160,000</u>	<u>\$ 281,099</u>
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>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

12. ENDOWMENT, Continued

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without	With Donor		Total
	Donor	Expiring	Perpetual	
Endowment net assets:	Restrictions	Restrictions	Restrictions	
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	89,902	8,028	160,000	257,930
Contributions	-	-	-	-
Investment return	6,659	16,510	-	23,169
Balance, June 30, 2023	\$ 96,561	\$ 24,538	\$ 160,000	\$ 281,099

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, 2023 and 2022.

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 and 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, 2023

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, 2023 and 2022 are as follows:

	Fair Value	Level 1	Level 3
June 30, 2023			
Money market funds	\$ 262,117	\$ 262,117	\$ -
Mutual funds:			
Equity	368,223	368,223	-
Fixed income	769,825	769,825	-
International equity	50,062	50,062	-
Beneficial interest in assets held by OCF	53,234	-	53,234
Total fair value investments	<u>\$ 1,503,461</u>	<u>\$ 1,450,227</u>	<u>\$ 53,234</u>
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>

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

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:

	2023	2022
Beginning of year	\$ 50,302	\$ 53,266
Change in value (reported in net assets without donor restrictions)	2,932	(2,964)
Ending balance	\$ 53,234	\$ 50,302

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 2023 and 2022. Employees may contribute the maximum amount allowed by IRS regulations. For the years ended June 30, 2023 and 2022, the Organization's contributions to the Plan totaled approximately \$59,700 and \$55,800, respectively.

RAPHAEL HOUSE OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

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. There were no balances in excess of insured limits at June 30, 2023. Balances in excess of insured limits total approximately \$548,000 at June 30, 2022.

Government grants from two agencies represent 51% and 48% of total support and revenue for the years ended June 30, 2023 and 2022, 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.

16. RELATED PARTY DISCLOSURE

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.