

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2015**

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2015**

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## KERN & THOMPSON, LLC

Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Oregon Community Warehouse, Inc.  
dba Community Warehouse  
Portland, Oregon

We have audited the accompanying financial statements of Oregon Community Warehouse, Inc. dba Community Warehouse (a non-profit organization), which comprise the statement of financial position as of December 31, 2015, 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.

#### ***Auditors' 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 auditors' 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 entity'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 entity'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 Oregon Community Warehouse, Inc. dba Community Warehouse as of December 31, 2015, 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.

#### ***Other Matters***

#### ***Report on Summarized Comparative Information***

We have previously audited the Organization's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern & Thompson, LLC*

Portland, Oregon  
April 26, 2017

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2015**

(With Comparative Totals as of December 31, 2014)

**ASSETS**

	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 408,242	\$ 179,131
Investments	2,578	-
Accounts receivable	1,050	2,200
Contributions receivable	28,695	19,438
Prepaid expenses	7,543	6,742
Property and equipment, net	2,611,631	2,651,210
<b>Total assets</b>	<b>\$ 3,059,739</b>	<b>\$ 2,858,721</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 16,219	\$ 15,933
Payroll liabilities	3,508	3,027
Deferred revenue	21,300	1,300
Notes payable, net	1,507,384	1,386,363
<b>Total liabilities</b>	<b>1,548,411</b>	<b>1,406,623</b>
<b>Net assets</b>		
Unrestricted		
Undesignated	379,886	187,251
Net property and equipment	1,104,248	1,264,847
Total unrestricted	1,484,134	1,452,098
Temporarily restricted	27,194	-
<b>Total net assets</b>	<b>1,511,328</b>	<b>1,452,098</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,059,739</b>	<b>\$ 2,858,721</b>

See notes to financial statements.

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2015**

(With Comparative Totals for the Year Ended December 31, 2014)

	Temporarily		Total	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>2015</u>	<u>2014</u>
<b>Revenues and other support</b>				
Grants and contributions	\$ 309,866	\$ 89,137	\$ 399,003	\$ 364,914
Pickup and delivery fees	114,237	-	114,237	81,674
Sales of donated goods	493,315	-	493,315	377,883
Special event revenue, net of expenses of \$39,189 and \$33,783, respectively	109,235	-	109,235	117,791
Interest income	893	-	893	377
Rental income	15,200	-	15,200	14,300
Other income	-	-	-	715
	<u>1,042,746</u>	<u>89,137</u>	<u>1,131,883</u>	<u>957,654</u>
Net assets released from restriction	<u>61,943</u>	<u>(61,943)</u>	<u>-</u>	<u>-</u>
<b>Total revenues and other support</b>	<b><u>1,104,689</u></b>	<b><u>27,194</u></b>	<b><u>1,131,883</u></b>	<b><u>957,654</u></b>
<b>Expenses</b>				
Programs	859,555	-	859,555	695,854
Management and general	122,318	-	122,318	87,448
Fundraising	90,780	-	90,780	145,332
<b>Total expenses</b>	<b><u>1,072,653</u></b>	<b><u>-</u></b>	<b><u>1,072,653</u></b>	<b><u>928,634</u></b>
<b>Change in net assets</b>	<b>32,036</b>	<b>27,194</b>	<b>59,230</b>	<b>28,990</b>
Net assets, beginning of year	<u>1,452,098</u>	<u>-</u>	<u>1,452,098</u>	<u>1,423,108</u>
<b>Net assets, end of year</b>	<b><u>\$ 1,484,134</u></b>	<b><u>\$ 27,194</u></b>	<b><u>\$ 1,511,328</u></b>	<b><u>\$ 1,452,098</u></b>

See notes to financial statements.

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2015**

(With Comparative Totals for the Year Ended December 31, 2014)

	<b>SUPPORTING SERVICES</b>			<b>Total</b>	
	<b>Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2015</b>	<b>2014</b>
Salaries	\$ 525,282	\$ 79,986	\$ 60,257	\$ 665,525	\$ 511,988
Payroll taxes and employee benefits	50,366	247	7,387	58,000	121,254
Professional fees	633	12,539	-	13,172	9,977
Occupancy	78,778	2,330	38	81,146	50,295
Postage and shipping	-	-	-	-	5,387
Repairs and maintenance	-	-	-	-	14,932
Donor relations	-	-	-	-	1,664
Marketing	1,513	168	935	2,616	10,454
Travel	19,169	51	15	19,235	-
Training, meetings, activities	331	4,852	1,778	6,961	-
Information technology	17,433	3,181	7,893	28,507	-
Assistance to individuals	3,433	-	-	3,433	-
Other expenses	3,452	994	654	5,100	-
Office expense	27,608	2,614	10,250	40,472	26,713
Insurance	21,531	5,180	358	27,069	38,496
Merchant and bank fees	-	-	-	-	15,175
Vehicle expense	-	-	-	-	20,224
Capital campaign	-	-	-	-	3,031
Interest expense	68,843	6,366	760	75,969	51,561
Taxes, permits and fees	-	-	-	-	2,368
Depreciation and amortization	41,183	3,810	455	45,448	45,115
	<b>\$ 859,555</b>	<b>\$ 122,318</b>	<b>\$ 90,780</b>	<b>\$ 1,072,653</b>	<b>\$ 928,634</b>

See notes to financial statements.

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2015**

(With Comparative Totals for the Year Ended December 31, 2014)

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 59,230	\$ 28,990
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	45,448	45,115
(Increase) decrease in:		
Accounts receivable	1,150	4,660
Contributions receivable	(9,257)	33,810
Prepaid expenses	(801)	(1,323)
Increase (decrease) in:		
Accounts payable	286	5,857
Payroll liabilities	481	(24,984)
Deferred revenue	20,000	(9,695)
<b>Net cash provided by (used in) operating activities</b>	<b>116,537</b>	<b>82,430</b>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(2,578)	-
Purchase of property and equipment	(5,869)	(1,400)
<b>Net cash provided by (used in) investing activities</b>	<b>(8,447)</b>	<b>(1,400)</b>
<b>Cash flows from financing activities:</b>		
Repayment of long term debt	(1,397,634)	-
Proceeds from long-term debt	1,560,000	-
Loan fees on long-term debt	(22,559)	-
Principal payments on notes payable	(18,786)	(142,916)
<b>Net cash provided by (used in) financing activities</b>	<b>121,021</b>	<b>(142,916)</b>
Net increase (decrease) in cash and cash equivalents	229,111	(61,886)
Cash and cash equivalents, beginning of the year	179,131	241,017
<b>Cash and cash equivalents, end of year</b>	<b>\$ 408,242</b>	<b>\$ 179,131</b>
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	\$ 75,969	\$ 51,561

See notes to financial statements.

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2015**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Oregon Community Warehouse, Inc. dba Community Warehouse (the Organization) was incorporated in 2001 to collect and distribute furniture and household items to low-income families and individuals in Oregon and SW Washington while preserving the dignity of clients, promoting community volunteerism and maintaining an environment of openness and transparency. The Organization is the only full-service furniture bank in the metro area.

From two warehouse locations in two distinct communities, the Organization provides essential furniture and household items to low-income people. After visiting the Community Warehouse, recipients have enough furniture, beds, kitchen items and linens to create a safe and stable home allowing families to devote their time and resources to meeting other needs such as employment, assistance, healthcare or food.

Support consists primarily of contributions of cash and donated goods. The Organization supplements its public support with successful enterprises: The Portland Estate Store and The Tualatin Estate Store. Largely staffed by volunteers, these unique enterprises raise nearly one-third of the Organization's revenues and provide several powerful opportunities to engage the community.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of donor-imposed restrictions.

**Basis of Presentation**

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present fund balances and transactions in three classes of net assets – unrestricted, temporarily restricted, and permanently restricted, as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets at December 31, 2015.



**OREGON COMMUNITY WAREHOUSE, INC.  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2015**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For financial reporting purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Contributions**

Contributions are considered unrestricted unless the contribution has been restricted to a specific purpose by the donor or to a future time period.

**Property and Equipment**

Property and equipment is recorded at cost when purchased, or fair market value when donated. Expenditures exceeding \$5,000 for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation of property and equipment has been calculated using the straight-line method over the following estimated useful lives:

Vehicles	3 years
Furniture and fixtures	5-15 years
Building and improvements	30-39 years

**Allocation of Functional Expenses**

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and grants receivable. The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured. The Organization's accounts receivable are unsecured and generally are due within 30 days. The Organization has not experienced any losses on these accounts.

**OREGON COMMUNITY WAREHOUSE, INC.**  
**dba COMMUNITY WAREHOUSE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2015**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

The Organization's federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**Prior Year Summarized Information**

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications have been made to the 2014 information to conform with the 2015 presentation. These reclassifications had no effect on net assets.

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2015:

Land	\$ 1,537,000
Building and building improvements	1,189,573
Vehicles	88,657
Furniture and fixtures	<u>8,680</u>
Total property and equipment	2,823,910
Less accumulated depreciation	<u>(212,279)</u>
Net property and equipment	\$ <u><u>2,611,631</u></u>

**NOTE D – LINE OF CREDIT**

The Organization had a \$150,000 line of credit with a financial institution that matures on January 1, 2017. There were no advances outstanding at December 31, 2015.

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2015**

**NOTE E – NOTES PAYABLE**

Notes payable consist of funding to refinance the Westside building and are as follows:

Note payable to Premier Community Bank; payable in varying monthly installments including interest at 4.90% through December 2019 and 4.93% through December 2024; balloon payment due January 2025; secured by real property.	\$ 780,760
Note payable to Premier Community Bank; payable in varying monthly installments including interest at 4.9% through December 2019 and 4.85 through February 2025; balloon payment due February 2025; secured by real property.	760,454
	1,541,214
Less unamortized loan fees	(33,830)
	\$ 1,507,384

The Organization adopted the requirements of FASB 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the loan fees is reported as interest expense in the statement of functional expenses.

The future scheduled maturities of long-term debt, considering 2015 refinancing, are as follows:

Year Ending December 31,		
2016	\$	23,967
2017		25,403
2018		26,693
2019		28,051
2020		29,323
Thereafter		1,407,777
	\$	1,541,214

**NOTE F – DONATED ASSETS AND SERVICES**

Donated goods received for pass through to individuals are not valued or recorded in the financial statements. Donated goods and materials held for resale are recorded as revenue upon sale. Management believes these donated goods and materials do not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine a value at the time of donation.

**OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2015**

**NOTE F – DONATED ASSETS AND SERVICES (CONTINUED)**

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 unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Certain individuals, including members of the Board of Directors, donate substantial time to the operations of the Organization. No amounts have been reflected in the financial statements related to these donated services since the appropriate criteria under generally accepted accounting principles were not met.

**NOTE G – RETIREMENT PLAN**

The Organization has a SIMPLE IRA plan covering substantially all employees who meet certain eligibility requirements. In addition to employee elective deferrals, the Organization will make matching contributions of deferrals up to 3% of gross compensation. Contributions to the plan for the year ended December 31, 2015 were \$4,402.

**NOTE H – TEMPORARILY RESTRICTED NET ASSETS**

Net assets in the amount of \$27,194 were restricted for purpose at December 31, 2015.

**NOTE I – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 26, 2017, which is the date the financial statements were available to be issued.