

OREGON COMMUNITY WAREHOUSE, INC.
dba COMMUNITY WAREHOUSE

FINANCIAL STATEMENTS

Year Ended December 31, 2021



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

FINANCIAL STATEMENTS

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Oregon Community Warehouse, Inc. dba Community Warehouse (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in 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 Oregon Community Warehouse, Inc. dba Community Warehouse 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 Oregon Community Warehouse, Inc. dba Community Warehouse'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, including omissions, 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.

To the Board of Trustees
Oregon Community Warehouse, Inc.
dba Community Warehouse

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 Oregon Community Warehouse, Inc. dba Community Warehouse'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 Oregon Community Warehouse, Inc. dba Community Warehouse'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 Oregon Community Warehouse, Inc. dba Community Warehouse's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
June 10, 2022

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

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Comparative Totals as of December 31, 2020)

ASSETS

	2021	2020
Cash and cash equivalents	\$ 437,309	\$ 161,019
Investments	81,607	2,623
Other receivables	100,865	57,482
Contributions receivable	92,500	148,330
Inventory	57,504	93,299
Prepaid expenses	41,814	33,700
Property and equipment, net	2,641,840	2,663,708
Total assets	\$ 3,453,439	\$ 3,160,161

LIABILITIES AND NET ASSETS

Accounts payable	\$ 10,376	\$ 40,251
Payroll liabilities	56,380	53,290
Deferred revenue	-	500
Notes payable, net	1,374,562	1,410,080
Total liabilities	1,441,318	1,504,121
Net assets		
Net assets without donor restrictions		
Available for operations	527,085	107,606
Net investment in property and equipment	1,267,278	1,253,628
Total without donor restrictions	1,794,363	1,361,234
Net assets with donor restrictions	217,758	294,806
Total net assets	2,012,121	1,656,040
Total liabilities and net assets	\$ 3,453,439	\$ 3,160,161

See notes to financial statements.

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

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Revenues and other support				
Grants and contributions	\$ 351,639	\$ 523,871	\$ 875,510	\$ 736,167
Government contracts	-	-	-	100,000
Program fees	262,961	-	262,961	251,783
Sales of donated goods	493,454	-	493,454	337,893
Special event revenue, net of expenses of \$41,673 and \$46,133, respectively	175,749	-	175,749	200,849
Investment and Interest income (loss)	(1,965)	-	(1,965)	2,668
Rental income	8,250	-	8,250	7,800
In-kind revenue	462,738	-	462,738	357,185
Paycheck program protection grant	216,800	-	216,800	216,800
Other income	14,453	-	14,453	(1,299)
	<u>1,984,079</u>	<u>523,871</u>	<u>2,507,950</u>	<u>2,209,846</u>
Net assets released from restriction	<u>600,919</u>	<u>(600,919)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,584,998</u>	<u>(77,048)</u>	<u>2,507,950</u>	<u>2,209,846</u>
Expenses				
Program services	1,472,147	-	1,472,147	1,667,973
Supporting services				
Management and general	377,878	-	377,878	301,581
Fundraising	301,844	-	301,844	205,976
Total expenses	<u>2,151,869</u>	<u>-</u>	<u>2,151,869</u>	<u>2,175,530</u>
Change in net assets	433,129	(77,048)	356,081	34,316
Net assets, beginning of year	<u>1,361,234</u>	<u>294,806</u>	<u>1,656,040</u>	<u>1,621,724</u>
Net assets, end of year	<u>\$ 1,794,363</u>	<u>\$ 217,758</u>	<u>\$ 2,012,121</u>	<u>\$ 1,656,040</u>

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	PROGRAM SERVICES	SUPPORTING SERVICES		Total	
		Management and General	Fundraising	2021	2020
Non-cash assistance - In-kind	\$ 461,088	\$ 300	\$ 1,100	\$ 462,488	\$ 312,964
Assistance to individuals	120,760	-	250	121,010	99,702
Salaries	568,610	124,252	179,416	872,278	992,308
Employee benefits/Payroll taxes	132,520	20,655	34,928	188,103	257,405
Contracted personnel	2,120	15,075	13,792	30,987	1,760
Professional fees	47	40,298	-	40,345	41,393
Advertising	5,906	90	1,715	7,711	59,518
Office expense	36,195	2,198	17,289	55,682	74,394
Information technology	27,128	400	5,432	32,960	51,932
Occupancy	65,678	683	954	67,315	68,133
Travel	16,953	2	-	16,955	10,446
Training, meetings, activities	3,635	2,332	2,452	8,419	17,691
Interest expense	-	56,435	-	56,435	64,884
Depreciation	-	61,833	-	61,833	52,446
Amortization Expense	-	-	-	-	20,070
Insurance	20,088	43,370	-	63,458	38,055
Event expense	-	-	38,324	38,324	-
Other expenses	11,419	9,955	6,192	27,566	12,429
	\$ 1,472,147	\$ 377,878	\$ 301,844	\$ 2,151,869	\$ 2,175,530

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 356,081	\$ 34,316
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,833	52,446
Amortization of debt issuance costs	-	20,070
(Increase) decrease in:		
Other receivables	(43,383)	(35,384)
Contributions receivable	55,830	(35,918)
Inventory	35,795	(36,442)
Prepaid expenses	(8,114)	1,622
Increase (decrease) in:		
Accounts payable	(29,875)	26,534
Payroll liabilities	3,090	(5,611)
Deferred revenue	(500)	(25,660)
Net cash provided by (used in) operating activities	430,757	(4,027)
Cash flows from investing activities:		
(Purchase) sale of investments	(78,984)	22,712
Purchase of property and equipment	(39,965)	(44,541)
Net cash provided by (used in) investing activities	(118,949)	(21,829)
Cash flows from financing activities:		
Borrowing on line of credit	-	(50,000)
Repayment of notes payable	(35,518)	(29,425)
Net cash provided by (used in) financing activities	(35,518)	(79,425)
Net increase (decrease) in cash and cash equivalents	276,290	(105,281)
Cash and cash equivalents, beginning of the year	161,019	266,300
Cash and cash equivalents, end of year	\$ 437,309	\$ 161,019
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 56,435	\$ 64,884

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – DESCRIPTION OF ORGANIZATION

Oregon Community Warehouse, Inc. dba Community Warehouse (the Organization) was incorporated in 2001. Its mission is to provide donated furniture and household items to neighbors seeking the comfort and dignity of a furnished home while overcoming adversity. The Organization serves the Portland metro area through two warehouse locations in Portland and Tualatin.

Annually, several hundred social service agencies, government programs, schools, hospitals, and faith organizations refer clients to Community Warehouse. These agencies invest significant resources in supporting and finding housing for their clients, whether veterans, refugees, domestic violence survivors or families experiencing homelessness. Once housing is secured, if the agency and client cannot afford to purchase household furnishings, they enlist the services of Community Warehouse. The Organization helps clients and referring agencies by providing furniture and household items necessary to create a safe and livable home. The Organization provided furniture to 1,300 households comprising 3,067 individuals (including 1,150 children under eighteen) in the year ended December 31, 2021. This is an increase of 9% from the prior year ended December 31, 2020, in which the Organization provided services to 1,194 households comprising 2,816 individuals (including 975 children under eighteen).

A diverse board and staff team leads the Organization, sets its vision, and carries out its mission with support and engagement from the community, including volunteerism. Financial support consists primarily of contributions of cash and donated goods. The Organization supplements its contributed revenue with earned income from enterprise programs: the Portland Estate Store and Tualatin Estate Store. These enterprises raise nearly one-third of the Organization's revenues and provide community engagement opportunities.

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.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

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

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

Revenue Recognition

Revenue streams applicable to the Organization that qualify as exchange transactions with “customers” (primarily service fees and sales of donated goods) are recognized at a single point when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization’s performance obligations are satisfied.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

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.

Reclassifications

Certain prior year balances in the accompanying financial statements have been reclassified to conform to the current year presentation.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Inventory

The Organization receives contributions of furnishings and household items that are distributed to low-income families or held for re-sale in its Estate Stores. Donated goods received for distribution to recipients are reflected as in-kind donations and recorded at fair value using guides published by Goodwill and other similar organizations. Estate Store inventory is valued at net realizable value.

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	10 years
Furniture and fixtures	5-15 years
Building and improvements	30-39 years

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.

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.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. 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, 2020, from which the summarized information was derived.

OREGON COMMUNITY WAREHOUSE, INC.
dba COMMUNITY WAREHOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

Land	\$ 1,537,000
Building and building improvements	1,331,023
Vehicles	194,081
Furniture and fixtures	<u>17,993</u>
Total property and equipment	3,080,097
Less accumulated depreciation	<u>(438,257)</u>
Net property and equipment	\$ <u><u>2,641,840</u></u>

NOTE D – LINE OF CREDIT

The Organization has a \$100,000 line of credit with Summit Bank that expires April, 2022. There is a zero balance at December 31, 2021.

NOTE E – NOTES PAYABLE

Notes payable consist of the following:

Note payable, dated April 6, 2020, to Summit Bank; payable in monthly installments including interest at 3.990% through April 2030; balloon payment due April 2030; secured by real property.	\$ 699,307
Note payable, dated April 6, 2020, to Summit Bank; payable in monthly installments including interest at 3.990% through April 2030; balloon payment due April 2030; secured by real property.	<u>694,703</u>
	1,394,010
Unamortized debt issuance costs	<u>(19,448)</u>
Notes payable, net	\$ <u><u>1,374,562</u></u>

Interest on the notes are indexed to the Five Year Labor Swap (index) using a rate of 2.5% over the index. The current interest rate being charged is scheduled to adjust after five years but will not be less than the current rate.

The Organization presents debt issuance costs as a reduction of the carrying amount of the debt. Amortization of the loan fees is reported as interest expense in the statement of functional expenses.

The Organization was in compliance with the lender's debt service coverage ratio covenant for the year ended December 31, 2021.

OREGON COMMUNITY WAREHOUSE, INC.
dba COMMUNITY WAREHOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE E – NOTES PAYABLE (CONTINUED)

The future scheduled maturities of long-term debt, considering 2021 refinancing, are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 36,952
2023	38,453
2024	40,003
2025	41,650
2026	43,333
Thereafter	<u>1,174,171</u>
	\$ <u><u>1,374,562</u></u>

NOTE F – CONDITIONAL GRANTS

At December 31, 2021, the Organization had a remaining available award balance on three private conditional grants totaling \$152,500. This award balance is not recognized as an asset and will be recognized as revenue over a two year period as matching contributions are received.

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, 2021 were \$11,406.

NOTE H – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions as of December 31, 2021:

Subject to purpose restrictions	\$ <u>217,758</u>
Total net assets with donor restrictions	\$ <u><u>217,758</u></u>

OREGON COMMUNITY WAREHOUSE, INC.
dba COMMUNITY WAREHOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE I – LIQUIDITY

The following chart represents the Organization's financial assets available for general expenditures within one year of December 31, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 437,309
Contributions receivable	92,500
Other receivables	100,865
Investments	<u>81,607</u>
Total financial assets	712,281
Less amounts unavailable for general expenditure within one year:	
Net assets with donor restrictions	<u>(217,758)</u>
Financial assets available to meet cash needs within one year	\$ <u><u>494,523</u></u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE J – UNCERTAINTY

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues, if any, are unknown.

NOTE K – REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM)

The Organization was granted a \$216,800 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

The Organization has recognized \$216,800 as grant revenue for the year ended December 31, 2021.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 10, 2022, which is the date the financial statements were available to be issued.