

OREGON COMMUNITY WAREHOUSE, INC.  
dba COMMUNITY WAREHOUSE

FINANCIAL STATEMENTS

Year Ended December 31, 2022



KERN ▲ THOMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2022**

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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, 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 Oregon Community Warehouse, Inc. dba Community Warehouse as of December 31, 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 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, which 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 Directors  
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, which 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 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern & Thompson, LLC*

Portland, Oregon  
May 25, 2023

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

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2022**

(With Comparative Totals as of December 31, 2021)

**ASSETS**

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 886,823	\$ 437,309
Investments	-	81,607
Other receivables	237,984	100,865
Contributions receivable	86,800	92,500
Inventory	61,452	57,504
Prepaid expenses	35,857	41,814
Property and equipment, net	2,583,269	2,641,840
<b>Total assets</b>	<b>\$ 3,892,185</b>	<b>\$ 3,453,439</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 51,943	\$ 10,376
Payroll liabilities	40,618	56,380
Deferred revenue	5,500	-
Notes payable, net	1,337,260	1,374,562
<b>Total liabilities</b>	<b>1,435,321</b>	<b>1,441,318</b>
<b>Net assets</b>		
Net assets without donor restrictions		
Available for operations	1,013,174	527,085
Net investment in property and equipment	1,246,009	1,267,278
Total without donor restrictions	2,259,183	1,794,363
Net assets with donor restrictions	197,681	217,758
<b>Total net assets</b>	<b>2,456,864</b>	<b>2,012,121</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,892,185</b>	<b>\$ 3,453,439</b>

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2022**

(With Comparative Totals for the Year Ended December 31, 2021)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2022</b>	<b>2021</b>
<b>Revenues and other support</b>				
Grants and contributions	\$ 576,653	\$ 192,605	\$ 769,258	\$ 875,510
Program fees	583,470	-	583,470	262,961
Sales of donated goods	736,636	-	736,636	493,454
Special event revenue	240,793	-	240,793	175,749
Investment return	3,914	-	3,914	(1,965)
Rental income	16,700	-	16,700	8,250
In-kind revenue	1,373,063	-	1,373,063	462,738
Paycheck program protection grant	-	-	-	216,800
Other income	17,765	-	17,765	14,453
	3,548,994	192,605	3,741,599	2,507,950
Net assets released from restriction	212,682	(212,682)	-	-
<b>Total revenues and other support</b>	<b>3,761,676</b>	<b>(20,077)</b>	<b>3,741,599</b>	<b>2,507,950</b>
<b>Expenses</b>				
Program services	2,727,414	-	2,727,414	1,472,147
Supporting services				
Management and general	91,482	-	91,482	377,878
Fundraising	477,960	-	477,960	301,844
<b>Total expenses</b>	<b>3,296,856</b>	<b>-</b>	<b>3,296,856</b>	<b>2,151,869</b>
<b>Change in net assets</b>	<b>464,820</b>	<b>(20,077)</b>	<b>444,743</b>	<b>356,081</b>
Net assets, beginning of year	1,794,363	217,758	2,012,121	1,656,040
<b>Net assets, end of year</b>	<b>\$ 2,259,183</b>	<b>\$ 197,681</b>	<b>\$ 2,456,864</b>	<b>\$ 2,012,121</b>

See notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2022**

(With Comparative Totals for the Year Ended December 31, 2021)

	<b>PROGRAM SERVICES</b>	<b>SUPPORTING SERVICES</b>		<b>Total</b>	
		<b>Management and General</b>	<b>Fundraising</b>	<b>2022</b>	<b>2021</b>
Non-cash assistance - In-kind	\$ 1,373,063	\$ -	\$ -	\$ 1,373,063	\$ 462,488
Assistance to individuals	76,870	-	-	76,870	121,010
Salaries	660,120	96,406	294,084	1,050,610	872,278
Employee benefits/Payroll taxes	159,747	(195,639)	57,994	22,102	188,103
Contracted personnel	165,565	19,325	19,020	203,910	30,987
Professional fees	-	33,262	-	33,262	40,345
Advertising	3,208	72	6,660	9,940	7,711
Office expense	34,085	2,991	26,379	63,455	55,682
Information technology	35,282	2,800	473	38,555	32,960
Occupancy	74,311	2,775	-	77,086	67,315
Travel	38,371	-	121	38,492	16,955
Training, meetings, activities	9,029	5,752	5,765	20,546	8,419
Interest expense	-	54,951	-	54,951	56,435
Depreciation	-	63,934	-	63,934	61,833
Insurance	54,835	1,839	-	56,674	63,458
Event expense	-	-	62,198	62,198	38,324
Other expenses	42,928	3,014	5,266	51,208	27,566
	<b>\$ 2,727,414</b>	<b>\$ 91,482</b>	<b>\$ 477,960</b>	<b>\$ 3,296,856</b>	<b>\$ 2,151,869</b>

See notes to financial statements.

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

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2022**

(With Comparative Totals for the Year Ended December 31, 2021)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 444,743	\$ 356,081
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	63,933	61,833
Amortization of debt issuance costs	-	-
(Increase) decrease in:		
Other receivables	(137,119)	(43,383)
Contributions receivable	5,700	55,830
Inventory	(3,948)	35,795
Prepaid expenses	5,957	(8,114)
Increase (decrease) in:		
Accounts payable	41,567	(29,875)
Payroll liabilities	(15,762)	3,090
Deferred revenue	5,500	(500)
<b>Net cash provided by (used in) operating activities</b>	<b>410,571</b>	<b>430,757</b>
<b>Cash flows from investing activities:</b>		
(Purchase) sale of investments	81,607	(78,984)
Purchase of property and equipment	(5,362)	(39,965)
<b>Net cash provided by (used in) investing activities</b>	<b>76,245</b>	<b>(118,949)</b>
<b>Cash flows from financing activities:</b>		
Borrowing on line of credit	-	-
Repayment of notes payable	(37,302)	(35,518)
<b>Net cash provided by (used in) financing activities</b>	<b>(37,302)</b>	<b>(35,518)</b>
Net increase (decrease) in cash and cash equivalents	449,514	276,290
Cash and cash equivalents, beginning of the year	437,309	161,019
<b>Cash and cash equivalents, end of year</b>	<b>\$ 886,823</b>	<b>\$ 437,309</b>
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	\$ 54,951	\$ 56,435

See notes to financial statements.



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

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**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 client needs household furnishings, they enlist the services of Community Warehouse to provide furniture and household items necessary to create a safe and livable home. The Organization provided furniture to 2,317 households comprising 5,483 individuals (including 2,216 children under eighteen) in the year ended December 31, 2022. This is an increase of 44% from the prior year ended December 31, 2021, in which the Organization provided services to 1,300 households comprising 3,067 individuals (including 1,150 children under eighteen).

A diverse board and staff team leads Community Warehouse, 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**

**Adoption of New Accounting Pronouncements**

During the fiscal year ended December 31, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with the intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit. It is important to note that the ASU 2020-07 did not change the accounting and recognition of the nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

**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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2022**

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

**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.

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. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

**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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2022**

**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.

**Reclassifications**

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

**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 are 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2022**

**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.

**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, 2021, from which the summarized information was derived.

**NOTE C – OTHER RECEIVABLES**

Other receivables are comprised of amounts primarily due from partner agencies for program activities. Accounts older than 90 days total \$94,600. The allowance for doubtful accounts was \$10,000 as of December 31, 2022.

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2022:

Land	\$ 1,537,000
Building and building improvements	1,336,749
Vehicles	179,882
Furniture and fixtures	<u>17,993</u>
Total property and equipment	3,071,624
Less accumulated depreciation	<u>(488,355)</u>
Net property and equipment	<u><u>\$ 2,583,269</u></u>

**NOTE E – LINE OF CREDIT**

The Organization has a \$100,000 line of credit with Summit Bank that expires July 10, 2024. There is a zero balance at December 31, 2022.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2022**

**NOTE F – 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.	\$ 680,770
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>676,289</u> 1,357,059
Unamortized debt issuance costs	<u>(19,799)</u>
Notes payable, net	<u>\$ 1,337,260</u>

Interest on the notes is 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, 2022.

The future scheduled maturities of long-term debt are as follows:

Year Ending December 31,		
2023	\$	38,453
2024		40,003
2025		41,650
2026		43,333
2027		45,095
Thereafter		<u>1,128,726</u>
	\$	<u><u>1,337,260</u></u>

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2022**

**NOTE G – CONDITIONAL GRANTS**

At December 31, 2022, the Organization had a remaining available award balance on one private conditional grant totaling \$50,000. This award balance is not recognized as an asset and will be recognized as revenue when conditions are met.

**NOTE H – 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, 2022 were \$19,368.

**NOTE I – 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, 2022:

Subject to purpose restrictions	\$ 172,681
Subject to timing restrictions	<u>25,000</u>
Total net assets with donor restrictions	<u><u>\$ 197,681</u></u>

**NOTE J – LIQUIDITY**

The following chart represents the Organization's financial assets available for general expenditures within one year of December 31, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 886,823
Contributions receivable	86,800
Other receivables	<u>237,984</u>
Total financial assets	<u>1,211,607</u>
Less amounts unavailable for general expenditure within one year:	
Net assets with donor restrictions	<u>(197,681)</u>
Financial assets available to meet cash needs within one year	<u><u>\$ 1,013,926</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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2022**

**NOTE K – GIFTS IN KIND**

The Organization received donated inventory consisting of furnishings and household items with an estimated fair market value of \$1,373,063. The amounts are reflected in the accompanying financial statements as in-kind revenue and offset by like amounts of in-kind expense. The inventory was distributed to low-income families.

**NOTE L – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 25, 2023, which is the date the financial statements were available to be issued.