JOIN

Consolidated Audited Financial Statements

For the Year Ended December 31, 2020

McDonald Jacobs

McDONALD JACOBS
ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
JOIN

We have audited the accompanying consolidated financial statements of JOIN (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated financial statements.

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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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of JOIN as of December 31, 2020, and 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.

Report on Summarized Comparative Information

We have previously audited JOIN's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021 on our consideration of JOIN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JOIN's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JOIN's internal control over financial reporting and compliance.

McDonald Jacobs, P.C.

Portland, Oregon
May 28, 2021

JOIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With comparative totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 2,211,155	$ 1,300,801
Funds held for special purpose (Note 4)	3,811,830	4,731,468
Accounts receivable	1,355,339	1,228,736
Pledges receivable	82,969	353,041
Prepaid expenses	7,978	10,369
Property and equipment, net	1,762,536	1,826,356
TOTAL ASSETS	$ 9,231,807	$ 9,450,771
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 181,085	$ 194,074
Deposits held	2,200	2,200
Note payable	405,248	430,059
Total liabilities	588,533	626,333
Net assets:		
Without donor restrictions:		
Undesignated	6,394,826	6,110,847
Board designated	244,253	244,253
Net property and equipment	1,357,288	1,396,297
Total without donor restrictions	7,996,367	7,751,397
With donor restrictions	646,907	1,073,041
Total net assets	8,643,274	8,824,438
TOTAL LIABILITIES AND NET ASSETS	$ 9,231,807	$ 9,450,771

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2020
(With comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating support and revenue:				
Contributions	$ 1,148,306	$ 193,461	$ 1,341,767	$ 1,516,770
Government grants	8,146,399	-	8,146,399	8,484,847
Special event revenue, net of expenses of $2,650 for 2020 and $31,732 for 2019	110,511	-	110,511	67,823
Other income	71,951	-	71,951	23,588
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	619,595	(619,595)	-	-
Total operating support and revenue	10,096,762	(426,134)	9,670,628	10,093,028
Expenses:				
Program	8,512,047	-	8,512,047	9,101,565
Management and general	1,228,790	-	1,228,790	726,429
Fundraising	180,980	-	180,980	224,858
Total expenses	9,921,817	-	9,921,817	10,052,852
Change in net assets from operations	174,945	(426,134)	(251,189)	40,176
Special purpose activity:				
Interest income - Day One Services Fund	70,025	-	70,025	159,647
Change in net assets	244,970	(426,134)	(181,164)	199,823
Net assets:				
Beginning of year	7,751,397	1,073,041	8,824,438	8,624,615
End of year	$ 7,996,367	$ 646,907	$ 8,643,274	$ 8,824,438

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020
(With comparative totals for 2019)

	2020				
	Program	Management and General	Fundraising	Total	2019 Total
Salaries and related expenses	$ 2,646,332	$ 980,362	$ 137,043	$ 3,763,737	$ 2,663,616
Direct assistance to individuals	4,343,942	6,197	-	4,350,139	5,703,859
Contract services	1,160,497	-	250	1,160,747	1,092,198
Professional fees	20,596	68,764	26,890	116,250	118,049
Supplies and office expense	41,682	8,373	1,861	51,916	71,083
Telephone	45,900	10,592	2,354	58,846	38,345
Equipment and technology	10,810	38,221	5,897	54,928	28,772
Occupancy	115,986	25,756	5,724	147,466	87,593
Bank and other service fees	-	53,074	-	53,074	43,046
Insurance	24,333	6,863	-	31,196	26,018
Travel and mileage	36,527	5,041	15	41,583	72,750
Depreciation	49,779	11,488	2,553	63,820	64,962
Interest expense	9,607	1,790	398	11,795	15,490
Board and staff development	6,056	12,269	645	18,970	58,803
	8,512,047	1,228,790	183,630	9,924,467	10,084,584
Less special event direct benefit expenses netted with revenue	-	-	(2,650)	(2,650)	(31,732)
Total expenses	$ 8,512,047	$ 1,228,790	$ 180,980	$ 9,921,817	$ 10,052,852

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(With comparative totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (181,164)	$ 199,823
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	64,395	65,538
Loss from disposal of equipment	-	5,329
(Increase) decrease in:		
Accounts and pledges receivable	143,469	(286,025)
Prepaid expenses	2,391	(2,046)
Increase (decrease) in:		
Accounts payable and accrued expenses	(12,989)	30,876
Net cash flows from operating activities	16,102	13,495
Cash flows from investing activities:		
Purchase of property and equipment	-	(16,107)
Net proceeds from (additions to) certificates of deposit	1,281,411	(3,790,925)
Net cash flows from investing activities	1,281,411	(3,807,032)
Cash flows from financing activities:		
Principal payments on note payable	(25,386)	(29,580)
Net cash flows from financing activities	(25,386)	(29,580)
Net change in cash and cash equivalents	1,272,127	(3,823,117)
Cash and cash equivalents - beginning of year	2,241,344	6,064,461
Cash and cash equivalents - end of year	$ 3,513,471	$ 2,241,344
Cash and cash equivalents	$ 2,211,155	$ 1,300,801
Day One Services Fund - cash and cash equivalents (Note 4)	1,302,316	940,543
	$ 3,513,471	$ 2,241,344
Supplemental cash flow information:		
Cash paid during the year for interest	$ 11,220	$ 14,914

See notes to consolidated financial statements.

1. DESCRIPTION OF ORGANIZATION

JOIN (or the Organization) was incorporated in 1992 in Oregon as a nonprofit organization that supports the efforts of homeless individuals and families to transition out of homelessness into permanent housing and supports housing stabilization by providing critical supportive services after transition from homelessness. Support received consists primarily of contributions and government grants. Program services include providing basic services to homeless individuals and families, placement and retention services to transition people from homelessness to stable housing, and experiential learning and service opportunities.

Halsey Center is a nonprofit subsidiary with the primary purpose of maintaining real property for the benefit of JOIN.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Net assets and all balances and transactions are presented based on the existence or absence of donor-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. Donor-imposed restrictions are 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.

Principles of Consolidation
The consolidated financial statements include the accounts of JOIN and the Halsey Center. All inter-organization transactions and balances have been eliminated.

Cash and Cash Equivalents
For purposes of the consolidated 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. Included in cash and equivalents at December 31, 2020 is approximately $59,000 restricted for a maintenance reserve (approximately $50,000 at December 31, 2019) and $200,000 in both 2020 and 2019 for landlord retention.

Accounts Receivable
Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

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. Management considers history with donors, and current economic and industry trends when determining the collectability of specific accounts. As a result, management determined that an allowance for doubtful accounts is not necessary.

Property and Equipment
Acquisitions of property and equipment over $5,000 are capitalized. Property and equipment purchased are recorded at cost and donated assets are reflected as contributions at their estimated fair values on the date received.

Depreciation
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 39 years.

Fiscal Sponsorships
At times, the Organization supports other nonprofits with whom it shares a charitable mission. Under the terms of the fiscal sponsorship agreements, the Organization is granted control to approve or deny any funding requests. The revenue and expenses of the fiscal sponsorships are included within the Organization's financial statements and any remaining unspent fiscal sponsorship funds are reflected as net assets with donor restrictions.

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. 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. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Government Grants: A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, 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 $4.56 million for the period through November 2021 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred. The Organization has not received any advances on these grants as of December 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Special Events: The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. 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.

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 donation to a specific purpose. The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, JOIN received contributed services from a large number of volunteers. The value of such services, which do not meet the criteria for recording, has not been recognized in the accompanying consolidated financial statements.

Refundable Advance – Paycheck Protection Program Loan
The Organization received a Paycheck Protection Program (PPP) loan of $554,200 in April 2020. The PPP loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance is recognized as revenue. For the year ended December 31, 2020, the Organization recognized the PPP loan as government grant revenue based management's assessment that the conditions for forgiveness have been satisfied.

Functional Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, supplies and office expense, telephone, equipment and technology, occupancy, depreciation, and interest, which are allocated on the basis of estimates of time and effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Tax Status
JOIN and Halsey Center are nonprofit corporations 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 consolidated financial statements, and the Organizations have no activities subject to unrelated business income tax. The Organizations are not private foundations.

The Organization follows the provisions of FASB ASC *Topic 740Accounting 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 consolidated 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.

Summarized Financial Information for 2019
The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Subsequent Events
The Organization has evaluated all subsequent events through May 28, 2021, the date the consolidated financial statements were available to be issued.

Future Accounting Standard
Accounting for Leases: Effective for financial statements for the year ending December 31, 2022, the Organization expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Organization is lessee. Upon adoption, among other effects, the Organizations will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Organization's future financial statements of these changes and related retrospective adjustments have not yet been determined.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet 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 of the Organization consist of the following at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 2,211,155	$ 1,300,801
Funds held for special purpose (Note 4)	3,811,830	4,731,468
Accounts receivable	1,355,339	1,228,736
Pledges receivable	82,969	353,041
Total financial assets	7,461,293	7,614,046
Less amounts not available to be used within a year:		
Day One Services Fund	(3,811,830)	(4,731,468)
Net assets with donor restrictions	(646,907)	(1,073,041)
Net assets with board designations	(244,253)	(244,253)
Required maintenance reserve	(59,046)	(50,024)
Financial assets available for general expenditure	$ 2,699,257	$ 1,515,260

See Note 4 for information about the Day One Services Fund, which the Organization considers unavailable for general expenditure. See Note 8 for information about the Organization's line of credit.

Board designated funds are maintained for strategic opportunities as identified by staff and approved by the board, and the release of funds may be approved by simple majority vote of the Board of Directors. As described in Notes 2 and 9, the Organization maintains a restricted cash balance for a maintenance reserve as required by its loan agreement.

4. DAY ONE SERVICES FUND

The Organization received a one-time contribution without donor restrictions during 2018 which is being utilized for new opportunities to exit people from the homeless services system and support them on a career path that will help individuals lift themselves out of housing instability and poverty. The Fund seeks to work with 80 families over 4 four years as a demonstration of what focused and purposeful investment can do to create pathways off the street and out of poverty.

The Day One Service Funds consists of the following at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 1,302,316	$ 940,543
Certificates of deposit	2,509,514	3,790,925
Total Day One Services Fund	$ 3,811,830	$ 4,731,468

Certificates of deposit at December 31, 2020 have interest rates ranging from 2.54% through 2.81%, and mature at various dates from January 2021 through February 2022 (interest rates from 2.45% to 2.83% maturing January 2020 through February 2022 as of December 31, 2019).

5. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of government grants and contracts as follows at December 31, 2020 and 2019:

	2020	2019
Multnomah County	$ 806,014	$ 1,021,593
Home Forward	373,551	82,184
Other - various	175,774	124,959
Total accounts receivable	$ 1,355,339	$ 1,228,736

6. PLEDGES RECEIVABLE

Pledges receivable are unsecured and expected to be collected within one year.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020 and 2019:

	2020	2019
Land and land improvements	$ 387,063	$ 387,063
Building and improvements	1,894,178	1,894,178
Furniture and equipment	5,668	5,668
Website	17,000	17,000
Vehicles	39,497	39,497
Total property and equipment	2,343,406	2,343,406
Less accumulated depreciation	580,870	517,050
Net property and equipment	$ 1,762,536	$ 1,826,356

Land and building are pledged as security on a note payable (Note 9).

8. LINE OF CREDIT

The Organization has available a $750,000 revolving line-of-credit that expires in October 2021. Interest on outstanding advances is payable monthly at the bank's prime rate (3.25% and 4.75% at December 31, 2020 and 2019, respectively) plus 1.25% with a minimum rate of 4.5%. The line is secured by accounts receivable and equipment. There were no advances outstanding at December 31, 2020 or 2019.

9. NOTE PAYABLE

The note payable is due to Portland Housing Bureau, secured by real property, with interest at 3% per annum, increasing to as much as 4.5%; principal and interest payments of $3,653 are due monthly, with the final payment due November 2031. As a condition of the loan, the Organization deposits a minimum of $3,000 annually to a maintenance reserve account.

	2020	2019
Note payable	$ 410,905	$ 436,290
Less debt issuance costs, net of accumulated amortization of $5,848 and $5,273 in 2020 and 2019	(5,657)	(6,231)
Net note payable	$ 405,248	$ 430,059

9. NOTE PAYABLE, Continued

Maturities of the note payable are as follows:

Year ending December 31, 2021	$ 31,419
2022	32,435
2023	33,485
2024	34,568
2025	35,687
Thereafter	243,311
	$ 410,905

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	2020	2019
Landlord recruitment and retention	$ 200,000	$ 200,000
Welcome Home	193,446	562,501
Advocacy	124,461	-
Housing stability	57,000	178,265
Capacity building	25,000	130,775
Other programs	47,000	1,500
Total net assets with donor restrictions	$ 646,907	$ 1,073,041

11. CONTINGENCIES AND UNCERTAINTY

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.

The Organization has been impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation including utilizing available assistance programs such as Paycheck Protection Program. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

12. LEASE COMMITMENTS

During 2019, the Organization entered into a master lease agreement for 11 residential units for which the Organization operates as a landlord and property manager for individuals and families transitioning out of homelessness. The master lease commenced December 2019 and expires November 2022, with the option to renew for three additional three-year terms. Monthly rent is $4,675, subject to annual increases.

The Organization also provides rent guarantees for certain properties, where it is obligated to pay rent regardless if the unit is occupied. These properties have monthly rent between $1,450 and $2,205 and expired between December 2019 and April 2020, at which point they continue on a month-to-month basis.

Rent expense for the above leases totaled approximately $187,200 in 2020 ($111,700 in 2019).

Future minimum non-cancellable lease commitments are as follows:

Year ending December 31, 2021	$ 57,900
2022	54,600
	$ 112,500

13. RETIREMENT PLAN

The Organization has a defined contribution salary deferral plan under Section 403(b) of the Internal Revenue Code covering employees who meet certain eligibility requirements. The Organization does not make contributions to the plan.

14. RELATED PARTY TRANSACTIONS

Certain board members are business owners in the community. At times, the Organization enters into transactions with companies where board members are key employees or owners. These transactions occur in the normal course of business, were insignificant to the financial statements and disclosed as part of the Organization's conflict of interest policy.

15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of insured limits were approximately $3.2 million at December 31, 2020 ($2.3 million at December 31, 2019).

Approximately 71% of total revenue was from contracts with two government agencies in 2020 (66% during December 31, 2019).