

Community Development Corporation of Oregon

Financial Statements

Year Ended December 31, 2020

See Independent Accountants' Review Report



COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Financial Statements

Year Ended December 31, 2020

See Independent Accountants' Review Report

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Community Development Corporation of Oregon
Gresham, Oregon

We have reviewed the accompanying financial statements of Community Development Corporation of Oregon (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our conclusion is not modified with respect to that matter.

Aldrich CPAs + Advisors LLP

Lake Oswego, Oregon
March 15, 2021

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Statement of Financial Position

December 31, 2020

See Independent Accountants' Review Report

ASSETS

Cash and cash equivalents	\$	139,408
Unconditional promises to give		31,100
Accounts receivable		241,380
Property and equipment, net of accumulated depreciation		3,337
Other assets		<u>2,522</u>
Total Assets	\$	<u><u>417,747</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	10,034
Accrued payroll		48,105
Accrued liabilities		25,341
Long-term debt		<u>149,900</u>
Total Liabilities		<u>233,380</u>

Net Assets:

Without donor restriction		153,267
With donor restriction		<u>31,100</u>
Total Net Assets		<u>184,367</u>
Total Liabilities and Net Assets	\$	<u><u>417,747</u></u>

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Statement of Activities

Year Ended December 31, 2020

See Independent Accountants' Review Report

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenue and Other Support:			
Grants and contributions	\$ 2,093,013	\$ 1,200	\$ 2,094,213
Program services	69,156	-	69,156
Other income	36,610	-	36,610
Releases from net assets with time restrictions	<u>9,000</u>	<u>(9,000)</u>	<u>-</u>
Total Revenue and Other Support	2,207,779	(7,800)	2,199,979
Expenses:			
Program services	1,988,365	-	1,988,365
Support services:			
General and administrative	23,401	-	23,401
Fundraising	<u>29,707</u>	<u>-</u>	<u>29,707</u>
Total Expenses	<u>2,041,473</u>	<u>-</u>	<u>2,041,473</u>
Change in Net Assets	166,306	(7,800)	158,506
Net Asset (Deficit), beginning	<u>(13,039)</u>	<u>38,900</u>	<u>25,861</u>
Net Assets, ending	<u>\$ 153,267</u>	<u>\$ 31,100</u>	<u>\$ 184,367</u>

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Statement of Functional Expenses

Year Ended December 31, 2020

See Independent Accountants' Review Report

	Program Services					Support Services			Total
	Oregon Community Capital, Inc	Community Outreach	Food Systems Collaborative	Sunrise Center	Other	Total Program	General and Administrative	Fundraising	
Awards and grants	\$ -	\$ 27,500	\$ 2,996	\$ -	\$ 2,000	\$ 32,496	\$ -	\$ -	\$ 32,496
Business expenses	100	294	846	38	-	1,278	1,723	15	3,016
Contract services	1,762	21,805	24,206	20,124	-	67,897	3,808	2,090	73,795
Depreciation	-	513	-	-	-	513	-	-	513
Facilities and equipment	-	1,246	1,232	54,513	-	56,991	181	-	57,172
Fundraising	-	-	-	-	-	-	-	3,189	3,189
In-kind expenses	4,523	985,468	-	128,296	13,758	1,132,045	6,174	4,366	1,142,585
Operations	2,572	259,228	36,815	26,423	2,091	327,129	10,460	137	337,726
Payroll	72,422	181,193	31,654	69,372	15,128	369,769	7,258	13,582	390,609
Travel and entertainment	-	41	60	146	-	247	103	22	372
	<u>\$ 81,379</u>	<u>\$ 1,477,288</u>	<u>\$ 97,809</u>	<u>\$ 298,912</u>	<u>\$ 32,977</u>	<u>\$ 1,988,365</u>	<u>\$ 29,707</u>	<u>\$ 23,401</u>	<u>\$ 2,041,473</u>

COMMUNITY DEVELOPMENT CORPORATION OF OREGON DBA ROCKWOOD CDC

Statement of Cash Flows

Year Ended December 31, 2020

See Independent Accountants' Review Report

Cash Flows from Operating Activities:

Changes in net assets	\$ 158,506
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Depreciation	513
Forgiveness received on loan from individual	(1,000)
Changes in operating assets and liabilities:	
Unconditional promises to give	7,800
Accounts receivable	(236,442)
Other assets	17,400
Accounts payable and accrued expenses	<u>50,899</u>
Net Cash Used by Operating Activities	(2,324)

Cash Flows Used by Investing Activities:

Purchase of property and equipment	(3,850)
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Cash Flows from Financing Activities:

Payments on bank line of credit, net	(10,222)
Proceeds from borrowings SBA loan	<u>149,900</u>
Net Cash Provided by Financing Activities	<u>139,678</u>

Net Increase in Cash 133,504

Cash, beginning 5,904

Cash, ending \$ 139,408

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest \$ 1,468

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Notes to Financial Statements

Year Ended December 31, 2020

See Independent Accountants' Review Report

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Community Development Organization of Oregon (the Organization) is non-profit organization incorporated under the laws of the state of Oregon on November 27, 2012. Its purpose is to provide programs which assist in eliminating poverty through access to resources. Through the Organization's community center, some services provided include business and economic assistance, English language school, and civic engagement activities. The Organization's key programs are described as follows:

Oregon Community Capital Inc. (OCCI) is a program intended to raise capital and fund businesses and organizations in Opportunity Zones within Oregon. OCCI has two types of funds that capital is raised for, entrepreneurial activities and housing opportunities within Oregon.

The Community Engagement program works with community members to gain an understanding of the most critical needs and issues within the community. Through the Community Engagement program, the Organization provides surveys, community listening sessions, and cultural gatherings to provide members the opportunity for their concerns to be heard. The program then determines the appropriate resources necessary to meet those needs through the Community Outreach program.

Community Outreach is mainly made up of the East County Community Health. This is a network that was developed to build sustainable health systems in East Multnomah County. For the year ended December 31, 2020, a significant portion of the work performed through the Community Outreach program was to fulfill the needs caused by the COVID-19 pandemic. The Community Outreach program also addresses the concerns and needs of the areas identified through the Community Engagement program.

The Rockwood English Language Institute (RELI) offers high quality, free, English as a Second Language instruction to adults who have immigrated or have refugee status. There are more than 90 languages spoken within the Rockwood Community and many of the members do not have the skills or education they need to succeed. Approximately 75% of students who attend RELI are able to move on to higher education.

The Rockwood Food Systems Collaborative uses food, nutritional education, business incubation and agricultural development as tools to help neighbors attain better health outcomes, great equity, more prosperity and a cleaner environment. The program supports gardeners, entrepreneurs, black-owned farms, and individual families through various resources.

The Organization operates the Sunrise Center (the Center), which is located in Gresham, Oregon. The Center serves as a community center for East Multnomah County providing a place for community gatherings, events, co-working space and use of a commercial kitchen.

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). The Organization adopted Topic 606 on January 1, 2020.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard update clarifies and improves the scope and the accounting guidance for contributions received and contributions made under US GAAP. The Organization adopted Topic 958 on January 1, 2020.

Management has analyzed the provision of both revenue standards and has concluded that no changes are necessary to confirm with the new standards.

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Notes to Financial Statements

Year Ended December 31, 2020

See Independent Accountants' Review Report

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization did not have any donor restrictions that were perpetual in nature for the year ended December 31, 2020.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash. The Organization estimates that the fair value of this nonderivative financial instrument at December 31, 2020 does not differ materially from the aggregate carrying value of the financial instrument recorded in the accompanying statement of financial position.

Cash and Cash Equivalents

For the purposes of the financial statements, the Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Unconditional Promises to Give

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Promises to give expected to be collectible within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. As of December 31, 2020, all promises to give are due within one year, therefore no discount is calculated.

An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. Management has performed analysis which concluded that all promises to give are considered collectible as of December 31, 2020.

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Notes to Financial Statements

Year Ended December 31, 2020

See Independent Accountants' Review Report

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are carried at cost when purchased, and at fair value when acquired by gift. Additions, renewals, and betterments of property and equipment exceeding \$2,500 are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5-40 years for buildings and building improvements, 5-20 years for furniture and equipment, 5 years for vehicles, and 10-20 years for property improvements.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Since the Organization is exempt from federal and state income tax liability, no provision for federal or state income taxes has been included in these financial statements.

For the year ended December 31, 2020, management of the Organization believes there has been no activity that would jeopardize the tax position, being a tax exempt organization, and that is more likely than not, based on the technical merits, that this position would be sustained upon examination. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There were none for the year ended December 31, 2020.

Revenue Recognition

Contributions and grants are recorded as revenue when they are considered to be either unconditional, or if considered to be conditional, once the conditions are met. For a contribution or grant to be conditional, it must have both a barrier and right of return/release. All contributions are considered to be available for the Organization's unrestricted use unless specifically restricted by the donor. Contributions restricted by the donor are recorded as net assets with donor restrictions, as appropriate. Grants are restricted by the grantor for specific activities and are recorded as net assets with donor restrictions. When the restrictions are satisfied, the net assets with donor restriction amounts are released to net assets without donor restrictions.

Program revenue are amounts that are received from the various programs that are offered by the Organization. Any amounts received in advance prior to providing the service are recorded as deferred revenue.

Donations of supplies and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired supplies or assets are utilized or placed in service. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills which are performed by people with those skills and would otherwise be purchased by the Organization. Donated goods and services are received for the Community Outreach Programs and Food Systems Collaborative.

Functional Allocation of Expenses

The costs of providing the program and supporting activities have been summarized on a functional basis in the statement of functional expenses. Allocations are based upon either direct payments that provide a benefit to support the service or are based on time and effort. Payroll costs are the only expenses allocated for the year ended December 31, 2020.

Subsequent Events

The Organization's management has evaluated subsequent events through March 15, 2021, the date the financial statements were available to be issued.

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Notes to Financial Statements

Year Ended December 31, 2020

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Note 2 - Availability and Liquidity

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of liquidity management, the Organization has a committed line of credit in the amount of \$25,000 which it could draw upon in the event of an unanticipated liquidity need.

Financial assets at year end:

Cash	\$	139,408
Receivables to be collected within one year		241,380
Promises to give collectible in one year		31,100

Less assets not currently available to be used within one year:

Purpose restricted promises to give		<u>(30,000)</u>
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Financial assets available to meet cash needs for general expenditure within one year

	\$	<u><u>381,888</u></u>
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Note 3 - Property and Equipment

Property and equipment consists of the following:

Vehicles	\$	3,850
Less accumulated depreciation		<u>(513)</u>
	\$	<u><u>3,337</u></u>

Depreciation expense for the year ended December 31, 2020 was \$513.

Note 4 - Long-Term Debt

The Organization's long-term debt consists of the following at December 31:

Small Business Administration Emergency Disaster Loan payable monthly in the amount of \$641, including interest at 2.75% beginning June 2021, maturing June 2051.	\$	149,900
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Future maturities of long-term debt are as follows:

2021	\$	1,745
2022		3,565
2023		3,664
2024		3,767
2025		3,872
Thereafter		<u>133,287</u>
	\$	<u><u>149,900</u></u>

Note 5 - Line of Credit

The Organization holds an unsecured line of credit with Umpqua Bank. The line of credit bears a maximum limit of \$25,000 with a stated interest at 9%. There is no stated maturity date on the line of credit. As of December 31, 2020, there was no balance drawn on the line of credit.

COMMUNITY DEVELOPMENT CORPORATION OF OREGON

Notes to Financial Statements

Year Ended December 31, 2020

See Independent Accountants' Review Report

Note 6 - Net Assets

At December 31, 2020, net assets with donor restrictions consists of \$30,000 restricted for travel arrangement for a conference and \$1,100 time restricted promises to give.

For the year ended December 31, 2020, net assets released from restriction totaled \$9,000 in time restricted promises to give.

Note 7 - Concentrations

At December 31, 2020, 100% of accounts receivable were from one agency and 96% of the promises to give were from one donor. During the year ended, December 31, 2020, 63% of grant revenue was from two agencies and 79% of the in-kind donations were received from two companies.

Note 8 - Contingency

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders, including Oregon, where the Organization is headquartered. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations.

The Organization received a Paycheck Protection Program (PPP) loan through the CARES Act which was recognized as revenue as of December 31, 2020 as forgiveness was granted February 16, 2021. In addition, the Organization contracted with the Oregon Health Authority to provide services to the community.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact the Organization. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 9 - Subsequent Events

On February 12, 2021, the Organization obtained a PPP loan through a second round of offerings from the Small Business Administration.