

# Community Development Corporation of Oregon and Subsidiaries

Consolidated Financial Statements and Supplemental Schedules

Year Ended December 31, 2022



# COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

## Consolidated Financial Statements and Supplemental Schedules

Year Ended December 31, 2022

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### Table of Contents

	Page
Independent Auditor's Report	1
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplemental Information:	
Consolidating Schedule of Financial Position	14
Consolidating Schedule of Activities	15

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Community Development Corporation of Oregon and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Development Corporation of Oregon and Subsidiaries as of December 31, 2022, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of Community Development Corporation of Oregon and Subsidiaries 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Development Corporation of Oregon and Subsidiaries' 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

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 consolidated 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 consolidated 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 the Community Development Corporation of Oregon and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Development Corporation of Oregon and Subsidiaries' 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.

### Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Aldrich CPAs + Advisors LLP*

Lake Oswego, Oregon  
May 30, 2023

# COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

## Consolidated Statement of Financial Position

December 31, 2022

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### ASSETS

Cash	\$	154,937
Accounts receivable		3,404
Grants receivable		1,389,005
Notes receivable		8,100
Property and equipment, net of accumulated depreciation		6,550,753
Intangible assets, net of accumulated amortization		60,000
Operating right-of-use asset - related party		<u>131,332</u>
Total Assets	\$	<u><u>8,297,531</u></u>

### LIABILITIES AND NET ASSETS

#### Liabilities:

Accounts payable	\$	418,883
Accrued payroll		120,114
Accrued liabilities		4,241
Other liabilities		178,073
Deferred revenue		315,875
Lines of credit		408,511
Lease liability - related party		131,332
Long-term debt		<u>155,416</u>
Total Liabilities		1,732,445
Net Assets Without Donor Restriction		<u>6,565,086</u>
Total Liabilities and Net Assets	\$	<u><u>8,297,531</u></u>

**COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES****Consolidated Statement of Activities**Year Ended December 31, 2022

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	<u>Without Donor Restriction</u>
Revenue and Other Support:	
Grants and contributions	\$ 4,331,233
Other income	139,152
Program services	123,063
Contributed goods and services	<u>118,806</u>
Total Revenue and Other Support	<u>4,712,254</u>
Expenses:	
Program services	3,259,727
Support services:	
General and administrative	724,406
Fundraising	<u>204,885</u>
Total Expenses	<u>4,189,018</u>
Change in Net Assets	523,236
Net Assets, beginning	<u>6,041,850</u>
Net Assets, ending	<u>\$ 6,565,086</u>

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services						Support Services			
	Community Investment	Community Outreach	Food Systems Collaborative	Sunrise Center	Housing	Other	Total Program	General and Administrative	Fundraising	Total
Awards and grants	\$ -	\$ -	\$ 11,000	\$ -	\$ -	\$ -	\$ 11,000	\$ -	\$ -	\$ 11,000
Business expenses	26,290	4,914	748	17	1,857	5	33,831	29,247	-	63,078
Contract services	104,048	52,956	12,417	-	351,238	-	520,659	74,822	-	595,481
Depreciation and amortization	-	-	-	-	327,811	-	327,811	14,495	-	342,306
Facilities and equipment	2,260	1,838	412	144	29,539	30	34,223	125,712	-	159,935
In-kind expenses	-	-	88,910	-	-	-	88,910	-	-	88,910
Operations	89,284	499,163	109,986	5,030	542,098	2,391	1,247,952	104,568	-	1,352,520
Payroll	204,378	458,491	51,444	-	277,234	-	991,547	372,881	204,885	1,569,313
Travel and entertainment	568	3,211	15	-	-	-	3,794	2,681	-	6,475
	<u>\$ 426,828</u>	<u>\$ 1,020,573</u>	<u>\$ 274,932</u>	<u>\$ 5,191</u>	<u>\$ 1,529,777</u>	<u>\$ 2,426</u>	<u>\$ 3,259,727</u>	<u>\$ 724,406</u>	<u>\$ 204,885</u>	<u>\$ 4,189,018</u>

See accompanying notes to consolidated financial statements.

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Consolidated Statement of Cash Flows

Year Ended December 31, 2022

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#### Cash Flows from Operating Activities:

Changes in net assets	\$ 523,236
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	342,306
In-kind donations	(29,896)
Changes in operating assets and liabilities:	
Accounts receivable	4,421
Grants receivable	(1,182,422)
Other assets	(5,578)
Accounts payable and accrued expenses	443,012
Other liabilities	(50,000)
Deferred revenue	239,177
Net Cash Provided by Operating Activities	<u>284,256</u>

#### Cash Flows Used by Investing Activities:

Purchases of property and equipment	<u>(331,550)</u>
Net Cash Used by Investing Activities	<u>(331,550)</u>

#### Cash Flows from Financing Activities:

Borrowings on lines of credit, net	86,221
Proceeds from borrowings Small Business Administration loan	<u>5,516</u>
Net Cash Provided by Financing Activities	<u>91,737</u>

Net Increase in Cash 44,443

Cash, beginning	<u>110,494</u>
Cash, ending	<u>\$ 154,937</u>

#### Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest	<u>\$ 30,388</u>
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# COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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### Note 1 - Organization and Nature of Activities

#### Organization

Community Development Organization of Oregon (CDCO) 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 CDCO's community center, some services provided include community health, business and economic assistance, English language school, food security, and civic engagement activities.

East County Housing, LLC (ECH), is a subsidiary of CDCO and was formed May 18, 2021. The purpose of the entity is to own and manage real property. The entity owns and operates a 75-room residential building that is occupied by individuals experiencing homelessness. CDCO is the sole member of ECH.

Oregon Community Capital Inc. (OCCI) is a subsidiary of CDCO formed on July 5, 2018. OCCI is the manager of OCCI Real Estate Fund I LLC. OCCI does not have any direct ownership of OCCI Real Estate Fund I LLC (the Fund). The Fund's purpose is to raise capital for entrepreneurial activities and housing opportunities with Oregon. As of December 31, 2022, the Fund had raised approximately \$475,000.

Oregon Capital Asset Network (OCAN) was formed March 9, 2022, and is a Community Development Financial Institution (CDFI). The entity's purpose is to grant micro-loans to emerging entrepreneurs in Rockwood and other less affluent communities in Oregon. It is a separate 501(c)3 with a separate board of directors which meets as needed to consider each loan request.

All of the entities above are consolidated and will be referred to as the Organization.

#### Nature of Activities

The Organization operates the following programs:

The Community Investment program consists of the operations under OCCI. Funding received through various sources are invested back into community organizations and businesses to assist in development of the community.

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. The Community Outreach program also addresses the concerns and needs of the areas identified through the Community Engagement program.

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 leases and 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. The lease is a month-to-month lease.

Housing programs consist of the operations under ECH for the new shelter and other development projects for future housing assistance and locations.

Other programs consist of Community Engagement and the Rockwood English Language Institute. 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. 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.

# COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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### Note 2 - Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of Community Development Corporation of Oregon, East County Housing, LLC, Oregon Community Capital, Inc., and Oregon Capital Asset Network (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in consolidation.

#### Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the Organization to report information regarding its consolidated 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, 2022.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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, receivables, accounts payable, lines of credit, and long-term debt. The Organization estimates that the fair value of all of these non-derivative financial instruments at December 31, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statement of financial position.

#### Cash

For the purposes of the consolidated financial statements, the Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. The Organization maintains cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. The balances at times may exceed FDIC limits.

#### Accounts Receivable

Account receivables are stated at the amount management expects to collect from outstanding balances. Management provides for possible uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2022, all accounts are considered collectible.

**COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

Year Ended December 31, 2022

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**Note 2 - Summary of Significant Accounting Policies, continued**

Grants Receivable

Grants receivable are recorded at estimated net realizable value. The Organization receives various grants which are a combination of cost reimbursement basis grants and advance payment grants.

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 as follows:

Building and improvements	5 - 40 years
Furniture and equipment	3 - 20 years
Property improvements	10 - 20 years
Vehicles	5 years

Intangible Assets

Intangible assets consist of workforce and organizational structures that were in place as part of purchase of a former hotel property. The assets are being amortized using a straight-line method over the estimated useful life of three years. Amortization expense for the year ended December 31, 2022 was \$45,000.

Estimated future amortization is as follows:

2023	\$45,000
2024	15,000

Leases

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* as of January 1, 2022. The standard provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes previous US GAAP guidance on leases and requires substantially all leases to be reported on the statement of financial position as right-of-use assets and lease liabilities, as well as additional disclosures (See Note 8). The Organization adopted this standard using the modified retrospective approach. Upon adoption, the Organization recognized right-of-use assets of \$153,012 and operating lease liabilities of \$153,012.

Income Taxes

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

ECH is a single member LLC. ECH is considered a disregarded entity for income tax purposes and is included in the income tax return filed by CDCO.

OCCI is a domestic business corporation registered in Oregon.

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

For the year ended December 31, 2022, 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, 2022.

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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#### Note 2 - Summary of Significant Accounting Policies, continued

##### Revenue Recognition

###### *Grants and Contributions*

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 Services Revenue and Deferred Revenue*

Program services revenue represent 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.

###### *Contributed Goods and Services*

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 consolidated 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 and related costs were allocated for the year ended December 31, 2022.

##### Subsequent Events

The Organization's management has evaluated subsequent events through May 30, 2023, the date the consolidated financial statements were available to be issued. See Note 11.

#### Note 3 - 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 two committed lines of credit which are available for use as needed.

Financial assets at year end:

Cash	\$	154,937
Receivables to be collected within one year		<u>1,392,409</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u><u>1,547,346</u></u>

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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#### Note 4 - Property and Equipment

Property and equipment consist of the following:

Buildings and improvements	\$ 4,978,350
Furniture and equipment	554,798
Vehicles	55,035
Land	1,448,200
	<u>7,036,383</u>
Less accumulated depreciation	(485,630)
	<u>\$ 6,550,753</u>

Depreciation expense for the year ended December 31, 2022 was \$342,306.

#### Note 5 - Long-Term Debt

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

Small Business Administration Economic Injury Disaster Loan, payable monthly in the amount of \$641, including interest at 2.75% beginning December 2022, maturing December 2052.	\$ <u>155,416</u>
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Future maturities of long-term debt are as follows:

2023	\$ 3,441
2024	3,537
2025	3,636
2026	3,737
2027	3,841
Thereafter	<u>137,224</u>
	<u>\$ 155,416</u>

#### Note 6 - Lines of Credit

The Organization holds two lines of credit. The first is an unsecured line of credit with Umpqua Bank. The line of credit bears a maximum limit of \$25,000 with a stated interest at 3.95%. There is no stated maturity date on the line of credit. As of December 31, 2022, there was a balance of \$23,511.

The second line of credit is secured by collateral with KeyBank National Association. The line of credit bears a maximum limit of \$500,000 with variable interest currently at 4.5%. Interest payments are due monthly, and the line of credit is due on demand. At December 31, 2022, there was a balance of \$385,000. The line of credit is secured by all assets of CDCO.

#### Note 7 - Other Liabilities

Other liabilities consist of payroll from prior periods that was not paid to a key member of management. The terms for payments require positive unrestricted cash flow in future years. The remaining balance due as of December 31, 2022 is \$178,073.

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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#### Note 8 - Leasing Arrangements

The Organization leases office space from Wallace Medical Group, a related party, whose Board President is the Executive Director of the Organization. This is an operating lease with a contractual period of 4.5 years. The lease agreement contains a scheduled rent escalation clause with no option to extend. The Organization is the subtenant and leases the building from Wallace Medical Group, the tenant. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees. The Organization elected the package of practical expedients permitted under the transition guidance within the standard, which among other things, allowed the Organization to carry forward the historical lease classification.

The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g. maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. All variable payments not based on a market rate or an index are expensed as incurred.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the incremental borrowing rate, which is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. These are estimated using actual borrowing costs and making necessary adjustments.

The following summarizes the related party operating leases as of December 31, 2022:

Operating right-of-use assets	\$ 131,332
Current portion of operating lease liabilities	\$ 33,314
Operating lease liabilities, net of current portion	98,018
Total operating lease liabilities	\$ 131,332

The amounts contractually due on related party lease liabilities as of December 31, 2022 were as follows:

2023	\$ 40,514
2024	41,730
2025	42,982
2026	33,096
Total lease payments	158,322
Less interest	(27,000)
Present value of lease liabilities	\$ 131,322

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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#### Note 8 - Leasing Arrangements, continued

The following summarizes the line items in the income statement which include the components of lease expense for the year ended December 31, 2022:

Related party operating lease expense	\$ 26,480
Short-term lease expense	41,272
Total lease cost	\$ <u>67,752</u>

Supplemental cash flow information related to related party leases for the year ended December 31, 2022 was as follows:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	\$ <u>26,480</u>
Lease assets obtained in exchange for lease liabilities:	
Operating leases	\$ <u>153,012</u>

Supplemental statement of financial position information related to related party leases as of December 31, 2022 was as follows:

Weighted average remaining lease term - operating leases	3.75 years
Weighted average discount rate - operating leases	8.50%

#### Note 9 - Retirement Plan

During 2021, the Organization adopted a qualified 401(k) retirement plan for its employees. All employees of the Organization are eligible for the plan except for employees covered by a collective bargaining agreement, leased employees and non-resident aliens. Employees may defer a portion of their wages into the plan. The Organization may make matching or discretionary contributions to the plan. The Organization did not make any employer contributions to the plan during 2022.

#### Note 10 - Concentrations

At December 31, 2022, 58% of grants receivable were from one agency. During the year ended, December 31, 2022, 71% of grant revenue was from one agency and 69% of the in-kind donations were received from two companies.

#### Note 11 - Subsequent Event

The Organization obtained a note from Northwest Private Lending Inc. for \$1,300,000 in January 2023 to purchase and renovate an office building in Rockwood. Interest only monthly payments are due beginning February 1, 2023. The note is due in full on February 1, 2025.

The Organization increased its KeyBank line of credit limit to \$750,000 in February 2023.

In May 2023, the Organization entered into a Strategic Partnership and Management Services Agreement with Outgrowing Hunger (OH). The Organization will provide management, administrative, finance and program management services to OH on a cost reimbursement basis and will absorb all but one of the current employees of OH.

## SUPPLEMENTAL INFORMATION



**COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES**

**Consolidating Schedule of Financial Position**

December 31, 2022

	Community Development Corporation of Oregon	East County Housing, LLC	Oregon Community Capital Inc.	Oregon Capital Asset Network	Eliminating Entries	Total
<b>ASSETS</b>						
Cash	\$ 144,098	\$ 1,446	\$ 5,000	\$ 4,393	\$ -	\$ 154,937
Accounts receivable	3,404	-	-	-	-	3,404
Accounts receivable, intercompany	7,800	-	-	-	(7,800)	-
Grants receivable	1,389,005	-	-	-	-	1,389,005
Notes receivable	-	-	-	8,100	-	8,100
Notes receivable, intercompany	179,084	-	-	-	(179,084)	-
Property and equipment, net of accumulated depreciation	83,619	6,467,134	-	-	-	6,550,753
Intangible assets, net of accumulated amortization	-	60,000	-	-	-	60,000
Operating right-of-use asset - related party	131,332	-	-	-	-	131,332
Total Assets	<u>\$ 1,938,342</u>	<u>\$ 6,528,580</u>	<u>\$ 5,000</u>	<u>\$ 12,493</u>	<u>\$ (186,884)</u>	<u>\$ 8,297,531</u>
<b>LIABILITIES AND NET ASSETS</b>						
Liabilities:						
Accounts payable	\$ 418,883	\$ -	\$ -	\$ -	\$ -	\$ 418,883
Accounts payable, intercompany	-	-	-	7,800	(7,800)	-
Accrued payroll	120,114	-	-	-	-	120,114
Accrued expenses	4,241	-	-	-	-	4,241
Other liabilities	178,073	-	-	-	-	178,073
Unearned revenue	315,875	-	-	-	-	315,875
Lines of credit	408,511	-	-	-	-	408,511
Notes payable, intercompany	-	173,760	5,324	-	(179,084)	-
Lease liability - related party	131,332	-	-	-	-	131,332
Long-term debt	155,416	-	-	-	-	155,416
Total Liabilities	1,732,445	173,760	5,324	7,800	(186,884)	1,732,445
Net Assets (Deficit) Without Donor Restriction	<u>205,897</u>	<u>6,354,820</u>	<u>(324)</u>	<u>4,693</u>	<u>-</u>	<u>6,565,086</u>
Total Liabilities and Net Assets	<u>\$ 1,938,342</u>	<u>\$ 6,528,580</u>	<u>\$ 5,000</u>	<u>\$ 12,493</u>	<u>\$ (186,884)</u>	<u>\$ 8,297,531</u>

See independent auditor's report.

## COMMUNITY DEVELOPMENT CORPORATION OF OREGON AND SUBSIDIARIES

### Consolidating Schedule of Activities

Year Ended December 31, 2022

	Community Development Corporation of Oregon	East County Housing, LLC	Oregon Community Capital Inc.	Oregon Capital Asset Network	Eliminating Entries	Total
Revenue and Other Support:						
Grants and contributions	\$ 4,328,733	\$ 2,500	\$ -	\$ 5,000	\$ (5,000)	\$ 4,331,233
Other income	883	138,269	-	-	-	139,152
Program services	123,063	-	-	-	-	123,063
Contributed goods and services	118,806	-	-	-	-	118,806
	<u>4,571,485</u>	<u>140,769</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>4,712,254</u>
Total Revenue and Other Support						
Expenses:						
Program services	2,933,774	330,646	-	307	(5,000)	3,259,727
Support services:						
General and administrative	724,406	-	-	-	-	724,406
Fundraising	204,885	-	-	-	-	204,885
	<u>3,863,065</u>	<u>330,646</u>	<u>-</u>	<u>307</u>	<u>(5,000)</u>	<u>4,189,018</u>
Total Expenses						
Change in Net Assets	708,420	(189,877)	-	4,693	-	523,236
Net Assets (Deficit), beginning	<u>(502,523)</u>	<u>6,544,697</u>	<u>(324)</u>	<u>-</u>	<u>-</u>	<u>6,041,850</u>
Net Assets (Deficit), ending	<u>\$ 205,897</u>	<u>\$ 6,354,820</u>	<u>\$ (324)</u>	<u>\$ 4,693</u>	<u>\$ -</u>	<u>\$ 6,565,086</u>

See independent auditor's report.