



(A not-for-profit organization)

Our House of Portland
Annual Financial Statements
Year ended March 31, 2017
With summarized financial information as of March 31, 2016

Prepared By:

LaukaMcGuire & Associates | CERTIFIED PUBLIC ACCOUNTANTS

Our House of Portland (A not-for-profit organization)

Table of Contents

| | Page |
|----------------------------------|------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-16 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Our House of Portland
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Our House of Portland (*a not-for-profit organization*) which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 financial statements referred to above present fairly, in all material respects, the financial position of Our House of Portland as of March 31, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Our House of Portland's March 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
July 11, 2017

Our House of Portland (A not-for-profit organization)

Statement of Financial Position
 March 31, 2017, with comparative totals for 2016

(See Accompanying Notes and Accountant's Audit Report)

| | 2017 | | | 2016 |
|-----------------------------------------|---------------------|------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| Current Assets | | | | |
| Cash | \$ 223,081 | \$ 302 | \$ 223,383 | \$ 72,537 |
| Operating reserves | 1,128,458 | - | 1,128,458 | 1,048,469 |
| Receivables, net | 169,104 | - | 169,104 | 164,746 |
| Pledges receivable, net | 55,126 | - | 55,126 | 120,727 |
| Contributions & grants receivable | 398,753 | - | 398,753 | 323,493 |
| Other current assets and prepaids | 52,092 | - | 52,092 | 46,037 |
| | <u>2,026,614</u> | <u>302</u> | <u>2,026,916</u> | <u>1,776,009</u> |
| Property and Equipment | | | | |
| Net of accumulated depreciation | 2,516,306 | - | 2,516,306 | 2,620,633 |
| Other Assets | | | | |
| Contributions & grants receivable | - | 479,244 | 479,244 | 37,414 |
| | <u>\$ 4,542,920</u> | <u>\$ 479,546</u> | <u>\$ 5,022,466</u> | <u>\$ 4,434,056</u> |
| Current Liabilities | | | | |
| Accounts payable | \$ 31,580 | \$ - | \$ 31,580 | \$ 30,871 |
| Accrued payroll and payroll liabilities | 141,333 | - | 141,333 | 173,405 |
| Deferred revenue | 408,753 | - | 408,753 | 334,493 |
| | <u>581,666</u> | <u>-</u> | <u>581,666</u> | <u>538,769</u> |
| Long Term Liabilities | | | | |
| Deferred revenue | - | 479,244 | 479,244 | 37,414 |
| Net Assets | | | | |
| Unrestricted | 3,961,254 | - | 3,961,254 | 3,830,998 |
| Temporarily restricted | - | 302 | 302 | 26,875 |
| | <u>3,961,254</u> | <u>302</u> | <u>3,961,556</u> | <u>3,857,873</u> |
| Total liabilities and net assets | <u>\$ 4,542,920</u> | <u>\$ 479,546</u> | <u>\$ 5,022,466</u> | <u>\$ 4,434,056</u> |

Our House of Portland (A not-for-profit organization)

Statement of Activities

March 31, 2017, with comparative totals for 2016

(See Accompanying Notes and Accountant's Audit Report)

| | 2017 | | | 2016 |
|-------------------------------------------|---------------------|------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| Operating Revenues | | | | |
| Our House net resident service revenue | \$ 1,442,682 | | \$ 1,442,682 | \$ 1,385,192 |
| Neighborhood Housing & Care Program | 443,732 | | 443,732 | 476,363 |
| Other revenue | 16,638 | | 16,638 | 9,638 |
| | <u>1,903,052</u> | <u>-</u> | <u>1,903,052</u> | <u>1,871,193</u> |
| Operating Expenses | | | | |
| Our House resident care | 1,783,981 | | 1,783,981 | 1,650,083 |
| Neighborhood Housing & Care expenses | 654,742 | | 654,742 | 616,425 |
| Community services | 306,795 | | 306,795 | 287,749 |
| Administrative | 180,729 | | 180,729 | 409,450 |
| | <u>2,926,247</u> | <u>-</u> | <u>2,926,247</u> | <u>2,963,707</u> |
| Deficit from operations | (1,023,195) | - | (1,023,195) | (1,092,514) |
| Nonoperating Income and (Expenses) | | | | |
| Contributions, grants & events | 1,571,782 | | 1,571,782 | 1,565,176 |
| Fundraising expenses | (518,931) | | (518,931) | (444,832) |
| Net assets released from restriction | 26,573 | (26,573) | - | - |
| Loss on disposal of assets | (526) | | (526) | (129) |
| Investment income, net of fees | 74,553 | | 74,553 | (30,988) |
| | <u>1,153,451</u> | <u>(26,573)</u> | <u>1,126,878</u> | <u>1,089,227</u> |
| Change in net assets | 130,256 | (26,573) | 103,683 | (3,287) |
| Net Assets, Beginning | 3,830,998 | 26,875 | 3,857,873 | 3,861,160 |
| Net Assets, Ending | \$ 3,961,254 | \$ 302 | \$ 3,961,556 | \$ 3,857,873 |

Our House of Portland (A not-for-profit organization)

Statements of Functional Expenses

March 31, 2017, with comparative totals for 2016

(See Accompanying Notes and Accountant's Audit Report)

| | Program Services | | | Supporting Services | | 2017 | 2016 |
|-------------------------------------------|----------------------------|-------------------|-----------------------|---------------------|-------------------|---------------------|---------------------|
| | Neighborhood | | | Admini- strative | Fund- raising | Total | Total |
| | Our House Resident Care | Housing & Care | Community Services | | | | |
| Compensation, taxes and benefits | | | | | | | |
| Nursing and related services | \$ 780,815 | \$ 113,788 | | | | \$ 894,603 | \$ 847,338 |
| Social worker & Occup. Therapy | 166,318 | 232,938 | | | | 399,256 | 408,722 |
| Housekeeping | 35,909 | | | | | 35,909 | 34,919 |
| Kitchen manager | 40,774 | | | | | 40,774 | 38,714 |
| Volunteer program | 77,485 | | | | | 77,485 | 74,730 |
| Executive Director | 20,355 | 20,356 | | 16,323 | 25,168 | 82,202 | 108,697 |
| Administrative | 22,066 | 60,348 | 10,375 | 104,669 | 57,199 | 254,657 | 249,037 |
| Community Service | | | 60,430 | | | 60,430 | 47,165 |
| Development | | | | | 120,149 | 120,149 | 138,485 |
| Temporary nursing | 14,575 | | | | | 14,575 | 12,701 |
| Payroll taxes & workers comp | 104,201 | 38,921 | 5,948 | 8,683 | 13,698 | 171,451 | 168,764 |
| Employee benefits, training & recog. | 175,128 | 69,737 | 13,543 | 9,735 | 26,453 | 294,596 | 274,197 |
| Advertising for staff | 888 | 35 | | | 140 | 1,063 | 1,327 |
| Total compensation, taxes, and benefits | 1,438,514 | 536,123 | 90,296 | 139,410 | 242,807 | 2,447,150 | 2,404,796 |
| Payroll fees | 4,065 | 1,349 | 340 | 527 | 611 | 6,892 | 7,701 |
| Audit and accounting fees | 6,500 | 3,000 | 1,000 | 700 | 2,500 | 13,700 | 13,700 |
| Bad debts | 576 | | | | 9,220 | 9,796 | 9,359 |
| Business consultants | | | | 22,000 | 3,000 | 25,000 | 55,260 |
| Communications | 16,132 | 6,520 | 3,360 | 1,236 | 698 | 27,946 | 34,991 |
| Credit card fees | | | | | 4,771 | 4,771 | 2,856 |
| Depreciation | 109,137 | 11,160 | 776 | 191 | 682 | 121,946 | 116,408 |
| Direct mail, marketing, donor cultivation | 99 | 127 | 10 | 4,043 | 19,648 | 23,927 | 24,466 |
| Dues and subscriptions | 1,159 | | 210 | 1,452 | | 2,821 | 2,221 |
| Event expenses | | | | | 187,582 | 187,582 | 173,468 |
| Groceries | 31,939 | | 41,511 | | | 73,450 | 66,826 |
| Insurance | 14,793 | 4,574 | 3,357 | 2,457 | 956 | 26,137 | 23,933 |
| Leases | 5,350 | 214 | 69,432 | 797 | 214 | 76,007 | 74,395 |
| Maintenance | 41,895 | 1,195 | 11,784 | 522 | 1,134 | 56,530 | 27,162 |
| Medical supplies | 32,462 | 182 | | | | 32,644 | 29,261 |
| Other expenses | 1,766 | 6,444 | 3,609 | 2,766 | 17,526 | 32,111 | 38,044 |
| Postage | 105 | | | 281 | 602 | 988 | 1,532 |
| Program expenses | 3,582 | 17,481 | 78,343 | | | 99,406 | 111,653 |
| Publications and cable tv | 6,248 | | | | | 6,248 | 5,911 |
| Occupational therapy & Quality of living | 7,662 | 6,729 | | | | 14,391 | 12,712 |
| Rental assistance | | 56,592 | | | | 56,592 | 57,823 |
| Security system | 1,151 | 51 | | 22 | 36 | 1,260 | 6,862 |
| Storage unit rental | 3,538 | 13 | | 19 | 322 | 3,892 | 3,639 |
| Supplies | 12,816 | 1,006 | 2,446 | 559 | 640 | 17,467 | 25,597 |
| Utilities | 42,131 | 1,982 | | 940 | 1,982 | 47,035 | 48,908 |
| Volunteer program | 2,361 | | 321 | | | 2,682 | 2,217 |
| Grant-writing | | | | | 24,000 | 24,000 | 22,800 |
| Interest | | | | 2,807 | | 2,807 | 4,038 |
| | 345,467 | 118,619 | 216,499 | 41,319 | 276,124 | 998,028 | 1,003,743 |
| Total operating expenses | \$ 1,783,981 | \$ 654,742 | \$ 306,795 | \$ 180,729 | \$ 518,931 | \$ 3,445,178 | \$ 3,408,539 |

Our House of Portland (A not-for-profit organization)

Statement of Cash Flows

March 31, 2017, with comparative totals for 2016

(See Accompanying Notes and Accountant's Audit Report)

| | 2017 | | | 2016 |
|----------------------------------------------------------------------------------------------------|-------------------|------------------------|-------------------|------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| Cash Flows Related to Operating Activities | | | | |
| Change in net assets | \$ 130,256 | \$ (26,573) | \$ 103,683 | \$ (3,287) |
| Adjustments to reconcile the change in net assets to cash provided (used) by operating activities: | | | | |
| Depreciation | 121,946 | | 121,946 | 116,408 |
| Loss on disposal of assets | 526 | | 526 | 129 |
| Receivables | (4,358) | | (4,358) | (24,147) |
| Deferred grants | (1,000) | | (1,000) | 11,000 |
| Pledges receivable | 65,601 | | 65,601 | 8,590 |
| Other assets | (6,055) | | (6,055) | (13,757) |
| Accounts payable | 709 | | 709 | 9,970 |
| Accrued liabilities and deposits | (32,072) | | (32,072) | 13,788 |
| Net cash provided (used) by operating activities | 275,553 | (26,573) | 248,980 | 118,694 |
| Cash Flows Related to Investing Activities | | | | |
| (Purchase)/reinvestment of investments | (79,989) | - | (79,989) | 28,948 |
| Purchase of equipment | (19,070) | | (19,070) | (38,235) |
| Proceeds from sale of equipment | 925 | | 925 | 100 |
| Net cash (used) by investing activities | (98,134) | - | (98,134) | (9,187) |
| Cash Flows Related to Financing Activities | | | | |
| Proceeds from line of credit borrowings | 245,000 | | 245,000 | 70,000 |
| Payments on line of credit | (245,000) | | (245,000) | (170,000) |
| Net cash (used) by financing activities | - | - | - | (100,000) |
| Change in cash | 177,419 | (26,573) | 150,846 | 9,507 |
| Cash, Beginning | 45,662 | 26,875 | 72,537 | 63,030 |
| Cash, Ending | \$ 223,081 | \$ 302 | \$ 223,383 | \$ 72,537 |
| Noncash Activity | | | | |
| Donated supplies & services expensed | | | \$ 140,455 | \$ 183,374 |
| Donated value of lease for Community Service Program | | | \$ 69,432 | \$ 69,432 |
| Interest Paid | | | \$ 2,807 | \$ 4,038 |

Our House of Portland, *(A not-for-profit organization)*

Notes to Financial Statements

March 31, 2017

NOTE - 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Our House of Portland is a not-for-profit organization founded in 1988 in Portland, Oregon that provides healthcare, housing, and other vital services to low-income people living with HIV. The majority of the revenue is derived from contributions, grants, and payments for community based care.

Our House programs and services serve more than 750 unique clients annually with patient encounters spanning multiple disciplines including residential care, neighborhood housing and care, occupational therapy, and food and necessities through a client-centered free thrift store with more than 4,000 visits annually.

Collaborations among other HIV providers and organizations have been critical in addressing the resident and client needs. Agreements with funding providers have provided Our House with the opportunity to strengthen the infrastructure, develop education and training materials and serve more clients.

Our memberships in various commissions, committees and boards help us to connect with other agencies as well as city/county/state administrators to gain a better understanding of poverty, housing, homelessness, disabilities, equity and other key issues.

Our House has been named by Oregon Business magazine as one of the 100 best nonprofits to work for in Oregon for eight consecutive years; based on results of a staff survey Our House ranked #4 (large nonprofit) in 2016. A survey of the top workplaces in Oregon conducted by the Oregonian ranked Our House #2 (small companies) in 2016.

A description of Our House of Portland's programs are as follows:

Our House

Our House provides 24 hour specialized nursing care and services in a residential care facility for those with advanced HIV who require intensive care. In addition to HIV and related physical health issues, many residents also suffer from mental illness, substance abuse and/or histories of homelessness. In the past year a total of 23 residents and their families were served. Three individuals had improved health which enabled them to move out of Our House and live independently.

Residents of Our House are encouraged to attend activities provided by our staff and community volunteers. These opportunities include swimming, bowling, bingo, creative writing, gardening, crafts and more. We also have frequent outings to parks, museums, movies, the coast, as well as special community events.

Our therapeutic garden continues to thrive with residents participating every Thursday afternoon to plant, cultivate and harvest fruits and vegetables that are then prepared and served to them by our kitchen volunteers. All residents, including those with visual and other physical impairments, are encouraged to participate. We make special provisions for them to be involved in a meaningful way.

Our House of Portland, *(A not for-profit organization)*

Notes to Financial Statements

March 31, 2017

NOTE - 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Gardening is a great way to build community among our residents and a source of pride and accomplishment for those that are involved.

The work at Our House continually evolves, depending on the nature of the ever changing HIV virus and the complexity of our residents. Much of our recent work is centered around addressing complex co-morbidities, as well as difficult behavioral and cognitive issues. Our continuing educational programs for staff and volunteers are centered around current issues of behavior, nutrition, diversity and other important topics.

Neighborhood Housing & Care Program (NHCP)

The award-winning Neighborhood Housing & Care Program (NHCP) provides assistance with housing as well as supportive services to low income people living with HIV who wish to live independently. The multi-disciplinary, professionally licensed care team provides assistance with nursing services, social services and occupational therapy. The NHCP staff is knowledgeable about issues affecting people living with HIV, community resources & navigating health care systems. Our team works with Cascade Aids Project to provide assistance with securing and maintaining permanent housing. Our team provides health assessments, education and medication management, coordination and assistance to perform self and household care, coordination of housing support, counseling and social support, home safety, and opportunities for engagement and connection in the community. A strong connection to community resources helps clients meet material, emotional, health, vocational and leisure needs. We also provide caregiver education, training, consultation and practice of life and coping skills. This year, a total of 38 clients were served.

Community Services

The community services program consists of **Tod's Corner** and **Esther's Pantry** which provide vital services to low income individuals in our community living with HIV. Clients accessing services to Esther's Pantry may visit each month to receive supplemental food and personal care items. Esther's Pantry was established in 1985 and serves over 200 clients each month. Clients who visit Tod's Corner may receive household items, clothing, and companion pet supplies. Other services are also provided upon request; this may include companion pet care, personal identification cards, emergency travel expenses, cremations and more. Clients of Esther's Pantry and Tod's Corner must receive a referral from a care provider to access services. This year, 643 individuals were served.

NOTE - 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation and Summarized Comparative Financial Information

Our House is required to report information regarding its financial position and activities in three classes of net assets: 1) unrestricted net assets, 2) temporarily restricted net assets, and 3) permanently restricted net assets. Our House has no permanently restricted net assets. Temporarily restricted net assets are limited by donor-imposed stipulations that either expire by passage of time or for a specific purpose. When the restriction expires or is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activity as net assets released from restrictions.

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Our House's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. When available, costs are charged directly to the program they benefit. Expenses that relate to more than one program or supporting activity are allocated based on the time spent by the person on that activity. Certain overhead costs are allocated based on square footage occupied in the building.

Program expenses for Our House and NHCP programs report goods and services distributed to fulfill the purpose of the organization. Administrative expenses include the costs of business management, record keeping, budgeting, finance, and other management and administrative activities. Fundraising expenses report the costs of fund-raising and events and activities.

The following chart reports the historical percentages of expenses by activity to the total expenses on the financial statements.

| | Our House | NHCP | Community Svc | Administrative | Fundraising |
|------|-----------|--------|---------------|----------------|-------------|
| 2017 | 51.78% | 19.00% | 8.91% | 5.25% | 15.06% |
| 2016 | 48.41% | 18.08% | 8.44% | 12.01% | 13.05% |
| 2015 | 49.27% | 17.82% | 5.83% | 12.69% | 14.40% |
| 2014 | 50.80% | 12.42% | 5.76% | 11.45% | 19.57% |
| 2013 | 56.28% | 10.09% | 6.30% | 11.93% | 15.40% |
| 2012 | 56.72% | 11.42% | 5.98% | 11.21% | 14.67% |

Cash and Cash Equivalents

Cash and cash equivalents include general checking account funds and cash on hand.

NOTE - 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

Our House is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a)(1) of the Code. In addition, Our House qualifies for the charitable contribution deduction under 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Management believes it is in compliance with the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes. U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if uncertain positions have been taken that more likely than not would not be sustained upon examination by taxing authorities. Our House is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Our House is no longer subject to audits by the Internal Revenue Service for years prior to 2012.

In-kind Donations and Expenses

Our House receives donations of supplies, clothing, medical supplies, printing and other costs that Our House would otherwise purchase. The value of these products is recorded as in-kind contribution revenue at fair value and expensed in the financial statements. The value of donated leased property used for the Community Service Program is recorded at fair market value as lease expense.

Contributed Services

Under generally accepted accounting principles (GAAP), if contributed services create or enhance non-financial assets, or require specialized skills that are performed by people with those skills, and would otherwise be purchased, those services would be recognized as contributions. Our House generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Our House with specific assistance programs, fundraising, and various committee assignments that are not recorded in the financial statements. Our House receives approximately 16,000 volunteer hours per year. Most of these hours are required for daily operations and include services for the kitchen, medical director, receptionists, and support staff. Management estimates the value of the operational services is about \$384,000.

Contributions and Pledges

Contributions and pledges are recognized as income when the donor makes a written promise to give that is, in substance, unconditional. Contributions that are restricted by the donor either by purpose and/or time are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as a release from restriction. Restricted contributions received and spent in the current year are recorded as unrestricted income.

NOTE - 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Receivables and Allowance for Doubtful Accounts

Receivables consist of service revenue receivables, events, pledges, and grants. They are stated at cost and do not accrue interest on past due amounts over 30 days. An allowance for doubtful accounts is accrued for the portion of receivables and pledges over 90 days old with no current payment plan. Receivables are charged off as uncollectible after management has made reasonable collection efforts. An allowance for doubtful accounts has not been recorded in the financial statements as management estimates that the receivables are collectable and the un-collectable amount is immaterial.

Investments and Investment Income

Investments including operating reserves with readily determinable market values are stated at fair market value. Realized and unrealized gains are reported in the statement of activity when recognized. Since no restrictions exist on investment income, all income and gains or losses are recorded as non-operating unrestricted activity.

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 disclosures 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.

Property and Equipment

Acquisitions of property and equipment in excess of \$1000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation is computed using primarily the straight-line method with the following class lives:

| | |
|-------------------------|-----------|
| Buildings | 39 years |
| Furniture and equipment | 3-7 years |

Our House of Portland, *(A not for-profit organization)*

Notes to Financial Statements
March 31, 2017

NOTE - 2 DEFERRED REVENUE

The U.S. Department of Housing and Urban Development (HUD) grant and the DHS State of Oregon grant are considered exchange transactions and accordingly are not recorded as income in the financial statements until services are performed and costs incurred. Multi-year grants are recorded as receivables when granted, but the income is deferred until earned. Special events that represent an exchange transaction are reported as deferred revenue. Deferred revenue consisted of the following activity for the year ended March 31, 2017:

| | Total | Current | Long-term |
|----------------------------------|-------------------|-------------------|-------------------|
| Special events/Foundation grants | \$ 25,000 | \$ 25,000 | \$ - |
| DHS State of Oregon grant | 44,908 | 44,908 | - |
| HUD renewal grant | 818,089 | 338,845 | 479,244 |
| Total deferred revenue | <u>\$ 887,997</u> | <u>\$ 408,753</u> | <u>\$ 479,244</u> |

NOTE - 3 PLEDGES RECEIVABLE

Unconditional pledges receivable due in more than one year are required to be reflected at the present value of estimated future cash flows using a discount rate. However, the discounts on amounts due in one to five years are considered immaterial. The pledges are stated at the value expected to be received. All pledges are due within one year or less.

NOTE - 4 OPERATING RESERVES AND FAIR VALUE

In accordance with generally accepted accounting principles, Our House uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes;

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Our House of Portland, (A not for-profit organization)

Notes to Financial Statements
March 31, 2017

NOTE - 4 OPERATING RESERVES AND FAIR VALUE (continued)

The following is a summary of the fair values of investments, which are measured on a recurring basis using Level 1 inputs, at March 31, 2017;

| | |
|--------------------------|---------------------|
| Equities | \$ 491,388 |
| Fixed Income | 568,324 |
| Money market instruments | 68,746 |
| | <u>\$ 1,128,458</u> |

The investment income for the year consisted of the following activity:

| | |
|--------------------------------------|------------------|
| Realized/Unrealized investment gains | \$ 63,486 |
| Interest and dividends | 21,534 |
| Investment fees | (10,467) |
| Net Investment Income | <u>\$ 74,553</u> |

Market Risk

Our House invests in a professionally managed portfolio of primarily mutual funds. Such investments are exposed to market and credit risks. Therefore, Our House investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

NOTE - 5 PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2017, consisted of the following:

| | |
|---------------------------|---------------------|
| Automobiles | \$ 79,409 |
| Furniture and fixtures | 125,102 |
| Equipment | 231,569 |
| Building and improvements | 3,002,103 |
| Land | 257,346 |
| | <u>3,695,529</u> |
| Accumulated depreciation | (1,179,223) |
| | <u>\$ 2,516,306</u> |

The building is subject to certain restrictions. See note 9.

Our House of Portland, (A not for-profit organization)

Notes to Financial Statements
March 31, 2017

NOTE - 6 LINE OF CREDIT

Our House has an annual renewable variable rate revolving line of credit available for up to \$500,000 maturing on October 8, 2017. The loan is collateralized by personal property, equipment, inventory and receivables. The interest rate is equal to the Wall Street Journal Prime Rate which was 3.5% at March 31, 2017. Minimum payments are due monthly for accrued interest. As of March 31, 2017 there was no balance due on the line.

NOTE - 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2017, were available for the following purposes:

| | |
|----------------|--------|
| Garden project | \$ 302 |
|----------------|--------|

NOTE - 8 CONCENTRATIONS

Receivables

Our House is located in Portland, Oregon. The facility grants credit without collateral to its residents, most of who are local residents and are insured under third-party payer agreements or meet the Medicaid eligibility criteria. The composition of trade and pledges receivables and net resident service revenue at March 31, 2017, was as follows:

| | Receivable Amount | Trade & Pledges Receivables | Net Resident Service Revenue |
|------------------------------|----------------------|-----------------------------------|------------------------------------|
| State of Oregon | \$ 105,225 | 47% | 91% |
| Other individuals and grants | 118,845 | 53% | 9% |
| | <u>\$ 224,070</u> | <u>100%</u> | <u>100%</u> |

Cash

Our House maintains one bank account. This account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in this account may exceed federally insured limits periodically through the year.

Source of Revenue

Two donor/grantors each exceeded 10% of total revenue and combined accounted for 54% of total revenues for the year ended March 31, 2017.

NOTE - 9 **SIGNIFICANT GRANTS and COMMITMENTS**

Our House DHS State of Oregon Contracts and Resident Private Pay

Our House has a personal/professional services contract with the Department of Human Services (DHS) with the State of Oregon to provide reimbursement for specialized residential care facility services. The current contract period expires June 30, 2018. A service payment is paid for each eligible resident, per month, less any resident income available to apply to the cost. The rates are determined by the State of Oregon and payments are subject to the provisions of ORS 293.462 and shall not exceed the total maximum sum of \$2,648,016 for the period July 1, 2016 – June 30, 2018. Net resident service revenue for the year ending March 31, 2017, includes \$1,233,288 of state funding.

NHCP DHS State of Oregon Grant

NHCP received a reimbursement grant through the Department of Human Services (DHS) with the State of Oregon effective July 1, 2015 to June 30, 2017 for up to \$350,000. The grant was awarded to fund the development and strengthening of the NHCP program with the objective of implementing a system of education and training for family and friend caregivers and facilities that are not currently knowledgeable about HIV, and provide sustainable funding for the future of NHCP. A total of \$175,330 was earned during the fiscal year, with \$44,728 to be spent over the remaining term.

CareOregon

Care Oregon and Our House have agreed to work together to develop a pilot program for enrollment of COA Plus members and Medicaid clients in the Our House and NHCP program and establish a specific plan for ongoing evaluation. The provider agreement was effective December 1, 2013 and renews annually for successive periods unless terminated. Care Oregon pays \$1,000 per month for each CareOregon Advantage Plus member enrolled in the program for a full month. A total of \$137,630 was earned for this agreement during the fiscal year with \$61,030 to Our House and \$76,600 to NHCP.

FamilyCare

FamilyCare is a Medicare services and compensation provider agreement. FamilyCare and Our House have agreed to work together to develop a pilot program for enrollment of FamilyCare members into Our House or NHCP. Covered services shall be provided to members enrolled in the MA Plan in accordance with Medicare guidelines including but not limited to CMS Payment Guidelines and the Medicare Advantage-Specific Provision. Covered services shall be provided to members enrolled in the Oregon Health Plan as executed through a Health Plan Services Contract and Coordinated Care Our House Contract with the Oregon Health Authority. The agreement was effective February 1, 2014 and renews annually for successive periods unless terminated. FamilyCare pays \$1,000 per month for each FamilyCare member enrolled in the program for a full month. A total of \$31,000 was earned for this agreement during the fiscal year with \$12,000 to Our House and \$19,000 to NHCP.

NOTE - 9 SIGNIFICANT GRANTS and COMMITMENTS *(continued)*

Federal Programs

Federal grants received by Our House during the current and previous years since 2005 including, but not limited to, HUD, Oregon Housing and Community Services, and the City of Portland, Oregon, have ongoing monthly and/or annual reporting requirements, tenant income eligibility requirements, and period of use restrictions on the building. These requirements are primarily determined by the U.S. Department of Housing and Urban Development (HUD) and the Portland Development Commission (PDC) and are subject to federal regulation and any Handbooks HUD may issue governing the HOPWA or other federal programs.

A three year HUD/HOPWA grant was completed during the fiscal year and a new three year grant was awarded for \$1,016,535 for the period 9/1/2016 – 8/31/2019. The grant provides client access to care and support including housing assistance, housing placement, and case management to low-income individuals. A total of \$339,925 was earned for the fiscal year ended March 31, 2017. \$818,089 is remaining to be earned over the remaining term of the new grant.

HUD revenue is reported in the Statement of Activities as follows:

| | |
|---------------------------|-----------|
| Operating revenues | \$172,802 |
| Nonoperating grant income | \$166,493 |

NOTE - 10 EMPLOYEE BENEFIT PLAN

Our House has a 403(b) tax sheltered plan which covers essentially all employees who regularly work over 20 hours a week. Contributions to the plan are discretionary. During the fiscal year ended March 31, 2017 Our House made employer contributions matching 100% of employee contributions up to 3% of salary. Vesting for employer contributions begins after one full year of service; employee contributions are always 100% vested. For the fiscal year ended March 31, 2017 employer contributions totaled \$40,909.

NOTE - 11 MANAGEMENT REVIEW and EVALUATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 11, 2017, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.