JOIN

Consolidated Audited Financial Statements

For the Year Ended December 31, 2017

McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
JOIN

We have audited the accompanying consolidated financial statements of JOIN (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JOIN as of December 31, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited JOIN's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
March 21, 2018

JOIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2017
(With comparative totals for 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	$ 835,201	$ 564,085
Accounts receivable	1,053,988	683,727
Pledges receivable	134,161	123,850
Prepaid expenses	20,573	23,001
Property and equipment, net	1,888,193	1,782,923
TOTAL ASSETS	$ 3,932,116	$ 3,177,586
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 303,326	$ 44,965
Deposits held	2,200	-
Note payable	481,350	483,988
Total liabilities	786,876	528,953
Net assets:		
Unrestricted:		
Undesignated	1,444,048	1,160,038
Net property and equipment	1,406,843	1,298,935
Total unrestricted	2,850,891	2,458,973
Temporarily restricted	294,349	189,660
Total net assets	3,145,240	2,648,633
TOTAL LIABILITIES AND NET ASSETS	$ 3,932,116	$ 3,177,586

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2017
(With comparative totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Contributions	$ 674,602	$ 168,594	$ 843,196	$ 713,472
Grants	5,624,201	-	5,624,201	3,624,675
Program service revenue	9,006	-	9,006	7,550
Special event revenue, net of expenses of $39,595 for 2017 and $33,373 for 2016	89,941	-	89,941	79,716
Other income	7,727	-	7,727	19,915
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	63,905	(63,905)	-	-
Total support and revenue	6,469,382	104,689	6,574,071	4,445,328
Expenses:				
Program	5,574,801	-	5,574,801	3,630,654
Management and general	324,490	-	324,490	286,414
Fundraising	178,173	-	178,173	183,686
Total expenses	6,077,464	-	6,077,464	4,100,754
Change in net assets	391,918	104,689	496,607	344,574
Net assets:				
Beginning of year	2,458,973	189,660	2,648,633	2,304,059
End of year	$ 2,850,891	$ 294,349	$ 3,145,240	$ 2,648,633

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017
(With comparative totals for 2016)

	2017				
	Program	Management and General	Fundraising	Total	2016 Total
Salaries and related expenses	$ 1,366,711	$ 282,198	$ 142,874	$ 1,791,783	$ 1,582,638
Direct assistance to individuals	3,213,864	-	-	3,213,864	1,955,310
Contract services	637,038	-	-	637,038	187,468
Professional fees	75,584	6,511	3,271	85,366	36,270
Supplies and office expense	25,673	5,343	2,684	33,700	22,139
Telephone	15,648	3,256	1,636	20,540	26,875
Equipment and technology	18,225	3,793	1,905	23,923	19,500
Occupancy	89,908	3,789	1,903	95,600	50,344
Bank and other service fees	6,432	1,339	16,845	24,616	28,385
Insurance	15,744	3,276	1,646	20,666	34,484
Travel and mileage	58,231	-	-	58,231	59,623
Depreciation and amortization	39,488	8,218	4,128	51,834	55,099
Interest expense	-	4,217	-	4,217	18,539
Other operating expenses	12,255	2,550	1,281	16,086	24,080
Total expenses	$ 5,574,801	$ 324,490	$ 178,173	$ 6,077,464	$ 4,100,754

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2017
(With comparative totals for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 496,607	$ 344,574
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	51,834	55,099
(Increase) decrease in:		
Accounts and pledges receivable	(380,572)	(155,477)
Prepaid expenses and other assets	2,428	1,716
Increase in:		
Accounts payable and accrued expenses	258,361	2,994
Deposits held	2,200	-
Net cash provided by operating activities	430,858	248,906
Cash flows from investing activities:		
Purchase of property and equipment	(156,529)	-
Net cash used in investing activities	(156,529)	-
Cash flows from financing activities:		
Net payments on line of credit	-	(99,142)
Principal payments on note payable	(3,213)	(27,559)
Net cash used in financing activities	(3,213)	(126,701)
Net increase in cash and cash equivalents	271,116	122,205
Cash and cash equivalents - beginning of year	564,085	441,880
Cash and cash equivalents - end of year	$ 835,201	$ 564,085
Supplemental cash flow information:		
Cash paid during the year for interest	$ 4,217	$ 18,539

See notes to consolidated financial statements.

1. DESCRIPTION OF ORGANIZATION

JOIN (or the Organization) was incorporated in 1992 in Oregon as a nonprofit organization that supports the efforts of homeless individuals and families to transition out of homelessness into permanent housing and supports housing stabilization by providing critical supportive services after transition from homelessness. Support received consists primarily of contributions and government grants. Approximately 64% of total revenue was from contracts with Multnomah County in 2017 (30% in 2016). and approximately 11% of total revenue was from contracts with the City of Portland in 2017 (26% in 2016). An additional 14% of revenue was from one other source in 2016. Program services include providing basic services to homeless individuals and families, placement and retention services to transition people from homelessness to stable housing, and experiential learning and service opportunities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as unrestricted or restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met, either by actions of the Organizations and/or the passage of time.

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

Cash and Cash Equivalents
For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Included in cash and equivalents at December 31, 2017 is approximately $34,000 restricted for a maintenance reserve (approximately $32,000 at December 31, 2016).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounts Receivable

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

Pledges Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Management considers history with donors, and current economic and industry trends when determining the collectability of specific accounts. As a result, management determined that an allowance for doubtful accounts is not necessary.

Property and Equipment

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

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 39 years.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Gifts of goods and services are measured using the price of identical assets or services.

In addition, JOIN received contributed services from a large number of volunteers. These services were provided by volunteers who contributed an estimated total of 3,225 and 3,385 hours during the years ended December 31, 2017 and 2016, respectively. The value of such services, which do not meet the criteria for recording, has not been recognized in the accompanying consolidated financial statements.

Income Tax Status

JOIN and Halsey Center are nonprofit corporations exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying consolidated financial statements, as the Organizations have no activities subject to unrelated business income tax. The Organizations are not private foundations.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes.* Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Summarized Financial Information for 2016
The financial information as of December 31, 2016 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Reclassifications
Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

Subsequent Events
The Organization has evaluated all subsequent events through March 21, 2018, the date the consolidated financial statements were available to be issued.

3. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of government grants and contracts as follows at December 31, 2017 and 2016:

	2017	2016
Multnomah County	$ 816,406	$ 476,773
Home Forward	157,459	103,755
Other	80,123	103,199
Total accounts receivable	$1,053,988	$ 683,727

4. PLEDGES RECEIVABLE

Pledges receivable are unsecured and due within one year.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017 and 2016:

	2017	2016
Land and land improvements	$ 387,063	$ 387,063
Building and improvements	1,850,054	1,708,532
Website	17,000	17,000
Vehicles	34,849	19,842
Total property and equipment	2,288,966	2,132,437
Less accumulated depreciation	400,773	349,514
Net property and equipment	$ 1,888,193	$1,782,923

Land and building are pledged as security on note payable (Note 7).

6. LINE OF CREDIT

The Organization has available a $400,000 ($200,000 in 2016), revolving line-of-credit that expires in July 2018. Interest on the line is payable monthly on outstanding balances at the bank's prime rate (4.5% and 3.75% at December 31, 2017 and 2016, respectively) plus 1.25% with a minimum rate of 4.5%. The line is secured by accounts receivable and equipment. There were no advances outstanding at December 31, 2017 or 2016.

7. NOTE PAYABLE

The note payable is due to Portland Housing Bureau, secured by real property, with interest at 3% per annum, increasing to as much as 4.5%; principal and interest payments of $3,653 are due monthly, with the final payment due November 2031. As a condition of the loan, the Portland Housing Bureau requires the Organization to contribute $3,000 annually to a maintenance reserve account. From March 1, 2017 through February 28, 2018, principal and interest payments were deferred, and the maturity date of the note was extended by one year. As a condition of this extension, the Organization is required to have a maintenance reserve balance of $35,000 by February 28, 2018 (see Note 2).

7. NOTE PAYABLE, Continued

	2017	2016
Note payable	$ 488,732	$ 491,945
Less debt issuance costs, net of accumulated amortization of $4,122 in 2017 and $3,547 in 2016	(7,382)	(7,957)
Net note payable	$ 481,350	$ 483,988

Maturities of notes payable are as follows:

Year ending December 31, 2018	$ 25,155
2019	29,480
2020	30,434
2021	31,419
2022	32,435
Thereafter	339,809
	$ 488,732

8. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2017 and 2016:

	2017	2016
Time restricted	$ -	$ 21,200
Purpose restricted:		
Landlord recruitment and retention	235,855	160,960
ADA path	1,500	1,500
Moving vans	15,000	-
Housing stability	41,994	6,000
Total temporarily restricted net assets	$ 294,349	$ 189,660

10. RETIREMENT PLAN

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

11. RELATED PARTY TRANSACTIONS

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

12. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of insured limits were approximately $737,000 at December 31, 2017, and $266,800 at December 31, 2016.