JOIN

Consolidated Audited Financial Statements

For the Year Ended December 31, 2023

McDonald Jacobs

McDONALD JACOBS
ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
JOIN

Opinion
We have audited the accompanying consolidated financial statements of JOIN (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, 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 JOIN as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements* section of our report. We are required to be independent of JOIN and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 JOIN's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the 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 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.

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 JOIN's 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 JOIN's 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.

Report on Summarized Comparative Information

We have previously audited JOIN's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
July 19, 2024

JOIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With comparative totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,327,583	$ 2,715,583
Funds held for special purpose (Note 4)	-	707,575
Grants receivable	2,717,002	1,642,985
Pledge receivable	75,000	-
Prepaid expenses	5,658	9,873
Property and equipment, net	2,129,169	2,201,816
TOTAL ASSETS	$ 6,254,412	$ 7,277,832
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 781,452	$ 493,773
Deposits held	-	2,200
Notes payable	642,284	682,852
Total liabilities	1,423,736	1,178,825
Net assets:		
Without donor restrictions:		
Undesignated	2,789,374	3,264,283
Day One Services Fund	-	707,575
Board designated	244,253	244,253
Net property and equipment	1,486,885	1,518,964
Total without donor restrictions	4,520,512	5,735,075
With donor restrictions	310,164	363,932
Total net assets	4,830,676	6,099,007
TOTAL LIABILITIES AND NET ASSETS	$ 6,254,412	$ 7,277,832

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2023
(With comparative totals for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Operating support and revenue:				
Contributions	$ 519,173	$ 419,624	$ 938,797	$ 1,133,367
Government grants	9,016,952	-	9,016,952	9,549,449
Special event revenue, net of expenses of $69,394 for 2023 and $25,510 for 2022	18,375	-	18,375	90,982
Other income	80,920	-	80,920	160,745
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	473,392	(473,392)	-	-
Total operating support and revenue	10,108,812	(53,768)	10,055,044	10,934,543
Expenses:				
Program	9,089,760	-	9,089,760	10,549,754
Management and general	2,001,072	-	2,001,072	1,705,273
Fundraising	232,543	-	232,543	267,111
Total expenses	11,323,375	-	11,323,375	12,522,138
Change in net assets	(1,214,563)	(53,768)	(1,268,331)	(1,587,595)
Net assets:				
Beginning of year	5,735,075	363,932	6,099,007	7,686,602
End of year	$ 4,520,512	$ 310,164	$ 4,830,676	$ 6,099,007

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023
(With comparative totals for 2022)

	2023				
	Program	Management and General	Fundraising	Total	2022 Total
Salaries and related expenses	$ 2,749,503	$ 940,703	$ 178,522	$ 3,868,728	$ 4,503,933
Direct assistance to individuals	4,531,477	-	-	4,531,477	5,523,407
Contract services	1,574,152	25,401	-	1,599,553	1,584,745
Professional fees	56,149	670,364	1,032	727,545	362,043
Supplies and office expense	12,886	24,422	3,130	40,438	37,909
Telephone	46,417	9,772	1,043	57,232	67,067
Equipment and technology	4,224	51,071	4,506	59,801	91,455
Occupancy	32,106	121,398	-	153,504	125,664
Bank and other service fees	21,515	52,044	69,853	143,412	54,156
Insurance	-	26,505	-	26,505	29,538
Travel and mileage	45,527	12,081	290	57,898	47,290
Depreciation	9,117	57,158	6,372	72,647	77,051
Interest expense	5,761	19,300	3,745	28,806	16,503
Other operating costs	2,550	5,663	17,010	25,223	26,887
	9,091,384	2,015,882	285,503	11,392,769	12,547,648
Less special event direct benefit expenses netted with revenue	(1,624)	(14,810)	(52,960)	(69,394)	(25,510)
Total expenses	$ 9,089,760	$ 2,001,072	$ 232,543	$ 11,323,375	$ 12,522,138

See notes to consolidated financial statements.

JOIN
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
(With comparative totals for 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (1,268,331)	$ (1,587,595)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	73,222	77,626
(Increase) decrease in:		
Grants and pledge receivable	(1,149,017)	796,547
Prepaid expenses	4,215	-
Increase (decrease) in:		
Accounts payable and accrued expenses	287,679	101,175
Deposits held	(2,200)	-
Net cash flows from operating activities	(2,054,432)	(612,247)
Cash flows from investing activities:		
Purchase of property and equipment	-	(438,942)
Net proceeds from certificates of deposit	-	963,572
Net cash flows from investing activities	-	524,630
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	356,000
Principal payments on note payable	(41,143)	(45,481)
Net cash flows from financing activities	(41,143)	310,519
Net change in cash and cash equivalents	(2,095,575)	222,902
Cash and cash equivalents - beginning of year	3,423,158	3,200,256
Cash and cash equivalents - end of year	$ 1,327,583	$ 3,423,158
Cash and cash equivalents	$ 1,327,583	$ 2,715,583
Day One Services Fund - cash and cash equivalents (Note 4)	-	707,575
	$ 1,327,583	$ 3,423,158
Supplemental cash flow information:		
Cash paid during the year for interest	$ 28,231	$ 15,928

See notes to consolidated financial statements.

1. DESCRIPTION OF ORGANIZATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Cash and Cash Equivalents
For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Included in cash and equivalents at
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Grants Receivable

Grants receivable represent amounts receivable from government grants and contracts and 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 outstanding balances are fully collectible and therefore, has not established an allowance for uncollectible accounts.

Pledges Receivable

Pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers history with donors, and current economic and industry trends when determining the collectability of specific accounts. As a result, management determined that an allowance for doubtful accounts is not necessary.

Property and Equipment

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

Depreciation

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

Fair Value Measurements

Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets and liabilities.
- **Level 2:** Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.
- **Level 3:** Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fiscal Sponsorships

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition
Revenues from various sources are recognized as follows:

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Government Grants: A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and/ or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The Organization has been awarded cost-reimbursable grants of approximately $7 million for the period through June 2024 that have not been recognized at December 31, 2023 because qualifying expenditures have not yet been incurred.

Special Events: The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. The portion of sponsorship revenue that relates to commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Donated Assets, Materials and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donation to a specific purpose. The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

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. The expenses that are allocated include salaries and related costs, supplies and office expense, telephone, equipment and technology, occupancy, depreciation, and interest, which are allocated on the basis of estimates of time and effort.

Income Tax Status

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

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

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 as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2022

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated all subsequent events through July 19, 2024, the date the consolidated financial statements were available to be issued.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 1,327,583	$ 2,715,583
Funds held for special purpose (Note 4)	-	707,575
Grants receivable	2,717,002	1,642,985
Pledge receivable	75,000	-
Total financial assets	4,119,585	5,066,143
Less amounts not available to be used within a year:		
Day One Services Fund	-	(707,575)
Net assets with donor restrictions	(310,164)	(363,932)
Net assets with board designations	(244,253)	(244,253)
Maintenance and landlord retention reserves	(398,767)	(303,229)
Financial assets available for general expenditure	$ 3,166,401	$ 3,447,154

See Note 4 for information about the Day One Services Fund, which the Organization considers unavailable for general expenditure.

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

4. DAY ONE SERVICES FUND

The Organization received a one-time contribution of $5 million without donor restrictions during 2018 and established the Day One Service Fund (the Fund) which is being utilized for new opportunities to exit people from the homeless services system and support them on a career path that will help individuals lift themselves out of housing instability and poverty. The Fund seeks to work with 80 families over four (4) years as a demonstration of what focused and purposeful investment can do to create pathways off the street and out of poverty. Accordingly, the Organization's consolidated statement of activities reflected program expenses of up to approximately $1.25 million each year resulting in a negative change in net assets as the funds are expended. The funds were fully spent in 2023.

The Day One Services Fund consists of the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ -	$ 671
Money market funds	-	706,904
Total Day One Services Fund	$ -	$ 707,575

Money market funds are classified as level 1 in the fair value measurement hierarchy (see Note 2). Fair values for money market funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

5. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and are due from government grants and contracts as follows at December 31, 2023 and 2022:

	2023	2022
Multnomah County	$ 2,166,577	$ 1,363,890
Home Forward	197,119	45,106
Other	353,306	233,989
Total grants receivable	$ 2,717,002	$ 1,642,985

6. PLEDGE RECEIVABLE

A pledge receivable of $75,000 at December 31, 2023 is due within one year and is unsecured.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023 and 2022:

	2023	2022
Land and land improvements	$ 618,488	$ 618,488
Building and improvements	2,243,671	2,243,671
Furniture and equipment	5,668	5,668
Website	17,000	17,000
Vehicles	39,497	39,497
Total property and equipment	2,924,324	2,924,324
Less accumulated depreciation	795,155	722,508
Net property and equipment	$ 2,129,169	$ 2,201,816

Land and building are pledged as security on the notes payable (Note 9).

8. LINE OF CREDIT

The Organization had available a $750,000 revolving line-of-credit that expired in October 2023 and was not renewed. Interest on outstanding advances was payable monthly at the bank's prime rate (7.5% at December 31, 2022) plus 1.25% with a minimum rate of 8.75% at December 31, 2022. The line was secured by accounts receivable and equipment. There were no advances outstanding at December 31, 2022.

9. NOTES PAYABLE

Notes payable consist of the following at December 31, 2023 and 2022:

	2023	2022
Note payable to Portland Housing Bureau, payable in monthly installments of $3,653 including interest at 3% per annum, increasing to as much as 4.5%. The note is secured by real property and matures November 2031.	$ 304,294	$ 337,911
Note payable to Northwest Bank, payable in monthly installments of $2,121 including interest at 5.12%. The note is secured by real property and matures in February 2032 with a balloon payment of approximately $263,000.	341,920	349,447
	$ 646,214	$ 687,358
Less unamortized loan issuance costs	(3,930)	(4,506)
Total notes payable, less issuance costs	$ 642,284	$ 682,852

Under the terms of the loans, the Organization is subject to certain financial covenants. As of December 31, 2023, the Organization was not in compliance with certain financial and reporting covenants and is in the process of obtaining waivers for those violations.

As a condition of the loan, the Organization deposits a minimum of $3,000 annually to a maintenance reserve account.

Maturities of the notes payable are as follows:

Year ending December 31, 2024	$ 42,687
2025	44,231
2026	44,679
2027	47,498
2028	49,225
Thereafter	417,894
	$ 646,214

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	2023	2022
Landlord recruitment and retention	$ 200,000	$ 200,000
Welcome Home	-	118,643
Housing stability	7,200	37,825
Other purposes	27,964	7,464
Time restricted	75,000	-
Total net assets with donor restrictions	$ 310,164	$ 363,932

11. 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.

12. LEASE COMMITMENTS

The Organization has a primary lease agreement for 11 residential units for which the Organization operates as a landlord and property manager for individuals and families transitioning out of homelessness. The primary lease expired November 2022, was not renewed and is operating on a month-to-month basis. Current monthly rent is $5,785.

The Organization also provides rent guarantees for certain properties, where it is obligated to pay rent regardless if the unit is occupied. These properties have monthly rent between $1,450 and $2,240 and are leased on a month-to-month basis.

Rent expense for the above leases (included in direct assistance to individuals) totaled approximately $201,000 and $167,000 for 2023 and 2022, respectively.

13. RETIREMENT PLAN

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

14. RELATED PARTY TRANSACTIONS

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

15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of insured limits were approximately $1.0 million at December 31, 2023 ($2.2 million at December 31, 2022).

Approximately 79% of total revenue was from contracts with two government agencies in 2023 (72% of total revenue was from contracts with one government agency during 2022).