

**OUTSIDE IN**  
**FINANCIAL STATEMENTS**  
**Year Ended June 30, 2018**

Outside In 

**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**OUTSIDE IN  
FINANCIAL STATEMENTS  
Year Ended June 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Outside In  
Portland, Oregon

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Outside In (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

To the Board of Directors  
Outside In

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Outside In as of June 30, 2018, 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.

**Other Matters**

***Other Reporting Requirement by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018, on our consideration of Outside In's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Outside In's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Outside In's internal control over financial reporting and compliance

***Report on Summarized Comparative Information***

We have previously audited the Outside In's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Activities by Fund, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Portland, Oregon  
November 8, 2018

**OUTSIDE IN**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2018**

(With Comparative Totals as of June 30, 2017)

**ASSETS**

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,153,714	\$ 1,630,289
Grants and contracts receivable	3,431,695	2,755,081
Pledges receivable	26,250	150,000
Prepaid expenses and deposits	192,931	167,971
Prepaid lease payments	374,653	383,923
Property, equipment and leasehold improvements - net	<u>3,858,522</u>	<u>4,002,417</u>
<b>Total assets</b>	<b><u>\$ 10,037,765</u></b>	<b><u>\$ 9,089,681</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 365,359	\$ 254,272
Accrued payroll and related expenses	297,561	327,504
Accrued vacation	<u>233,088</u>	<u>234,328</u>
<b>Total liabilities</b>	<b><u>896,008</u></b>	<b><u>816,104</u></b>
<b>Net assets</b>		
Unrestricted	5,104,166	4,064,625
Temporarily restricted	<u>4,037,591</u>	<u>4,208,952</u>
<b>Total net assets</b>	<b><u>9,141,757</u></b>	<b><u>8,273,577</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 10,037,765</u></b>	<b><u>\$ 9,089,681</u></b>

See notes to financial statements.

**OUTSIDE IN**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2018**

(With Comparative Totals for the Year Ended June 30, 2017)

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	
			<b>2018</b>	<b>2017</b>
<b>Revenues, gains, and other support</b>				
Contributions and grants	\$ 756,501	\$ 109,828	\$ 866,329	\$ 1,172,328
United Way	4,798	-	4,798	11,602
Multnomah County	2,285,190	-	2,285,190	2,212,531
State of Oregon	664,795	-	664,795	637,459
Federal	4,408,418	-	4,408,418	4,265,622
Gifts in-kind	279,089	-	279,089	304,892
Gain (loss) on disposal of equipment	-	-	-	6,120
Interest and dividends	11,360	-	11,360	7,079
Social ventures	261,030	-	261,030	293,934
Other contracts and fees	4,083,545	-	4,083,545	3,795,982
	<b>12,754,726</b>	<b>109,828</b>	<b>12,864,554</b>	<b>12,707,549</b>
Net assets released from restriction	369,546	(369,546)	-	-
<b>Total revenues, gains, and other support</b>	<b>13,124,272</b>	<b>(259,718)</b>	<b>12,864,554</b>	<b>12,707,549</b>
<b>Expenses</b>				
Program services				
Clinic	5,443,857	-	5,443,857	5,755,044
Youth	4,229,817	-	4,229,817	4,068,072
Social ventures	342,366	-	342,366	298,276
<b>Total program services</b>	<b>10,016,040</b>	<b>-</b>	<b>10,016,040</b>	<b>10,121,392</b>
Supporting services				
Management and general	1,887,031	-	1,887,031	1,891,332
Fund-raising	181,660	-	181,660	88,994
<b>Total expenses</b>	<b>12,084,731</b>	<b>-</b>	<b>12,084,731</b>	<b>12,101,718</b>
<b>Increase (decrease) in net assets before non-operating activities</b>	<b>1,039,541</b>	<b>(259,718)</b>	<b>779,823</b>	<b>605,831</b>
<b>Non-operating activities</b>				
Capital campaign contributions and grants	-	88,357	88,357	767,820
<b>Total non-operating activities</b>	<b>-</b>	<b>88,357</b>	<b>88,357</b>	<b>767,820</b>
<b>Change in net assets</b>	<b>1,039,541</b>	<b>(171,361)</b>	<b>868,180</b>	<b>1,373,651</b>
Net assets, beginning of year	4,064,625	4,208,952	8,273,577	6,899,926
<b>Net assets, end of year</b>	<b>\$ 5,104,166</b>	<b>\$ 4,037,591</b>	<b>\$ 9,141,757</b>	<b>\$ 8,273,577</b>

See notes to financial statements.

**OUTSIDE IN**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2018**

(With Comparative Totals for the Year Ended June 30, 2017)

	PROGRAM SERVICES				SUPPORTING SERVICES			Total	
	Clinic and Health Services	Youth Services	Social Ventures	Total Program Services	Manage- ment and General	Fund- raising	2018	2017	
<b>Personnel:</b>									
Salaries and wages	\$ 2,949,308	\$ 2,088,409	\$ 196,978	\$ 5,234,695	\$ 1,177,871	\$ 63,138	\$ 6,475,704	\$ 6,700,864	
Payroll taxes	230,429	164,930	16,055	411,414	97,646	4,947	514,007	549,897	
Fringe benefits	450,192	392,025	37,614	879,831	192,655	4,404	1,076,890	1,010,232	
<b>Services and fees:</b>									
Insurance	20,508	17,196	3,475	41,179	8,846	2,467	52,492	50,211	
Lab fees	43,632	-	-	43,632	-	-	43,632	45,504	
Fees and charges	28,898	3,844	6,606	39,348	7,215	9,761	56,324	34,281	
Interest expense	-	-	-	-	11	-	11	680	
Contract services	602,921	183,282	3,171	789,374	169,276	44,130	1,002,780	820,344	
In-kind services	92,598	6,158	-	98,756	41,601	-	140,357	144,481	
<b>Supplies:</b>									
Office supplies	48,983	31,705	589	81,277	30,427	11,222	122,926	107,042	
Medical supplies	387,671	-	-	387,671	927	-	388,598	343,726	
Meeting expense	2,132	4,353	193	6,678	7,980	1,000	15,658	13,118	
Program supplies	36,396	10,950	6,862	54,208	1,915	-	56,123	61,338	
In-kind materials	4,042	134,670	20	138,732	-	-	138,732	160,411	
<b>Other operations:</b>									
Telecommunications	47,738	31,408	3,410	82,556	25,583	1,377	109,516	112,549	
Postage	6,414	3,582	-	9,996	1,298	16,553	27,847	22,698	
Equipment and maintenance	48,666	32,925	2,060	83,651	8,385	1,633	93,669	120,912	
Equipment depreciation	85,531	-	-	85,531	18,373	-	103,904	111,758	
Transportation	21,319	31,817	2,631	55,767	8,501	3,150	67,418	95,082	
Conferences and training	38,591	15,317	656	54,564	8,939	95	63,598	57,182	
<b>Occupancy:</b>									
Land lease	2,531	6,224	-	8,755	515	-	9,270	9,270	
Rent	127,217	51,792	43,260	222,269	22,929	3,546	248,744	220,741	
Utilities	43,592	68,088	11,572	123,252	8,747	761	132,760	122,217	
Building maintenance	51,191	80,910	3,330	135,431	19,957	830	156,218	211,752	
Building depreciation	49,498	74,750	-	124,248	6,193	-	130,441	130,441	
<b>Printing:</b>									
Printing and copying	7,035	3,943	-	10,978	1,179	11,888	24,045	19,874	
Advertising	-	592	3	595	17,997	758	19,350	17,173	
Literature	756	-	-	756	812	-	1,568	4,662	
<b>Other:</b>									
Client assistance	16,068	790,947	3,881	810,896	1,253	-	812,149	803,278	
<b>Total expenses</b>	<b>\$ 5,443,857</b>	<b>\$ 4,229,817</b>	<b>\$ 342,366</b>	<b>\$ 10,016,040</b>	<b>\$ 1,887,031</b>	<b>\$ 181,660</b>	<b>\$ 12,084,731</b>	<b>\$ 12,101,718</b>	

See notes to financial statements.

**OUTSIDE IN**

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2018**

(With Comparative Totals for the Year Ended June 30, 2017)

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 868,180	\$ 1,373,651
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Capital campaign contributions and grants	(88,357)	(617,820)
Depreciation and amortization	234,345	242,199
Prepaid lease amortization	9,270	9,270
Changes in assets and liabilities:		
Grants and contracts receivable	(676,614)	(1,387,596)
Pledges receivable	123,750	(150,000)
Prepaid expenses and deposits	(24,960)	(76,270)
Accounts payable	111,087	(33,898)
Accrued payroll and related expenses	(29,943)	(38,125)
Accrued vacation	(1,240)	15,349
<b>Net cash provided by (used in) operating activities</b>	<b>525,518</b>	<b>(663,240)</b>
<b>Cash flows from investing activities:</b>		
Additions to equipment and leasehold improvements	<b>(90,450)</b>	<b>(549,079)</b>
<b>Cash flows from financing activities:</b>		
Capital campaign contributions and grants	88,357	617,820
Payments on long-term debt	-	(35,155)
<b>Net cash provided by (used in) financing activities</b>	<b>88,357</b>	<b>582,665</b>
<b>Net change in cash and cash equivalents</b>	<b>523,425</b>	<b>(629,654)</b>
Cash and cash equivalents, beginning of year	1,630,289	2,259,943
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,153,714</b>	<b>\$ 1,630,289</b>

See notes to financial statements.



**OUTSIDE IN**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A – DESCRIPTION OF OUTSIDE IN**

Outside In was established and incorporated in 1968. Outside In is a nonprofit corporation whose purpose is to provide health care, transitional housing, employment, emergency services, and AIDS prevention for low-income adults and homeless youth.

➤ **Mission Statement**

Helping homeless youth and other marginalized people move towards improved health and self-sufficiency.

**Program Services**

**Clinic and Health Services** – Our clinic is a Federally Qualified Health Center providing primary health care and prevention to homeless youth and other low-income people, at our main clinic, through mobile medical outreach, and a school-based health center. Services include a mix of disciplines: western medicine, naturopathic medicine, acupuncture and Chinese herbal medicine, chiropractic care, dental care, tattoo removal, and mental health and substance abuse support. Our IDU Health Services protects intravenous drug users from HIV and other diseases, and treatment and referral for services aimed at decreasing and ending their dependence on drugs.

**Homeless Youth Services** – We provide services geared to help diverse populations of homeless youth achieve self-sufficiency: Supportive engagement and crisis services, basic needs resources, nutritious meals, healthy activities, case management, mental health and alcohol and drug treatment, alternative high school and college support, employment training and placement, and housing provide the tools they need to become self-sufficient. Focused services exist for sexual minority and gender variant youth who make up a significant percentage of homeless youth.

**Social Ventures** – We offer two direct employment training opportunities for homeless youth in need of job skills. Virginia Woof Dog Daycare and Bespoke are hands-on learning environments. Virginia Woof is a service to the public who board their dogs for day or overnight stays. Homeless youth work with regular staff to serve clients and dogs. Bespoke sends youth out on bicycles to make and sell pedal-powered smoothies in multiple locations around Portland.

**OUTSIDE IN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018**

**NOTE B – 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 Outside In and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** – Not subject to donor-imposed stipulations.
- **Temporarily Restricted Net Assets** – Subject to donor-imposed stipulations that will be met by actions of Outside In and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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 these estimates.

**Cash and Cash Equivalents**

Outside In considers all unrestricted, highly-liquid investments to be cash equivalents, provided that they are readily convertible to cash with insignificant penalties. At June 30, 2018, cash and cash equivalents held at high quality financial institutions or brokerages totaled \$2,153,714, of which \$1,116,932 is FDIC insured.

**OUTSIDE IN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, Equipment and Leasehold Improvements**

Property, equipment, and leasehold improvements individually exceeding \$5,000 are stated at cost when purchased or estimated fair value when donated, and are depreciated and amortized using the straight-line method over the following useful lives:

Equipment	5 years
Leasehold improvements	Duration of lease (5 years)
Medical vans	7 years
Building	40 years

Maintenance and repairs are expensed when incurred. Betterments and renewals are capitalized.

**Grants and Contracts Receivable**

Accounts receivable are stated at the amount management expects to collect and are not collateralized. They consist primarily of uncollected government grants and contracts and uncollected service fees from customers and third party insurance payors.

Management provides an allowance for an estimated uncollectible portion for clinic insurance contractual write-offs at the time revenues are recognized. The account is adjusted as needed to provide a reasonable allowance based on the volume and certainty of the receivables, and was \$95,968 at June 30, 2018.

Revenue from the clinic and health services programs accounted for approximately 25% of the Organization's total revenue for the year ended June 30, 2018. Due to the complexity of the regulations which govern these programs, management believes it has taken a conservative approach in calculating the accounts receivable from the State of Oregon and third party payors. However, it is reasonably possible that the recorded estimates could change in the near term in an amount that would be material.

For government grants and contracts, receivables past due more than 90 days are considered delinquent. For clinic and health service fees, receivables are considered past due from 120 days up to 18 months, depending upon the insurance carriers' timely filing limits.

**OUTSIDE IN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable**

Pledges receivable are stated at the amount expected to be received, and are expected to be paid within one year. An allowance for uncollectible pledges receivable may be provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and the nature of the fund-raising activity. Management has not recorded an allowance for doubtful pledges as they believe they are fully collectable.

**Contribution Recognition**

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Outside In reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Outside In reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent donor stipulations about how long those long-lived assets must be maintained, Outside In reports expirations of donor restrictions ratably over the estimated useful lives of the donated or acquired long-lived assets.

**Income Taxes**

Outside In has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. Outside In does not believe it has unrelated trade or business income in excess of \$1,000.

**Advertising**

Outside In charges all non-direct advertising costs to expense as incurred.

**OUTSIDE IN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

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

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. 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 Outside In's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

**NOTE C – GRANTS AND CONTRACTS RECEIVABLE**

Medicaid, Medicare, and Other Insurance Revenue	\$ 2,809,582
Multnomah County	202,481
State of Oregon	130,238
Kaiser Permanente	94,000
Collins Foundation	60,000
Care Oregon	37,866
HUD (Old Town Collaborative)	36,517
Clackamas County	24,674
Janus Youth Programs	10,337
Other	9,989
New Avenues for Youth	9,398
Transitions Projects	<u>6,613</u>
Total grants and contracts receivable	<u>\$ 3,431,695</u>

**OUTSIDE IN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018**

**NOTE D – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Building	\$ 5,045,689
Equipment	945,943
Leasehold improvements	240,154
Construction in progress including land	<u>627,580</u>
	6,859,366
Less accumulated depreciation and amortization	<u>(3,000,844)</u>
	<u>\$ 3,858,522</u>

**NOTE E – OPERATING LEASES**

Outside In has entered into agreements to lease facilities from unrelated parties. One lease is for space at the Jeffrey Building for employment and education services and was renewed through July 2023. Another lease for space for the Virginia Woof Dog Daycare was renewed in June 2017 through June 2020. Two leases with the First Unitarian Church run through June 2019. A sub-lease for clinic and meeting space runs through May 2019, and another lease for medical van parking runs through June 2019.

Future minimum lease payments on the site for the years ending June 30 are as follows:

2019	\$ 245,064
2020	103,189
2021	59,007
2022	60,777
2023	<u>62,601</u>
Total future minimum lease payments	<u>\$ 530,638</u>

Total rent expense for all sites for the year ended June 30, 2018 was \$240,435.

**NOTE F – BORROWINGS**

The Organization has unsecured credit cards with available limits of \$135,000 with approximately \$57,444 outstanding at June 30, 2018, which was paid the following month.

**OUTSIDE IN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following:

	<b>Purpose</b>
Building depreciation (see Note H)	\$ 2,871,811
Capital campaign for Eastside Outside In	856,176
General	69,137
Clinic and health services	505
Youth Services	239,962
	<b>\$ 4,037,591</b>

**NOTE H – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by satisfying the following restrictions:

	<b>Purpose</b>
Building depreciation (see Note B)	\$ (121,973)
General	(26,810)
Clinic and Health Services	(21,042)
Youth Services	(195,720)
Social ventures	(4,001)
	<b>\$ (369,546)</b>

Outside In received a grant from the Portland Development Commission for \$1,540,000 in 2001 and another \$231,000 in 2002 to complete construction of the facility. The grant is subject to Outside In maintaining a minimum of thirty beds for the next sixty years ending January 1, 2062 for occupants earning less than or equal to 30% of the area median income. If the requirements are not met during the sixty-year term, Outside In may have to repay all or a portion of the original grant amount plus any accrued interest. During the year ended June 30, 2018, \$121,973 was released from restriction to cover the depreciation associated with this grant and other grants restricted to the facility construction.

**OUTSIDE IN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018**

**NOTE I – PENSION PLAN**

Outside In has a Simple Employee Pension Plan that consists of Outside In paying a fixed percentage of compensation into employee-directed retirement accounts in mutual funds at American Funds. During the year ended June 30, 2018, Outside In contributed 6% to qualified employee SEP accounts, for a total of \$261,798 for employees earning \$500 or more in two or more of the previous five years.

**NOTE J – LAND LEASE AMORTIZATION**

During the year ended June 30, 2001, Outside In entered into a lease with First Unitarian Church. The land lease is for 60 years for \$570,000. The unamortized portion of prepaid lease payments on June 30, 2018 was \$374,653. Land lease expense amounted to \$9,270 for the year ended June 30, 2018.

**NOTE K – IN-KIND CONTRIBUTIONS**

Outside In records donated services that create or enhance a non-financial asset or require specialized skills that Outside In would have purchased if not donated as support in the statement of activities. In-kind contributions of materials are recorded when there is an objective basis upon which to value these contributions and where the contributions are an essential part of Outside In's activities.

Professional services	\$ 140,357
Program supplies	5,219
Client assistance	<u>133,513</u>
	<u>\$ 279,089</u>

Additional donated services have not been reflected in the accompanying financial statements because volunteer work in the Day Program, at Virginia Woof, and for other programs at Outside In, did not require a skill recognized as meeting the criteria for recognition under U.S. GAAP. Nevertheless, approximately 398 volunteers have donated significant amounts of time to Outside In's program services.

**NOTE L – TRANSACTIONS WITH RELATED PARTIES**

Certain members of the Organization's Board of Directors are also contributors to the Capital Campaign. In fiscal year 2018, \$27,500 has been recognized as revenue from related parties, of that amount \$26,250 remains in pledges receivable.



## OUTSIDE IN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

#### NOTE M – CONTINGENCIES AND CONCENTRATIONS

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 Outside In if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future which have not already been properly reflected in these financial statements.

**Disability Plan Benefit** – Outside In has implemented a Disability Plan (the Plan) for a certain employee. The Plan provides for two annual payments of approximately \$145,000 each. The Executive Committee of Outside In has sole discretion to determine that the employee has a disability (as defined by the Plan) due to illness or injury.

As of the report date there has been no liability recorded as the employee has not filed a claim for benefits. However, Outside In believes it is reasonably possible that a claim will be filed within the next fiscal year.

**Concentration of Risk – Union** – During the fiscal year, a union was approved by employees. As of the report date, the contract terms are under negotiation, and approximately 76% of the employees have entered into the union.

#### NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2018, which is the date the financial statements were available to be issued.

## **OTHER INFORMATION**

**OUTSIDE IN**

**SCHEDULE OF ACTIVITIES BY FUND - UNAUDITED**

**Year Ended June 30, 2018**

(With Comparative Totals for the Year Ended June 30, 2017)

	General Fund	Building Fund	Total	
			2018	2017
<b>Revenues, gains, and other support</b>				
Contributions and grants	\$ 866,329	\$ -	\$ 866,329	\$ 1,172,328
Capital campaign contributions and grants	-	88,357	88,357	767,820
United Way	4,798	-	4,798	11,602
Multnomah County	2,285,190	-	2,285,190	2,212,531
State of Oregon	664,795	-	664,795	637,459
Federal	4,408,418	-	4,408,418	4,265,622
Gifts in-kind	279,089	-	279,089	304,892
Gain (loss) on disposal of equipment	-	-	-	6,120
Interest and dividends	11,360	-	11,360	7,079
Social ventures	261,030	-	261,030	293,934
Other contracts and fees	4,083,545	-	4,083,545	3,795,982
<b>Total revenue, gains, and other support</b>	<b>12,864,554</b>	<b>88,357</b>	<b>12,952,911</b>	<b>13,475,369</b>
<b>Expenses</b>				
Program services				
Clinic	5,391,828	52,029	5,443,857	5,755,044
Youth	4,148,844	80,973	4,229,817	4,068,072
Social Ventures	342,366	-	342,366	298,276
<b>Total program services</b>	<b>9,883,038</b>	<b>133,002</b>	<b>10,016,040</b>	<b>10,121,392</b>
Supporting services				
Management and general	1,880,322	6,709	1,887,031	1,891,332
Fundraising	181,660	-	181,660	88,994
<b>Total expenses</b>	<b>11,945,020</b>	<b>139,711</b>	<b>12,084,731</b>	<b>12,101,718</b>
<b>Change in net assets</b>	<b>919,534</b>	<b>(51,354)</b>	<b>868,180</b>	<b>1,373,651</b>
Net assets, beginning of year	4,172,741	4,100,836	8,273,577	6,899,926
<b>Net assets, end of year</b>	<b>\$ 5,092,275</b>	<b>\$ 4,049,482</b>	<b>\$ 9,141,757</b>	<b>\$ 8,273,576</b>
<b>Net assets by restriction</b>				
Unrestricted net assets, end of year	\$ 4,783,178	\$ 320,988	\$ 5,104,166	\$ 4,064,624
Restricted net assets, end of year	309,097	3,728,494	4,037,591	4,208,953
<b>Net assets, end of year</b>	<b>\$ 5,092,275</b>	<b>\$ 4,049,482</b>	<b>\$ 9,141,757</b>	<b>\$ 8,273,577</b>

See notes to financial statements.