

OUTSIDE IN
FINANCIAL STATEMENTS
Year Ended June 30, 2019

Outside In 

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

**OUTSIDE IN
FINANCIAL STATEMENTS
Year Ended June 30, 2019**

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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, 2019, 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, 2019, 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 February 28, 2020, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note B, the Organization adopted the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958)*, for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.



Portland, Oregon
February 28, 2020

OUTSIDE IN

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Comparative Totals as of June 30, 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,624,779	\$ 2,153,714
Grants and contracts receivable	2,289,865	3,431,695
Pledges receivable	326,250	26,250
Prepaid expenses and deposits	348,335	192,931
Prepaid lease payments	365,383	374,653
Property, equipment and leasehold improvements - net	<u>3,812,689</u>	<u>3,858,522</u>
Total assets	<u>\$ 10,767,301</u>	<u>\$ 10,037,765</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 668,371	\$ 365,359
Accrued payroll and related expenses	366,751	297,561
Accrued vacation	293,534	233,088
Total liabilities	<u>1,328,656</u>	<u>896,008</u>
Net assets		
Without donor restrictions	5,186,726	5,104,166
With donor restrictions	4,251,919	4,037,591
Total net assets	<u>9,438,645</u>	<u>9,141,757</u>
Total liabilities and net assets	<u>\$ 10,767,301</u>	<u>\$ 10,037,765</u>

See notes to financial statements.

OUTSIDE IN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor	With Donor	Total	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2019</u>	<u>2018</u>
Revenues, gains, and other support				
Contributions and grants	\$ 808,919	\$ 708,965	\$ 1,517,884	\$ 871,127
Multnomah County	2,512,394	-	2,512,394	2,285,190
State of Oregon	446,315	-	446,315	564,277
Federal	4,441,398	-	4,441,398	4,408,418
Gifts in-kind	382,867	-	382,867	279,089
Interest and dividends	30,656	-	30,656	11,360
Social ventures	232,448	-	232,448	261,030
Service revenue	3,625,961	-	3,625,961	3,634,807
Other contracts and fees	625,762	-	625,762	549,256
	<u>13,106,720</u>	<u>708,965</u>	<u>13,815,685</u>	<u>12,864,554</u>
Net assets released from restriction	534,637	(534,637)	-	-
Total revenues, gains, and other support	<u>13,641,357</u>	<u>174,328</u>	<u>13,815,685</u>	<u>12,864,554</u>
Expenses				
Program services				
Clinic	5,943,756	-	5,943,756	5,443,857
Youth	4,602,343	-	4,602,343	4,229,817
Social ventures	358,734	-	358,734	342,366
Total program services	<u>10,904,833</u>	<u>-</u>	<u>10,904,833</u>	<u>10,016,040</u>
Supporting services				
Management and general	2,417,489	-	2,417,489	1,887,031
Fundraising	236,475	-	236,475	181,660
Total expenses	<u>13,558,797</u>	<u>-</u>	<u>13,558,797</u>	<u>12,084,731</u>
Increase (decrease) in net assets before non-operating activities	<u>82,560</u>	<u>174,328</u>	<u>256,888</u>	<u>779,823</u>
Non-operating activities				
Capital campaign contributions and grants	-	40,000	40,000	88,357
Total non-operating activities	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>88,357</u>
Change in net assets	<u>82,560</u>	<u>214,328</u>	<u>296,888</u>	<u>868,180</u>
Net assets, beginning of year	5,104,166	4,037,591	9,141,757	8,273,577
Net assets, end of year	<u>\$ 5,186,726</u>	<u>\$ 4,251,919</u>	<u>\$ 9,438,645</u>	<u>\$ 9,141,757</u>

See notes to financial statements.

OUTSIDE IN

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	
	Clinic and Health Services	Homeless Youth Services	Social Ventures	Total Program Services	Management and General	Fundraising	2019	2018
Personnel:								
Salaries and wages	\$ 3,127,617	\$ 2,381,144	\$ 209,477	\$ 5,718,238	\$ 1,515,096	\$ 142,153	\$ 7,375,487	\$ 6,475,704
Payroll taxes	237,363	185,004	16,801	439,168	114,687	10,935	564,790	514,007
Fringe benefits	449,046	432,608	39,283	920,937	215,880	12,403	1,149,220	1,076,890
Services and fees:								
Insurance	24,510	21,579	1,377	47,466	8,790	727	56,983	52,492
Lab fees	139,419	-	-	139,419	-	-	139,419	43,632
Fees and charges	59,917	3,776	6,323	70,016	21,603	8,826	100,445	56,335
Contract services	519,447	148,596	1,774	669,817	238,399	24,595	932,811	1,002,780
In-kind services	111,110	5,916	-	117,026	133,040	-	250,066	140,357
Supplies:								
Office supplies	39,076	14,746	2,247	56,069	14,718	5,135	75,922	122,926
Medical supplies	587,484	-	-	587,484	186	-	587,670	388,598
Program supplies	61,406	26,680	4,303	92,389	13,478	2,667	108,534	71,781
In-kind materials	5,160	122,642	5,000	132,802	-	-	132,802	138,732
Other operations:								
Telecommunications	49,136	29,574	2,896	81,606	16,396	2,013	100,015	109,516
Postage	5,081	2,419	11	7,511	1,030	19,214	27,755	27,847
Equipment and maintenance	66,281	53,518	3,596	123,395	3,390	240	127,025	93,669
Equipment depreciation	85,104	3,577	1,508	90,189	6,131	-	96,320	103,904
Transportation	26,642	26,497	2,454	55,593	9,813	887	66,293	67,418
Conferences and training	25,352	13,519	-	38,871	21,762	655	61,288	63,598
Occupancy:								
Land lease	2,951	5,899	-	8,850	420	-	9,270	9,270
Rent	120,853	42,311	44,556	207,720	34,620	2,884	245,224	248,744
Utilities	48,366	63,734	12,221	124,321	10,758	710	135,789	132,760
Building maintenance	80,333	93,389	4,841	178,563	20,192	1,019	199,774	156,218
Building depreciation	54,635	71,013	-	125,648	5,050	-	130,698	130,441
Printing:								
Printing and copying	6,558	4,105	-	10,663	2,920	762	14,345	25,613
Advertising	-	-	45	45	6,518	650	7,213	19,350
Other:								
Client assistance	10,909	850,097	21	861,027	2,612	-	863,639	812,149
Total expenses	\$ 5,943,756	\$ 4,602,343	\$ 358,734	\$ 10,904,833	\$ 2,417,489	\$ 236,475	\$ 13,558,797	\$ 12,084,731

See notes to financial statements.

OUTSIDE IN

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 296,888	\$ 868,180
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Capital campaign contributions and grants	(40,000)	(88,357)
Depreciation and amortization	227,019	234,345
Prepaid lease amortization	9,270	9,270
Changes in assets and liabilities:		
Grants and contracts receivable	1,141,830	(676,614)
Pledges receivable	(300,000)	123,750
Prepaid expenses and deposits	(155,405)	(24,960)
Accounts payable	303,012	111,087
Accrued payroll and related expenses	69,190	(29,943)
Accrued vacation	60,446	(1,240)
Net cash provided by (used in) operating activities	<u>1,612,250</u>	<u>525,518</u>
Cash flows from investing activities:		
Additions to equipment and leasehold improvements	<u>(181,185)</u>	<u>(90,450)</u>
Cash flows from financing activities:		
Capital campaign contributions and grants	40,000	88,357
Net cash provided by (used in) financing activities	<u>40,000</u>	<u>88,357</u>
Net change in cash and cash equivalents	1,471,065	523,425
Cash and cash equivalents, beginning of year	<u>2,153,714</u>	<u>1,630,289</u>
Cash and cash equivalents, end of year	<u>\$ 3,624,779</u>	<u>\$ 2,153,714</u>

See notes to financial statements.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

During the fiscal year ended June 30, 2019, the Organization implemented *Accounting Standards Update No. 2016-14, Not-for-Profit Entities Topic 958 (“ASU 2016-14”)*. This standard revised the net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows.

As a result of the implementation of ASU 2016-14, net assets and transactions are now presented in two categories (with donor restrictions and without donor restrictions) instead of three (unrestricted, temporary, and permanent). Additionally, disclosures regarding liquidity have been added and the expansion of disclosures regarding the nature of donor restrictions.

Other matters impacted include additional information about methodology used for allocating functional expenses.

The implementation of ASU 2016-14 had no impact on total beginning net assets.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated assets are capitalized and recorded as support at their fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. When donor stipulations specify a restricted use period, Outside In reports expirations of donor restrictions over the restricted use time period.

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, 2019, cash and cash equivalents held at high quality financial institutions or brokerages totaled \$3,624,779, of which \$1,384,943 is FDIC insured.

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.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts Receivable (Continued)

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 \$86,325 at June 30, 2019.

Revenue from the clinic and health services programs accounted for approximately 25% of the Organization's total revenue for the year ended June 30, 2019. 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.

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.

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.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort and square-footage usage estimates.

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, 2018, from which the summarized information was derived.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE C – GRANTS AND CONTRACTS RECEIVABLE

Medicaid, Medicare, and Other Insurance Revenue	\$ 1,478,530
Multnomah County	431,055
State of Oregon	103,447
Care Oregon	37,500
HUD (Old Town Collaborative)	75,779
Safeway (340b)	62,257
Clackamas County	55,976
Janus Youth Programs	19,067
Transitions Projects	9,618
New Avenues for Youth	8,377
Other	<u>8,259</u>
Total grants and contracts receivable	<u>\$ 2,289,865</u>

NOTE D – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Building	\$ 5,056,016
Equipment	995,057
Leasehold improvements	240,154
Construction in progress including land	<u>749,324</u>
	7,040,551
Less accumulated depreciation and amortization	<u>(3,227,862)</u>
	<u>\$ 3,812,689</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 through June 2020. Two leases with the First Unitarian Church run through June 2022. A sub-lease for clinic and meeting space runs through May 2024, and another lease for medical van parking runs through June 2022.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

NOTE E – OPERATING LEASES (CONTINUED)

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

2019		\$ 244,627
2020		206,358
2021		214,309
2022		159,837
2023		<u>102,096</u>
Total future minimum lease payments		\$ <u><u>927,227</u></u>

Total rent expense for all sites for the year ended June 30, 2019 was \$237,465.

NOTE F – BORROWINGS

The Organization has unsecured credit cards with available limits of \$135,000 with approximately \$4,220 outstanding at June 30, 2019, which was paid the following month.

NOTE G – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions:

Subject to purpose restrictions:		
Building use period and purpose (see Note H)		\$ 2,749,581
Capital campaign for Eastside Outside In		896,176
General		22,862
Clinic and Health Services		141,301
Youth Services		<u>441,999</u>
Total net assets with donor restrictions		\$ <u><u>4,251,919</u></u>

OUTSIDE IN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE H – NET ASSETS RELEASED FROM RESTRICTIONS

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

Building release	\$ (122,230)
General	(46,275)
Clinic and Health Services	(18,221)
Youth Services	(344,291)
Social ventures	<u>(3,620)</u>
	\$ <u><u>(534,637)</u></u>

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 forty years ending January 1, 2042 for occupants earning less than or equal to 30% of the area median income. If the requirements are not met during the forty-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, 2019, \$122,230 was released from restriction associated with this grant and other grants restricted to the facility construction.

NOTE I – PENSION PLAN

The Organization initiated an ERISA 403(b) plan during the year effective as of July 1, 2018, covering essentially all employees. Under the plan, employees are immediately eligible to contribute. To be eligible for employer contributions you must be at least 21 years of age and have completed a year of service defined as completing at least 1,000 hours during the first 12-month period immediately following the date of hire or at least 1,000 hours during any plan year. Under the plan employer contributions are at the sole discretion of the Organization. Total pension expense incurred was \$214,009 for the year ended June 30, 2019.

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, 2019 was \$365,383. Land lease expense amounted to \$9,270 for the year ended June 30, 2019.

OUTSIDE IN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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	\$ 250,065
Program supplies	10,185
Client assistance	<u>122,617</u>
	<u>\$ 382,867</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 347 volunteers have donated significant amounts of time to Outside In's program services.

NOTE L – 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 an employee. The Plan provides for two annual payments of approximately \$145,000 each, of which one has been paid. 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 financial statement date the employee had not filed a second claim.

Subsequent to June 30, 2019, the employee filed a claim for the second year of benefits. Outside In approved and paid the claim in January 2020.

Concentration of Risk – Union – Approximately 74% of the Organization's employees are in a union.

OUTSIDE IN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE M – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2019:

Financial assets at year-end*	
Cash and cash equivalents	\$ 3,624,779
Pledges receivable	326,250
Other receivables	<u>2,289,865</u>
Total financial assets	<u>6,240,894</u>
Less amounts unavailable for general expenditures within one year:	
Contractual or donor-imposed restrictions:	
Pledge receivable due beyond one year	200,000
Restricted by donors with timing and /or purpose restriction	<u>4,706,508</u>
Total unavailable financial assets	<u>4,906,508</u>
Financial assets available to meet cash needs general expenditures within one year	\$ <u><u>1,334,386</u></u>

* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

NOTE N – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 28, 2020, which is the date the financial statements were available to be issued.

In February 2020, the Organization secured a construction loan of \$1,981,000 for the Eastside Outside In facility development. No amounts have been borrowed as of the report date.