Report of Independent Auditors
and Financial Statements

Outside In

June 30, 2024 and 2023

MOSSADAMS

Table of Contents

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statement of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9

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Report of Independent Auditors

The Board of Directors
Outside In

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Outside In, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Outside In as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Outside In and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Outside In's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS and *Government 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Outside In'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Outside In'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.

Other Matters

Prior Period Summarized Comparative Financial Statements

The financial statements of Outside In as of June 30, 2023, were audited by other auditors whose report dated December 30, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, 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.

Moss Adams LLP

Everett, Washington
December 18, 2024

Financial Statements

Outside In
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,456,285	$ 6,970,878
Grants and contracts receivable - net	4,312,109	3,394,882
Pledges receivable, current portion	132,500	240,000
Prepaid expenses and deposits	113,371	190,890
Total current assets	8,014,265	10,796,650
Pledges receivable, net of current portion	120,000	245,000
Investments	1,258,844	1,129,648
Operating lease right-of-use assets	1,104,610	663,997
Property, equipment and leasehold improvements - net	8,606,147	8,712,684
TOTAL ASSETS	$ 19,103,866	$ 21,547,979
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 259,538	$ 494,626
Accrued payroll and related expenses	788,358	1,035,374
Accrued vacation	352,649	260,991
Deferred revenue	1,260,808	914,322
Operating lease liability, current portion	243,215	226,440
Long-term debt, current portion	62,244	60,493
Total current liabilities	2,966,812	2,992,246
Operating lease liability, net of current portion	546,160	109,254
Long-term debt, net of current portion	1,655,546	1,717,541
Total liabilities	5,168,518	4,819,041
NET ASSETS		
Without donor restrictions		
Board designated endowment	491,519	444,561
Undesignated	10,669,107	12,784,429
Total without donor restrictions	11,160,626	13,228,990
With donor restrictions	2,774,722	3,499,948
Total net assets	13,935,348	16,728,938
TOTAL LIABILITIES AND NET ASSETS	$ 19,103,866	$ 21,547,979

See accompanying notes.

Outside In
Statements of Activities
Years Ended June 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions and grants	$ 2,223,019	$ 263,123	$ 2,486,142	$ 2,528,958
Multnomah County	3,201,311	-	3,201,311	3,067,857
State of Oregon	2,101,856	-	2,101,856	1,141,294
Federal	5,151,776	-	5,151,776	6,614,924
Gifts in-kind	317,341	-	317,341	166,596
Interest and dividends	169,233	-	169,233	86,233
Unrealized gain on investments	104,219	-	104,219	47,087
Service revenue	7,745,120	-	7,745,120	6,642,746
Other contracts and fees	498,573	-	498,573	877,859
	21,512,448	263,123	21,775,571	21,173,554
Net assets released from restriction	988,349	(988,349)	-	-
Total revenues, gains, and other support	22,500,797	(725,226)	21,775,571	21,173,554
EXPENSES				
Program services				
Clinic and Health Services	11,079,989	-	11,079,989	10,082,833
Behavioral Health Services	3,370,004	-	3,370,004	2,465,212
Homeless Youth Services	4,940,757	-	4,940,757	3,967,720
Total program services	19,390,750	-	19,390,750	16,515,765
Supporting services				
Management and general	4,618,459	-	4,618,459	4,151,927
Fundraising	559,952	-	559,952	561,671
Total expenses	24,569,161	-	24,569,161	21,229,363
CHANGE IN NET ASSETS	(2,068,364)	(725,226)	(2,793,590)	(55,809)
NET ASSETS, beginning of year	13,228,990	3,499,948	16,728,938	16,784,747
NET ASSETS, end of year	$ 11,160,626	$ 2,774,722	$ 13,935,348	$ 16,728,938

See accompanying notes.

Outside In
Statement of Functional Expenses
Years Ended June 30, 2024 and 2023

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	
	Clinic and Health Services	Behavioral Health Services	Homeless Youth Services	Total Program Services	Management and General	Fundraising	2024	2023
Personnel								
Salaries and wages	$ 6,585,684	$ 1,928,075	$ 2,813,262	$ 11,327,021	$ 2,753,579	$ 363,668	$ 14,444,268	$ 11,699,033
Payroll taxes	547,422	161,361	237,263	946,046	223,639	30,353	1,200,038	941,096
Fringe benefits	1,041,553	305,774	513,578	1,860,905	510,419	55,195	2,426,519	1,848,734
Services and fees								
Insurance	50,986	5,663	22,470	79,119	17,159	1,369	97,647	89,618
Lab fees	107,388	-	-	107,388	-	-	107,388	83,839
Fees and charges	8,201	2,610	2,377	13,188	19,780	6,904	39,872	60,362
Interest expense	46,701	-	-	46,701	18	-	46,719	48,326
Contract services	655,387	138,045	40,016	833,448	706,464	42,144	1,582,056	2,071,270
In-kind services	16,049	-	-	16,049	-	-	16,049	14,214
Supplies								
Office supplies	42,365	3,190	5,352	50,907	97,129	5,967	154,003	201,972
Medical supplies	1,024,736	-	-	1,024,736	945	-	1,025,681	722,520
Meeting expenses	3,249	4,002	6,960	14,211	7,621	2,093	23,925	20,011
Program supplies	91,900	5,429	142,335	239,664	6,497	1,490	247,651	429,638
In-kind materials	21,567	-	279,525	301,092	200	-	301,292	152,382
Other operations								
Telecommunications	44,515	17,709	20,390	82,614	15,916	312	98,842	100,919
Postage	8,379	739	1,479	10,597	705	33,974	45,276	36,882
Equipment and maintenance	131,843	7,584	33,808	173,235	3,912	-	177,147	146,444
Equipment depreciation	(17,070)	1,589	17,684	2,203	26,137	-	28,340	86,351
Transportation	41,584	18,820	44,527	104,931	7,174	1,333	113,438	116,151
Conferences and training	37,519	15,282	9,307	62,108	13,994	280	76,382	94,963
Occupancy								
Land lease	3,906	1,569	3,218	8,693	577	-	9,270	9,270
Rent	64,225	35,844	81,312	181,381	103,203	2,442	287,026	266,773
Utilities	71,661	17,817	33,633	123,111	17,926	-	141,037	144,979
Building maintenance	147,432	32,875	112,340	292,647	48,711	1,941	343,299	461,879
Building depreciation	222,514	28,507	41,693	292,714	7,652	-	300,366	262,753
Printing								
Printing and copying	10,496	2,823	7,042	20,361	1,093	6,937	28,391	13,034
Advertising	49,470	-	-	49,470	4,292	3,500	57,262	170,453
Literature	8,867	-	-	8,867	-	-	8,867	186
Other								
Client assistance	13,582	633,840	449,968	1,097,390	841	-	1,098,231	935,311
Miscellaneous	(2,122)	857	21,218	19,953	22,876	50	42,879	-
Total expenses	$ 11,079,989	$ 3,370,004	$ 4,940,757	$ 19,390,750	$ 4,618,459	$ 559,952	$ 24,569,161	$ 21,229,363

See accompanying notes.

Outside In
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,793,590)	$ (55,809)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	328,706	349,105
Unrealized gains on investments	(104,219)	-
Noncash lease expense	13,068	9,270
Changes in assets and liabilities:		
Grants and contracts receivable	(917,227)	(1,058,095)
Pledges receivable	232,500	232,000
Prepaid expenses and deposits	77,519	(73,645)
Accounts payable	(235,088)	260,924
Accrued payroll and related expenses	(247,016)	189,291
Accrued vacation	91,658	(110,039)
Deferred revenue	346,486	429,886
Net cash (used in) provided by operating activities	(3,207,203)	172,888
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and leasehold improvements	(304,169)	(1,212,693)
Proceeds from sale of equipment	82,000	-
Purchase of investments	(24,977)	(293,875)
Net cash used in investing activities	(247,146)	(1,506,568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(60,244)	(59,038)
Net cash used in financing activities	(60,244)	(59,038)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,514,593)	(1,392,718)
CASH AND CASH EQUIVALENTS, beginning of year	6,970,878	8,363,596
CASH AND CASH EQUIVALENTS, end of year	$ 3,456,285	$ 6,970,878
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 46,719	$ 48,326

Note 1 – Description of Outside In

Outside In (the Organization) was established and incorporated in 1968. The Organization 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 everyone, at our main and East County clinics, through mobile medical outreach, and a school-based health center. Services include primary care as a patient-centered primary care home (PCPCH), naturopathic care, integrated behavioral 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.

Behavioral health services – We offer intensive specialty mental health and substance abuse services for young adults experiencing homelessness. Our treatment is trauma-informed which means we understand past trauma and how it affects health. The services are offered through a harm reduction approach to teach skills to reduce negative health consequences associated with substance abuse and risky behaviors. Services include medication management, behavioral and cognitive therapy, skills building, case management and service coordination, and community housing and employment support.

Homeless youth services – We provide services geared to help diverse populations of homeless youth achieve wellness: Supportive engagement and crisis services, basic needs resources, nutritious meals, healthy activities, case management, 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 LGBTQ+ and gender variant youth who make up a significant percentage of homeless youth.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and presentation – The Organization presents its financial statements in accordance with accounting principles generally accepted in the United States of America. The full accrual basis of accounting is used to record revenues and expenses. All revenues and expenses are recognized when earned and incurred, respectively.

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

Adoption of new accounting pronouncements – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under Topic 326, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASU 326 were accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and resulted in enhanced disclosures only.

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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. 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.

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. 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 met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase 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 restricted net assets to unrestricted net assets at that time. When donor stipulations specify a restricted use period, the Organization reports expirations of donor restrictions over the restricted use time period.

Deferred revenue – Deferred revenue consist primarily of conditional grant payments received prior to the incurrence of allowable grant expenditures and are refundable to the grantor if not used for grant purposes. The Organization had deferred revenue totaling $1,260,808 and $914,322 at June 30, 2024 and 2023, respectively.

Leases – The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset.

Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically for the exercise of the right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to contract and direct the use of the identified asset. The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as fixed common area and other fixed maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its buildings, program spaces, land, and vehicles. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses a risk free discount rate for its leases.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Investments – The Organization carries investments at fair value. Realized and unrealized gains and losses from investments are included in the change in net assets in the Statement of Activities as investment income as they occur.

Investments are exposed to various risks such as interest rate, market, and credit risk. Risk is managed through evaluation before an investment is made and regular communication with investment managers. It is at least reasonably possible, given the level of risk associated with investments, that changes in the near term could materially affect the amounts reported in the financial statements.

Cash and cash equivalents – The Organization considers all unrestricted, highly liquid investments to be cash equivalents, provided that they are readily convertible to cash with insignificant penalties. The Organization maintains amounts in financial institutions and in its investment portfolio in excess of federally insured amounts.

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.

The Organization has agreements with third-party payors that provide for payments at amounts different from the Organization's established rates. The Organization determines the transaction price based on established billing rates reduced by explicit price concessions provided to third-party payors. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience. The Organization considers the patient's ability and intent to pay the amount of consideration upon admission. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients. At each statement of financial position date, the Organization also recognizes an expected allowance for credit losses, as necessary. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's payer mix has remained constant since the Organization's inception.

The Organization writes off receivables when there is information that indicates the payor or patient is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the financial statements as a whole for the year ending June 30, 2024.

Revenue from the clinic and health services programs accounted for approximately 36% and 31% of the Organization's total revenue for the years ended June 30, 2024 and 2023, respectively. 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.

Pledges receivable – Pledges receivable are stated at the amount expected to be received. 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. The noncurrent portion of pledges receivable is expected to be collected within two to five years. The Organization has determined the present value adjustment of the long-term pledges is immaterial.

Income taxes – the Organization 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. The Organization does not believe it has unrelated trade or business income in excess of $1,000. The Organization complies with the FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. As of June 30, 2024 and 2023, the Organization had no uncertain tax positions requiring accrual.

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	5-7 years
Building	40 years

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

The Organization evaluates property, equipment, and leasehold improvements for impairment when events or changes indicate the carrying amount of an asset may not be recoverable. Accounting standards require that if the sum of the undiscounted expected future cash flows from a long-lived asset or definite-lived intangible is less than the carrying value of that asset, an asset impairment charge must be recognized. The amount of the impairment charge is calculated as the excess of the asset's carrying value over its fair value, which generally represents the discounted future cash flows from that asset, or in the case of assets the Organization expects to sell, at fair value less costs to sell. The Organization determined that there were no events or changes in circumstances that indicated property, equipment, and leasehold improvements were impaired during any periods presented.

Revenue recognition – Service revenue, which includes clinic and health services revenue, is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills patients and third-party payors after the services are performed. Revenue is recognized as the performance obligations are satisfied, which is normally at a single point in time.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, and discounts provided to uninsured and under-insured patients in accordance with the Organization's policy. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant during the year ending June 30, 2024 and 2023.

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, insurance, government, patient) have different reimbursement/payment methodologies.
- Method of reimbursement (fee for service or capitation).
- Organization's line of business that provided the service such as medical and behavioral health visits.

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 supporting services benefited based primarily on estimates of time and effort and square-footage usage estimates.

In-kind contributions – the Organization records donated services that create or enhance a non-financial asset or require specialized skills that the Organization 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 the Organization's activities. The Organization's policy related to gifts-in-kind is to utilize the assets received to carry out its mission. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value, donated to another charitable organization, returned to the donor, or discarded.

All gifts-in-kind received by the Organization for the years ended June 30, 2024 and 2023, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management.

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 the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications – Certain reclassifications have been made to the 2023 amounts to conform with 2024 presentation. The additional reclassification had no effect on the change in net assets or net asset balances previously reported.

Note 3 – Fair Value Measurements

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques used for assets measured at fair value. There have been no changes in the techniques used at June 30, 2024 and 2023.

Cash, exchange-traded funds, equities, and fixed income & preferred – Valued at the closing price reported on the active market on which the individual securities are traded.

The following tables disclose the fair value hierarchy of the Organization's assets by level as of June 30, 2024 and 2023:

	Fair Value Measuerments as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash	$ 51,557	$ -	$ -	$ 51,557
Exchange-traded funds	597,293	-	-	597,293
Equities	213,163	-	-	213,163
Fixed income & preferreds	396,831	-	-	396,831
	$ 1,258,844	$ -	$ -	$ 1,258,844

	Fair Value Measuerments as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash	$ 36,050	$ -	$ -	$ 36,050
Exchange-traded funds	511,989	-	-	511,989
Equities	187,536	-	-	187,536
Fixed income & preferreds	294,073	-	-	294,073
	$ 1,029,648	$ -	$ -	$ 1,029,648

Note 4 – Grants and Contracts Receivable

	2024	2023
Medicaid, Medicare, and Other Insurance	$ 2,624,026	$ 2,112,203
Multnomah County	587,567	476,025
Clackamas County	24,076	59,129
HUD (Old Town Collaborative)	210,428	45,074
State of Oregon	434,133	216,186
Federal	417,515	451,010
Other	14,364	35,255
Total grants and contracts receivable	$ 4,312,109	$ 3,394,882

Note 5 – Property, Equipment, and Leasehold Improvements

	2024	2023
Building	$ 10,460,474	$ 10,339,362
Equipment	872,066	752,395
Land	497,682	497,682
Vehicles	1,178,349	1,183,655
Leasehold improvements	135,745	185,220
Less accumulated depreciation and amortization	(4,538,169)	(4,245,630)
	$ 8,606,147	$ 8,712,684

The Eastside Outside In Clinic was constructed with funding from the Health Resources and Services Administration (HRSA), which retains a priority reversionary interest in the property. Assets subject to the reversionary interest are included in property, equipment and leasehold improvements on the statements of financial position.

Note 6 – Note Payable

During the year ended June 30, 2023, the Organization converted their construction loan to a promissory note. The note is payable in 60 monthly installments of $8,912 including interest at 2.61% through March 2026, then 59 monthly installments of $9,563 including interest at 1.95% plus the Federal Home Loan Bank of Des Moines 5-year Regular Fixed-Rate Advance (currently 1.24%) in effect at that time, and one final principal and interest payment of $1,293,800 (estimated at current rates in effect) on March 1, 2031. The loan is secured by real property, and is guaranteed by HRSA. If HRSA discontinues their guarantee, the interest rates will increase by 20 basis points. At June 30, 2024, the Organization was out of compliance with debt covenants required by the note payable. The Organization has received a forbearance agreement from the bank. The bank has elected to forbear its rights and remedies under the loan through March 1, 2026. The bank will increase the interest rate by 2% through June 21, 2025, and by 4% from June 22, 2025 through February 28, 2026.

Principal maturities of the note payable for fiscal year ending June 30 are as follows:

2025	$ 62,244
2026	63,911
2027	65,623
2028	67,273
2029	69,183
Thereafter	1,389,556
	$ 1,717,790

Note 7 – Endowment

The Organization's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The donor restricted endowment is held in perpetuity, with income earned on the fund classified as subject to restrictions until appropriated for expenditure.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the establishment of a set of prudent management and investment standards for boards to follow when managing endowment funds. A donor's intent to maintain an endowment in perpetuity must be considered and the fund managed accordingly.

As a result of this interpretation, the Organization classifies as restricted net assets-corpus not subject to expiration:

- The original value of gifts donated to the perpetual endowment.
- The original value of subsequent gifts to the endowment.
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument.

Return objectives, risk parameters, and strategies for achieving objectives – The goal of the Organization's investment program for funds held as endowment is to achieve growth of the portfolio in perpetuity. A growth portfolio is designed to achieve growth in excess of distributions as well as inflation while minimizing volatility over the course of a business cycle (7-10 years). To meet this investment objective, the Organization has identified an optimal portfolio and authorized the investment manager to utilize portfolios within the parameters of the approved asset allocation.

Spending policy and how the investment objectives relate to spending policy – For the purpose of making distributions to support the Organization, once a year, the Finance Committee in conjunction with investment advisers, will recommend a payout rate. This rate will be stated as a percentage of the average trailing 13 quarters average of net portfolio assets. This rate will be approved by the Board of Directors. Until the Organization's endowment has 13 quarters of performance to review (anticipated to occur approximately June 30, 2025), the Finance Committee in conjunction with investment advisers will recommend a payout rate that is prudent and in keeping with the original intent of the funds.

The distribution of Endowment assets will be permitted to the extent that such distributions do not exceed a level that would erode the Endowment's real assets over time. The Finance Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Endowment's payout rate, its target asset allocation, or both.

The composition of and changes in endowment net assets for the year ended June 30, 2024, is as follows:

	Without Donor Restrictions Board Designated	With Donor Restrictions		Total Net, Endowment Assets
		Accumulated Earnings, Subject to Expiration	Corpus, Not Subject to Expiration	
Balance at June 30, 2023	$ 444,561	$ -	$ 102,867	$ 547,428
Contributions	25,114	-	4,559	29,673
Investment gains	23,809	-	4,322	28,131
Fees	(1,965)	-	(366)	(2,331)
Endowment net assets, June 30, 2024	$ 491,519	$ -	$ 111,382	$ 602,901

The donor restricted endowment net assets include $0 and $25,000 in pledges receivable at June 30, 2024 and 2023, respectively.

Note 8 – Restrictions on Net Assets

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

	2024	2023
Subject to purpose restrictions		
Building use period and purpose (see Note 9)	$ 2,139,718	$ 2,261,691
General - Time restriction	11,083	10,200
Clinic and Health Services	31,498	485,686
Youth Services	481,041	639,504
Perpetual (Endowment)	111,382	102,867
Total net assets with donor restrictions	$ 2,774,722	$ 3,499,948

Note 9 – Net Assets Released from Restrictions

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

	2024	2023
Building release - Main Clinic	$ 121,973	$ 121,973
Clinic and Health Services	516,404	317,326
Youth Services	295,738	521,659
Other	54,234	37,500
	$ 988,349	$ 998,458

The Organization 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 Main Clinic facility. The grant is subject to the Organization 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, the Organization may have to repay all or a portion of the original grant amount plus any accrued interest.

During the years ended June 30, 2024 and 2023, $121,973 was released from restriction associated with this grant and other grants restricted to the facility construction.

Note 10 – 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 $487,016 and $360,455 for the years ended June 30, 2024 and 2023, respectively.

Note 11 – Leases

	2024	2023
Annual Lease Cost	$ 245,005	$ 233,316
Cash paid for amounts included in the measurement of lease liabilities Operating cash flows from leases	$ 234,026	$ 227,799
ROU assets obtained in exchange for new operating lease liabilities	$ 782,590	$ 548,618
Weighted-average remaining lease term	4.26 years	2.60 years
Weighted-average discount rate	4.53%	2.79%

The Organization has entered into lease agreements for facilities with unrelated parties, which expire through 2029. One new lease with Century Tower, LLC runs through April 2029, which initially resulted in ROU assets obtained in exchange for new operating lease liabilities of $675,156 in May 2024.

Future minimum operating lease payments and reconciliation to the statements of financial position at June 30, 2024 and 2023, are as follows:

	2024	2023
2024	$ -	$ 227,489
2025	273,214	104,227
2026	153,096	5,534
2027	152,003	-
2028	156,563	-
2029	133,715	-
	868,591	337,250
Less amounts representing imputed interest	79,216	1,556
	$ 789,375	$ 335,694

During the year ended June 30, 2001, the Organization entered into a lease with First Unitarian Church. The land lease is for 60 years for $570,000 which was prepaid in full at lease inception. The unamortized portion of prepaid lease payments presented within operating lease ROU assets on the statements of financial position as of June 30, 2024 and 2023, was $319,043 and $328,302, respectively. Land lease expense amounted to $9,270 for the years ended June 30, 2024 and 2023.

Future minimum land lease payments and reconciliation to the statement of financial position at June 30, 2024 and 2023, are as follows:

	2024	2023
2024	$ -	$ 9,270
2025	9,270	9,270
2026	9,270	9,270
2027	9,270	9,270
2028	9,270	9,270
2029	9,270	-
Thereafter	272,693	281,952
	319,043	328,302
Prepaid land lease	(319,043)	(328,302)
	$ -	$ -

Note 12 – Contingencies, Concentrations, and Uncertainties

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 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.

Concentration of risk – **union** – Approximately 73% of the Organization's employees are in a union.

Litigation – In the normal course of business, the Organization has various claims in process, matters in litigation, or other contingencies. In management's opinion, the outcome from these matters will not materially impact the Organization's financial position or results of activities.

Note 13 – Liquidity

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2024 and 2023:

	2024	2023
Financial assets at year-end*		
Cash and cash equivalents	$ 3,456,285	$ 6,970,878
Investments	1,258,844	1,129,648
Pledges receivable	252,500	485,000
Other receivables	4,312,109	3,394,882
Total	9,279,738	11,980,408
Less amounts unavailable for general expenditures within one year		
Contractual or donor-imposed restrictions		
Pledge receivable due beyond one year	120,000	245,000
Restricted by donors with timing and/or purpose restriction	2,774,722	3,499,948
Board designated endowment	491,519	444,561
Total unavailable financial assets	3,386,241	4,189,509
Financial assets available to meet cash needs for general expenditures within one year	$ 5,893,497	$ 7,790,899

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

The Organization’s endowment funds consist of donor-restricted and board-designated endowment. Income from donor-restricted endowments is not restricted and, therefore, is available for general expenditure after appropriation for expenditure. The Organization’s spending policy is described in Note 7.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

Note 14 – Subsequent Events

Subsequent events have been evaluated through December 18, 2024, which is the date the financial statements were available to be issued.

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