PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

FINANCIAL STATEMENTS

Year Ended June 30, 2024



KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

FINANCIAL STATEMENTS

Year Ended June 30, 2024

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KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pathfinders of Oregon
dba The Pathfinder Network
Portland, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pathfinders of Oregon (a nonprofit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of Pathfinders of Oregon as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pathfinders of Oregon 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 Pathfinders of Oregon's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Pathfinders of Oregon dba The Pathfinder Network

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Pathfinders of Oregon'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 Pathfinders of Oregon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Pathfinders of Oregon's 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 22, 2024. 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.

Kern + Thompson, LLC

Portland, Oregon
October 30, 2024

PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

STATEMENT OF FINANCIAL POSITION

June 30, 2024
(With Comparative Totals as of June 30, 2023)

ASSETS

	2024	2023
Cash and cash equivalents	$ 3,794,160	$ 3,495,395
Grants and contracts receivable	1,107,982	863,296
Curriculum sales receivable	40,375	2,325
Prepaid and other assets	176,812	212,870
Property, equipment and leasehold improvements - net	357,163	513,813
Right-of-use assets	326,955	522,139
Total assets	**$ 5,803,447**	**$ 5,609,838**

LIABILITIES AND NET ASSETS

Accounts payable	$ 116,687	$ 115,133
Accrued payroll and related expenses	218,050	236,152
Accrued vacation	222,231	204,185
Deferred revenue	55,040	1,012
Refundable advances	1,039,762	920,158
Operating lease liabilities	342,845	539,336
Total liabilities	**1,994,615**	**2,015,976**
Net assets		
Without donor restrictions	3,715,807	3,468,356
With donor restrictions	93,025	125,506
Total net assets	**3,808,832**	**3,593,862**
Total liabilities and net assets	**$ 5,803,447**	**$ 5,609,838**

See notes to financial statements.

PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Revenues, gains, and other support				
Grants and contributions	$ 50,586	$ 171,300	$ 221,886	$ 311,957
Government and other contracts	8,293,801	9,500	8,303,301	7,579,500
Curriculum sales	201,870	-	201,870	185,423
In-kind	163,581	-	163,581	66,839
Other income	111,838	-	111,838	12,747
	8,821,676	180,800	9,002,476	8,156,466
Net assets released from restrictions	213,281	(213,281)	-	-
Total revenues, gains, and other support	**9,034,957**	**(32,481)**	**9,002,476**	**8,156,466**
Expenses				
Program services	7,062,424	-	7,062,424	6,360,329
Supporting services				
Management and general	1,463,284	-	1,463,284	1,222,173
Fundraising	261,798	-	261,798	147,318
Total expenses	**8,787,506**	**-**	**8,787,506**	**7,729,820**
Change in net assets	**247,451**	**(32,481)**	**214,970**	**426,646**
Net assets, beginning of year	3,468,356	125,506	3,593,862	3,167,216
Net assets, end of year	**$ 3,715,807**	**$ 93,025**	**$ 3,808,832**	**$ 3,593,862**

See notes to financial statements.

PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	PROGRAM SERVICES						SUPPORTING SERVICES		
	Corrections Programs	Community Corrections	Community Programs	Partnered Impact	Services Total	Program Management and General	Fundraising	Total 2024	Total 2023
Payroll, related taxes and benefits	$ 1,736,812	$ 2,565,603	$ 936,146	$ 178,155	$ 5,416,716	$ 1,132,046	$ 171,616	$ 6,720,378	$ 5,881,680
Communications	14,722	27,457	12,915	1,781	56,875	10,010	761	67,646	54,723
Conferences, conventions, and training	10,793	56,609	7,457	25,230	100,089	19,714	1,697	121,500	102,024
Depreciation	8,436	130,598	41,103	2,639	182,776	23,510	3,125	209,411	157,833
Donated goods and office space	460	104,214	54,344	4,563	163,581	-	-	163,581	66,839
Insurance	-	-	-	-	-	60,041	-	60,041	50,748
Interest	8	425	87	331	851	2,786	604	4,241	2,561
Occupancy	4,486	146,699	104,294	2,497	257,976	46,914	2,629	307,519	260,470
Other	-	175	372	260	807	1,335	21,707	23,849	4,662
Printing, publication, and shipping	2,610	11,015	10,206	25,079	48,910	6,048	10,470	65,428	61,613
Professional fees	27,296	93,339	21,817	76,536	218,988	127,222	43,543	389,753	345,218
Specific assistance to individuals	4,056	209,824	24,584	-	238,464	-	-	238,464	332,167
Supplies	18,036	152,382	58,773	15,696	244,887	15,831	3,159	263,877	281,456
Travel, transportation	37,532	52,362	9,361	32,249	131,504	17,827	2,487	151,818	127,826
	$ 1,865,247	**$ 3,550,702**	**$ 1,281,459**	**$ 365,016**	**$ 7,062,424**	**$ 1,463,284**	**$ 261,798**	**$ 8,787,506**	**$ 7,729,820**

See notes to financial statements.

PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 214,970	$ 426,646
Depreciation expense	209,411	157,833
Noncash operating lease expense	(1,307)	17,197
Adjustments to reconcile changes in net assets to net cash provided by / (used in) operating activities:		
Grants and contracts receivable	(244,686)	(43,362)
Curriculum receivable	(38,050)	47,480
Prepaid and other assets	36,058	(136,854)
Accounts payable	1,554	1,617
Accrued payroll and related expenses	(18,102)	89,753
Accrued vacation	18,046	67,055
Deferred revenue	54,028	1,012
Refundable advances	119,604	698,049
Net cash provided by (used in) operating activities	**351,526**	**1,326,426**
Cash flows from investing activities:		
Purchase of equipment	**(52,761)**	**(357,240)**
Net change in cash and cash equivalents	**298,765**	**969,186**
Cash and cash equivalents, beginning of year	3,495,395	2,526,209
Cash and cash equivalents, end of year	**$ 3,794,160**	**$ 3,495,395**
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 210,513	$ 165,971
Right-of-use assets obtained in exchange for new operating lease liabilitie	$ -	$ 689,102

See notes to financial statements.

PATHFINDERS OF OREGON
dba THE PATHFINDER NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – DESCRIPTION OF PATHFINDERS OF OREGON DBA THE PATHFINDER NETWORK

Pathfinders of Oregon dba The Pathfinder Network (the Organization), is a non-profit corporation organized under the laws of the State of Oregon. The Organization is a statewide social services agency whose mission is to provide justice system-impacted individuals and families the tools and support they need to be safe and thrive in our communities. The Organization supports individuals and families right where they are, at every point of the criminal justice system, other systems and beyond.

Corrections Programs

The Organization provides programming and support services to individuals who are incarcerated in 9 Oregon Department of Corrections Facilities. Programs include:

- **Free Your Mind CORE** – A 110-hour cognitive-behavioral skills program for men. It is intended: (1) to reduce institutional misconducts and post-release recidivism; and (2) to teach participants the skills needed to achieve greater self-control, satisfaction, and purpose in life.

- **Moving On** – A 53-hour gender responsive cognitive-behavioral skill program at the Coffee Creek Correctional Facility for Women. Moving On helps them identify and mobilize personal and community resources.

- **Parenting Inside Out (PIO), Prison Version** – A 108-hour parent education curriculum for incarcerated parents in 9 Oregon Department of Corrections institutions. PIO helps Parents develop and refine social interactional skills and citizenship behaviors they can use in all aspects of their lives and that will help them guide their children toward becoming positive, productive adults.

- **Parenting Inside Out (PIO), Phase II** – A 29-hour enhanced visiting program for graduates of Parenting Inside Out that includes involvement of children and caregivers that takes place at Coffee Creek Correctional Facility and Columbia River Correctional Institution and through a remote program serving institutions on the east side of the state. The program enhances contact and connection between incarcerated parents and their children and aims to reduce the negative impact of parental incarceration.

- **Free Your Mind in Segregation** – A 56-hour cognitive-behavioral intervention program that serves men in segregation at Snake River Correctional Institution. The program works to stabilize participants and facilitate the safe and successful return to general population.

- **Free Your Mind in Disciplinary Segregation Unit**– A 16-hour cognitive-behavioral intervention program that serves men in the Disciplinary Segregation Unit at Oregon State Correctional Institution. The program works to stabilize participants and facilitate the safe and successful return to general population.

NOTE A – DESCRIPTION OF PATHFINDERS OF OREGON DBA THE PATHFINDER NETWORK (CONTINUED)

Community Corrections Programs

The Organization provides programming and support services to adults on community supervision in Jackson, Marion and Multnomah Counties and youth in Jackson County. Programs include:

- **Marion County Transitional Services –** A program that serves individuals releasing from the transition center and jail into the community and includes the Free Your Mind in Transition, Women in Recovery, Helping Women Recover, Helping Men Recover, Healing Trauma and Building Resilience curriculums and individual support.

- **Resiliency & Recovery Project – Jackson County –** A peer support program that serves justice-impacted individuals and helps them to build individual, social and community resources that promote long-term resilience and recovery, successful completion of supervision and successful reintegration into the community. Programming includes Family Support Peer Support services in addition to peer support services in four locations in the county – the Community Justice Office, Transition Center, the Collaborative, Parkside Place and in the Community.

- **Resiliency & Recovery Project – Marion County –** A peer support program that serves justice-impacted individuals and helps them to build individual, social and community resources that promote long-term resilience and recovery, successful completion of supervision and successful reintegration into the community. Services are provided at Parole and Probation, the Transition Center and in the community.

- **Resiliency & Recovery Project – Multnomah County –** A peer support program that serves justice-impacted individuals and helps them to build individual, social and community resources that promote long-term resilience and recovery, successful completion of supervision and successful reintegration into the community. The R&R Project Multnomah County includes engagement in the STEP Court Program in Collaboration with Multnomah County and other community partners. STEP Court is a Measure 11 diversion specialty program that the agency supports by providing cognitive behavioral programming and wraparound peer support services. Services are provided at the peer drop-in center, the Center for Family Success and in the community.

- **Resilience & Recovery Project Youth Programming – Jackson County** – A peer support program that serves justice-impacted youth and helps them to build individual, social and community resources that promote long-term resilience and recovery and successful completion of justice-involvement. Services provided include an alternative to incarceration after school program, recovery support groups, cognitive skills groups and transition peer support services for youth transitioning from the Barriers to Bridges residential treatment program.

NOTE A – DESCRIPTION OF PATHFINDERS OF OREGON DBA THE PATHFINDER NETWORK (CONTINUED)

Community Programs (at the Center for Family Success)

The Organization provides programming and support services to parents involved in the criminal justice systems and other systems and their children and families in Multnomah County. Programs include:

- **Parenting Inside Out**, **Community Version –** A 48-hour or 24-hour parent education curriculum for system impacted parents. Parenting Inside Out is offered in Spanish.

- **Healing Trauma** – A 12-hour gender responsive trauma coping skill curriculum for mothers who have experienced trauma and toxic stress. The program helps women to understand the impact of trauma, and how to cope in positive and healthy ways.

- **Building Resilience** – A 12-hour gender responsive trauma coping skill curriculum for fathers who have experienced trauma and toxic stress. The program helps men to understand the impact of trauma, and how to cope in positive and healthy ways.

- **Family Advocacy and Case Management** – Participants and their families are assisted with stabilization and family resilience building through collaborative support from a Family Advocate. Advocacy includes assessment, case planning, skill building, family reunification support, and navigation and referral to agency partners.

- **Early Childhood Home Visiting** – Parents with children from birth to age 6, participate in home visiting programming using the Parenting Inside Out 1:1 model. An Early Childhood Advocate delivers services that emphasize parent-child interaction, development-centered parenting, and family resilience.

- **Mentoring Inside Out** – A mentoring program for youth ages 7-18 that provides the support they need to stay in school and become healthy, successful adults. It includes weekly mentoring and monthly group activities. Mentoring Inside Out 2.0 served youth involved in the juvenile justice system who are impacted by parental and family systems involvement.

- **The PATHfinder Club** – An arts-based support club for high school aged youth who have been affected by incarceration, deportation and detention. It includes weekly club sessions and additional group activities. The PATHfinder club members are youth with similar lived experiences who build community and connection to counter the stigma and shame of systems involvement and tell their stories through art and expression.

- **Clackamas County Juvenile Department Cognitive Behavioral Programming** – Cognitive behavioral skill building classes for youth on probation that include Power Source, A Young Mans Guide to Self-Mastery, Voices, Free Your Mind, Girls Circle and Boys Council group curriculums.

NOTE A – DESCRIPTION OF PATHFINDERS OF OREGON DBA THE PATHFINDER NETWORK (CONTINUED)

Partnered Impact Programs

The Organization provides programming and support services to partner agencies across the country to expand and enhance our impact and commitment to our mission. Programs include:

- **Parenting Inside Out –** An evidence-based parenting skills intervention for justice-system involved parents that includes four versions: PIO-90, PIO-60, PIO-48 and PIO-24. PIO helps Parents develop and refine social interactional skills and citizenship behaviors they can use in all aspects of their lives and that will help them guide their children toward becoming positive, constructive adults. The Organization provides curriculum, training and support to agencies serving systems-impacted parents, children and families.

- **POPS (Pains of the Prison System) the Club –** An arts-based support club for high school aged youth who have been affected by incarceration, deportation and detention. It includes weekly club sessions delivered in schools by school sponsors and volunteers in California, Georgia and New York. Each year POPS and PATHfinder Clubs complete publishing projects such as the Impacts of Incarceration Video Library and an annual anthology featuring their writing, art, photography and more. The Organization provides curriculum, training and support to agencies serving systems-impacted youth and their and families.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Substantially all such net assets are restricted for purpose.

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.

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. 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.

Revenue Recognition

With regard to revenues from all sources, the Organization evaluates whether each transfer of assets is (1) an exchange reciprocal transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – Curriculum sales - If the transfer of assets is determined to be an exchange transaction , the Organization recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

- *Contributions and Grants* - If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a release of a promisor's obligation to transfer assets.

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

The Organization considers all unrestricted, highly liquid investments to be cash equivalents, provided that they are readily convertible to cash with insignificant penalties.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts Receivable

Grants and contracts receivable are recorded monthly as the related services are provided and billed. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable is uncollectible. Substantially all of the grants receivable are uncollateralized and are supported by contracts with governmental or quasi-governmental entities. Accordingly, an allowance for doubtful accounts has not been established, as management believes all balances are collectible. There were no receivables older than 90 days at June 30, 2024.

Property, Equipment and Leasehold Improvements

Property, equipment, and leasehold improvements individually exceeding $500 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:

Automobiles	3-5 years
Intangibles	3-7 years
Equipment	3-10 years
Furniture	7-10 years
Leasehold improvements	5-15 years

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

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.

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 office buildings.

Leases result in the recognition of ROU assets and lease liabilities on the statement 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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 asset classes.

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 no leases with an initial term of 12 months or less.

Refundable Advance

Refundable advances result primarily from conditional contribution grants in which advance payments were received. The awards must be used to expand access to care in the areas of low barrier substance use disorder, addiction, mentoring and recovery peer support. $1,039,762 remains as a refundable advance at June 30, 2024, as the conditions for revenue recognition have not yet been met.

Conditional Promises to Give

A portion of the Organization's revenue is derived from conditional governmental contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or has met the performance requirements. The Organization has conditional grants of $699,336 that have not been recognized at June 30, 2024 because performance requirements and/or qualifying expenditures have not yet been incurred.

Revenue Recognition

Revenue streams applicable to the Organization that qualify as exchange transactions with "customers" (primarily curriculum sales) are recognized at a single point upon receipt when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization's performance obligations are satisfied.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Most costs have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort. Occupancy costs are allocated based on specific building uses.

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.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Equipment	$	565,237
Website		7,755
Leasehold improvements		98,324
Automobiles		301,637
		972,953
Less accumulated depreciation and amortization		(615,790)
	$	357,163

NOTE D – LINE OF CREDIT AND OTHER CREDIT AVAILABLE

The Organization maintains a $250,000 bank line of credit secured by substantially all assets as of June 30, 2024. The line matures in June 2025. Interest is payable monthly at the greater of 7.5% or the bank's prime plus 1.25% per annum (9.75% as of June 30, 2024). At June 30, 2024, the outstanding balance was zero. The Organization also has unsecured credit cards with available limits of $176,200. $59,047 was outstanding and included in accounts payable at June 30, 2024.

NOTE E – OPERATING LEASE

The Organization has three leases for office space that expire between February 2025 and May 2026. These operating leases include escalating fee schedules, which range from a 3 to 4 percent increase each year, or are based on the CPI index.

Annual lease cost	$ 209,206
Other information	
Weighted-average remaining lease term (years):	1.78
Weighted-average discount rate	3.03%

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

Year Ending June 30,	Operating Leases
2025	$ 200,026
2026	152,974
Total future undiscounted lease payments	353,000
Less present value discount	(10,155)
Lease liabilities	$ 342,845

NOTE F – CONCENTRATIONS AND CONTINGENCIES

The Organization received approximately 71% of its operating revenue from three funders, 36% from the Oregon Department of Corrections, 20% from the Oregon Health Authority and 15% from Jackson County. A significant reduction in these funding sources would negatively impact the Organization and its programs. At June 30, 2024, there was $684,813 receivables under these contracts. Prior year, the organization received approximately 36% of its operating revenue from the Oregon Department of Corrections, 23% from the Oregon Health Authority, and 17% from Jackson County. The Organization is actively engaging in the diversification of its funding sources through the growth of its Community Corrections programs in Jackson, Marion and Multnomah Counties and the new partnered impact department.

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions. The Organization has not experienced any losses on its cash and cash equivalents and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NOTE F – CONCENTRATIONS AND CONTINGENCIES (CONTINUED)

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.

NOTE G – RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for the benefit of its employees who are 21 years old and have satisfied the eligibility requirements. The plan contains a thrift feature (i.e. a 401(k) provision) which entitles the participants to contribute a portion of their compensation to the plan on a pre-tax basis. The Organization has updated their matching contributions to the plan from 2% to 3% starting January 1, 2024. Total retirement expense incurred was $52,899 for the year ended June 30, 2024.

NOTE H – LIQUIDITY

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

Financial assets at year-end	
Cash and cash equivalents	$ 3,794,160
Grants and contracts receivable	1,107,982
Curriculum sales receivables	40,375
Total financial assets	4,942,517
Less amounts unavailable for general expenditure within one year:	
Restricted by donors with purpose restriction	(93,025)
Total unavailable financial assets	(93,025)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,035,542

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.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 30, 2024, which is the date the financial statements were available to be issued.