



CENTRAL OREGON VETERANS OUTREACH, INC.

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

CENTRAL OREGON VETERANS OUTREACH, INC.

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CENTRAL OREGON VETERANS OUTREACH, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Central Oregon Veterans Outreach, Inc.
Bend, Oregon

We have reviewed the accompanying statements of financial position of Central Oregon Veterans Outreach, Inc. (a non-profit organization), as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation, and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
Central Oregon Veterans Outreach, Inc.
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Report on Summarized Comparative Information

We previously reviewed Central Oregon Veterans Outreach, Inc.'s 2017 financial statements and in our conclusion dated July 2, 2018, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

PriceFronk Co.

November 6, 2019

FINANCIAL STATEMENTS

CENTRAL OREGON VETERANS OUTREACH, INC.

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Totals	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 208,777	\$ 221,831
Accounts receivable, net	21	6,513
Prepaid expenses and other current assets	17,367	15,395
TOTAL CURRENT ASSETS	226,165	243,739
SECURITY DEPOSIT	10,400	5,000
CAPITAL ASSETS, net of accumulated depreciation	3,212,372	3,287,216
TOTAL ASSETS	\$ 3,448,937	\$ 3,535,955
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 17,840	\$ 6,783
Accrued expenses	21,661	21,260
Current portion long-term debt	19,776	19,578
TOTAL CURRENT LIABILITIES	59,277	47,621
LONG-TERM DEBT, net of current portion	3,621,211	3,639,334
TOTAL LIABILITIES	3,680,488	3,686,955
NET ASSETS		
Without donor restrictions	(268,898)	(199,340)
With donor restrictions	37,347	48,340
TOTAL NET ASSETS	(231,551)	(151,000)
TOTAL LIABILITIES AND NET ASSETS	\$ 3,448,937	\$ 3,535,955

See accompanying notes and independent accountants' review report

CENTRAL OREGON VETERANS OUTREACH, INC.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 110,335	\$	\$ 110,335
Contributions - donation in-kind	11,440		11,440
Fundraising	13,582		13,582
Grants	489,741	37,347	527,088
Rents	192,865		192,865
Other income	197		197
Net assets, released from restrictions	48,340	(48,340)	
	866,500	(10,993)	855,507
EXPENSES AND LOSSES			
Loss on sale of assets	850		850
Program services			
Housing programs	314,854		314,854
Supportive Services for Veteran Families (SSVF)	287,958		287,958
Other veteran programs	88,039		88,039
Management and general	244,357		244,357
	936,058		936,058
CHANGE IN NET ASSETS	(69,558)	(10,993)	(80,551)
NET ASSETS - Beginning of year	(199,340)	48,340	(151,000)
NET ASSETS - End of year	\$ (268,898)	\$ 37,347	\$ (231,551)

See accompanying notes and independent accountants' review report

CENTRAL OREGON VETERANS OUTREACH, INC.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017 RESTATED

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 99,368	\$	\$ 99,368
Contributions - donation in-kind	5,503		5,503
Fundraising	7,084		7,084
Grants	504,456	48,340	552,796
Rents	183,318		183,318
Other income	195		195
Net assets, released from restrictions	12,008	(12,008)	
	811,932	36,332	848,264
EXPENSES AND LOSSES			
Loss on sale of assets	14,200		14,200
Program services			
Housing programs	307,930		307,930
Supportive Services for Veteran Families (SSVF)	314,723		314,723
Other veteran programs	52,722		52,722
Management and general	228,717		228,717
	918,292		918,292
CHANGE IN NET ASSETS	(106,360)	36,332	(70,028)
NET ASSETS - Beginning of year	(92,980)	12,008	(80,972)
NET ASSETS - End of year	\$ (199,340)	\$ 48,340	\$ (151,000)

See accompanying notes and independent accountants' review report

CENTRAL OREGON VETERANS OUTREACH, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Program Services				Total Expenses	
	Housing Programs	SSVF Program	Other Veteran Programs	Management and General	2018	2017
Advertising	\$	\$	\$	\$ 40	\$ 40	\$ 305
Bank fees	184			428	612	444
Contracted services	53,338				53,338	20,858
Depreciation	103,637			3,726	107,363	100,778
Insurance	17,568		572	5,968	24,108	22,676
Interest	7,477				7,477	7,806
Legal and professional	21,258			6,342	27,600	25,416
Licensing and permits		7,157		795	7,952	7,526
Miscellaneous	614		1,045		1,659	3,991
Office expense	502	24,321		6,502	31,325	41,219
Payroll taxes	997	19,926	7,094	11,117	39,134	38,817
Property taxes	19,385				19,385	17,335
Repairs and maintenance	32,742		8	3,386	36,136	46,570
Salaries and wages	8,802	187,204	59,447	99,395	354,848	359,351
Supplies	2,330	1,392	9,184	2,230	15,136	6,344
Special events				8,193	8,193	4,785
Temporary financial assistance		37,982	2,735		40,717	38,470
Telephone	2,379	2,411		3,241	8,031	6,120
Training		3,459	760		4,219	7,248
Travel and transportation	210	4,106	6,354	645	11,315	15,770
Utilities and occupancy	43,431		840	92,349	136,620	132,263
	<u>\$ 314,854</u>	<u>\$ 287,958</u>	<u>\$ 88,039</u>	<u>\$ 244,357</u>	<u>\$ 935,208</u>	<u>\$ 904,092</u>

See accompanying notes and independent accountants' review report

CENTRAL OREGON VETERANS OUTREACH, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (80,551)	\$ (70,028)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	107,363	100,778
In-kind donations	(11,440)	(5,503)
Changes in current assets and liabilities		
Accounts receivable	6,492	(3,000)
Prepaid expenses	(1,972)	(3,428)
Security deposit	(5,400)	
Accounts payable	11,057	6,056
Other accrued expenses	1,291	13,405
NET CASH PROVIDED BY OPERATING ACTIVITIES	26,840	38,280
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(23,969)	(305,200)
Proceeds from sale of capital assets	1,150	9,100
Loss on capital asset sales	850	14,198
NET CASH USED IN INVESTING ACTIVITIES	(21,969)	(281,902)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt		305,000
Principal payments on notes payable	(17,925)	(19,112)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(17,925)	285,888
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,054)	42,266
CASH AND CASH EQUIVALENTS - Beginning of year	221,831	179,565
CASH AND CASH EQUIVALENTS - End of year	\$ 208,777	\$ 221,831

See accompanying notes and independent accountants' review report

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

Central Oregon Veterans Outreach, Inc. (the Organization) is a not-for-profit organization established in 2005, to provide assistance to homeless veterans and other homeless individuals and families in Central Oregon.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and expenses are classified based on the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Chamber's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Chamber or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions generally consist of funds related to the Veteran's Day parade, Housing for Heros, building repairs and maintenance, and emergency food supplies and amounted to \$37,347 at December 31, 2018.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Chamber's ongoing service to the local business community and interest earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents include on demand checking accounts and money market funds which are considered readily available, and certificates of deposits with an original maturity date of ninety days or less from year-end.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable consist of overpayments to the property management company. For the years ended December 31, 2018 and 2017, accounts receivable totaled \$21 and \$6,513, respectively. The Organization believes that accounts receivable will be fully collectible. Therefore, no allowance was recorded.

Advertising

Advertising costs are expensed as incurred. Advertising expenses paid amounted to \$40 and \$305 for the years ended December 31, 2018 and 2017, respectively.

Compensated Absences

The Organization accrues vacation pay when earned. Accrued but unused vacation for the years ended December 31, 2018, and 2017, totaled \$13,019 and \$12,090, respectively, and is included in accrued expenses on the accompanying Statement of Financial Position.

Capital Assets

Capital asset purchases with a cost greater than \$500 and a service life of more than one year are capitalized. Purchases are stated at cost and are depreciated over estimated useful lives of five to thirty years utilizing the straight-line method.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities for the years ended December 31, 2018. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among housing programs, Supportive Services for Veteran Families programs, other Veteran programs, and management and general. Such allocations are determined by management on an equitable basis.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Expenses – Continued

The expenses that are allocated include the following:

Expense	Method of Allocation
Advertising	Actual
Auto expenses	Actual
Bank fees	Actual
Costs of revenue	Actual
Contracted services	Actual
Depreciation	Actual
Dues and subscriptions	Actual
Emergency housing	Actual
Insurance	Actual
Interest	Actual
Legal and professional	Actual
Licensing and permits	Actual
Miscellaneous	Actual
Office expense	Actual
Payroll taxes	Actual
Property taxes	Actual
Repairs and maintenance	Actual
Salaries and wages	Actual
Supplies	Actual
Special events	Actual
Temporary financial assistance	Actual
Telephone	Actual
Training	Actual
Travel and transportation	Actual
Utilities and occupancy	Actual

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind Donations

The Organization received donated vehicles and other services totaling \$11,440 and \$5,503 for the years ended December 31, 2018, and 2017, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Comparative Information

The financial statements and notes include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Chamber's consolidated financial statements for the year ended December 31, 2017.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Chamber has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31:

	<u>2018</u>	<u>2017</u>
Financial Assets as of June 30:		
Cash and cash equivalents	\$ 208,777	\$ 221,831
Accounts receivable, net	<u>21</u>	<u>6,513</u>
Total financial assets	<u>208,798</u>	<u>228,344</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>37,347</u>	<u>48,340</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 171,451</u>	<u>\$ 180,004</u>

The Organization's goal is generally to maintain financial assets to meet three months of operational and labor expenses (approximately \$261,000). The Organization prefers to avoid the use of savings account funds for operational expenses, unless necessary.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 3 – STATEMENTS OF CASH FLOWS – SUMMARY OF NONCASH AND OTHER ITEMS

Cash consists of the following amounts as of December 31:

	<u>2018</u>	<u>2017</u>
Cash in Bank - General Account	\$	\$ 2,052
Mid OR - SSVF Chk	3,556	1,754
Mid OR - Bus Share	5	5
Mid OR - General Chk	12,657	31,405
COVO - Benefit Fund - First Interstate		4,075
Mid OR - H for H	12,935	45,901
Money Market - First Interstate		126,733
MM Bldg Fund - First Interstate		9,906
Mid OR - Savings	141,894	
Mid OR - Designated Funds	21,710	
Undeposited Funds	16,020	
	<u>\$ 208,777</u>	<u>\$ 221,831</u>

Fixed assets with a value of \$10,600 donated to the Organization during the year ended December 31, 2018, have been excluded from the investing activities on the Statement of Cash Flows.

Interest paid on a cash basis amounted to \$7,477 and \$7,806 for the years ended December 31, 2018, and 2017, respectively.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 721,771	\$ 715,909
Buildings	3,078,716	3,075,777
Furniture and equipment	29,653	20,027
Vehicles	23,791	10,700
	<u>3,853,931</u>	<u>3,822,413</u>
Less accumulated depreciation	<u>(641,559)</u>	<u>(535,197)</u>
	<u>\$ 3,212,372</u>	<u>\$ 3,287,216</u>

NOTE 5 – LEASE COMMITMENT

The Organization leases its office under an operating lease that expires March 31, 2022. A \$5,000 security deposit was paid upon execution of lease in 2014. Minimum monthly payments are currently \$6,340 plus operating expenses of \$1,226. These amounts increase annually each April 1st. The lease provides for two four-year renewals. The Organization renewed the lease for the first time on March 22, 2018. Minimum lease payments under this operating lease are as follows:

Year Ending December 31,	
2019	\$ 92,503
2020	94,836
2021	97,240
2022	<u>24,461</u>
	<u>\$ 309,040</u>

Rent expense was \$90,840 and \$81,875 for the years ended December 31, 2018, and 2017, respectively.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 5 – LEASE COMMITMENT – CONTINUED

In 2018, the Organization entered into a five-year non-cancelable, irrevocable lease agreement for one multifunctional printer. Total monthly payments are \$194.

Minimum lease payments under this operating lease are as follows:

Year Ending December 31,

2019	\$	2,322
2020		2,322
2021		2,322
2022		2,322
2023		968
		<u>968</u>
	\$	<u>10,256</u>

NOTE 6 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2018, and 2017:

	<u>2018</u>	<u>2017</u>
Specific purpose		
Bend Veterans Day Parade	\$ 10,583	\$ 2,849
United Way Grant	5,625	
US Bank Foundation Building Fund	4,200	
State of Oregon - Housing for Heros grant	12,889	45,851
PacificSource Emergency Fund	4,050	(360)
	<u>37,347</u>	<u>48,340</u>
Total	\$ 37,347	\$ 48,340

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 6 – NET ASSETS – CONTINUED

Net assets without donor restrictions were undesignated for the years ended December 31, 2018, and 2017 and amounted to a debit balance of \$268,898 and \$199,340, respectively.

Net assets released from net assets with donor restrictions are as follows:

	<u>2018</u>	<u>2017</u>
Satisfaction of Purpose Restrictions		
United Way Grant	\$ 2,849	\$ 259
US Bank Foundation Building Fund		4,200
State of Oregon - Housing for Heros grant	45,851	
PacificSource Emergency Fund	<u>(360)</u>	<u>7,549</u>
Total	<u>\$ 48,340</u>	<u>\$ 12,008</u>

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 7 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2018	2017
Note payable to U.S. Bank, with monthly payments of \$1,299 beginning February, 2008 until paid in full. The note bears interest at 4.37% and is secured by real estate.	\$ 164,425	\$ 171,935
Note payable to the City of Bend, with monthly payments of \$556 beginning June, 2013 until paid in full. This note is non-interest bearing and is secured by real estate.	169,411	175,555
Note payable to the City of Bend, with monthly payments of \$388 beginning April, 2012 until paid in full. This note is non-interest bearing and is secured by real estate.	165,023	169,294
Note payable to the State of Oregon Department of Transportation, with annual payments of \$1,955 beginning January 1, 2019, until January 1, 2023, when the full amount of the remaining balance is due. The note bears interest at 5.00% and is secured by real estate.	30,057	30,057
Notes payable to the City of Bend and to the State of Oregon Housing & Community Services Department, with no payments due, no interest and is secured by real estate. Loans are to be repaid in the event real estate is no longer used for specified purposes or upon termination of the Organization.	3,112,071	3,112,071
	3,640,987	3,658,912
Current portion of long-term debt	(19,776)	(19,578)
	\$ 3,621,211	\$ 3,639,334

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 7 – LONG-TERM DEBT – CONTINUED

Principal payments due on the long-term debt are as follows:

<u>Year ending December 31,</u>	
2019	\$ 20,342
2020	20,802
2021	21,227
2022	21,672
2023	49,761
Thereafter	<u>3,507,183</u>
	<u>\$ 3,640,987</u>

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Organization receives a substantial amount of its support from the Department of Veteran Affairs. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

The Organization places its temporary cash investments with various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, cash balances did not exceed the FDIC insurance limits.

NOTE 9 – INCOME TAXES

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and is classified as a tax exempt corporation.

Regarding uncertain income tax positions, the Organization will recognize in its financial statements the benefit of a tax position when it believes that tax position will more likely than not be sustained on audit based on the technical merits of the position. For an exempt organization, uncertain tax positions could result from unrelated business income activities or actions that jeopardize its status as tax-exempt, such as political activity, substantial lobbying expenditures or excessive unrelated business activities. The Organization has concluded that it had no unrecognized income tax benefits at December 31, 2018, and it has no tax positions which it estimates significant change over the next twelve months.

CENTRAL OREGON VETERANS OUTREACH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 9 – INCOME TAXES – CONTINUED

The Organization is subject to examination by state and federal tax authorities. With few exceptions, the Organization is no longer subject to examination by major taxing authorities for years before 2015.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 6, 2019, the date the financial statements were available to be issued.

