GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Albertina Kerr Centers

Consolidated Financial Statements and Other Information as of and for the Year Ended June 30, 2020 and Report of Independent Accountants

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Letter from the Chief Financial Officer

The financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of ALBERTINA KERR CENTERS and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The financial statements have been examined by the organization's independent accountants, GARY MCGEE & CO. LLP, whose report follows. Their examinations were made in accordance with generally accepted auditing standards. The Board of Directors periodically meets with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the organization's financial statements. The Board of Directors also reviews the scope and results of Albertina Kerr Centers' audit, and current and emerging accounting and financial requirements and practices affecting the organization.

Janice Jacobs, M.B.A., C.H.F.P.
Chief Financial Officer
Albertina Kerr Centers

GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Albertina Kerr Centers:

We have audited the accompanying consolidated financial statements of Albertina Kerr Centers, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Albertina Kerr Centers as of June 30, 2020, 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.

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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 28 and 29 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Summarized Comparative Information

We have previously audited Albertina Kerr Centers' 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gray McCann & Co. LLP

November 9, 2020

ALBERTINA KERR CENTERS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

	2020	2019
Assets:		
Cash and cash equivalents	$ 1,763,323	1,702,163
Accounts receivable *(note 4)*	2,536,879	2,664,168
Contributions receivable *(note 5)*	73,635	111,376
Prepaid expenses, deposits, and other current assets	400,252	490,183
Investments *(note 6)*	8,962,721	8,871,358
Beneficial interest in assets held by the Oregon Community Foundation *(note 7)*	177,874	185,702
Contributions receivable from charitable remainder unitrusts *(note 8)*	281,689	492,470
Other long-term assets	57,085	58,536
Land, buildings, equipment, and property rights *(notes 9 and 11)*	22,351,273	21,589,651
Total assets	$ 36,604,731	36,165,607
Liabilities:		
Accounts payable and accrued expenses	840,632	461,549
Construction payables	64,711	49,082
Accrued payroll liabilities	2,577,456	2,032,033
Deferred revenues and amounts refundable to grantors	56,863	139,360
Other liabilities *(note 10)*	258,587	183,250
Long-term debt *(note 11)*	4,329,760	4,781,355
Interest rate swap agreement *(note 11)*	120,271	(4,969)
Total liabilities	8,248,280	7,641,660
Net assets:		
Without donor restrictions:		
Available for programs and general operations	280,447	1,060,010
Designated by Board for endowment *(note 13)*	6,409,998	6,247,247
Net investment in capital assets	17,956,802	16,759,214
Total without donor restrictions	24,647,247	24,066,471
With donor restrictions *(note 12)*	3,709,204	4,457,476
Total net assets	28,356,451	28,523,947
Commitments and contingencies *(notes 16, 17, 18, and 19)*		
Total liabilities and net assets	$ 36,604,731	36,170,576

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			
	Without donor restrictions	**With donor restrictions**	**Total**	**2019**
Operating revenues, gains, and other support:				
Contract service fees	$ 44,554,837	–	44,554,837	39,780,536
Grants and contributions	1,195,661	619,256	1,814,917	1,457,635
Special events, net of direct costs of $165,243 in 2020 and $274,409 in 2019	407,606	–	407,606	347,916
Sales, net of cost of sales of $70,057 in 2020 and $84,909 in 2019	382,922	–	382,922	562,160
Investment return *(note 6)*	1,224	–	1,224	1,586
Other revenues	806,783	–	806,783	424,592
Total operating revenues and gains	47,349,033	619,256	47,968,289	42,574,425
Appropriation of Board-designated endowment assets for expenditure	238,387	–	238,387	243,096
Appropriation of donor-restricted endowment assets for expenditure	–	102,851	102,851	87,842
Net assets released from restrictions for operating purposes *(note 14)*	932,000	(932,000)	–	–
Total operating revenues, gains, and other support	48,519,420	(209,893)	48,309,527	42,905,363
Expenses *(note 15)***:**				
Program services	43,321,741	–	43,321,741	38,518,272
Management and general	3,710,925	–	3,710,925	3,492,031
Resource development	1,134,937	–	1,134,937	1,143,829
Volunteer-managed businesses	471,985	–	471,985	450,610
Total expenses	48,639,588	–	48,639,588	43,604,742
Net operating results	$ (120,168) [A]	(209,893)	(330,061)	(699,379)

[A] The net 2020 operating results include depreciation and amortization expense of $1,561,979.

Continued

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

	2020			
	Without donor restrictions	With donor restrictions	Total	2019
Non-operating activities:				
Capital contributions and grants	$ –	677,199	677,199	1,398,600
Endowment gifts	–	–	–	5,236
Endowment return *(note 6)*	218,183	97,120	315,303	456,555
Net change in the beneficial interest in assets held by the Oregon Community Foundation *(note 7)*	(478)	–	(478)	11,118
Appropriation of Board-designated endowment assets for expenditure	(238,387)	–	(238,387)	(243,096)
Appropriation of donor-restricted endowment assets for expenditure	–	(102,851)	(102,851)	(87,842)
Net change in the carrying value of contributions receivable from charitable remainder unitrusts *(note 22)*	–	28,111	28,111	51,642
Net change in the actuarial value of charitable gift annuity agreements	(7,595)	(259)	(7,854)	(3,275)
Net gain (loss) on disposal of assets	(383,238)		(383,238)	10,220
Net assets released from restrictions for capital purposes *(note 14)*	1,237,699	(1,237,699)	–	–
Net change in the fair value of interest rate swap agreement	(125,240)	–	(125,240)	(120,322)
Total non-operating activities	700,944	(538,379)	162,565	1,478,836
Increase (decrease) in net assets	580,776	(748,272)	(167,496)	779,457
Net assets at beginning of year	24,066,471	4,457,476	28,523,947	27,744,490
Net assets at end of year	$ 24,647,247	3,709,204	28,356,451	28,523,947

See accompanying notes to consolidated financial statements.

ALBERTINA KERR CENTERS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020					
	Program services	Management and general	Resource development	Volunteer-managed businesses	Total	2019
Salaries and related costs	$ 35,863,077	2,773,827	652,756	233,959	39,523,619	35,010,074
Clinical and other contract labor	64,833	96,458	632	6,533	168,456	295,099
Legal and professional fees	100,206	318,549	1,111	3,481	423,347	292,931
Liability insurance	237,856	48,442	2,578	992	289,868	239,549
Program supplies	1,171,953	9,648	44,988	37,793	1,264,382	1,065,937
Office supplies	130,962	36,810	14,352	4,778	186,902	144,290
Telecommunications and information systems	834,900	112,611	31,269	5,569	984,349	908,244
Facilities	2,189,416	62,583	9,300	129,489	2,390,788	2,236,668
Equipment costs	157,087	11,098	823	5,152	174,160	152,582
Vehicle expense	340,332	1,188	194	8	341,722	464,229
Public relations and fundraising	12,692	65,945	337,519	4,805	420,961	568,507
Interest	191,843	20,763	–	–	212,606	224,235
Other	542,885	98,816	34,234	20,514	696,449	442,851
Total expenses before depreciation and amortization	41,838,042	3,656,738	1,129,756	453,073	47,077,609	42,045,196
Depreciation and amortization	1,483,699	54,187	5,181	18,912	1,561,979	1,559,546
Total expenses	$ 43,321,741	3,710,925	1,134,937	471,985	48,639,588	43,604,742

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash flows from operating activities:		
Cash received from contractors, grantors, contributors, and others	$ 47,366,387	40,825,670
Cash received from sales of associated businesses	452,979	647,069
Investment income received	172,481	166,656
Cash paid to employees and suppliers	(45,577,561)	(41,871,913)
Interest paid	(212,606)	(224,235)
Net cash provided by (used in) operating activities	2,201,680	(456,753)
Cash flows from investing activities:		
Capital expenditures	(2,686,591)	(1,423,495)
Cash proceeds received on the sale of assets	–	11,979
Cash proceeds received on the sale of investments	225,094	107,970
Purchases of investments	–	(10,000)
Reinvestment of investment income	(172,411)	(166,656)
Net cash used in investing activities	(2,633,908)	(1,480,202)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital acquisition and long-term investment	716,811	1,457,956
Distributions to charitable gift annuity beneficiaries	(10,720)	(5,253)
Proceeds from contributions subject to charitable gift annuity agreements	238,892	188,167
Proceeds received on the issuance of long-term debt	–	179,000
Principal reductions of long-term debt	(451,595)	(449,596)
Net cash provided by financing activities	493,388	1,370,274
Net increase (decrease) in cash and cash equivalents	61,160	(566,681)
Cash and cash equivalents at beginning of year	1,702,163	2,268,844
Cash and cash equivalents at end of year	$ 1,763,323	1,702,163

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

A private, non-profit organization, Albertina Kerr Centers has been headquartered in Portland, Oregon since 1907. Albertina Kerr strengthens Oregon families and communities by helping children and adults with mental health challenges and developmental disabilities, empowering them to live richer lives. Private donations and community support make this vital work possible.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by Albertina Kerr Centers are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Principles of Consolidation – The accompanying financial statements include the accounts of Albertina Kerr Centers; Albertina Kerr Centers Foundation (the "Foundation"); Kerr Bikes, LLC; and The Old Kerr Nursery Association ("TOKNA"), a voluntary association that operates Albertina's Place, including Albertina's Kitchen, the Kerr Gift Shop, and Kerr's Home Décor for the benefit of the organization's programs. All significant inter-organizational investments, accounts, and transactions have been eliminated.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Albertina Kerr Centers and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the organization's Board of Directors may designate a portion of these net assets for particular purposes and objectives.

- *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. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by Albertina Kerr Centers (e.g., endowment funds). Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held as part of the organization's investment portfolio, and where management's intention is to use the cash to acquire investments to be held long-term, are classified as investments.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value. For applicable investments, manager-reported net asset value ("NAV") is used as a practical expedient to estimate fair value. Valuations provided by fund managers consider variables, such as the financial performance and sales of underlying investments, and other pertinent information. The organization reviews valuations and assumptions provided by fund managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

Net investment return, which includes both current yield (interest and dividend income) and net appreciation (decline) in the fair value of investments, is reported in the consolidated statement of activities, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis.

The organization has some exposure to investment risks, including interest rate, market, and credit risks, for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Generally, property and equipment with a carrying value of $3,000 or more are capitalized and reported at cost when purchased, and at market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 40 years for buildings, 10 to 20 years for building improvements, 10 years (or the length of the lease term, if less) for leasehold improvements, and 3 to 5 years for furniture, equipment, and vehicles.

The organization periodically reviews the carrying amount of its capital assets whenever events or circumstances provide evidence that suggests that the carrying amount may not be recoverable. As of June 30, 2020, the organization does not believe there is any indication that the carrying value or the amortization of its capital assets has been impaired during the year ended June 30, 2020.

Revenue Recognition – With regard to revenues from grants and contracts, 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* – 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.

- *Grants and Contributions* – 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 right of release of a promisor's obligation to transfer assets.

- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government's own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class. Promises to give are written off when deemed uncollectible.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets, in accordance with donor intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement Albertina Kerr Center's programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities. During the year ended June 30, 2020, the organization recorded $103,067 in donated program-related services.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities. During the year ended June 30, 2020, the organization recorded $92,424 in in-kind contributions of program goods and materials, and $239,230 in donated advertisement for special events.

Outstanding Legacies – The organization is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The organization's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Benefits Provided to Donors at Special Events – The organization conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective mean exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Advertising and Promotional Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Operating Results – Operating results reported in the statement of activities reflect all transactions that change net assets without donor restrictions, except for capital contributions and grants, bequests and endowment gifts, net assets released from restrictions for capital purposes, the net investment return on endowment and related assets (less the amount appropriated by the Board to support current operations), and the net change in the actuarial value of split-interest agreements. In accordance with the organization's endowment distribution policy, only the portion of pooled investment return distributed under this policy to meet operating needs is included in operating revenue. Other operating investment income consists of dividends, interest, and other investment return earned on unrestricted, non-endowed investments.

Concentrations of Credit Risk – The organization's investments consist primarily of financial instruments that include cash equivalents, fixed-income securities, mutual funds, and real estate investment trusts, and a beneficial interest in assets held by the Oregon Community Foundation ("OCF"), which may subject the Foundation to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to $250,000 for each depositor, for each insured bank, for each account ownership category.

The fair values of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values. The organization's beneficial interest in assets held by OCF (see note 7) is subject to changes in the market values of the underlying assets owned by OCF (from which the value of the organization's beneficial interest has been derived), and is also dependent on the value of the assets being commensurate with the value of distributions expected to be made to the organization by OCF in future years.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible amounts.

Income Taxes – Both Albertina Kerr Centers and the Albertina Kerr Centers Foundation are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and comparable state law. Albertina Kerr Centers has been recognized as a public charity under Sections 170(b)(1)(a)(vi) and 509(a)(1) of the IRC. Albertina Kerr Centers Foundation derives its public charity status as a Type I supporting organization, described in IRC Section 509(a)(3). As a single-member, limited liability company controlled by a nonprofit organization, Kerr Bikes, LLC is treated, for tax purposes, as a disregarded entity.

Derivative Instruments – Albertina Kerr Centers makes limited use of interest rate swap agreements to manage interest rate risk associated with variable rate debt. Under interest rate swap agreements, the organization and the counterparties agree to exchange the difference between fixed rate and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. Notional principal amounts are used to express the volume of these transactions, but the cash requirements and amounts subject to credit risk are substantially less. Amounts receivable or payable under swap agreements are accounted for as adjustments to interest expense on the related debt.

Subsequent Events – Subsequent events have been evaluated by management through November 9, 2020, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2019 – The accompanying financial information as of and for the year ended June 30, 2019, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Program Services

During the year ended June 30, 2020, the organization incurred program service expenses in the following major categories:

Children's Mental Health

Crisis Psychiatric Care (Sub-Acute) – Short-term inpatient care with 24-hour access to mental health professionals for children experiencing urgent mental health crises.

Community-Based Mental Health Services – Treatment for kids experiencing mental health challenges and support for their families, provided in the community and clinic-based settings.

Intellectual & Developmental Disabilities (IDD) Residential and Enrichment Services

Youth Group Homes – Round-the-clock support and life skills training for youth with IDD in 18 neighborhood group homes. Caring, supportive services instill life skills for increased independence.

Adult Group Homes – Thirty-three neighborhood homes that offer 24-hour support and individual growth opportunities to adults with IDD. Compassionate 24-hour care supports self-determination.

Employment Services – Assisting people with IDD to find meaningful work with competitive wages in settings integrated with their non-disabled peers. Services include Project SEARCH internships, job development, job placement, and job coaching.

Portland Art and Learning Studios – People with IDD pursue meaningful art and recreation-based activities, learning tools for professional development, using art for articulation and therapeutic practices, and contribute their unique voices to the community.

4. Accounts Receivable

At June 30, 2020, the organization reported outstanding receivables, as follows:

Contract payments receivable	$ 1,316,004
Program service fees receivable	1,262,852
	2,578,856
Less allowance for uncollectible receivables	(41,977)
	$ 2,536,879

5. Contributions Receivable

Contributions receivable at June 30, 2020 represent unconditional promises which are expected to be collected in less than one year as follows:

Contributions receivable	$	78,490
Less allowance for doubtful collection		(4,855)
	$	73,635

Gross contributions receivable at June 30, 2020 carry the following restrictions:

Capital projects *(note 12)*	$	2,219
Support of general programs and operations		76,271
	$	78,490

6. Investments and Investment Return

Investments, which are carried at fair value, consisted of the following at June 30, 2020:

Mutual funds	$	5,392,923
Fixed income securities		2,908,569
Real estate investment trusts		441,810
		8,743,302
Plus money funds, sweep options, and other cash equivalents		219,419
	$	8,962,721

Investments are held for the following purposes:

Board-designated endowment	$	6,211,281
Donor-restricted endowment		1,965,808
Unappropriated endowment earnings		785,632
	$	8,962,721

Total return on investments for the year ended June 30, 2020 was as follows:

Interest and dividend income	$	172,481
Net appreciation in the fair value of investments		144,046
	$	316,527

Total investment return represents both operating investment return and endowment return, as follows:

Operating investment return	$	1,224
Endowment return		315,303
	$	316,527

7. Beneficial Interest in Assets Held by the Oregon Community Foundation

The organization has established certain Board-designated endowment funds at the Oregon Community Foundation. The organization accounts for its interest in these funds using the equity method of accounting, which approximates the present value of the estimated expected future cash flows that will inure to the organization.

Changes in the organization's beneficial interest in these funds for the year ended June 30, 2020 are summarized as follows:

Balance at beginning of year	$	185,702
Distributions		(7,350)
Decrease in fair value of funds		(478)
Balance at end of year	$	177,874

Under the terms of its agreements with OCF, the organization may receive quarterly distributions of investment return in accordance with OCF's spending policies (currently, 4.5% of a trailing 13-quarter market value average). Additional distributions can be made at any time by the affirmative vote of a three-quarter majority of the organization's Board of Directors and with the approval of OCF. During the year ended June 30, 2020, the organization received $7,350 in distributions.

8. Contributions Receivable from Charitable Remainder Unitrusts

The organization has been named the beneficiary of an irrevocable charitable remainder unitrust. The current beneficiaries of the trust receive a percentage each year of the net fair market value of the assets of the trust, valued annually. Upon the passing of the current beneficiaries, the organization will receive either a percentage of the remaining assets of the trusts.

A contribution receivable of $281,689 was recorded at June 30, 2020, representing the actuarially-determined present value of the estimated future cash flows that will inure to the organization, using a discount rate 6.0%. The trust has been restricted by the donor to be added to the existing endowment fund.

9. Land, Buildings, Equipment, and Property Rights

A summary of land, buildings, equipment, and property rights at June 30, 2020 is as follows:

Land	$ 563,678
Buildings	20,265,791
Improvements	9,146,586
Furniture and equipment	5,715,706
Vehicles	1,641,111
Property rights	35,406
Construction-in-progress	1,457,604
	38,825,882
Less accumulated depreciation and amortization	(16,474,609)
	$ 22,351,273

10. Other Liabilities

At June 30, 2020, the following summarizes the organization's other liabilities:

Funds held on behalf of others	$ 223,724
Liabilities associated with charitable gift annuities [1]	34,863
	$ 258,587

[1] Included in the organization's investment balances at June 30, 2020 is $43,655 in assets invested in money market and mutual funds associated with four charitable gift annuities held at June 30, 2020. Under the terms of these gifts, the organization has agreed, in return for the gifted assets, to make payments to gift beneficiaries for the balance of their lives. Upon the death of the beneficiary (and, in certain cases, the beneficiary's spouse), the organization will receive the balance of the remaining assets. At June 30, 2020, the organization recorded a liability for these charitable gift annuities, representing the actuarially-determined present value of the estimated future payments to be made to the beneficiaries using discount rates ranging from 4.8% to 7.7%. The liability recorded at June 30, 2020 totaled $34,863.

State law requires, among other things, that the issuer of charitable gift annuities maintain certain minimum reserves, calculated in accordance with rules promulgated in Chapter 731.038 of the Oregon Revised Statutes. These rules also mandate that the reserves be held in separate investment accounts. The minimum reserves required by law at June 30, 2020 totaled $34,863.

11. Long-Term Debt

The acquisition and rehabilitation of the organization's properties include costs financed through loans received from various parties. The following obligations were outstanding at June 30, 2020:

Various mortgage and refinancing notes associated with program facilities [1]	$	2,066,058
Bank of America term note [2]		275,469
Private party mortgage [3]		144,900
Small business association loan [4]		1,613,333
Campus improvements loan [5]		230,000
	$	4,329,760

[1] Notes issued by Bank of America with interest rates of between 4.75% and 5.25%, secured by the underlying real property.

[2] Bank of America note, in the original amount of $516,425, undertaken to refinance SNAP bonds associated with five program facilities located in Portland, Cornelius, Hillsboro, and Salem. Interest and principal are due in monthly payments of $8,242, with interest carried at a fixed rate of 4.62%, through June of 2023. The loan is secured by the underlying real property.

[3] A total of $223,000 was borrowed and used to acquire the Tanager group home in Hillsboro, Oregon. Loan is interest-free. Principal is due in monthly payments of $1,100 through May of 2029.

[4] During the year ended June 30, 2016, the organization converted a $2.0 million line of credit into a $2.2 million small business association loan with Bank of America. Proceeds of the loan were used for capital improvements to the campus and campus facilities. Principal payments are due in monthly payments of $12,222 through June 30, 2031.

At the inception of the borrowing, the organization hedged its interest rate risk by entering into an interest rate swap agreement with Bank of America for the full notional principal amount of the bond. The swap agreement provides that, each month, the organization will pay to Bank of America interest on the notional amount at a fixed interest rate of 4.47%, and Bank of America will pay to the organization interest on the notional amount at a rate equal to the USD LIBOR BBA rate. Amounts receivable or payable under the swap agreement are accounted for as a non-operating change in value on the statement of activities. At June 30, 2020, the fair market value of the swap agreement was a negative $120,271 (a liability).

[5] Bank of America loan proceeds were used for capital improvements. The loan is secured by real property, equipment, fixtures, inventory and receivables owned by the Albertina Kerr Centers. Interest is equal to the LIBOR daily floating rate plus 2.75%. Interest and principal are due in monthly payments of $1,667 through December of 2031.

To ensure an additional measure of liquidity for the Bank of America term note and small business association loan, the loan agreements require the Albertina Kerr Centers Foundation to guarantee these loans and maintain a minimum of unrestricted, unencumbered liquid assets in an amount of $2.0 million. These notes also require maintenance of a consolidated debt service coverage ratio of at least 1.25:1. At June 30, 2020, the organization was in compliance with these covenants.

Obligations for future payments of principal are summarized as follows:

Years ending June 30,		
2021	$	454,938
2022		469,627
2023		483,437
2024		398,619
2025		410,335
Thereafter		2,112,804
	$	4,329,760

Interest expense totaled $212,606 for the year ended June 30, 2020.

12. Net Assets with Donor Restrictions

The following summarizes Albertina Kerr Center's net assets with donor-imposed restrictions as of June 30, 2020:

"Community Promise" capital campaign contributions receivable for Intensive Treatment facility construction	$ 2,219
Contributions receivable for programs and other purposes	71,416
	73,635
Unexpended cash:	
Cash restricted for capital improvements	439,831
Cash restricted for programs and other purposes	162,609
	602,440
Endowment restricted for the following purposes:	
Chaplaincy	893,205
Landmark Preservation Fund	373,757
Endowment unrestricted as to purpose [1]	1,766,167
Total endowment *(note 13)*	3,033,129
Total net assets with donor restrictions	$ 3,709,204

[1] Includes the projected remainder portion of a charitable remainder unitrust, valued at $281,689 at June 30, 2020.

13. Endowment

Albertina Kerr Center's endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Foundation's Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the organization's endowment-related activities for the year ended June 30, 2020:

		With donor restrictions				
		Accumulated endowment return	Endowment principal	Total	Without donor restrictions	Total endow-ment
Endowment net assets at beginning of year	$	792,351	2,261,384	3,053,735	6,247,248	9,300,983
Grants and contributions		–	–	–	183,432	183,432
Investment return		96,132	988	97,120	218,183	315,303
Decrease in the carrying value of contributions receivable from charitable remainder unitrusts		–	(14,616)	(14,616)	–	(14,616)
Increase in the beneficial interest in assets held by the Oregon Community Foundation		–	–	–	(478)	(478)
Net change in the actuarial value of charitable gift annuity agreements		–	(259)	(259)	–	(259)
Appropriation of endowment assets for expenditure		(102,851)	–	(102,851)	(238,387)	(341,238)
Endowment net assets at end of year	$	785,632	2,247,497	3,033,129	6,409,998	9,443,127

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Foundation's Board of Trustees has interpreted Oregon's adoption of UPMIFA as requiring the organization to adopt investment and spending policies that are designed to preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the organization has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.
As a result of this interpretation, the organization classifies as endowment principal (1) the original value of endowment gifts, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In addition, the Foundation's Board of Trustees interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

Investment and Spending Policies – In accordance with UPMIFA, the Foundation's Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

The duration and preservation of the fund;

- The purposes of the organization and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The organization's investment policies.

To meet its objectives, the Foundation's policies limit the spending of investment income and appreciation to a maximum of 7.0% of the market value of such investments calculated on a 13-quarter rolling average.

Actual endowment return earned in excess of distributions under this policy is reinvested as part of the organization's endowment management and is reported as a non-operating item in the accompanying statement of activities. For years where actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years where the overall endowment is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

During the year ended June 30, 2020, the Foundation's Board of Trustees appropriated 4%, or a total of $102,851, from donor-restricted endowment funds, and $238,387 from the Board-designated endowment.

14. Net Assets Released from Restrictions

During the year ended June 30, 2020, the organization incurred $1,470,805 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events. Accordingly, a corresponding amount has been reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions in the accompanying consolidated statement of activities, as described in the following table:

Satisfaction of donor restrictions for operating purposes	$ 932,000
Satisfaction of donor restrictions for capital projects	1,237,699
	$ 2,169,699

15. Expenses

The costs of providing the various programs and activities of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation and amortization of capital assets is allocated to operating programs and supporting activities based on benefit estimates prepared by management. Interest expense on external debt is also allocated to the activities that have most directly benefited from the debt proceeds.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization and, therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation and amortization, and other facility-related costs, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

16. Contingencies

Amounts received or receivable under the organization's governmental contracts are subject to audit and adjustment by the grantor agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's net assets without donor restrictions. In the opinion of the organization's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

17. Employee Retirement Plan

The organization sponsors a defined contribution retirement savings plan covering substantially all employees who have completed 90 days of service with the organization. The plan was established under Section 401(k) of the Internal Revenue Code, with the organization matching employee contributions in the amount of 100% of the first 3.0% of salary deferred and contributed to the plan by the employee, and 50% of the next 2.0% of salary deferred and contributed to the plan by the employee. Effective June 5, 2020 the organization discontinued matching contributions to the plan. The plan also includes an additional discretionary employer contribution component, whereby the organization may contribute to the plan a discretionary amount to each eligible employee on an annual basis.

During the year ended June 30, 2020, the organization contributed $400,342 as a part of the plan's matching component described in the preceding paragraph. No discretionary contributions were made to the plan.

18. Self-Insurance Program

The organization is self-insured for unemployment claims. The estimated liability for such claims is based upon management's estimate as of June 30, 2020, and includes provisions for known claims and estimates of incurred but unreported claims. Although the organization's actual expense upon the ultimate disposition of the claims may vary from this estimate, the organization holds general unrestricted funds that are in excess of the recorded liability at June 30, 2020.

Changes in the reported liability for self-insured unemployment claims during the year ended June 30, 2020 resulted from the following:

Liability at beginning of year	$	264,051
Current year claims		104,121
Claim payments		(145,430)
Liability at end of year	$	222,742

19. Operating Lease Commitments

The organization leases various administrative and program office facilities under non-cancelable operating leases that expire in various years through August of 2023. The organization has the option to renew many of these leases at various terms and amounts.

At June 30, 2020, the approximate minimum rental commitments under these leases are as follows:

Years ending June 30,	
2021	$ 378,963
2022	239,636
2023	125,023
2024	24,553
	$ 768,175

Rent expense for the year ended June 30, 2020 totaled $515,525.

20. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at June 30, 2020:

Total financial assets available:	
Cash and cash equivalents	$ 1,763,323
Accounts receivable	2,536,879
Contribution receivable	73,635
Investments	8,962,721
	13,336,558
Less financial assets not available within the year ending June 30, 2021:	
Financial assets restricted by donors for endowment	(3,033,129)
Financial assets designated by the Board for quasi-endowment	(6,409,998)
Financial assets restricted by donors for capital improvements	(442,050)
	(9,885,177)
Plus other funds subject to appropriation for expenditure:	
Fiscal year 2021 endowment appropriations for operations	107,872
Board-designated funds approved for expenditure in 2021	241,775
	349,647
	$ 3,801,028

As part of its liquidity management, Albertina Kerr Centers has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

In addition, the organization holds quasi-endowment funds totaling $6,409,998 (see note 13). Although Albertina Kerr does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

21. Litigation

From time to time, the organization is involved in various unresolved legal actions and claims in the ordinary course of its business involving services provided to severely abused and neglected children, young people with significant mental health and behavioral problems, families in crisis, and individuals with developmental disabilities. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss or recovery, the organization believes these unresolved legal actions will not have a material adverse effect on its financial position, results of operations, or cash flows.

22. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. These instruments include:

- Investments
- Beneficial interest in assets held by the Oregon Community Foundation
- Contributions receivable from charitable remainder unitrusts

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement.

In accordance with ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value*, investments valued utilizing net asset value as a practical expedient are excluded from the hierarchy.

At June 30, 2020, the following financial assets are measured at fair value on a recurring basis:

	Level 1	Level 3	Investments valued at NAV	Total
Investments *(see note 6)*:				
Mutual Funds:				
Large-blend index	$ 3,154,563	–	–	3,154,563
Foreign large-blend	1,241,001	–	–	1,241,001
Small-cap	458,977	–	–	458,977
Diversified emerging markets	268,131	–	–	268,131
Mid-cap	270,251	–	–	270,251
Total mutual funds	5,392,923	–	–	5,392,923
Fixed income securities:				
Corporate bonds	2,908,569	–	–	2,908,569
Alternative investments:				
Real estate investment trusts	–	–	441,810	441,810
Total investments	8,301,492	–	441,810	8,743,302
Beneficial interest in assets held by the Oregon Community Foundation *(note 7)*	–	177,874	–	177,874
Contributions receivable from charitable remainder unitrusts *(note 8)*	–	281,689	–	281,689
	$ 8,301,492	459,563	441,810	9,202,865

The changes in valuation of Level 3 assets using significant unobservable inputs are as follows:

	Beneficial interest in assets held by the Oregon Community Foundation	Contributions receivable from charitable remainder unitrusts	Total
Fair value at beginning of year	$ 185,702	492,470	678,172
Decrease in the beneficial interest in assets held by the Oregon Community Foundation	(478)	–	(478)
Distribution of investment return	(7,350)	–	(7,350)
Increase in the carrying value of contributions receivable from charitable remainder unitrusts	–	28,111	28,111
Trust distributions	–	(238,892)	(238,892)
Fair value at end of year	$ 177,874	281,689	459,563
	[A]	[B]	

[A] Measured at fair value based upon a discounted cash flow analysis of the expected income, which is equivalent to the fair value of the underlying assets held by the Oregon Community Foundation. Management's estimate of fair value is based solely upon information provided by the Oregon Community Foundation (see note 7).

[B] Measured at fair value based upon a discounted cash flow analysis of the expected income, taking the fair value of the assets held in trust and the life expectancy of the current beneficiaries into consideration (see note 8).

23. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Decrease in net assets	$	(167,496)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation		1,545,558
Amortization of property rights		11,802
Amortization of fees		4,619
Net appreciation in the fair value of investments		(144,046)
Decrease in the beneficial interest in assets held by the Oregon Community Foundation		478
Cash distributions received from the Oregon Community Foundation		7,350
Net loss on disposal of capital assets		383,238
Net change in the fair value of interest rate swap agreement		125,240
Increase in the carrying value of contributions receivable from charitable remainder unitrusts		(28,111)
Net change in the actuarial value of charitable gift annuity agreements		7,854
Contributions restricted for capital acquisition and long-term investment		(716,811)
Net changes in:		
Accounts receivable		127,289
Contributions receivable		37,741
Prepaid expenses, deposits, and other current assets		85,312
Other long-term assets		1,451
Accounts payable and accrued expenses		379,083
Accrued payroll liabilities		545,423
Deferred revenues and amounts refundable to grantors		(82,497)
Other liabilities		78,203
Total adjustments		2,369,176
Net cash provided by operating activities	$	2,201,680

24. Reclassification of 2019 Comparative Totals

Certain 2019 amounts presented herein have been reclassified to conform to the 2020 presentation.

ALBERTINA KERR CENTERS

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2020
(WITH COMPARATIVE AMOUNTS FOR 2019)

	2020					
	Albertina Kerr Centers	Kerr Bikes, LLC	Albertina Kerr Centers Foundation	Consoli-dating elimination entries	Total	2019
Assets:						
Cash and cash equivalents	$ 1,616,574	29,241	117,508	–	1,763,323	1,702,163
Accounts receivable	2,536,879	–	–	–	2,536,879	2,664,168
Contributions receivable	2,219	–	71,416	–	73,635	111,376
Prepaid expenses, deposits, and other current assets	377,120	2,795	20,337	–	400,252	490,183
Investments	44,836	–	8,917,885	–	8,962,721	8,871,358
Beneficial interest in assets held by the Oregon Community Foundation	–	–	177,874	–	177,874	185,702
Beneficial interest in Albertina Kerr Centers Foundation	9,529,992	–	–	(9,529,992)	–	–
Contributions receivable from charitable remainder unitrusts	–	–	281,689	–	281,689	492,470
Other long-term assets	–	–	57,085	–	57,085	58,536
Land, buildings, equipment, and property rights	22,262,681	37,784	50,808	–	22,351,273	21,589,651
Interest rate swap agreement	–	–	–	–	–	4,969
Intra-organizational receivable (payable)	199,909	(69,547)	(130,362)	–	–	–
Total assets	$ 36,570,210	273	9,564,240	(9,529,992)	36,604,731	36,170,576
Liabilities:						
Accounts payable and accrued expenses	840,359	273	–	–	840,632	461,549
Construction payables	64,711	–	–	–	64,711	49,082
Accrued payroll liabilities	2,577,456	–	–	–	2,577,456	2,032,033
Deferred revenues and amounts refundable to grantors	22,615	–	34,248	–	56,863	139,360
Other liabilities	258,587	–	–	–	258,587	183,250
Interest rate swap agreement	120,271	–	–	–	120,271	–
Long-term debt	4,329,760	–	–	–	4,329,760	4,781,355
Total liabilities	8,213,759	273	34,248	–	8,248,280	7,646,629
Net assets:						
Without donor restrictions	27,917,684	–	6,259,555	(9,529,992)	24,647,247	24,066,471
With donor restrictions	438,767	–	3,270,437	–	3,709,204	4,457,476
Total net assets	28,356,451	–	9,529,992	(9,529,992)	28,356,451	28,523,947
Total liabilities and net assets	$ 36,570,210	273	9,564,240	(9,529,992)	36,604,731	36,170,576

ALBERTINA KERR CENTERS

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020					
	Albertina Kerr Centers	Kerr Bikes, LLC	Albertina Kerr Centers Foundation	Consolidating elimination entries	Total	2019
Operating revenues, gains, and other support:						
Contract service fees	$ 44,554,837	–	–	–	44,554,837	39,780,536
Grants and contributions	1,876,912	2,823	1,601,195	(1,666,013)	1,814,917	1,457,635
Special events, net	–	–	407,606	–	407,606	347,916
Sales, net	5,208	8,906	368,808	–	382,922	562,160
Investment return	1,224	–	–	–	1,224	1,586
Other	637,370	161,447	7,966	–	806,783	424,592
Net change in beneficial interest in Albertina Kerr Centers Foundation	(146,378)	–	–	146,378	–	–
Appropriation of endowment assets	–	–	341,238	–	341,238	330,938
Other operating transfers	(19,867)	19,867	–	–	–	–
Total revenues, gains, and other support	46,909,306	193,043	2,726,813	(1,519,635)	48,309,527	42,905,363
Expenses:						
Program services	43,128,698	193,043	–	–	43,321,741	38,518,272
Management and general	3,432,760	–	278,165	–	3,710,925	3,492,031
Resource development	–	–	1,134,937	–	1,134,937	1,143,829
Volunteer-managed businesses	–	–	471,985	–	471,985	450,610
Grants to Albertina Kerr Centers	–	–	1,666,013	(1,666,013)	–	–
Total expenses	46,561,458	193,043	3,551,100	(1,666,013)	48,639,588	43,604,742
Increase (decrease) in net assets before non-operating activities	347,848	–	(824,287)	146,378	(330,061)	(699,379)
Non-operating activities:						
Capital contributions and grants	–	–	677,199	–	677,199	1,398,600
Endowment gifts	–	–	–	–	–	5,236
Investment income	988	–	314,315	–	315,303	456,555
Net change in the beneficial interest in assets held by the Oregon Community Foundation	–	–	(478)	–	(478)	11,118
Appropriation of endowment assets	–	–	(341,238)	–	(341,238)	(330,938)
Net change in the carrying value of contributions receivable from charitable remainder unitrusts	–	–	28,111	–	28,111	51,642
Net change in the actuarial value of charitable gift annuity agreements	(7,854)	–	–	–	(7,854)	(3,275)
Net gain on disposal of assets	(383,238)	–	–	–	(383,238)	10,220
Net change in the fair value of interest rate swap agreement	(125,240)	–	–	–	(125,240)	(120,322)
Increase (decrease) in net assets	(167,496)	–	(146,378)	146,378	(167,496)	779,457
Net assets at beginning of year	28,523,947	–	9,676,370	(9,676,370)	28,523,947	27,744,490
Net assets at end of year	$ 28,356,451	–	9,529,992	(9,529,992)	28,356,451	28,523,947

GOVERNING BOARD AND MANAGEMENT

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Operations and Strategy
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Manager, Commercial Banking
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Chief Development Officer

Van Field
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Owen Gibson, M.A., C.H.C.
Chief Corporate Compliance
Officer

Janice Jacobs, M.B.A.
Chief Financial Officer

Derrick Perry
Chief Program Officer

Craig Rusch
Chief Information Officer

Matt Warner, M.B.A., S.P.H.R.
Chief Human Resources Officer

INQUIRIES AND OTHER INFORMATION

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