NEW NARRATIVE

Consolidated Audited Financial Statements

For the Year Ended June 30, 2022

McDONALD JACOBS

McDONALD JACOBS
ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Narrative

Opinion
We have audited the accompanying consolidated financial statements of New Narrative (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial consolidated statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Narrative as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of New Narrative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

520 SW Yamhill Street Suite 500 Portland, Oregon 97204
P: 503 227 0581 F: 503 274 7611
mail@mcdonaldjacobs.com mcdonaldjacobs.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Narrative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Narrative's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited New Narrative's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
March 23, 2023

NEW NARRATIVE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With comparative totals for 2021)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,762,227	$ 3,621,933
Accounts receivable, net	4,107,392	2,791,594
Contributions receivable	-	74,775
Inventory	76,696	85,715
Prepaid expenses	49,928	120,789
Total current assets	9,996,243	6,694,806
Investments	1,194,203	1,238,060
Deposits held in trust	235,432	373,454
Property and equipment, net	19,132,156	16,235,572
TOTAL ASSETS	$ 30,558,034	$ 24,541,892
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 783,418	$ 648,372
Accrued personnel liabilities	1,741,739	949,368
Deferred revenue	4,830,190	1,334,674
Refundable advance	-	2,229,497
Notes payable - current portion	410,809	298,187
Total current liabilities	7,766,156	5,460,098
Deposits held in trust	239,719	374,544
Obligations under conditional grants	5,559,063	2,822,327
Notes payable, less current portion	7,085,812	7,467,976
Total liabilities	20,650,750	16,124,945
Net assets (deficit):		
Without donor restrictions:		
Undesignated	(1,793,168)	(322,859)
Net property and equipment	11,635,535	8,469,409
Total without donor restrictions	9,842,367	8,146,550
With donor restrictions	64,917	270,397
Total net assets	9,907,284	8,416,947
TOTAL LIABILITIES AND NET ASSETS	$ 30,558,034	$ 24,541,892

See notes to consolidated financial statements.

NEW NARRATIVE
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022	2021
Change in net assets without donor restrictions:		
Support and revenue:		
Government grants and contracts	$ 9,907,756	$ 6,811,197
Fee for service	9,830,930	10,701,570
Pharmaceutical sales, net of related expenses of $3,041,559 in 2022 and $2,407,643 in 2021	289,527	401,694
Rental income	1,774,927	1,621,192
Contributions	285,487	170,301
Conditional grants recognized	97,648	76,298
Other government grant - Paycheck Protection Program	2,105,597	-
Other income	200,105	207,812
Net assets released from restrictions:		
Satisfaction of purpose restrictions	340,480	227,489
Total support and revenue	24,832,457	20,217,553
Expenses:		
Program services	18,113,227	14,806,194
Management and general	5,023,413	3,853,067
Total expenses	23,136,640	18,659,261
Change in net assets without donor restrictions	1,695,817	1,558,292
Change in net assets with donor restrictions:		
Contributions and grants	135,000	380,050
Net assets released from restrictions:		
Satisfaction of purpose restrictions	(340,480)	(227,489)
Change in net assets with donor restrictions	(205,480)	152,561
Change in net assets	1,490,337	1,710,853
Net assets:		
Beginning of the year	8,416,947	6,706,094
End of the year	$ 9,907,284	$ 8,416,947

See notes to consolidated financial statements.

NEW NARRATIVE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022
(With comparative totals for 2021)

	Program Services							
	Residential Treatment	Clinical Services	Peer Services	Auxiliary Services	Total Program Services	Management and General	2022 Total	2021 Total
Salaries and related expenses	$ 6,703,058	$ 3,067,450	$ 881,632	$ 2,181,023	$ 12,833,163	$ 3,382,930	$ 16,216,093	$ 12,706,254
Program expenses and supplies	385,265	422,525	465,034	597,956	1,870,780	95,045	1,965,825	1,705,382
Professional fees	57,079	283,009	16,394	40,046	396,528	407,367	803,895	750,147
Cost of goods sold	-	-	-	3,041,559	3,041,559	-	3,041,559	2,407,643
Occupancy	513,231	74,000	26,358	538,562	1,152,151	69,366	1,221,517	1,066,293
Telephone and internet	217,612	163,088	61,244	114,132	556,076	154,993	711,069	679,082
Staff development and events	(239,725)	16,481	273,562	5,529	55,847	143,216	199,063	78,820
Insurance	61,316	27,170	4,692	68,400	161,578	20,772	182,350	194,234
Depreciation	206,656	92,793	26,515	225,219	551,183	117,182	668,365	621,524
Interest expense	108,065	54,125	16,801	23,817	202,808	41,071	243,879	325,658
Other operating costs	99,074	71,092	8,929	154,018	333,113	591,471	924,584	531,867
	8,111,631	4,271,733	1,781,161	6,990,261	21,154,786	5,023,413	26,178,199	21,066,904
Less cost of goods sold netted with revenue	-	-	-	(3,041,559)	(3,041,559)	-	(3,041,559)	(2,407,643)
Total expenses	$ 8,111,631	$ 4,271,733	$ 1,781,161	$ 3,948,702	$ 18,113,227	$ 5,023,413	$ 23,136,640	$ 18,659,261

See notes to consolidated financial statements.

NEW NARRATIVE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 1,490,337	$ 1,710,853
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and loan fee amortization	674,924	628,083
Change in allowance for uncollectible accounts	(42,732)	(28,424)
Net realized and unrealized (gain) loss on investments	162,800	(8,872)
Amortization of conditional grant agreements	(97,648)	(76,298)
(Increase) decrease in:		
Accounts receivable	(1,273,066)	(369,139)
Contributions receivable	74,775	(74,775)
Other assets	79,880	(15,283)
Increase (decrease) in:		
Accounts payable and accrued expenses	135,046	(152,687)
Accrued personnel liabilities	792,371	256,310
Deferred revenue	3,495,516	90,118
Refundable advance-Paycheck Protection Program	(2,229,497)	-
Net cash flows from operating activities	3,262,706	1,959,886
Cash flows from investing activities:		
Deposits held in trust	3,197	21,426
Purchase of property and equipment	(3,564,949)	(515,553)
Purchase of investments	(118,943)	(98,209)
Net cash flows from investing activities	(3,680,695)	(592,336)
Cash flows from financing activities:		
Proceeds from notes payable	86,961	101,602
Principal payments on notes payable	(363,062)	(475,121)
Conditional grants received	2,834,384	-
Net cash flows from financing activities	2,558,283	(373,519)
Net change in cash and cash equivalents	2,140,294	994,031
Cash and cash equivalents - beginning of year	3,621,933	2,627,902
Cash and cash equivalents - end of year	$ 5,762,227	$ 3,621,933
Supplemental cash flow information:		
Cash paid during the year for interest	$ 237,320	$ 319,906
Noncash financing activities - refinance of loan	$ 1,750,000	$ -

See notes to consolidated financial statements.

1. DESCRIPTION OF ORGANIZATION

New Narrative opened their first site in Oregon in 1977. Since then, the Organization has grown from a single site to an agency providing clinical services through outpatient clinics and residential treatment facilities. These clinics and facilities offer clinical therapies and life-skills training in short-term residential settings. In addition, the Organization has peer programs (run by people who have lived experience with trauma and the mental health care system) that focus on vocational skills, wellness goals, and connections to community; and auxiliary services that include supportive, transitional, and independent housing; homeless outreach and housing navigation; pharmacy services; and catering services.

New Narrative's primary programs are as follows:

- Residential Treatment: Live-in, short-term program that allows individuals to pursue therapeutic goals in a home-like setting.
- Clinical Services: Outpatient services with personalized treatment plans that may include skills training, individual and group therapies, and medication management, as well as support for residential treatment.
- Peer Services: Peer-to-peer programs and supports that build vocational and social skills, set and pursue wellness goals, and grow connections with a community.
- Auxiliary Services: Services that support improved program delivery.

New Narrative is the sole member of the following limited liability companies:

- New Narrative Behavioral Health Services, LLC – clinical, peer and other treatment for residents
- New Narrative Catering, LLC – food services for residents
- New Narrative Pharmacy, LLC – pharmacy supplies for residents
- NN Horizon Property Management, LLC – property management for residential housing
- New Narrative Douglas Fir Apartments, LLC – residential housing
- Clover Court Apartments, LLC – residential housing

Principles of Consolidation

The consolidated financial statements include the accounts of New Narrative and the aforementioned entities (collectively, the Organization). All inter-organization transactions and balances have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 (or certain grantor) restrictions.

- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents included with investments are considered investments.

Accounts and Contributions Receivable

Accounts and contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Organization records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when their collection appears doubtful. Contributions receivable at June 30, 2021 are receivable within one year.

Inventory

Inventory consist primarily of pharmaceuticals and is reflected at the lower of cost or net realizable value determined on the first-in, first out (FIFO) basis.

Investments

Investments are carried at fair value.

Deposits Held in Trust

New Narrative is the court appointed fiscal manager for certain clients who reside in its properties and maintains security deposits for tenants in owned rental properties. Deposits held in trust include an asset and a corresponding liability in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment

Acquisitions of property and equipment over $5,000 are capitalized. Property and equipment purchased are recorded at cost and donated assets are reflected as contributions at their estimated fair values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 32 years.

Impairment of Long-Lived Assets

The Organization reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended June 30, 2022 and 2021.

Loan Fees

Loan fees are netted with long term debt and are amortized over the related term of the loan. Amortization expense is included with interest expense.

Obligations Under Conditional Grants

Obligations under conditional grants represent funds received from governmental agencies for the construction of facilities. The Organization must maintain the facilities for their original intended purpose.

Revenue Recognition

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Government Grants and Contracts: Government grants and contracts are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as advances on government grant and included in deferred revenue in the consolidated statement of financial position. The Organization has been awarded cost-reimbursable grants of approximately $1,320,000 for the period through December 2022 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Fee for Service: Third-party reimbursements included in fee for service revenue are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third party payers, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

Pharmaceutical Sales: Pharmaceutical sales are recognized as revenue upon exchange of consideration and delivery of the pharmaceuticals to the customer.

Rental Income: Rental income is recognized in the month in which the services are provided. Rental payments received in advance are deferred until earned.

Conditional Grants Recognized: These grants are amortized into revenue over the applicable compliance period or upon expiration of the compliance requirements. Revenue recognized under these arrangements was $97,648 and $76,298 for the years ended June 30, 2022 and 2021, respectively.

Refundable Advance: The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance will be recognized as revenue. A PPP loan of $2,229,497 was received in 2020. During the year ended June 30, 2022, $2,105,597 was forgiven and recognized as other government grant revenue in the consolidated statement of activities. The unforgiven portion of $123,900 was repaid to the SBA.

Functional Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include:

- Salaries and related costs, certain professional fees, telephone and internet, and other, which are allocated based on estimates of time and effort.
- Program expenses and supplies, which are allocated based on number of clients
- Occupancy, depreciation, interest, and insurance, which are allocated on the basis of square footage

Fundraising costs are immaterial to the Organization and are included in management and general expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Tax Status

New Narrative is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying consolidated financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation. New Narrative is the sole member of aforementioned limited liability companies, making them disregarded entities for tax purposes.

The Organization follows the provisions of FASB ASC *Topic 740Accounting for Uncertainty in Income Taxes.* Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

Use of Estimates

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

Summarized Financial Information for 2021

The financial information as of June 30, 2021 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through March 23, 2023, the date the consolidated financial statements were available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Standard

Effective for financial statements for the year ending June 30, 2023, the Organization expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Organization is lessee. Upon adoption, among other effects, the Organization will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Organization's future consolidated financial statements of these changes and related retrospective adjustments have not yet been determined.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 5,762,227	$ 3,621,933
Accounts receivable, net	4,107,392	2,791,594
Contributions receivable	-	74,775
Investments	1,194,203	1,238,060
Total financial assets	11,063,822	7,726,362
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	64,917	270,397
Financial assets available for general expenditure	$ 10,998,905	$ 7,455,965

See Note 8 for information on financial resources available through a line of credit.

4. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of the following at June 30, 2022 and 2021:

	2022	2021
Multnomah County	$ 1,999,962	$ 716,511
Oregon Health Authority (OHA)	293,744	586,289
Washington County	188,193	240,411
Third party payors and other	1,677,358	1,342,980
Total accounts receivable	4,159,257	2,886,191
Less allowance for uncollectible accounts	51,865	94,597
Total accounts receivable, net	$ 4,107,392	$ 2,791,594

Accounts balances over 90 days are approximately $1,370,000 and $719,000 as of June 30, 2022 and 2021, respectively.

5. INVESTMENTS

Investments consists of the following at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 122,334	$ 85,044
Exchange-traded funds	690,933	527,896
Fixed income (corporate bonds)	344,762	625,120
Real estate investment trusts	36,174	-
Total investments	$ 1,194,203	$ 1,238,060

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	2022	2021
Land	$ 3,867,302	$ 3,851,998
Building and improvements	17,222,754	16,782,392
Construction in process	3,227,960	582,901
Furniture and equipment	963,456	1,424,147
Vehicles	860,672	766,819
Total property and equipment	26,142,144	23,408,257
Less accumulated depreciation	7,009,988	7,172,685
Net property and equipment	$ 19,132,156	$ 16,235,572

Construction in process includes a 15-unit apartment complex expected to be completed by June 2023 at an estimated cost to complete of $3,100,000, as well as renovation of two buildings with estimated costs to complete of $1,100,000.

7. DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2022 and 2021:

	2022	2021
Case Rate (Note 12)	$ 284,640	$ 346,331
Advances on government grants:		
Bridge City Recovery	731,788	-
Child Welfare Stabilization	-	389,558
OHA HB 4004 - Workforce Stability	1,805,202	-
OHA Measure 110	978,206	-
Provider Relief Funds	-	238,895
Rental Assistance Program	454,638	278,401
Other programs	575,716	81,489
Total deferred revenue	$ 4,830,190	$ 1,334,674

8. LINE OF CREDIT

The Organization has available a $1,200,000 revolving line of credit that matures in May 2023. Interest on the line is payable monthly on outstanding balances at the bank's prime rate plus 0.5% with a minimum rate of 4.25% (5.25% and 4.25% at June 30, 2022 and 2021, respectively) The line is secured by certain assets. There are no outstanding advances at June 30, 2022 and 2021.

9. NOTES PAYABLE

The Organization's notes payable consist of the following at June 30, 2022 and 2021:

Lender/Property Security	Monthly Payment	Interest Rate	Maturity Date	2022 Loan Balance	2021 Loan Balance
Chase Bank:					
Christopher *	$ 943	6.00%	Jan 2033	$ -	$ 94,258
Meusch*	1,555	7.00%	May 2032	-	52,975
Estuesta House*	2,074	5.88%	Apr 2035	-	235,166
Valeo House*	2,244	6.38%	Jan 2036	-	254,912
Matthews House*	1,223	6.75%	Jun 2032	-	113,549
Glenn Terrace*	1,823	5.75%	Apr 2033	-	187,499
Wallula*	1,241	5.25%	Aug 2033	-	133,218
Key Bank National Association:					
Sandvig*	1,200	7.13%	Mar 2027	-	66,815
Connell*	3,750	7.19%	Apr 2027	-	210,598
Self Directed Services*	5,271	7.93%	Jun 2026	-	238,163
Pluss*	3,534	5.63%	Oct 2024	-	127,616
Columbia Bank					
Real Estate RTF Loan	17,742	3.95%	Nov 2031	1,667,440	-
Washington County:					
Pluss	1,295	3.00%	Sep 2039	183,394	207,435
HOME Clover Court	(a)	0.00%	Dec 2046	400,000	400,000
Tom Brewer	1,189	3.00%	Jun 2032	91,863	120,407
Pacific Continental Bank:					
SNAP Loan	18,855	3.74%	Dec 2025	2,992,491	3,104,143
FlowHouse	1,414	4.64%	Feb 2026	207,563	215,405
Capital Pacific Bank:					
Garden Row	2,535	4.25%	Apr 2028	342,331	359,678
Community Housing Fund:					
Clover Court CHF	1,658	4.00%	Aug 2033	172,345	184,772
LifeWorks NW:					
Tom Brewer	542	0.00%	Jun 2028	39,000	45,500

Continued

9. NOTES PAYABLE, CONTINUED

Lender/Property Security	Monthly Payment	Interest Rate	Maturity Date	2022 Loan Balance	2021 Loan Balance
Portland Development Commission:					
Sandy Apartments	(b)	0.00%	Feb 2068	1,272,410	1,272,410
Various vehicle and equipment leases	Range from 200 to 716	1.35%	Jun 2022 - Dec 2026	215,819	236,241
Total long-term debt				7,584,656	7,860,760
Unamortized debt issuance costs				(88,035)	(94,597)
Total long-term debt, net				$ 7,496,621	$ 7,766,163

(a) Annual payments beginning Dec 2019 through Dec 2034 are based on half of NewNarrative's cash flowafter debt payment to Clover Court CHF loan. Payments from 2035 through 2045 are based on 85% of positive cash flow The last payment in 2036 will be the remaining payment of $200,000 less the total previous payments.

(b) Annual payments beginning Mar 2009 through Feb 2068 are based on half of NewNarrative's cash flow after other project related debt payments.

* These notes payable were refinanced in November 2021 into one note for $1,750,000 with Columbia Bank.

	2022	2021
Current portion	$ 410,809	$ 298,187
Long-term portion	7,085,812	7,467,976
	$ 7,496,621	$ 7,766,163

Future maturities of notes payable are as follows:

Year ending June 30, 2023	$ 410,809
2024	418,259
2025	404,483
2026	561,921
2027	383,407
Thereafter	3,733,367
Equity gap loan	1,272,410
Cash flow contingent payments	400,000
	$ 7,584,656

10. OBLIGATIONS UNDER CONDITIONAL GRANTS

The Organization has been awarded grants from governmental agencies for the construction of facilities to operate several of their programs. The grants have varying payback provisions if the facilities are sold, disposed of, or not used for their intended purpose. Terms range from 15-60 years. The grants are amortized into revenue upon satisfaction of the conditions according to the terms of agreements. Conditional grants by funder consist of the following at June 30, 2022 and 2021:

	2022	2021
Washington County	$ 1,311,942	$ 1,350,682
Oregon Health Authority	2,834,384	-
Oregon Housing and Community Services	560,000	560,000
Oregon Dept. of Health and Human Services	384,287	410,895
Other	468,450	500,750
Total obligations under conditional grants	$ 5,559,063	$ 2,822,327

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Ascending Flow program	$ 33,750	$ 150,037
Diversity, equity and inclusion	31,167	120,360
Total net assets with donor restrictions	$ 64,917	$ 270,397

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the consolidated statements of financial position.

- Revenue from food services is recognized at a point in time, as food ordered is delivered to site per contract agreements.
- Revenue from licensed residential services is recognized at a point in time, as service is rendered.
- Revenue from mental health services and pharmaceuticals is recognized at a point in time, as service is rendered or pharmaceuticals provided.
- Revenue from rental units is recognized over time as housing is provided.
- Revenue from case rate allocation is recognized over the course of the authorization, which is generally 12 months.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

Total revenue by contract type is as follows:

	2022	2021
Point in time:		
Food Services	$ 348,332	$ 356,141
Licensed residential services	6,827,805	6,959,477
Mental health services	1,454,652	1,928,099
Pharmaceuticals	3,331,086	2,809,337
Over time:		
Rental	1,774,927	1,621,192
Case rate allocation	1,200,141	1,457,853
Total revenue from contracts with customers	14,936,943	15,132,099
Less cost of goods sold	3,041,559	2,407,643
Total net contract revenue	$ 11,895,384	$ 12,724,456

Exchange revenue earned under contractual arrangements is reported in the consolidated statement of activities as follows:

	2022	2021
Fee for service	$ 9,830,930	$ 10,701,570
Pharmaceutical sales, net	289,527	401,694
Rental income	1,774,927	1,621,192
Total net contract revenue	$ 11,895,384	$ 12,724,456

The beginning and ending contract balances are as follows:

Accounts receivable (contract asset):	2022	2021	2020
Point in time	$ 1,211,556	$ 1,320,945	$ 1,159,322
Over time	53,177	113,126	100,686
Total accounts receivable	$ 1,264,733	$ 1,434,071	$1,260,008
Deferred revenue (contract liability):			
Point in time	$ -	$ -	$ -
Over time	284,640	346,331	530,384
Total deferred revenue	$ 284,640	$ 346,331	$ 530,384

Revenue recognized for the years ended June 30, 2022 and 2021 that was included in the contract liability balance at the beginning of each year was $346,311 and $530,384, respectively.

13. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

14. LEASE COMMITMENTS

The Organization leases administrative and operating facilities under various operating lease agreements with monthly rent between $2,200 and $9,400, subject to annual increases. These operating rentals expire at various times through August 2027.

Rent expense for the above leases totaled approximately $295,300 and $269,200 for the years ended June 30, 2022 and 2021, respectively.

Future minimum non-cancellable lease commitments are as follows:

Year ending June 30, 2023	$ 299,100
2024	174,400
2025	104,100
2026	107,200
2027	110,400
	$ 795,200

The Organization also is party to a master lease agreement for 10 residential units, through December 2023, with the option to renew annually. Obligations under this lease total approximately $108,000 annually. Residents pay the landlord directly.

15. RETIREMENT PLAN

The Organization has a defined contribution plan (the Plan) under section 401(k) of the Internal Revenue Code, covering full-time employees who have three months of service. The Organization makes safe harbor matching contributions to the Plan equal to 100% of participant contributions up to 3% of eligible compensation, plus a 50% match of all remaining contributions up to 5% of eligible compensation. Additional discretionary contributions may be made at the discretion of the Organization. The Organization’s contributions to the Plan for the years ended June 30, 2022 and 2021 were approximately $260,900 and $234,500, respectively.

16. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Assets and liabilities recorded at fair value in the consolidated statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of investments measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	Level 1	Level 2
June 30, 2022		
Exchange-traded funds	$ 690,933	$ -
Fixed income (corporate bonds)	-	344,762
Real estate investment trusts	-	36,174
	$ 690,933	$ 380,936

	Level 1	Level 2
June 30, 2021		
Exchange-traded funds	$ 527,896	$ -
Fixed income (corporate bonds)	-	625,120
	$ 527,896	$ 625,120

Fair values for exchange-traded funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for investments in corporate bonds and real estate investment trusts are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

17. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of insured limits total approximately $5,037,000 at June 30, 2022, and $2,989,000 at June 30, 2021.

The Organization's revenues are concentrated with 71% of total revenues coming from two governmental agencies for the year ended June 30, 2022 (69% from two governmental agencies for the year ended June 30, 2021).

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.