

THE CANBY CENTER
FINANCIAL STATEMENTS
Year Ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Canby Center
Canby, Oregon

We have audited the accompanying financial statements of The Canby Center (a non-profit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2015, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Canby Center as of December 31, 2015, and its revenues and expenses the changes in its net assets and its cash flows for the year then ended in accordance with the basis of accounting described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Kern & Thompson, LLC

Portland, Oregon
July 20, 2016

THE CANBY CENTER
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS

December 31, 2015

ASSETS

Cash and cash equivalents	\$ <u>164,880</u>
Property and equipment	
Building	262,350
Land	187,650
Equipment and furniture	6,340
Leasehold improvements	<u>5,415</u>
	461,755
Less accumulated depreciation	<u>(23,989)</u>
Net property and equipment	<u>437,766</u>
Total assets	\$ <u><u>602,646</u></u>

LIABILITIES AND NET ASSETS

Payroll liabilities	\$ 4,163
Note payable	<u>363,781</u>
Total liabilities	<u>367,944</u>
Net assets	
Unrestricted	224,698
Temporarily restricted	<u>10,004</u>
Total net assets	<u>234,702</u>
Total liabilities and net assets	\$ <u><u>602,646</u></u>

See notes to financial statements.

THE CANBY CENTER

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS –
MODIFIED CASH BASIS**

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Contributions	\$ 248,551	\$ 39,572	\$ 288,123
Rental income	4,800	-	4,800
Donated food and clothing	193,870	-	193,870
Interest	76	-	76
	447,297	39,572	486,869
Net assets released from restrictions	29,568	(29,568)	-
Total revenues, gains and other support	476,865	10,004	486,869
Expenses			
Program services	354,946	-	354,946
Supporting services			
Management and general	75,005	-	75,005
Total expenses	429,951	-	429,951
Change in net assets	46,914	10,004	56,918
Net assets, beginning of year	177,784	-	177,784
Net assets, end of year	\$ 224,698	\$ 10,004	\$ 234,702

See notes to financial statements.

THE CANBY CENTER

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

Year Ended December 31, 2015

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u> Manage- ment and General	<u>Total</u>
Payroll and payroll taxes	\$ 82,085	\$ 55,134	\$ 137,219
Community and student programs	37,885	-	37,885
In-kind food and clothing	193,870	-	193,870
Repairs and maintenance	2,884	320	3,204
Insurance	-	6,089	6,089
Office expense	1,519	7,418	8,937
Occupancy	21,334	3,188	24,522
Conferences	416	104	520
Computer expense	4,405	1,101	5,506
Membership dues	640	160	800
Staff development	2,725	681	3,406
Depreciation	7,099	789	7,888
Miscellaneous	84	21	105
	<u>\$ 354,946</u>	<u>\$ 75,005</u>	<u>\$ 429,951</u>

See notes to financial statements.

THE CANBY CENTER
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
Year Ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ 56,918
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	7,888
Changes in assets and liabilities:	
Payroll liabilities	1,939
Net cash provided by operating activities	<u>66,745</u>
Cash flows from financing activities:	
Payment of long-term debt	<u>(23,888)</u>
Net change in cash	42,857
Cash, beginning of year	<u>122,023</u>
Cash, end of year	\$ <u><u>164,880</u></u>
 Supplemental disclosure of cash flow information	
Cash paid for interest	<u><u>\$ 12,199</u></u>

See notes to financial statements.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE A – DESCRIPTION OF ORGANIZATION

The Canby Center (TCC) is a nonprofit organization that exists to demonstrate God's love by offering assistance in life skills, health, faith, education and recreation. TCC provides relief and establishes relationships in order to bring real life changes for youth and their families in the Canby School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Under that basis, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses and the related liabilities are recognized when paid rather than when incurred. Consequently, TCC has not recognized a liability for services performed before year-end in the accompanying financial statements.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-kind Donations

The Organization receives contributions of food and clothing that are reflected as in-kind donations on their records. For the year ended December 31, 2015, the value used to record donated items was \$2.38 per pound for clothing and \$1.66 per pound for food. During the year, approximately 86,000 pounds of donated goods were received by the Organization.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the various assets. Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged to income as incurred. Donated assets are reflected as contributions at their estimated fair value at the date of receipt.

THE CANBY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization operates as a nonprofit corporation and has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets in 2015.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized in the Statement of Activities. Certain costs, including salaries, occupancy, professional fees and depreciation, have been allocated among the programs and supporting services benefitted.

NOTE C – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of amounts received for programs.

NOTE D – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents at financial institutions insured by the Federal Deposit Insurance Corporation. Balances may exceed insured limits at various times.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

NOTE E – LONG-TERM DEBT

Note payable to Kenagy Investments, LLC in monthly installments of \$3,329, including interest at 4.0%; secured by real property; maturity with balloon payment in August 2023.

Future maturities of long-term debt by year are as follows:

<u>Year Ended December 31,</u>	
2016	\$ 63,201
2017	28,437
2018	29,597
2019	30,802
2020	32,059
2021 and thereafter	<u>179,685</u>
	<u>\$ 363,781</u>

NOTE F – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 20, 2016, which is the date the financial statements were available to be issued.