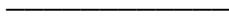


THE CANBY CENTER



FINANCIAL STATEMENTS

December 31, 2022 and 2021

(See Independent Accountant's Audit Report)

THE CANBY CENTER
(a 501(c)(3) Organization)

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
The Canby Center
Canby, Oregon

Opinion

We have audited the accompanying financial statements of The Canby Center, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Canby Center as of December 31, 2022 and 2021 and the results of the change 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 audits 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 The Canby Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

This report is intended solely for the information and use of the Organization's management, donors and prospective donors and is not intended to be and should not be used by anyone other than these specified parties.

Van Beck & Co., LLC

Tigard, Oregon

November 14, 2023

THE CANBY CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2022 and 2021
(See Independent Accountant's Audit Report)

	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 414,651	\$ 321,614
Marketable securities	1,159,491	196,640
Promises to give	1,359,391	493,692
Other assets	1,644	1,842
Cash and cash equivalents restricted for capital campaign (note 7)	3,591,881	2,676,807
Property, vehicles and equipment, net	<u>759,022</u>	<u>702,245</u>
Total assets	<u>\$ 7,286,080</u>	<u>\$ 4,392,840</u>
 LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 8,190	\$ 14,983
Payroll liabilities	<u>51,719</u>	<u>14,422</u>
Total liabilities	<u>59,909</u>	<u>29,405</u>
Net assets		
Without donor restrictions	943,205	1,019,512
With donor restrictions	<u>6,282,966</u>	<u>3,343,923</u>
Total net assets	<u>7,226,171</u>	<u>4,363,435</u>
Total liabilities and net assets	<u>\$ 7,286,080</u>	<u>\$ 4,392,840</u>

The accompanying notes are an integral
part of the financial statements.

THE CANBY CENTER
STATEMENT OF ACTIVITIES
for the years ended December 31, 2022 and 2021
(See Independent Accountant's Audit Report)

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues, gains and other support:		
Grants and contributions	\$ 602,880	\$ 681,371
In-kind donations	1,532,370	1,844,014
Investment income (loss), net	(74,013)	14,108
Employee retention credit (note 8)	229,492	
Other	14,846	8,376
	2,305,575	2,547,869
Net assets released from restrictions (note 2)	383,034	414,556
Total revenues, gains and other support without donor restrictions	2,688,609	2,962,425
Expenses:		
Program services	2,105,195	2,446,362
Supporting services:		
Management and general	221,108	131,341
Fundraising	438,613	313,412
Total expenses	2,764,916	2,891,115
Increase (decrease) in net assets without donor restrictions	(76,307)	71,310
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Grants and contributions:		
Capital campaign (note 7)	3,133,243	3,061,275
Other programs	188,834	177,626
Net assets released from restrictions (note 2)	(383,034)	(414,556)
Increase in net assets with donor restrictions	2,939,043	2,824,345
Increase in net assets	2,862,736	2,895,655
Net assets, beginning of year	4,363,435	1,467,780
Net assets, end of year	\$ 7,226,171	\$ 4,363,435

The accompanying notes are an integral part of the financial statements.

THE CANBY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
for the years ended December 31, 2022 and 2021
(See Independent Accountant’s Audit Report)

	2022				2021			
	Program Services	Supporting Services			Program Services	Supporting Services		
		Management & General	Fundraising	Total		Management & General	Fundraising	Total
Payroll and related expenses	\$ 329,579	\$ 140,052	\$ 242,669	\$ 712,300	\$ 322,769	\$ 99,903	\$ 155,312	\$ 577,984
In-kind food and clothing	1,532,370			1,532,370	1,844,014			1,844,014
Community and student programs	71,431			71,431	84,582			84,582
Capital campaign			129,966	129,966			102,311	102,311
Insurance	9,477	711	679	10,867	7,183	911	911	9,005
Office expense	30,653	17,527	19,329	67,509	24,352	9,461	19,710	53,523
Occupancy	16,861	937	937	18,735	14,814	1,702	1,702	18,218
Facility expense	32,723			32,723	57,252			57,252
Computer expense	7,691	5,335	96	13,122	12,313	9,026	3,372	24,711
Professional fees	6,290	50,315	6,289	62,894	25,249	7,560		32,809
Development	14,017	3,720	6,381	24,118	5,762	1,093	1,422	8,277
Depreciation	46,534			46,534	42,980			42,980
Fundraising - direct			29,128	29,128			26,565	26,565
Miscellaneous	7,569	2,511	3,139	13,219	5,092	1,685	2,107	8,884
Total operating expenses	\$ 2,105,195	\$ 221,108	\$ 438,613	\$ 2,764,916	\$ 2,446,362	\$ 131,341	\$ 313,412	\$ 2,891,115

The accompanying notes are an integral part of the financial statements.

THE CANBY CENTER
STATEMENT OF CASH FLOWS
for the years ended December 31, 2022 and 2021
(See Independent Accountant's Audit Report)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from grants, contributions and other support without donor restrictions (note 8)	\$ 847,218	\$ 574,613
Cash received from grants and contributions with donor restrictions	2,456,378	699,866
Cash paid to suppliers and employees	(1,155,310)	(994,635)
Interest/dividends received (paid), net	39,447	(2,336)
	<u>2,187,733</u>	<u>277,508</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(103,311)	(53,113)
Purchases of marketable securities, net	(1,076,311)	
Proceeds from sale of investment gains from donated marketable securities without donor restrictions		126,494
	<u>(1,179,622)</u>	<u>73,381</u>
Cash flows from financing activities:		
Proceeds from sale of donated securities restricted for long-term purpose (note 7)		1,850,432
Principal payments on long-term debt		(100,518)
		<u>1,749,914</u>
Net cash provided by financing activities		1,749,914
Net increase in cash, cash equivalents and restricted cash	1,008,111	2,100,803
Cash, cash equivalents and restricted cash, beginning of year	<u>2,998,421</u>	<u>897,618</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 4,006,532</u>	<u>\$ 2,998,421</u>
Reconciliation of net assets to net cash provided by operating activities:		
Change in net assets	\$ 2,862,736	\$ 2,895,655
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	46,534	42,980
Unrealized loss on investments	134,899	
Realized gain on investments	(21,439)	
Stock donation liquidated upon receipt, reported as investing activity		(126,494)
Stock donation liquidated upon receipt, reported as financing activity		(1,850,432)
Stock donation, not liquidated		(196,640)
Changes in account balances which affect operating activities:		
Promises to give	(865,699)	(493,692)
Other assets	198	(1,251)
Accounts payable	(6,793)	593
Accrued liabilities	37,297	6,789
Net cash provided by operating activities	<u>\$ 2,187,733</u>	<u>\$ 277,508</u>

The accompanying notes are an integral part of the financial statements.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Audit Report)

1. **THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Activities:

The Canby Center (“the Organization”), a 501(3)(c) non-profit organization since 2008, is a faith-based, relationship-driven organization which seeks to engage clients in their own growth within a loving community. The Organization’s mission is “In God’s love, we renew dignity and inspire learning for youth and families.” The focus of the Organization’s programs is to provide poverty-alleviating, dignity-strengthening resources and education for youth and families. They do so by providing no-cost food pantries, lunches, youth food programing, clothing, medical, dental, vision, and housing assistance. Furthermore, they aid in providing mentoring, tutoring and literacy programs including adult skills and professional finance training. The Organization is supported primarily through in-kind donations, grants and cash contributions. In addition, the Organization has a sizable volunteer community to aid in the variety of services the Organization provides.

Following is a summary of the Organization’s significant accounting policies:

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- Net Assets With Donor Restrictions – Net assets subject to donor stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

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

Basis of Accounting:

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes contributions, grants and other support when received or pledged (see Revenue Recognition below), and expenses when incurred.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant’s Audit Report)

1. **THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued:

Revenue Recognition:

The Organization recognizes contributions when cash, securities, other assets, unconditional promises to give, or notifications of beneficial interest are received.

Conditional promises to give are those with a measurable performance or other barrier, and/or a right of return and are not recognized until the conditions on which they depend has been substantially met. Contributions totaling approximately \$600,000 at December 31, 2022 have not been recognized in the accompanying statement of activities for the year then ended, as the condition on which they depend has not yet been met. The contributions are dependent upon a signed construction contract (Capital Campaign, note 7) submitted to and approved by the donor. Conditional contributions totaling approximately \$540,000 at December 31, 2021, were recognized in the accompanying statement of activities for the year ended December 31, 2022, as the condition on which they depend has been met. The contributions were dependent upon the Organization raising support for the Capital Campaign, which was matched dollar-for-dollar by the donor.

Contributions of food and clothing (“in-kind donations”) are included in unrestricted contributions in the accompanying statement of activities as they are received and disbursed in the same year. Food was valued at \$1.67 per pound and clothing was valued at \$4.34 per pound for each the years ended December 31, 2022 and 2021. The Organization received approximately 748,000 and 983,000 pounds of donated goods for the years ended December 31, 2022 and 2021, respectively.

A substantial number of volunteers have donated significant amounts of their time to the Organization and its educational programs; however, these donated services are not reflected in the financial statement since these services do not meet the criteria for recognition as contributed services.

Cash Equivalents:

The Organization considers all highly liquid investments available for current use with maturities of three months or less to be cash equivalents. Cash equivalents consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
LPL Financial certificates of deposit	\$ 2,500,005	
LPL Financial sweep accounts	1,083,729	\$ 1,332,117
Columbia Bank sweep account		<u>1,159,710</u>
	<u>\$ 3,583,734</u>	<u>\$ 2,491,827</u>

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

1. **THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued:

Marketable Securities:

Marketable securities are reported as "available for sale securities" and stated at their fair market value (note 5). Realized and unrealized gains and losses are reported as investment income in the accompanying statement of activities. Realized gains and losses are determined on the basis of the cost or amortized cost of the specific securities sold.

Promises to Give:

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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Management believes all promises to give are collectible and, therefore, no allowance for uncollectible accounts has been provided.

Donated Goods:

The Organization receives donations of food and clothing throughout the year, which are quickly redistributed to families in need; the amount of these goods on hand at any time is insignificant. As such, the in-kind donations are recorded as program expense as they are received. Management believes that the effect of this accounting departure on the Organization's financial statements is not material.

Property and Equipment:

Property, vehicle and equipment are stated at cost. Maintenance and repairs of a routine nature are charged to operations as incurred; additions and improvements are capitalized. Gains and losses from sales or retirements are included in operations. Receipts of donated assets (if any) are reflected as contributions at their estimated fair value at the date of receipt.

Accounting principles generally accepted in the United States of America require the cost of depreciable assets to be charged to operations over their expected useful lives in a systematic and rational manner, with consideration given to salvage value. The Organization records depreciation using straight line methods over the estimated useful lives of the related assets, but does not assign salvage values. Management believes the effect of this departure on the Organization's financial statements is immaterial.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

1. **THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued:

Concentrations of Risk:

Cash and Cash Equivalents:

The Organization's cash and cash equivalents subjects the Organization to concentrations of potential credit risk. The Organization limits its risk by depositing its cash with established financial institutions. The Umpqua Bank (FKA Columbia Bank) accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Clackamas Federal account is insured up to \$250,000 by the National Credit Union Association ("NCUA"). The LPL Financial accounts are fully insured. The Organization's cash and cash equivalents of the following at December 31, 2022:

	<u>2022</u>
Umpqua Bank	\$ 170,472
Embold Credit Union (formerly Clackamas Federal Credit Union)	267,051
LPL Financial	3,583,734
Outstanding checks	<u>(14,725)</u>
	<u>\$ 4,006,532</u>

Significant Donors

The Organization received capital campaign contributions totaling approximately \$1,950,282 (35% of revenues) and \$2,027,000 (35% of revenues) from two donors during for the years ended December 31, 2022 and 2021, respectively.

Marketable Securities:

The Organization's investment in marketable securities (note 5) subjects to the Organization concentrations of potential interest rate, market and credit risks. Due to the risk level associated with certain investments securities, it is at least reasonably possible that valuation changes will occur in the near term, and that such changes could materially affect the balances reported in the consolidated balance sheet. The Organization limits its risk by continually monitoring market conditions and working with experienced investment advisors.

Use of Estimates:

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

Income Taxes:

The Organization is exempt from federal and state taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax provision is recorded.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

1. **THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**
Continued:

Functional Allocation of Expenses:

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, costs have been allocated among the programs and supporting services benefited. Certain indirect costs (i.e., occupancy, insurance, office expense) are allocated on a square footage basis, while other indirect costs (i.e., payroll expenses) are allocated on the basis of time and effort.

Board-Designated Assets:

The Organization's governing board has designated, from net assets without donor restrictions, net assets totaling approximated \$414,000 for emergency purposes to be determined by the board. The designated amounts are reported in unrestricted cash and cash equivalents at December 31, 2022. There were no board-designated net assets at December 31, 2021.

Reclassifications:

Certain amounts reported in the Organization's 2021 financial statements have been reclassified to conform to 2022 financial statement presentation. Specifically, cash totaling \$184,980, previously reported as unrestricted cash and cash equivalents at December 31, 2021 was reclassified to restricted cash and cash equivalents at December 31, 2022. The reclassifications had no effect on the previously reported 2021 net income.

Subsequent Events:

Subsequent events that could affect the Organization's financial statements and related disclosures have been evaluated through November 14, 2023, the date the financial statements were available for distribution.

2. **RESTRICTIONS ON NET ASSETS:**

Restrictions on net assets consist of donations received with purpose restrictions to carry out specific program activities. Amounts restricted are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Capital campaign	\$ 6,012,915	\$ 3,110,141
Community assistance	74,032	70,210
Staffing	142,284	93,561
COVID-19 relief	8,262	23,924
Other purposes restrictions	45,473	46,087
	<u>\$ 6,282,966</u>	<u>\$ 3,343,923</u>

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

2. **RESTRICTIONS ON NET ASSETS**, Continued:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the years ended:

	<u>2022</u>	<u>2021</u>
Capital campaign	\$ 230,468	\$ 262,385
Community assistance	51,592	46,914
Staffing	7,777	7,777
COVID-19 relief	21,151	21,151
Other purposes restrictions	72,046	76,329
	<u>\$ 383,034</u>	<u>\$ 414,556</u>

3. **LIQUIDITY**:

The following reflects the Organization's financial assets, reduced by amounts not available for general use such as donor restrictions that have a designated use for specific programs activities for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,006,532	\$ 2,998,421
Promises to give	1,359,391	493,692
Marketable securities	<u>1,159,491</u>	<u>196,640</u>
Total financial assets	6,525,414	3,688,753
Less those unavailable for general expenditures within one year, due to donor restrictions	<u>(6,282,966)</u>	<u>(3,343,923)</u>
Financial assets available to meet cash needs within one year	<u>\$ 242,448</u>	<u>\$ 344,830</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other short-term obligations come due. In addition, the Organization invests cash in excess of daily requirements in short term investments.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

4. **PROPERTY, VEHICLES & EQUIPMENT:**

Property, vehicles and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Building	\$ 284,240	\$ 284,240
Land	187,650	187,650
Equipment and furniture	110,370	99,842
Leasehold improvement	202,070	202,070
Vehicle	72,520	72,520
Construction in progress (note 7)	<u>115,557</u>	<u>22,774</u>
	972,407	869,096
Less accumulated depreciation	<u>213,385</u>	<u>166,851</u>
	<u>\$ 759,022</u>	<u>\$ 702,245</u>

Depreciation expense charged to operations totaled \$46,534 and \$42,980 for the years ended December 31, 2022 and 2021, respectively.

5. **MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS:**

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2:

Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3:

Inputs to the valuation methodology are unobservable but are significant to the fair value measurement.

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

5. **MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS**, Continued:

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: shares held by the Organization are valued by management at unadjusted quoted prices in active markets at the end of the year (Level 1). The Organization's investments in mutual funds totaled \$1,028,947 and \$139,140 at December 31, 2022 and 2021, respectively.

Mortgage securities funds: shares held by the Organization are valued by management at unadjusted quoted prices in active markets at the end of the year (level 1). The Organization's investments in mortgage securities funds totaled \$45,745 and \$57,500 at December 31, 2022, and 2021 respectively.

Exchange-traded funds: shares held by the Organization are valued by management at unadjusted quoted prices in active markets at the end of the year (level 1). The Organization's investments in exchange-traded funds totaled \$84,799 at December 31, 2022.

The methods described above could produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with other marketable securities, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

The Organization's investment activity is as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 196,640	
Transfers in, net	1,043,798	\$ 68,209
Dividends and interest	39,103	912
Fees and expenses	(6,590)	(30)
Realized capital gains	21,439	11,360
Unrealized gains (losses)	<u>(134,899)</u>	<u>116,089</u>
Balance, end of year	<u>\$1,159,491</u>	<u>\$ 196,640</u>

THE CANBY CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
(See Independent Accountant's Audit Report)

6. **RETIREMENT PLAN:**

The Organization sponsors a defined contribution retirement plan ("Simple IRA") for its eligible employees. The plan requires the Organization to match 100% of participant salary deferrals up to a maximum of 3% of each participant's compensation.

Contributions charged to operations under this plan totaled \$6,706 and \$8,318 for the years ended December 31, 2022 and 2021, respectively.

7. **COMMITMENTS:**

Capital Campaign:

In December 2020, after conducting a feasibility study, the Organization's Board of Directors voted to move ahead with plans to upgrade and expand their facility, expand programs and create a maintenance fund. Total costs are expected to be \$8.3 million, to be collected from various grant programs and individual donors. The Organization has raised \$3,133,243 and \$3,061,275, of which \$230,468 and \$262,385 has been spent for the years ended December 31, 2022 and 2021, respectively. Certain costs directly related to the construction of the new facility, such as architect fees, are capitalized as construction in progress. Period costs, such as campaign management costs, are expensed as they are incurred.

Consulting Agreement:

In January 2021, the Organization entered into an agreement with an unrelated third party, who provides management services for the Organization's capital campaign. The agreement expires in March 2023 and requires the Organization to pay monthly payments of \$7,000 until September 2022, at which time the payments are reduced to \$4,000 per month. The commitment under the agreement is \$12,000 for the year ending December 31, 2023.

8. **EMPLOYEE RETENTION CREDITS:**

The CARES Act provided an employee retention credit ("ERC"), a refundable tax credit against certain employment taxes for eligible employers. The 2021 ERC is equal to 70% of qualified wages paid to employees, up to a \$7,000 maximum credit per employee for each quarter ending March 31, June 30, September 30, 2021. The 2020 ERC is equal to 50% of qualified wages paid to employees, up to a \$5,000 maximum credit per employee for each quarter ending June 30, September 30, and December 31, 2020.

During the year ending December 31, 2022, the Organization claimed and received \$229,492 of ERC for qualified wages paid in 2021 (\$187,861) and 2020 (\$41,631). The credits are reported as other income in the accompanying statement of operations and net assets and included in cash received from grants, contributions and other support without donor restrictions in the accompanying statement of cash flows for the year ended December 31, 2022.