

# **Returning Veterans Project**

**Financial Statements  
With Independent Auditor's Report**

**Years Ended December 31, 2018 and 2017**

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**INDEPENDENT AUDITOR'S REPORT**

June 10, 2019

Board of Directors  
Returning Veterans Project  
220 NW 8th Ave  
Portland, OR 97209

**Report on the Financial Statements**

We have audited the accompanying statements of financial position of Returning Veterans Project (a non-profit corporation) as of December 31, 2018 and 2017 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

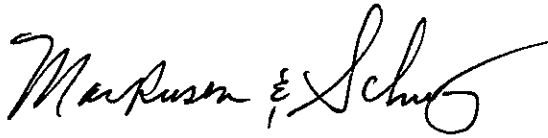
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 financial position of Returning Veterans Project as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Markusen & Schwing", written in a cursive style.

Markusen & Schwing

**Returning Veterans Project  
Statements of Financial Position  
December 31, 2018 and 2017**

|                                              | <b><u>ASSETS</u></b>  |                       |
|----------------------------------------------|-----------------------|-----------------------|
|                                              | <b><u>2018</u></b>    | <b><u>2017</u></b>    |
| Current Assets                               |                       |                       |
| Cash                                         | \$ 231,143            | \$ 116,078            |
| Contributions Receivable                     | 19,574                | 3,794                 |
| Prepaid Expense                              | 5,729                 | 3,888                 |
| Total Current Assets                         | <u>256,446</u>        | <u>123,760</u>        |
| <br>Total Assets                             | <br><u>\$ 256,446</u> | <br><u>\$ 123,760</u> |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b> |                       |                       |
| Current Liabilities                          |                       |                       |
| Accrued Liabilities                          | \$ 171                | \$ -                  |
| Accrued Compensated Absences                 | 5,286                 | 1,061                 |
| Total Current Liabilities                    | <u>5,457</u>          | <u>1,061</u>          |
| <br>Net Assets                               |                       |                       |
| Without Donor Restriction                    | 170,489               | 85,865                |
| With Donor Restriction                       | 80,500                | 36,834                |
| Total Net Assets                             | <u>250,989</u>        | <u>122,699</u>        |
| <br>Total Liabilities and Net Assets         | <br><u>\$ 256,446</u> | <br><u>\$ 123,760</u> |

**Returning Veterans Project  
Statements of Activities  
Years Ended December 31, 2018 and 2017**

|                                      | 2018                         |                           | 2017                         |                           |
|--------------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
|                                      | Without Donor<br>Restriction | With Donor<br>Restriction | Without Donor<br>Restriction | With Donor<br>Restriction |
|                                      | Total                        |                           | Total                        |                           |
| <b>Revenue and Support</b>           |                              |                           |                              |                           |
| Foundation Grants                    | \$ 89,157                    | \$ 80,500                 | \$ 70,166                    | \$ 36,834                 |
| Contributions                        | 273,798                      | -                         | 176,510                      | -                         |
| Special Events                       | -                            | -                         | 16,595                       | -                         |
| Volunteer-Contributed Services       | 411,784                      | -                         | 370,110                      | -                         |
| Fees and Other Revenues              | 6,189                        | -                         | 2,382                        | -                         |
| Net Assets Released from Restriction | 36,834                       | (36,834)                  | 13,800                       | (13,800)                  |
| Total Revenue and Support            | 817,762                      | 43,666                    | 649,563                      | 23,034                    |
| <b>Expenses</b>                      |                              |                           |                              |                           |
| Programs Services                    |                              |                           |                              |                           |
| Network                              | 482,242                      | -                         | 437,248                      | -                         |
| Training                             | 43,601                       | -                         | 30,826                       | -                         |
| Outreach                             | 87,732                       | -                         | 87,555                       | -                         |
| Support Services                     |                              |                           |                              |                           |
| Management and General               | 85,424                       | -                         | 69,238                       | -                         |
| Fundraising                          | 34,139                       | -                         | 44,569                       | -                         |
| Total Expenses                       | 733,138                      | -                         | 669,436                      | -                         |
| <b>Change in Net Assets</b>          | 84,624                       | 43,666                    | (19,873)                     | 23,034                    |
| Net Assets, Beginning of Year        | 85,865                       | 36,834                    | 105,738                      | 13,800                    |
| Net Assets, End of Year              | \$ 170,489                   | \$ 80,500                 | \$ 85,865                    | \$ 36,834                 |

See accompanying notes to financial statements

**Returning Veterans Project**  
**Statement of Functional Expense**  
**Year Ended December 31, 2018**

|                                 | PROGRAM SERVICES |           |           |            | SUPPORT SERVICES     |           |            | GRAND TOTALS |
|---------------------------------|------------------|-----------|-----------|------------|----------------------|-----------|------------|--------------|
|                                 | Network          | Training  | Outreach  | Total      | Management & General |           | Total      |              |
|                                 |                  |           |           |            |                      |           |            |              |
| Personnel                       | \$ 55,944        | \$ 18,227 | \$ 56,271 | \$ 130,442 | \$ 41,532            | \$ 19,134 | \$ 60,666  | \$ 191,108   |
| Volunteer-Contributed Services  | 396,784          | -         | -         | 396,784    | 15,000               | -         | 15,000     | 411,784      |
| Therapy Activities              | 1,536            | -         | -         | 1,536      | -                    | -         | -          | 1,536        |
| Training                        | -                | 16,158    | -         | 16,158     | (67)                 | -         | (67)       | 16,091       |
| Fundraising                     | -                | -         | -         | -          | -                    | 1,796     | 1,796      | 1,796        |
| Outreach                        | 4                | -         | 2,856     | 2,860      | 44                   | 547       | 591        | 3,451        |
| Events                          | -                | -         | -         | -          | 1,871                | -         | 1,871      | 1,871        |
| Bank Fees                       | 281              | 94        | 281       | 656        | 191                  | 93        | 284        | 940          |
| Board of Directors              | -                | -         | -         | -          | 501                  | -         | 501        | 501          |
| Insurance                       | 83               | 27        | 83        | 193        | 2,716                | 28        | 2,744      | 2,937        |
| Internet                        | 266              | 89        | 329       | 684        | 201                  | 119       | 320        | 1,004        |
| Licenses and Taxes              | 64               | 21        | 258       | 343        | 152                  | 215       | 367        | 710          |
| Office Supplies                 | 1,991            | 664       | 2,035     | 4,690      | 1,625                | 1,136     | 2,761      | 7,451        |
| Postage                         | 270              | 48        | 126       | 444        | 27                   | 291       | 318        | 762          |
| Printing and Copies             | 1,797            | 532       | 2,144     | 4,473      | 1,125                | 1,772     | 2,897      | 7,370        |
| Professional Services           | 15,475           | 5,158     | 15,600    | 36,233     | 14,836               | 6,425     | 21,261     | 57,494       |
| Rent                            | 7,142            | 2,381     | 7,143     | 16,666     | 5,462                | 2,381     | 7,843      | 24,509       |
| Telephone                       | 605              | 202       | 606       | 1,413      | 208                  | 202       | 410        | 1,823        |
| Total Expenses                  | \$ 482,242       | \$ 43,601 | \$ 87,732 | \$ 613,575 | \$ 85,424            | \$ 34,139 | \$ 119,563 | \$ 733,138   |
| Percentage of 2018 Grand Totals | 65.8%            | 5.9%      | 12.0%     | 83.7%      | 11.7%                | 4.7%      | 16.3%      | 100.0%       |

See accompanying notes to financial statements



**Returning Veterans Project**  
**Statement of Functional Expense**  
**Year Ended December 31, 2017**

|                                 | PROGRAM SERVICES |           |           |            | SUPPORT SERVICES        |           |             | GRAND<br>TOTALS |       |
|---------------------------------|------------------|-----------|-----------|------------|-------------------------|-----------|-------------|-----------------|-------|
|                                 | Network          | Training  | Outreach  | Total      | Management<br>& General |           | Fundraising |                 | Total |
|                                 |                  |           |           |            |                         |           |             |                 |       |
| Personnel                       | \$ 45,773        | \$ 17,216 | \$ 64,668 | \$ 127,657 | \$ 51,623               | \$ 21,786 | \$ 73,409   | \$ 201,066      |       |
| Volunteer-Contributed Services  | 370,110          | -         | -         | 370,110    | -                       | -         | -           | 370,110         |       |
| Therapy Activities              | 3,164            | -         | -         | 3,164      | -                       | -         | -           | 3,164           |       |
| Training                        | -                | 7,338     | 28        | 7,366      | -                       | -         | -           | 7,366           |       |
| Fundraising                     | -                | -         | -         | -          | -                       | 8,623     | 8,623       | 8,623           |       |
| Outreach                        | 280              | -         | 2,237     | 2,517      | -                       | -         | -           | 2,517           |       |
| Events                          | -                | -         | 300       | 300        | -                       | -         | -           | 300             |       |
| Bank Fees                       | 299              | 100       | 299       | 698        | 200                     | 99        | 299         | 997             |       |
| Board of Directors              | 218              | -         | 1,228     | 1,446      | 480                     | 51        | 531         | 1,977           |       |
| Insurance                       | 98               | 33        | 98        | 229        | 2,849                   | 33        | 2,882       | 3,111           |       |
| Internet                        | 472              | 226       | 493       | 1,191      | 286                     | 254       | 540         | 1,731           |       |
| Licenses and Taxes              | 181              | 9         | 206       | 396        | 182                     | 160       | 342         | 738             |       |
| Office Supplies                 | 876              | 565       | 920       | 2,361      | 655                     | 525       | 1,180       | 3,541           |       |
| Postage                         | 451              | 46        | 125       | 622        | 56                      | 428       | 484         | 1,106           |       |
| Printing and Copies             | 2,107            | 894       | 3,409     | 6,410      | 1,264                   | 1,952     | 3,216       | 9,626           |       |
| Professional Services           | 6,147            | 2,041     | 6,472     | 14,660     | 6,918                   | 8,300     | 15,218      | 29,878          |       |
| Rent                            | 6,174            | 2,058     | 6,174     | 14,406     | 4,116                   | 2,058     | 6,174       | 20,580          |       |
| Telephone                       | 898              | 300       | 898       | 2,096      | 609                     | 300       | 909         | 3,005           |       |
| Total Expenses                  | \$ 437,248       | \$ 30,826 | \$ 87,555 | \$ 555,629 | \$ 69,238               | \$ 44,569 | \$ 113,807  | \$ 669,436      |       |
| Percentage of 2017 Grand Totals | 65.3%            | 4.6%      | 13.1%     | 83.0%      | 10.3%                   | 6.7%      | 17.0%       | 100.0%          |       |

**Returning Veterans Project**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

|                                                       | <u>2018</u>              | <u>2017</u>              |
|-------------------------------------------------------|--------------------------|--------------------------|
| <b>Cash Flows from Operating Activities</b>           |                          |                          |
| Change in Net Assets                                  | \$ 128,290               | \$ 3,161                 |
| Net Change in Operating Assets and Liabilities        |                          |                          |
| Contributions Receivable                              | (15,780)                 | (3,794)                  |
| Prepaid Expense                                       | (1,841)                  | 17                       |
| Accrued Liabilities                                   | 171                      | -                        |
| Accrued Compensated Absences                          | 4,225                    | (2,521)                  |
| Net Cash Provided (Used) by Operating Activities      | <u>115,065</u>           | <u>(3,137)</u>           |
| Net Change in Cash                                    | <u>115,065</u>           | <u>(3,137)</u>           |
| Cash, Beginning of Year                               | <u>116,078</u>           | <u>119,215</u>           |
| Cash, End of Year                                     | <u><u>\$ 231,143</u></u> | <u><u>\$ 116,078</u></u> |
| Supplemental disclosure of Cash Flow information      |                          |                          |
| Cash paid during year for income taxes                | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>       |
| Cash paid during year for interest charged to expense | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>       |

**Returning Veterans Project  
Notes to Financial Statements  
December 31, 2018 and 2017**

**(1) The Organization**

In 2005, the Returning Veterans Project (RVP) was founded in Portland, OR by a small group of mental health providers that wanted to do more to support returning veterans, service members, and families impacted by post-9/11 war zone military service. Over the years the network of volunteer providers has expanded throughout Oregon and Southwest Washington to include mental health professionals, massage therapy, acupuncture, chiropractic care, and more. RVP is a 501(c)(3) non-profit organization that relies solely on private funding.

**(2) Program Services**

The mission of RVP is to provide free, confidential mental and physical health services to post-9/11 war zone veterans, service members, and their families in Oregon and Southwest Washington.

RVP achieves its mission by working to expand and support the volunteer provider network, and serving as a community resource for veteran-specific issues and causes. Major program services include:

**Network** – Recruitment activities to promote the opportunity to volunteer as a provider. Orientation of new volunteer providers.

**Training** – Continuing education training programs to educate volunteer providers and the community about the unique needs of veterans, service members, and families related to challenges due to military service, and to provide access to evidence-based and emerging treatment options.

**Outreach** – Promoting the mental and physical health services available from RVP to the veteran communities. Serving as an information source for resources and support outside of the RVP mission.

**(3) Summary of Significant Accounting Policies**

The significant accounting policies followed by RVP 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 accounting principles generally accepted in the United States of America.

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

**Returning Veterans Project**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**(3) Summary of Significant Accounting Policies – continued**

**Basis of Presentation – continued**

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restriction – 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**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.

**Contributions** – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period 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.

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

**Fixed Assets and Depreciation** – Purchased fixed assets are stated at cost. Donated fixed assets are recorded at their estimated fair market value. The organization generally capitalizes expenditures for fixed assets in excess of \$2,500. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. At December 31, 2018 and 2017, there were no fixed assets.

**Returning Veterans Project  
Notes to Financial Statements  
December 31, 2018 and 2017**

**(3) Summary of Significant Accounting Policies – continued**

**Revenue Recognition** – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Contributions and grants whose restrictions, if any, are met in the same reporting period are reported as unrestricted revenue in the period of receipt. Contract and other service revenues are recognized at the time services are provided and the revenues are earned.

**Federal and State Taxes** – RVP is a tax-exempt corporation within the provisions of Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. It is management's opinion that none of RVP's present activities are subject to unrelated business income taxes; therefore, no provisions for income taxes have been made in the accompanying financial statements.

RVP files returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Generally, tax filings are subject to federal and state examination for three years after they are filed. The returns filed for years prior to December 31, 2015 are considered closed. In the event penalties and interest are assessed by income taxing authorities, it is RVP's policy to include these in operating expenses. No penalties and interest were assessed for the years ended December 31, 2018 and 2017.

**Concentration of Economic Risk** – RVP receives a substantial portion of its funding from charitable foundations and corporations. If these funds were not available, the Organization might have difficulty continuing operations. In the opinion of management, RVP will continue to receive sufficient funding to assure its existence.

**Functional Allocation of Expense** – The costs of providing the various programs and other activities of RVP have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on an allocation of employee's time incurred and on usage of resources. Expenses by natural classification are presented in the statement of functional expenses.

**(4) New Accounting Pronouncement**

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. RVP has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of RVP's financial statements:

- The unrestricted net asset class has been included in net assets without donor restriction.
- The temporarily restricted net asset class has been combined into net assets with donor restriction.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 5).

**Returning Veterans Project**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**(4) New Accounting Pronouncement – continued**

The changes have the following effect on net assets at December 31, 2017:

| <u>Net Asset Class</u>               | <u>As Originally Presented</u> | <u>After Adoption of ASU 2016-14</u> |
|--------------------------------------|--------------------------------|--------------------------------------|
| Unrestricted net assets              | \$ 85,865                      | \$ -                                 |
| Temporarily restricted net assets    | 36,834                         | -                                    |
| Net assets without donor restriction | -                              | 85,865                               |
| Net assets with donor restriction    | -                              | 36,834                               |
|                                      | <u>\$ 122,699</u>              | <u>\$ 122,699</u>                    |

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**(5) Liquidity and Availability of Financial Assets**

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

|                                                                          | <u>2018</u>       | <u>2017</u>       |
|--------------------------------------------------------------------------|-------------------|-------------------|
| Financial assets:                                                        |                   |                   |
| Cash                                                                     | \$ 231,143        | \$ 116,078        |
| Contributions receivable                                                 | <u>19,574</u>     | <u>3,794</u>      |
| Total financial assets                                                   | 250,717           | 119,872           |
| Less amounts not available to be used within one year                    | <u>-</u>          | <u>-</u>          |
| Financial assets available to meet general expenditures within one year: | <u>\$ 250,717</u> | <u>\$ 119,872</u> |

RVP regularly monitors liquidity required to meet its 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 expenditures over a 12-month period RVP considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, RVP operates with at least a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of RVP's cash flows and shows positive cash provided by operating activities in 2018.

**Returning Veterans Project  
Notes to Financial Statements  
December 31, 2018 and 2017**

**(6) Volunteer-Contributed Services**

RVP offers free healthcare services to returning veterans and their families. The services are provided by volunteer health professionals who donate their time to the organization. These amounts have been reported as both in-kind contribution revenue and volunteer services expense on the statement of activities. RVP recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets, or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

RVP determined the hourly rates of donated healthcare services using their current providers' fee structures. In 2018 and 2017, RVP volunteer providers donated 3,503 and 3,947 hours, respectively. The value of these donated healthcare services that are included in the financial statements for the years ended December 31, 2018 and 2017 are \$396,784 and \$370,110, respectively. In 2018 there was an additional \$15,000 of consulting services that were donated to RVP and are included in the financial statements.

**(7) Operating Leases**

RVP rents an administrative office under a month-to-month agreement. Office rent expense totaled \$24,509 and \$20,580 for the years ended December 31, 2018 and 2017, respectively.

**(8) Subsequent Events**

Management of RVP has evaluated events and transactions occurring after December 31, 2018 through June 10, 2019, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and have concluded no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.