
SE WORKS, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 1999

SE WORKS, INC.

Statement of Financial Position

June 30, 1999

ASSETS

Cash	\$ 25,000
Accounts receivable (<i>Note 3</i>)	178,436
Property and equipment – net (<i>Note 4</i>)	<u>151,531</u>
Total assets	<u>\$ 354,967</u>

LIABILITIES AND NET ASSETS

Liabilities:

Cash overdraft	\$ 75,834
Line of credit (<i>Note 5</i>)	22,500
Accounts payable	15,417
Accrued vacation	12,599
Note payable (<i>Note 6</i>)	<u>48,849</u>
Total liabilities	175,199

Commitments and contingencies (*Notes 9 and 10*)

Net assets:

Unrestricted:	
Investment in unrestricted property and equipment	55,182
Undesignated	<u>77,086</u>
Total unrestricted	132,268
Temporarily restricted (<i>Note 7</i>)	<u>47,500</u>
Total net assets	<u>179,768</u>
Total liabilities and net assets	<u>\$ 354,967</u>

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

SE WORKS, INC.

Statement of Activities

Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Totals
Support and revenue:			
Government grants and contracts <i>(Note 8)</i>	\$ 752,689	\$ -	\$ 752,689
Donations	7,947	50,000	57,947
Rental income	17,487	-	17,487
Other revenue	30,366	-	30,366
Net assets released from restrictions <i>(Note 7)</i>	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>
Total support and revenue	810,989	47,500	858,489
Expenses:			
Program services:			
Neighborhood Jobs Center	304,677	-	304,677
Advocacy/Training	159,742	-	159,742
Youth Services	53,010	-	53,010
Employer Services	63,812	-	63,812
One Stop Center	<u>47,605</u>	<u>-</u>	<u>47,605</u>
Total program services	628,846	-	628,846
Support services:			
Management and general	43,874	-	43,874
Fund raising	<u>11,967</u>	<u>-</u>	<u>11,967</u>
Total support services	<u>55,841</u>	<u>-</u>	<u>55,841</u>
Total expenses	<u>684,687</u>	<u>-</u>	<u>684,687</u>
Increase in net assets from operations	126,302	47,500	173,802
Transfer of net assets <i>(Note 11)</i>	<u>5,966</u>	<u>-</u>	<u>5,966</u>
Increase in net assets	132,268	47,500	179,768
Net assets at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 132,268</u>	<u>\$ 47,500</u>	<u>\$ 179,768</u>

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

SE WORKS, INC.

Statement of Functional Expenses

Year Ended June 30, 1999

	Program Services				
	Neighborhood Jobs Center	Advocacy/ Training	Youth Services	Employer Services	One Stop Center
Salaries	\$ 163,880	\$ 90,234	\$ 30,643	\$ 30,304	\$ 6,508
Payroll taxes and employee benefits	46,843	21,387	6,936	8,020	3,656
Professional services	4,105	-	100	450	10,210
Occupancy	-	-	-	-	-
Telephone	-	-	-	-	-
Education and training	3,061	4,281	715	5,921	800
Office supplies	476	295	23	572	148
Postage and printing	1,042	43	22	775	354
Utilities	-	-	-	-	-
Mileage, parking, travel	267	235	106	800	846
Insurance	-	-	-	-	-
Advertising	-	332	-	1,370	128
Subscriptions, fees and dues	1,210	-	36	225	239
Interest	-	-	-	-	-
Equipment rental and maintenance	2,001	-	-	207	-
Subcontractors	23,888	-	-	-	21,339
Support services	7,923	14,678	7,293	4,416	-
Board and meeting expenses	-	-	48	253	1,180
Miscellaneous	93	-	305	-	782
Total expenses before depreciation	254,789	131,485	46,227	53,313	46,190
Depreciation and amortization	2,144	2,128	2,128	2,147	-
Organizational joint allocation	47,744	26,129	4,655	8,352	1,415
	<u>\$ 304,677</u>	<u>\$159,742</u>	<u>\$ 53,010</u>	<u>\$ 63,812</u>	<u>\$47,605</u>

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

<u>Support Services</u>			
<u>Management and General</u>	<u>Fund raising</u>	<u>Joint Costs</u>	<u>Total</u>
\$ 8,516	\$ 4,845	\$ 4,789	\$ 339,719
4,278	1,621	2,964	95,705
19,164	935	3,338	38,302
-	-	29,264	29,264
-	-	19,737	19,737
62	80	1,456	16,376
41	62	10,426	12,043
1,148	102	7,855	11,341
-	-	7,518	7,518
2,182	76	32	4,544
-	-	1,674	1,674
-	-	-	1,830
884	127	2,632	5,353
3,424	-	-	3,424
48	265	1,100	3,621
487	2,324	-	48,038
-	-	-	34,310
35	100	463	2,079
<u>16</u>	<u>66</u>	<u>-</u>	<u>1,262</u>
40,285	10,603	93,248	676,140
-	-	-	8,547
<u>3,589</u>	<u>1,364</u>	<u>(93,248)</u>	<u>-</u>
<u>\$ 43,874</u>	<u>\$ 11,967</u>	<u>\$ -</u>	<u>\$ 684,687</u>

SE WORKS, INC.

Statement of Cash Flows

Year Ended June 30, 1999

Cash flows from operating activities:

Increase in net assets \$ 179,768

Adjustments to reconcile increase in net assets to
net cash used by operating activities:

Depreciation and amortization 8,547
Contributions restricted for capital acquisition (50,000)
Transfer of net assets (5,966)

Increase in:

Accounts receivable (178,436)
Accounts payable 15,417
Accrued vacation 12,599

Net cash used by operating activities (18,071)

Cash flows from investing activities:

Purchase of property and equipment (160,078)

Net cash used by investing activities (160,078)

Cash flows from financing activities:

Cash overdraft 75,834
Net proceeds from line of credit 22,500
Proceeds from note payable 50,000
Payments on note payable (1,151)
Contributions restricted for capital acquisition 50,000
Transfer of net assets 5,966

Net cash provided by financing activities 203,149

Net increase in cash 25,000

Cash at beginning of year -

Cash at end of year \$ 25,000

Supplemental disclosure of cash flow information:

Cash paid during the year for interest \$ 1,028

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

SE WORKS, INC.

Notes to Financial Statements

1. Organization

SE Works, Inc. (the organization), which began independent operations on July 1, 1998, was incorporated under the laws of the State of Oregon as a nonprofit corporation. The mission of the organization is to increase the economic health and well being of Southeast Portland neighborhoods by enhancing business and community access to employment resources.

To achieve the organizational mission, SE Works offers the following programs to the general public:

- Neighborhood Jobs Center: drop-in employment resource center for résumé development, job search assistance, social services referrals and basic technology skills enhancement.
- Youth Services: employment placement assistance, support services and GED completion classes.
- Advocacy/Training: support services, case management, and employment related training. Eligibility requirements frequently apply for specific programs.
- Employer Services: employee recruitment and screening for regional and local employers and industry-specific employment training.

In addition to providing programs, SE Works hosts the Southeast Portland One Stop Center, providing office space and resources to employment and social service providers.

2. Summary of Significant Accounting Policies

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

Basis of Presentation – The organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*. Under these provisions, 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* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.

SE WORKS, INC.

Notes to Financial Statements – Continued

2. Significant Accounting Policies – Continued

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Contribution Recognition – Contributions, which include unconditional promises to give, 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.

The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year of receipt are reported as unrestricted contributions.

The organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the organization reports expirations of donor restrictions over the estimated useful life of the related long-lived asset.

Property and Equipment – The organization follows the practice of capitalizing major expenditures for buildings and equipment at cost or estimated fair market value at date of donation. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

Leasehold improvements	5 years
Furniture and equipment	3 – 5 years

SE WORKS, INC.

Notes to Financial Statements – Continued

2. Significant Accounting Policies – Continued

Income Taxes – Income taxes are not provided for in the financial statements since the organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The organization is not classified as a private foundation.

Donated Services – Donated services have not been reflected in the accompanying financial statements since the appropriate criteria for recording these services have not been met. Nevertheless, a number of volunteers have donated their time to the organization's program and supporting services.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising – The organization charges all nondirect advertising costs to expense as incurred. Advertising expense for the year ended June 30, 1999 was \$1,830.

3. Accounts Receivable

Accounts receivable represents outstanding billings to various agencies for expenses incurred on services performed prior to year end. Accounts receivable consists of the following at June 30, 1999:

Worksystems, Inc.	\$ 98,518
Neighborhood Partnership Fund	25,000
Portland Community College	14,928
Multnomah County	13,340
Mt. Hood Community College	10,242
Other	<u>16,408</u>
	<u>\$ 178,436</u>

SE WORKS, INC.

Notes to Financial Statements – Continued

4. Property and Equipment

Leasehold improvements	\$ 100,000
Furniture and equipment	<u>60,078</u>
	160,078
Less accumulated depreciation and amortization	<u>(8,547)</u>
	<u><u>\$ 151,531</u></u>

5. Line of Credit

The organization has an unsecured line of credit of \$30,000 with US Bank. At June 30, 1999, the interest rate on the line of credit was 13.25%. The balance outstanding at June 30, 1999 was \$22,500.

6. Note Payable

Note payable to the Portland Development Commission in monthly installments of \$483 including interest at 3 percent per annum. Secured by property. Due January, 2009.

\$ 48,849

Years Ending June 30	Amount
2000	\$ 4,408
2001	4,541
2002	4,680
2003	4,822
2004	4,969
Thereafter	<u>25,429</u>
	<u><u>\$ 48,849</u></u>

SE WORKS, INC.

Notes to Financial Statements – Continued

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 1999 consists of the net book value of leasehold improvements that were funded with a restricted contribution from the Portland Development Commission. The release of this temporarily restricted net asset is recorded over the estimated useful life of the leasehold improvements. As such, net assets released from restrictions of \$2,500 represents current year amortization expense on the donated leasehold improvements.

8. Government Grants and Contracts

The majority of the organization's government grants and contracts are derived from Worksystems, Inc. and Portland Community College. A portion of these funds are passed through from Federal and state sources.

9. 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 material amounts received or receivable will be required to be returned in the future that have not already been provided for.

10. Commitments

The organization leases property and equipment under various operating leases which expire through February, 2003. Future minimum payments due under these leases are as follows:

Year Ended June 30	Amount
2000	\$ 34,445
2001	32,582
2002	32,582
2003	<u>18,162</u>
	<u>\$ 117,771</u>

SE WORKS, INC.

Notes to Financial Statements – Continued

11. Transfer of Net Assets

Before its formation as an independent entity on July 1, 1998, SE Works, Inc. operated as a program of Southeast Uplift Neighborhood Program, Inc., a nonprofit organization. Southeast Uplift Neighborhood Program, Inc. transferred \$5,966 in net assets to SE Works, Inc. on July 1, 1998.

12. Retirement Plan

The organization sponsors a 403(b) retirement plan. The plan covers all eligible employees who elect to have retirement plan contributions withheld from regular salary. The organization did not make any contributions to this plan in the year ended June 30, 1999.