



IRCO

(Immigrant and Refugee Community Organization)

Consolidated Financial Statements, Single Audit Reports,
and Other Information as of and for the Year Ended
September 30, 2022 and Reports of Independent Accountants

IRCO

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Immigrant and Refugee Community Organization:*

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Immigrant and Refugee Community Organization and Subsidiary, which comprise the consolidated statement of financial position as of September 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 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Immigrant and Refugee Community Organization and Subsidiary as of September 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Immigrant and Refugee Community Organization and Subsidiary 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States, 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 Immigrant and Refugee Community Organization and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 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 and *Government 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 and *Government 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 the Immigrant and Refugee Community Organization and Subsidiary'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 Immigrant and Refugee Community Organization and Subsidiary'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.

Other Matters

Supplementary Information


Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards on pages 19 through 22, as required by Title 2, *U.S. Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Summarized Comparative Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2023 on our consideration of Immigrant and Refugee Community Organization and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Immigrant and Refugee Community Organization and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Immigrant and Refugee Community Organization and Subsidiary's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Amy McCon & Co. LLP". The signature is written in a cursive, flowing style.

April 24, 2023

IRCO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2022

(WITH COMPARATIVE AMOUNTS FOR 2021)

	2022	2021
Assets:		
Cash and cash equivalents	\$ 3,801,974	5,434,817
Contributions receivable (note 5)	85,366	496,268
Government grants and contracts receivable (note 6)	8,914,980	5,648,815
Accounts receivable (note 7)	1,562,495	899,368
Prepaid expenses	309,581	249,803
Property and equipment (notes 8 and 10)	2,622,420	2,620,620
Total assets	\$ 17,296,816	15,349,691
Liabilities:		
Accounts payable and accrued expenses	674,813	607,517
Accrued payroll and related expenses	1,835,133	1,365,597
Refundable advances and other liabilities	1,094,764	640,030
Long-term debt (note 10)	156,841	260,978
Total liabilities	3,761,551	2,874,122
Net assets:		
Without donor restrictions:		
Available for programs and general operations	9,240,061	8,063,069
Net investment in capital assets	2,465,579	2,359,642
Total without donor restrictions	11,705,640	10,422,711
With donor restrictions (note 13)	1,829,625	2,052,858
Total net assets	13,535,265	12,475,569
Commitments and contingencies (notes 5, 9, 16, 17, and 18)		
Total liabilities and net assets	\$ 17,296,816	15,349,691

See accompanying notes to consolidated financial statements.

IRCO

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	
Revenues, gains, and other support:				
Government grants and contracts (<i>note 12</i>)	\$ 35,982,981	–	35,982,981	31,557,813
Other private grants	326,762	1,567,515	1,894,277	2,381,828
Contributions	682,423	235,048	917,471	886,098
In-kind contributions (<i>note 13</i>)	454,672	–	454,672	61,598
Interpretation and translation fees	4,031,588	–	4,031,588	3,203,329
Interest income	66	2,384	2,450	9,337
Other	119,048	–	119,048	260,903
Total revenues and gains	41,597,540	1,804,947	43,402,487	38,360,906
Net assets released from restrictions (<i>note 14</i>)	2,028,180	(2,028,180)	–	–
Total revenues, gains, and other support	43,625,720	(223,233)	43,402,487	38,360,906
Expenses (<i>note 15</i>):				
Program services	37,790,104	–	37,790,104	31,994,144
Management and general	4,137,712	–	4,137,712	3,209,394
Fundraising	414,975	–	414,975	208,796
Total expenses	42,342,791	–	42,342,791	35,412,334
Increase (decrease) in net assets	1,282,929	(223,233)	1,059,696	2,948,572
Net assets at beginning of year	10,422,711	2,052,858	12,475,569	9,526,997
Net assets at end of year	\$ 11,705,640	1,829,625	13,535,265	12,475,569

See accompanying notes to consolidated financial statements.

IRCO

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			Total	2021
	Program services	Management and general	Fundraising		
Salaries and related expenses:					
Salaries and wages	\$ 18,369,314	2,646,132	220,290	21,235,736	16,132,116
Employee benefits	2,630,709	396,785	32,224	3,059,718	2,664,194
Payroll taxes	1,888,888	261,124	22,292	2,172,304	1,638,095
Pension expense	494,216	105,877	10,853	610,946	492,802
Total salaries and related expenses	23,383,127	3,409,918	285,659	27,078,704	20,927,207
Participant assistance	6,895,206	—	—	6,895,206	6,918,656
Professional services	2,403,574	202,653	3,075	2,609,302	2,186,981
Subcontract expense	1,848,479	—	—	1,848,479	2,265,134
Occupancy	517,657	105,553	8,312	631,522	405,360
Telephone	261,843	36,605	1,420	299,868	249,215
Supplies	1,393,491	34,501	50,248	1,478,240	1,055,962
Staff development and meetings	182,085	27,698	2,545	212,328	207,223
Printing and postage	64,149	42,554	1,430	108,133	65,859
Travel	184,154	11,982	641	196,777	76,963
Equipment expense	364,758	144,735	6,976	516,469	516,449
Insurance	65,074	31,934	578	97,586	89,949
Interest and bank fees	6,923	7,338	801	15,062	27,579
Other	103,820	31,644	53,225	188,689	103,240
Total expenses before depreciation	37,674,340	4,087,115	414,910	42,176,365	35,095,777
Depreciation	115,764	50,597	65	166,426	316,557
Total expenses	\$ 37,790,104	4,137,712	414,975	42,342,791	35,412,334

See accompanying notes to consolidated financial statements.

IRCO

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities:		
Cash received from governmental agencies, service recipients, contributors, and others	\$ 39,881,068	36,589,444
Cash paid to employees, suppliers, and others	(41,235,949)	(34,480,099)
Interest received	2,450	9,337
Interest paid	(8,049)	(17,750)
Net cash provided by (used in) operating activities	(1,360,480)	2,100,932
Cash flows from investing activities:		
Capital expenditures	(168,226)	(62,738)
Net cash used in investing activities	(168,226)	(62,738)
Cash flows from financing activities:		
Payments of debt principal	(104,137)	(678,682)
Proceeds from long-term debt	-	211,869
Net cash used in financing activities	(104,137)	(466,813)
Net increase (decrease) in cash and cash equivalents	(1,632,843)	1,571,381
Cash and cash equivalents at beginning of year	5,434,817	3,863,436
Cash and cash equivalents at end of year	\$ 3,801,974	5,434,817

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

1. Organization

Immigrant and Refugee Community Organization (“IRCO”) is a nonprofit organization established to promote the integration of refugees, immigrants, and the community at large into a self-sufficient, healthy, and inclusive multi-ethnic society.

2. Summary of Significant Accounting Policies

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

Basis of Accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Principles of Consolidation – The accompanying consolidated financial statements include all accounts and activities of Immigrant and Refugee Community Organization, IRCO Works, LLC, a single-member limited liability company established in 2013, for which IRCO serves as the sole member, and IRCO Glisan 74 LLC, a single member limited liability company established in February of 2022, for which IRCO serves as the sole member. In addition, the consolidated financial statements include IRCO’s .001% ownership in Glisan Street Family Housing Partners, LP owned through IRCO Glisan 74 LLC. All significant intra-organizational investments, accounts, and transactions between these entities have been eliminated.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of IRCO 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-imposed stipulations. From time to time, IRCO’s Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of IRCO and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed 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 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. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less at date of issuance to be cash equivalents.

Capital Assets and Depreciation – Land, buildings, equipment, and vehicles are carried at cost and initially at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 20 years for buildings and related improvements, 5 years for vehicles, and 3 to 5 years for furniture, equipment, and fixtures.

Capitalized Interest – Interest costs incurred on borrowed funds during a period of construction are capitalized as a cost of constructing the assets.

Revenue Recognition – With regard to revenues from grants and contracts, the organization evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the organization recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

IRCO's exchange transactions include fees for interpretation and translation services, as well as various training sessions held throughout the year. Revenue from interpretation and translation services as well as training sessions is recognized at the point of time that the services are performed.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.
- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government's own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is 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.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions with donor-imposed restrictions are recorded as net assets without donor restrictions if those restrictions are satisfied in the same reporting period.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets, in accordance with donor intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement IRCO's programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that IRCO would have purchased if not donated are recognized in the consolidated statement of activities.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of IRCO's activities.

See note 12 for additional information about in-kind contributions.

Concentrations of Credit Risk – The organization's financial instruments consist primarily of cash equivalents and money market funds, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. As of September 30, 2022, IRCO held \$4,653,928 in cash balances in excess of the FDIC coverage limits.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Advertising and Marketing Expenses – Advertising and marketing costs are charged to expense as they are incurred.

Income Taxes – IRCO is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. IRCO derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

IRCO Works, LLC and IRCO Glisan 74 LLC are single-member, limited liability companies controlled by IRCO, and are considered disregarded entities for tax purposes.

Subsequent Events – Subsequent events have been evaluated by management through April 24, 2023, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2021 – The accompanying financial information as of and for the year ended September 30, 2021, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Program Services

During the year ended September 30, 2022, IRCO incurred program service expenses in the following major categories:

Adult Employment and Youth Workforce – Assists adult refugees, immigrants, and public assistance recipients to become self-sufficient through intensive job search assistance, unsubsidized job placement and retention, career development, and support services, as well as JOBS+ and work experience. Services also help youth enter the workforce through training, work experience and unsubsidized job placements.

Children's Services – Culturally-specific and developmentally-appropriate parenting support and education for families with children who are up to five years old.

Youth and Family Services – Offers culturally-specific housing and family stabilization as well as domestic violence services to keep families and communities strong. Academic programs help refugee and immigrant youth excel in school through tutoring, social support, mentoring, skill-building, family engagement, and SUN community schools.

Senior Services – Provides case management, information and assistance, and congregate and home-delivered meals for elderly and disabled persons that help them maintain their independence as long as possible. Naturalization education and support help refugee elders become citizens.

Health and Community Development – Culturally and linguistically-specific health education, system navigation, advocacy, and outreach. Civic engagement and leadership training assists immigrants and refugees to advocate for their community needs with policy makers. Legal services assist immigrants and refugees on the path to citizenship and with disabilities.

Economic Development – Technical assistance services assist refugee and immigrant micro-enterprises and small businesses to develop and thrive. Individual Development Accounts help refugees and immigrants meet savings goals for education and training.

International Language Bank – Delivers interpretation and translation services tailored specifically to each organization and each project on a fee-for-service basis in over 70 languages.

Training Services – Provides pre-employment, targeted vocational skills, health care worker career training, and nurse recertification assistance to prepare clients for jobs and careers.

4. Recently-Issued Accounting Standard

In February of 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize a liability and a right of use asset for all lease obligations with exception for short-term leases. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. The new standard is effective for the IRCO's annual reporting period ending September 30, 2023. A modified retrospective transition approach is required for lessees for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, or as of the effective date of adoption, with certain practical expedients available. IRCO is evaluating the impact of the new standard on its financial statements.

5. Contributions Receivable

Contributions and grants receivable at September 30, 2022 represent unconditional promises to be collected in less than one year totaling \$85,366.

Conditional Grants

In addition, as of September 30, 2022, IRCO held various conditional grants totaling \$1,024,500, which were conditioned upon the organization incurring allowable expenses or reaching certain matching requirements. Of the total conditional amount at September 30, 2022, \$160,000 was received as cash and is reported as refundable advance. The revenues associated with these conditional grants have not been included in the accompanying financial statements because, as of September 30, 2022, IRCO had not fully satisfied the associated conditions.

6. Government Grants and Contracts Receivable

Unconditional government grants and contracts receivable at September 30, 2022 are summarized as follows:

Multnomah County	\$ 2,149,655
Oregon Housing and Community Services	1,044,139
Oregon Department of Human Services	821,761
Worksystems, Inc.	786,076
City of Portland	730,489
Portland Public Schools	710,012
Oregon Department of Education	542,552
Washington County	377,632
Self Enhancement, Inc.	285,859
Oregon Health Authority	236,629
U.S. Committee for Refugees and Immigrants (USCRI)	213,998
Home Forward	131,942
Tigard Tualatin School District	126,758
Other	757,478
	\$ 8,914,980

7. Accounts Receivable

Accounts receivable represent amounts receivable for services provided through the International Language Bank and are summarized as follows at September 30, 2022:

Translation and interpretation services	\$ 1,667,352
Less allowance for doubtful accounts	(104,857)
	\$ 1,562,495

8. Property and Equipment

A summary of property and equipment at September 30, 2022 is as follows:

Land	\$ 837,091
Buildings and improvements	5,579,226
Equipment	146,777
Vehicles	198,506
	6,761,600
Less accumulated depreciation	(4,139,180)
	\$ 2,622,420

9. Line of Credit

At September 30, 2022, IRCO maintained an unsecured line of credit in the amount of \$500,000, repayable with interest at a prime rate, as announced by the lender, plus 2.37%. No balance was outstanding at September 30, 2022 under this agreement.

10. Long-Term Debt

In April of 2021, IRCO refinanced a note issued in 2011 for the purchase of the Pacific Islander and Asian Family Center building. Through this process, IRCO paid off the remaining balance of the original note and drew additional funds in the amount of \$211,869, secured by the property. Monthly payments of interest and principal totaling \$3,997 are due through April of 2026, with a balloon payment of the remaining principal balance due in April of 2026. Interest is fixed at an annual rate of 4.00%. The balance on the note is \$161,048 at September 30, 2022. Terms of the loan agreement include requirements defined by the lender to maintain a debt service ratio of not less than 1.25 to 1.00, as of the end of each fiscal year. At September 30, 2022, IRCO was in compliance with these requirements.

IRCO incurred \$4,870 in financing fees associated with this refinance. Such fees are amortized over the remaining life of the building or 10 years. The unamortized debt refinance costs are reported as a direct reduction of the associated debt liability and totaled \$4,207 as of September 30, 2022.

Maturities of loan principal for the years subsequent to September 30, 2022 are as follows:

<i>Years ending September 30,</i>	
2023	\$ 42,359
2024	44,098
2025	45,932
2026	28,659
	<u>\$ 161,048</u>

Total interest expense for the above notes totaled \$8,049 for the year ended September 30, 2022.

11. Net Assets with Donor Restrictions

The following summarizes IRCO's net assets with donor-imposed restrictions as of September 30, 2022:

Immigrant Legal Services	\$ 252,162
Oregon Individual Development Accounts Initiative	173,071
Preschool program	120,754
Refugee mental health assessments and African immigrant counseling and integration services	109,584
Pathway for Wellbeing	105,188
Mental Health and Substance Use Supports for Refugees Program	100,000
Survivor services and trauma informed care interventions	91,205
Ukraine Relief Fund	77,318
Stop anti-Asian Hate and Violence Initiative	72,851
Youth Services and counseling	72,170
Disability legal services program	61,116
Summer program	48,536
Africa House	38,823
Other programs	506,847
<hr/>	
Total net assets with donor restrictions	<u>\$ 1,829,625</u>

12. Government Grants and Contracts

During the year ended September 30, 2022, the organization received fees for services provided under grants or contracts with the following:

Multnomah County	\$ 10,607,288
Oregon Department of Human Services	3,525,769
City of Portland	3,276,545
Worksystems, Inc.	3,199,627
Oregon Department of Education	2,112,673
Portland Public Schools	1,658,876
Washington County	1,677,092
Oregon Housing and Community Services	1,648,928
Home Forward	1,397,114
Self Enhancement, Inc.	1,112,466
U.S. Committee for Refugees and Immigrants	739,137
Oregon Health Authority	666,950
Oregon Department of Justice	576,394
U.S. Department of Health and Human Services	440,673
Oregon Community Health Workers Association	363,239
Clackamas Education Service District	352,237
Tigard Tualatin School District	325,466
U.S. Department of Justice	321,015
Other	1,981,492
	\$ 35,982,981

During the year ended September 30, 2022, the organization received 29.5% of its total government grant and contract revenues (24.4% of total revenues) from various departments and agencies of Multnomah County.

The organization also received 23.7% of its total governmental revenues (19.7% of total revenues) from various departments and agencies of the State of Oregon.

13. In-Kind Contributions

IRCO's in-kind contributions for the year ended September 30, 2022 are summarized, including their utilization by program services or other activities, as follows:

<i>Free use of office Facilities:</i>	
Program services	\$ 61,598
<i>Donated goods and materials:</i>	
Program services	393,074
	\$ 454,672

Contributed free use of office facilities is valued and reported at the estimated fair value in the financial statements based on current rental rates for similar facilities. Contributed supplies are valued at the estimated price that would be received for selling similar products in the United States.

14. Net Assets Released from Restrictions

During the year ended September 30, 2022, the organization incurred \$2,028,180 in expenses that satisfied restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events, as follows:

Operating purposes	\$ 1,980,662
Capital purposes	47,518
	\$ 2,028,180

15. Expenses

The costs of providing the various programs and activities of IRCO have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization and, therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation, and other facility-related costs, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, telephone, equipment expenses, insurance, and other expenses, which are allocated on the basis of estimates of time and effort or full-time-equivalent.

16. Operating Lease Commitments

IRCO leases certain program facilities, office equipment, and software subscription services under noncancelable operating leases that expire in various years through December of 2026. At September 30, 2022, the approximate future minimum lease commitments for these leases are as follows:

<i>Years ending September 30,</i>	
2023	\$ 159,944
2024	113,132
2025	3,660
2026	2,052
2027	512
	\$ 279,300

Rent expense for these leases totaled \$191,632 for the year ended September 30, 2022.

17. Commitments and Contingencies

Amounts received or receivable under IRCO’s contracts with the State of Oregon, Multnomah County, and other governmental agencies are subject to audit and adjustment by these agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization’s operating fund. In the opinion of IRCO’s management, any adjustments that might result from such audits would not be material to the organization’s overall financial statements.

18. Pension Plan

IRCO maintains a defined contribution profit-sharing plan for its eligible employees, as described in Section 401(k) of the Internal Revenue Code. Regular employees who work more than 20 hours per week are eligible to participate in the plan. During the year ended September 30, 2022, employee contributions were matched up to 5.5% of each participant’s wages in a combination of a safe harbor contribution and a discretionary match. Discretionary contributions vest following a four-year schedule and safe harbor contributions vest immediately. Pension plan expense for the year ended September 30, 2022 totaled \$610,946.

19. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the consolidated statement of financial position date comprise the following at September 30, 2022:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 3,801,974
Contributions receivable	85,366
Government grants and contracts receivable	8,914,980
Accounts receivable	1,562,495
	<hr/>
	14,364,815
 <i>Less financial assets not available within the year ending September 30, 2023:</i>	
Financial assets restricted by donors for capital purposes	(38,823)
	<hr/>
	\$ 14,325,992
	<hr/>

As part of its liquidity management, IRCO has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the organization has committed a line of credit upon which it could draw (see note 9).

20. Statement of Cash Flow Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the consolidated statement of activities) to net cash used in operating activities (as reported on the consolidated statement of cash flows):

Increase in net assets	\$ 1,059,696
	<hr/>
<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation	166,426
Provision for the allowance for doubtful accounts	641
<i>Net changes in:</i>	
Contributions receivable	410,902
Government grants and contracts receivable	(3,266,165)
Accounts receivable	(663,768)
Prepaid expenses	(59,778)
Accounts payable and accrued expenses	67,296
Accrued payroll and related expenses	469,536
Refundable advances and other liabilities	454,734
	<hr/>
Total adjustments	(2,420,176)
	<hr/>
Net cash used in operating activities	\$ (1,360,480)
	<hr/>

21. Affordable Housing Project

During the year ended September 30, 2022, IRCO established IRCO Glisan 74 LLC to develop, own and manage affordable housing, and to engage in other related activities.

In addition, in February of 2022, IRCO formed Glisan Street Family Housing Partners, LP, for which IRCO Glisan 74 LLC serves as the partnership's managing general partner, and maintains a 0.001% economic interest in the partnership. The LP was formed for the purpose of constructing a 96-unit affordable housing project located at 451 NE 75th Avenue, Portland Oregon, also known as 74th & Glisan Family Apartments (the "Project").

On April 18, 2022, the Glisan Street Family Housing Partners, LP entered into a pre-development loan agreement totaling \$1,000,000 with the Portland Housing Bureau, to finance the predevelopment activities related to the Project. During the year ended September 30, 2022, the LP had no financial activities.

22. Subsequent Events

Subsequent to year ended September 30, 2022, IRCO was awarded a grant from the Portland Housing Bureau for up to \$15,158,679 for the affordable housing project (see note 21.).

In addition, subsequent to year-end, IRCO was awarded a \$500,000 grant from Multnomah County to pay for capital costs of IRCO' Multicultural Preschool Building and Community Garden.

23. Reclassification of 2021 Comparative Totals

Certain 2021 amounts presented herein have been reclassified to conform to the 2022 presentation.

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IRCO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
U.S. Department of Housing and Urban Development:				
<i>Passed through Worksystems, Inc.:</i>				
Community Development Block Grants/Entitlement Grants	[1]	14.218	\$ –	394,399
<i>Passed through Human Solutions:</i>				
Community Development Block Grants/Entitlement Grants	IRCOLIVSOLF22	14.218	–	41,020
<i>Passed through Community Action Organization:</i>				
Community Development Block Grants/Entitlement Grants	none	14.218	–	68,641
<i>Passed through Prosper Portland:</i>				
COVID-19 Community Development Block Grants/Entitlement Grants	2289-15-01	14.218	–	66,241
Total Federal Assistance Listing No. 14.218			–	570,301
<i>Passed through Worksystems, Inc.:</i>				
Emergency Solutions Grant Program	[2]	14.231	–	199,947
Continuum of Care Program	n/a	14.267	–	151,596
Total U.S. Department of Housing and Urban Development			–	921,844
U.S. Department of Justice:				
Services for Trafficking Victims	n/a	16.320	–	321,015
<i>Passed through State of Oregon – Department of Justice:</i>				
Crime Victim Assistance	[3]	16.575	–	576,393
Total U.S. Department of Justice			–	897,408

Continued

IRCO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
U.S. Department of Labor:				
WIOA Cluster:				
<i>Passed through Clackamas Workforce Partnership:</i>				
WIOA Adult Program	21-22-4	17.258	–	11,793
WIOA Dislocated Worker Formula Grants	21-22-4	17.278	–	7,856
<i>Passed through Worksystems, Inc.:</i>				
WIOA Adult Program	[4]	17.258	–	80,226
WIOA Youth Activities	[5]	17.259	–	359,579
WIOA Dislocated Worker Formula Grants	[6]	17.278	–	220,941
Total WIOA Cluster			–	680,395
<i>Passed through Worksystems, Inc.:</i>				
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	[7]	17.277	–	93,113
Total U.S. Department of Labor			–	773,508
U.S. Department of the Treasury:				
<i>Passed through Worksystems, Inc.:</i>				
COVID 19 Coronavirus Relief Fund	21-30630	21.019	–	38,404
<i>Passed through Worksystems, Inc.:</i>				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	[8]	21.027	–	218,200
<i>Passed through Prosper Portland.:</i>				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	2289-17-01	21.027	–	13,920
<i>Passed through Multnomah County:</i>				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	[9]	21.027	–	1,134,776
Total Federal Assistance Listing No. 21.027			–	1,366,896
Total U. S. Department of the Treasury			–	1,405,300

Continued

IRCO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
U.S. Department of Education: TRIO – Upward Bound	n/a	84.047	–	299,126
Total U. S. Department of Education			–	299,126
U.S. Department of State: U.S. Refugee Admissions Program	n/a	19.510	–	671,800
Total U. S. Department of State			–	671,800
U.S. Department of Health and Human Services: <i>Passed through Oregon Health Authority:</i> Epidemiology and Laboratory Capacity for Infectious Diseases	168223	93.323	–	27,086
<i>Passed through Multnomah County:</i> Epidemiology and Laboratory Capacity for Infectious Diseases	[10]	93.323	–	369,310
Total Federal Assistance Listing No. 93.323			–	396,396
<i>Passed through Multnomah County:</i> Marylee Allen Promoting Safe and Stable Families	[11]	93.556	–	14,687
Low-Income Home Energy Assistance	[11]	93.568	26,578	142,136
COVID-19 Low-Income Home Energy Assistance	[11]	93,568	34,265	72,129
Community Services Block Grant	[11]	93.569	641	81,272
<i>Passed through Oregon Health Authority:</i> Immunization Cooperative Agreements	168223	93.268	–	124,442
Refugee and Entrant Assistance – Discretionary Grants	n/a	93.576	–	444,151
<i>Passed through State of Oregon – Department of Education:</i> Social Services Block Grant	[12]	93.667	–	83,736
<i>Passed through State of Oregon – Department of Education:</i> Child Care and Development Block Grant	19754	93.575	–	47,211
Total U.S. Department of Health and Human Services			61,484	1,406,160

Continued

IRCO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal Assistance Listing No.	Provided to subrecipients	Total federal expenditures
U.S. Department of Homeland Security: <i>Passed through Oregon Health Authority:</i> Disaster Grants- Public Assistance (Presidentially Declared Disasters)	168223 & 170215	97.036	–	399,871
Total U. S. Department of Homeland Security			–	399,871
Total expenditures of federal awards			\$ 61,484	6,775,017

See accompanying notes to schedule of expenditures of federal awards.

- [1] 20-30701, 21-30602, 21-30615, 21-30650, 21-30700, 21-30740, 21-30751, 22-3065, 22-30712, 22-30740, 22-30751
- [2] 20-30701, 20-30725, 20-30745, 21-30700, 21-30702
- [3] Joint-2021-IRCO-00028, VOCA-C-2019-00119
- [4] 20-30701, 21-30600, 21-30601, 21-30602, 21-30710, 21-30751, 22-30600, 22-30601, 22-30602
- [5] 20-30701, 21-30600, 21-30602, 21-30615, 21-30700, 22-30615, 22-30712
- [6] 21-30600, 21-30601, 21-30602, 21-30710, 22-30600, 22-30601, 22-30602
- [7] 20-30701, 21-30600
- [8] 20-30701, 21-30600, 21-30702, 21-30710, 22-30600, 22-30710
- [9] DCHS-SVCSGEN-12988-2021; DCHS-SVCSGEN-12994-2021, DCHS-SVCSGEN-14074-2022, HD-SVCSGEN-13829-2022
- [10] HD-SVCSGEN-12315-2020
- [11] DCHS-SVCSGEN-12988-2021
- [12] 16399, 16402

IRCO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of IRCO under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of IRCO, it is not intended to and does not present the financial position, changes in net assets, or cash flows of IRCO.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between IRCO and agencies and departments of the Federal Government and all sub-awards to the organization by non-federal organizations pursuant to federal grants, contracts and similar agreements.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

IRCO has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

*The Board of Directors
Immigrant and Refugee Community Organization:*

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Immigrant and Refugee Community Organization and Subsidiaries, which comprise the consolidated statement of financial position as of September 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 consolidated financial statements, and have issued our report thereon dated April 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Immigrant and Refugee Community Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Immigrant and Refugee Community Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Immigrant and Refugee Community Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item nos. 2022-001 and 2022-002 that we consider to be material weaknesses, and item no. 2022-003 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Immigrant and Refugee Community Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Immigrant and Refugee Community Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Immigrant and Refugee Community Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "Amy McLean & Co. LLP". The signature is written in a cursive, flowing style.

April 24, 2023

REPORTS OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

*The Board of Directors
Immigrant and Refugee Community Organization:*

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Immigrant and Refugee Community Organization and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Immigrant and Refugee Community Organization and Subsidiaries' major federal programs for the year ended September 30, 2022. Immigrant and Refugee Community Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Immigrant and Refugee Community Organization and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Immigrant and Refugee Community Organization and Subsidiaries and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Immigrant and Refugee Community Organization and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Immigrant and Refugee Community Organization and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Immigrant and Refugee Community Organization and Subsidiaries' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Immigrant and Refugee Community Organization and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Immigrant and Refugee Community Organization and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Immigrant and Refugee Community Organization and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Immigrant and Refugee Community Organization and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item no. 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Immigrant and Refugee Community Organization and Subsidiaries' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Immigrant and Refugee Community Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

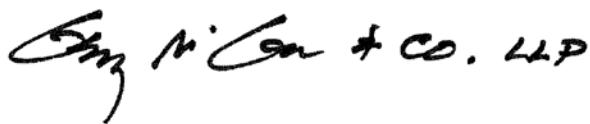
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item nos. 2022-004 and 2022-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Immigrant and Refugee Community Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Immigrant and Refugee Community Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



April 24, 2023

IRCO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2022

Section 1 – Summary of Auditors’ Results

Financial Statements

1. Type of auditor’s report issued on whether the audited financial statements were prepared in accordance with GAAP – unmodified
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – yes
3. Material weakness(es) in internal control identified in the audit of the financial statements – yes
4. Noncompliance that is material to the financial statements noted – none

Federal Awards

5. Significant deficiency(ies) in internal control over major federal programs identified in the audit – yes
6. Material weakness(es) in internal control over major federal programs identified in the audit – none
7. The type of auditor’s report issued on compliance for major federal programs – unmodified
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) – yes

Identification of Major Federal Programs

- U.S. Department of The Treasury – Coronavirus State and Local Fiscal Recovery Funds (ALN No. 21.027)
9. Dollar threshold used to distinguish between Type A and Type B programs – \$750,000
 10. Is the auditee qualified as a low-risk auditee under 2 CFR 200.520? – yes

Section 2 – Financial Statement Findings

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – finding nos. 2022-01, 2022-02, and 2022-03

Section 3 – Federal Award Findings and Questioned Costs

12. Findings and questioned costs relating to federal awards – finding no. 2022-04.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Finding Number:	2022-001
Finding Type:	Financial statement finding
Control Deficiency Type:	Material weakness
Repeat Finding:	2021-003

Criteria: The organization should have adequate controls over the preparation, review, and approval of monthly financial statements and account reconciliations throughout the year. In addition, the organization should maintain a system of internal controls designed to reasonably ensure that financial information is properly recorded and reliable, that errors are detected in a timely manner, and that the organization's assets are protected against misappropriation.

Condition: During the audit, it was discovered that many accounts were not reconciled and reviewed by staff during the fiscal year, resulting in significant adjustments and reclassifications to a number of account balances, including cash and cash equivalents, grants receivable, account receivables, prepaid expenses, fixed assets, accounts payable, and deferred revenue. In addition, the bank reconciliations for July through September 2022 were not completed until February 2023. Moreover, we noted two checking accounts owned by the organization that were not recorded in the organization's financial systems.

Cause: Internal controls were not designed or implemented to ensure that all accounts were recorded, reconciled, and reviewed.

Effect: Failure to reconcile and review account balances in a timely manner may result in management, board members, and others relying on inaccurate financial data throughout the year.

Audit Recommendation: We recommend that the organization reconcile all significant account balances on a regular basis and that reconciliations be reviewed and approved by management. In addition, we recommend that the organization implement procedures to ensure all bank accounts and their related transactions are captured in the organization's accounting records.

Management's Response: Management has and will continue to schedule a monthly review of the entire accounting process. Reconciliations between the general ledger and the supporting documents will be performed and reviewed monthly and annually.

IRCO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Finding number:	2022-002
Finding type:	Financial Statement Finding
Control Deficiency Type:	Material weakness
Repeat finding:	2021-002

Criteria: Generally accepted accounting principles require that grants received and grants made be recognized as revenue at the time an unconditional promise is received or made by the organization, and in the case of a conditional promise, when the condition has been fulfilled.

Condition: During our audit, we identified unconditional grants and donations received totaling \$1,300,767, which had been awarded to the organization prior to September 30, 2022 but had not been recorded as revenue.

Cause: The determination of the nature of an agreement as an exchange or nonreciprocal transaction was not reviewed by another independent staff member. In addition, the determination of the conditional or unconditional nature of the nonreciprocal transactions was not reviewed.

Effect: The organization's receivable and related revenues for the year ended September 30, 2022 were understated.

Audit Recommendation: It is our understanding that the organization's revenue recognition methods are intended to comply with generally accepted accounting principles. However, the organization's systems of controls failed to detect these errors. We recommend that management undertake a thorough review of its current procedures to ensure that errors made related to the recording of grant revenue are detected and corrected in a timely manner. In addition, the organization should ensure that all staff in charge of reviewing and recording grant revenue have been provided with adequate training

Management's Response: Management will continue to review the entire grant review process and take steps to ensure that proper reviews are in place. In addition, the conditional or unconditional nature of all new grants will be carefully reviewed to ensure that IRCO's reported receivables and related revenues are correctly stated.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Finding number:	2022-003
Finding type:	Financial Statement Finding
Control Deficiency Type:	Significant Deficiency

Criteria: Generally accepted accounting principles require that the in-kind donation of services received by the organization that create or enhance a nonfinancial asset, or require specialized skills that the organization would have purchased if not donated, be recognized in the statement of activities. Similarly, in-kind contributions of property, equipment, and other materials should be recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

Condition: During our audit, we noted that in-kind donations were tracked by the development team, but those donations were not captured in the organization's accounting records.

Cause: Internal controls were not designated and implemented to ensure that in-kind donations were properly recorded.

Effect: Total contributed revenues and related expenses were understated.

Recommendation: We recommend that the organization establish internal control procedures for the recording of in-kind contributions.

Management's Response: Management will begin to implement procedures to ensure that all in-kind donation of services, property, equipment, and other materials are recognized in the statement of activities. The accounting manager will work with the fundraising manager to ensure that the control documents reconcile to the general ledger monthly and annually.

IRCO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

YEAR ENDED SEPTEMBER 30, 2022

Finding Number: 2022-004
 Finding Type: Federal award finding
 Federal Assistance Listing No.: 21.027
 Program Name: Coronavirus State and Local Fiscal Recovery Funds
 Federal Agency: Department of Treasury
 Pass-Through Entity: Multnomah County, Worksystems, Inc., Prosper Portland
 Grant Number: 2289-17-01, 20-30701, 21-30600, 21-30702, 21-30710, 22-30600, 22-30710
 DCHS-SVCSGEN-12988-2021; DCHS-SVCSGEN-12994-2021, DCHS-SVCSGEN-14074-2022,
 HD-SVCSGEN-13829-2022
 Federal Award Year: 2022
 Control Deficiency Type: Significant deficiency over compliance
 Instances of Noncompliance: Yes
 Compliance requirement: Allowable Costs
 Questions Costs: None
 Repeat Finding: No

Criteria: Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, Appendix IV – *Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations*, requires that organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency for indirect costs within six months after the close of each fiscal year, unless approval is obtained from their cognizant agency to waive the requirement.

Condition: During the audit, we requested a copy of the organization’s indirect cost rate proposal for audit purposes. The organization was unable to provide a copy to us, informing us that preparation and submission of the proposal was only required every two years, not annually. When we recommended that they confirm this with their cognizant agency, the organization was informed that submission of the proposal is indeed an annual requirement, and that they had missed the deadlines for both the fiscal 2021 and 2022 filings. Subsequently, the organization has received approval for an extension to May 31, 2023 for both years.

Cause: Lack of internal controls to ensure that the indirect cost rate proposal is being submitted as required.

Effect: The organization did not follow rules established under Uniform Guidance.

Questioned costs: None

Audit Recommendation: We recommend that the organization implement internal control procedures to ensure that indirect cost rate proposal to be submitted in a timely manner.

Management’s Response: Management has requested and was approved for an extension and will submit the indirect cost rate proposal before May 31, 2023. Thereafter, management will ensure that the indirect cost rate proposal is submitted annually.

IRCO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2022

Finding No. 2021-001: Failure to perform periodic reconciliation between billing information for translation and interpretation services and accounting records. (Significant deficiency)

Status: Corrected.

Finding No. 2021-002: Lack of independent review of grants and contracts to determine the conditional or unconditional nature of the agreement. (Significant deficiency)

Status: Repeat Finding, see 2022-002

Finding No. 2021-003: Failure to reconcile significant account balances on a regular basis (Significant deficiency)

Status: Repeat Finding, see 2022-001

GOVERNING BOARD AND MANAGEMENT

Board Members

Zaur Akhriev, *President*

Laila Hajoo, *Vice President*

Gerry Uba, *Immediate Past President*

Trinh Tran, *Immediate Past President*

Aneesh Aggarwal, *Secretary*

Ben Leung, *Treasurer*

Bruce Bliatout

Mike Burton

Tenzin Gonta

Mardine Mao

Tenzin Gonta

Matthew McClellan

Charles McGee, Sr

Connie Nguyen-Truong

Vadim Mozyrsky

Karina Rutova

Cayle Tern

Xiomara Torres

Executive Management

Lee Po Cha, MBA
Executive Director

Jeff MacDonald
Associate Director of Administration

Jihane Nami
Associate Director of Programs & GMEC Manager

Tong Lee
Fiscal Director

Mark Kajitani
Director of Human Resources

Jenny Bremner
Director of Development & Communications

Djimet Dogo

Associate Director of Community Relations & Director of Africa House

Sokho Eath

Director of Pacific Islander and Asian Family Center & Community Services Manager

Nelli Salvador

Slavic and Eastern European Center Director

Wonjae Kang

Director of Information Technology & Services

Fritz Hirsch

Operations Administrator

Linda Castillo

Diversity, Equity, Inclusion & Belonging Director

Megan Harrington Wilson

Program Strategy & Quality Director

Senior Management

Danita Huynh

Early Learning Services Director

Lyn Tan

Youth & Academic Services Director

Marcy Trueb

Community Safety & Well Being Services Director

Tina Do

Asset & Opportunity Building Services Director

Leisl WehmueLLer

Workforce & Refugee Services Director

IRCO WORKS, LLC

Board of Managers

Alhassan Fofanah

Arlene Kimura

Tom Badrick

Marie Rossmiller

Management

Jeff MacDonald

LLC Director

IRCO

INQUIRIES AND OTHER INFORMATION

IRCO and IRCO Works, LLC
administrative offices:

IRCO
10301 N.E. Glisan Street
Portland, Oregon 97220

(503) 234-1541
(503) 234-1259 Fax

Web:

www.irco.org

Additional facilities:

Pacific Islander and Asian
Family Center
8040 N.E. Sandy Boulevard
Portland, Oregon 97213

(503) 235-9396
(503) 235-0341 Fax

Africa House
709 N.E. 102nd Avenue
Portland, Oregon 97220

(503) 802-0082
(503) 253-5750 Fax

Slavic Eastern European Center
555 SE 99th Avenue
Portland, OR 97216

(971)-271-6512

IRCO Greater Middle East Center
4915 SW Griffith Drive, Suite 216
Beaverton, OR 97005

(503)234-1541

IRCO Ontario Eastern Oregon
723 South Oregon St.
Ontario, OR 97914

(971)335-7107

Sokhom Tauch Community
Center

10323 NE Glisan St
Portland, OR 97220

(971)271-6441

New Beginnings Market
7911 NE 33rd Drive
Portland, OR 97211

(503) 234-1541

Program co-locations:

Baker City Eastern Oregon
2725 Seventh Street
Baker City, OR 97814

Cherry Blossom Senior Center
704 SE 106th Avenue
Portland, OR 97216

Earl Boyles SUN Site
Earl Boyles Elementary School
10822 S.E. Bush Street
Portland, Oregon 97266

Early Childhood First Covenant
Church
107 NE 45th Avenue
Portland, OR 97213

Early Childhood Village Church
330 SW Murray Boulevard
Beaverton, OR 97005

George SUN Site
George Middle School
10000 North Burr Avenue
Portland, Oregon 97203

Gilbert Heights SUN Site
Gilbert Heights Elem. School
12839 S.E. Holgate Boulevard
Portland, Oregon 97236

Gilbert Park SUN Site
Gilbert Park Elementary School
13132 S.E. Ramona Street
Portland, Oregon 97236

Harrison Park SUN Site
Harrison Park School
2225 S.E. 87th Avenue
Portland, Oregon 97216

Jason Lee SUN Site
Jason Lee Elementary School
2222 N.E. 92nd Avenue
Portland, Oregon 97220

Lent SUN Site
Lent K-8 School
5105 S.E. 97th Avenue
Portland, Oregon 97266

Lincoln Park SUN Site
Lincoln Park Elementary School
13200 S.E. Lincoln Street
Portland, Oregon 97233

Madison SUN Site
Madison High School
2735 N.E. 82nd Avenue
Portland, Oregon 97220

Menlo Park SUN Site
Menlo Park Elementary School
12900 N.E. Glisan Street
Portland, Oregon 97230

Mid-County District Senior Center
10615 S.E. Cherry Blossom
Portland, Oregon 97216

Mill Park Sun Site
Mill Park Elementary School
1900 S.E. 117th Avenue
Portland, Oregon 97216

Parkrose Middle School SUN Site
Parkrose Middle School
11800 N.E. Shaver Street
Portland, Oregon 97220

Powell Butte SUN Site
Powell Butte Elementary
3615 S.E. 174th Avenue
Portland, Oregon 97236

Rose City Park SUN Site
Rose City Park Elementary
2334 N.E. 57th Avenue
Portland, Oregon 97213

Russell SUN Site
Russell Elementary School
2700 N.E. 127th Avenue
Portland, Oregon 97230

Sacramento SUN Site
Sacramento Elementary School
11400 N.E. Sacramento Street
Portland, Oregon 97216

Shaver SUN Sitep
Shaver Elementary School
3701 N.E. 131st Place
Portland, Oregon 97230

Ventura Park SUN Site
Ventura Park Elementary School
145 S.E.117th Avenue
Portland, Oregon 97216

Vestal SUN Site
Vestal Elementary School
161 N.E. 82nd Avenue
Portland, Oregon 97220

Walt Morey SUN Site
Walt Morey Middle School
2801 S.W. Lucas Avenue
Troutdale, Oregon 97060

Clackamas Works!
Oregon Employment Department
506 High Street
Oregon City, Oregon 97045

Community Works Project
Department of Human Services
11826 N.E. Glisan Street
Portland, Oregon 97220

Washington County Youth
Workforce Development Services
Portland Community College

Willow Creek Center
241 S.W. Edgeway Drive
Beaverton, Oregon 97006

