

**NEIGHBORHOOD
PARTNERSHIPS, INC.**

**Audited Financial
Statements**

**For the Year Ended
June 30, 2015**



MCDONALD JACOBS



INDEPENDENT AUDITOR'S REPORT

Mark A. Clift, CPA
Shareholder

Karin S. Wandtke, CPA
Shareholder

Sang Ahn, CPA
Shareholder

Gerard DeBlois Jr., CPA
Shareholder

Mary Strasdin, CPA
Shareholder

Jill Oswald
Shareholder

Anthony Almer, CPA
Principal

Tyee Carr, CPA
Principal

Jake Jacobs, CPA
of counsel

Susan J. Marks, CPA
of counsel

Dennis C. Johnson, CPA
of counsel

To the Board of Directors
Neighborhood Partnerships, Inc.

We have audited the accompanying financial statements of Neighborhood Partnerships, Inc. (a nonprofit corporation)(the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Partnerships, Inc. as of June 30, 2015, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Neighborhood Partnerships, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
September 22, 2015

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 233,757	\$ 110,359
Restricted cash and certificates of deposit	25,342,888	24,101,644
Grants and accounts receivable	262,319	132,648
Other assets	<u>31,534</u>	<u>31,792</u>
 TOTAL ASSETS	 <u>\$ 25,870,498</u>	 <u>\$ 24,376,443</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 43,833	\$ 29,636
Deferred revenue	659,750	734,366
Grants and contracts payable	98,484	215,940
Oregon IDA Initiative funds	3,965,573	2,451,361
Grants payable - Oregon IDA Initiative	<u>20,590,077</u>	<u>20,736,170</u>
 Total liabilities	 <u>25,357,717</u>	 <u>24,167,473</u>
Net assets:		
Unrestricted	222,850	208,970
Temporarily restricted	<u>289,931</u>	<u>-</u>
 Total net assets	 <u>512,781</u>	 <u>208,970</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 25,870,498</u>	 <u>\$ 24,376,443</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015
(With comparative totals for 2014)

	2015			2014 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Oregon IDA Initiative:				
IDA contributions raised in current year	\$ -	\$ 11,359,802	\$ 11,359,802	\$ 10,635,043
Interest income	-	78,281	78,281	86,964
Program fees	659,569	-	659,569	689,807
Grants obligated or paid	-	(9,030,000)	(9,030,000)	(10,520,560)
Outstanding donor designations	-	(2,408,083)	(2,408,083)	(201,447)
Net IDA initiative revenues	659,569	-	659,569	689,807
Bridges to Housing:				
Government funding recognized	968,121	-	968,121	948,668
Service provider obligations	(936,566)	-	(936,566)	(922,149)
Net Bridges to Housing	31,555	-	31,555	26,519
Government contracts	86,786	-	86,786	67,169
Grants and contributions	71,289	560,000	631,289	66,020
Dues and other revenue	58,246	-	58,246	52,533
Training and program fees	73,152	-	73,152	58,445
Other income	9,267	-	9,267	707
Net assets released from restrictions:				
Satisfaction of purpose restrictions	270,069	(270,069)	-	-
Total support and revenue	1,259,933	289,931	1,549,864	961,200
Expenses:				
Program services	1,065,396	-	1,065,396	899,873
Management and general	154,592	-	154,592	136,227
Fundraising	26,065	-	26,065	16,286
Total expenses	1,246,053	-	1,246,053	1,052,386
Change in net assets	13,880	289,931	303,811	(91,186)
Net assets:				
Beginning of year	208,970	-	208,970	300,156
End of year	\$ 222,850	\$ 289,931	\$ 512,781	\$ 208,970

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2015
(With comparative totals for 2014)

	Program Services						Fund-raising	Management and General	2015 Total	2014 Total
	Policy and Advocacy	Bridges to Housing	IDA Program	Other Programs	Program Services	Total				
Salaries and related expenses	\$ 120,533	\$ 20,819	\$ 331,250	\$ 54,226	\$ 526,828	\$ 121,005	\$ 22,533	\$ 670,366	\$ 552,132	
Grants and program contracts	120,917	2,297	151,627	25,659	300,500	3,859	800	305,159	344,579	
Professional fees	2,978	157	9,697	193	13,025	2,528	376	15,929	16,534	
Rent	5,907	1,050	17,682	2,604	27,243	6,553	954	34,750	36,285	
Telephone and utilities	1,450	262	4,798	646	7,156	1,538	240	8,934	6,941	
Postage and shipping	286	52	3,723	146	4,207	261	27	4,495	4,215	
Printing	1,712	442	15,516	1,748	19,418	1,877	3	21,298	16,309	
Office and computer expense	4,657	491	26,242	6,360	37,750	3,310	505	41,565	15,194	
Facility rental, lodging and food	9,594	-	4,845	30,476	44,915	-	-	44,915	6,198	
Staff travel	10,605	111	9,455	8,764	28,935	399	71	29,405	11,236	
Conferences and meetings	2,712	-	11,121	12,590	26,423	3,260	21	29,704	15,084	
Insurance	1,758	141	16,656	394	18,949	1,619	287	20,855	11,256	
Depreciation	552	93	1,625	288	2,558	565	92	3,215	2,009	
Miscellaneous	2,233	276	3,965	1,015	7,489	7,818	156	15,463	14,414	
Total expenses	\$ 285,894	\$ 26,191	\$ 608,202	\$ 145,109	\$ 1,065,396	\$ 154,592	\$ 26,065	\$ 1,246,053	\$ 1,052,386	

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015
(With comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 303,811	\$ (91,186)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,215	2,009
(Increase) decrease in:		
Grants and accounts receivable	(129,671)	58,253
Other assets	(1,658)	(4,085)
Increase (decrease) in:		
Accounts payable and accrued expenses	14,197	(12,069)
Deferred revenue	52,259	(89,995)
Grants and contracts payable	(117,456)	53,186
Net cash provided by (used in) operating activities	<u>124,697</u>	<u>(83,887)</u>
 Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,299)</u>	<u>(6,800)</u>
Net cash used in investing activities	<u>(1,299)</u>	<u>(6,800)</u>
 Net increase (decrease) in cash and cash equivalents	123,398	(90,687)
 Cash and cash equivalents - beginning of year	<u>110,359</u>	<u>201,046</u>
 Cash and cash equivalents - end of year	<u>\$ 233,757</u>	<u>\$ 110,359</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2015

1. DESCRIPTION OF ORGANIZATION

Neighborhood Partnerships, Inc. (NP or the Organization) is an Oregon nonprofit corporation founded in 1989 to harness the state's existing spirit of ingenuity to break down barriers to opportunity for all Oregonians. The Organization receives support from public and private foundations, government agencies, and corporations and individuals.

NP believes that bringing Oregon leaders together and challenging preconceived notions is the only way to solve our state's most intractable problems related to financial stability. Through thought and program leadership, NP engages in:

- Policy and Advocacy
- Strategic Communications
- The Oregon Individual Development Account Initiative
- Bridges to Housing

Policy and Advocacy: Through the Organization's policy and advocacy efforts, it builds ongoing relationships with decision leaders and inspires them with a passion for building financial resilience and creation of pathways out of poverty. Research, creativity, and proven approaches are used to develop NP's proposals. Neighborhood Partnerships acts as a convener for the statewide Housing Alliance, which acts to educate policy makers and advocate for affordable housing needs across Oregon. Because of NP's work to bring diverse parties together, the Organization has seen a remarkable shift in attention to housing needs and a new commitment to providing critical funding streams for communities. NP also serves as a convener of partners focused on household financial resilience and asset building. NP's program management work on homelessness and asset-building also fuels this policy work, and helps the Organization develop, test, and promote strategies that work across systems and traditional funding streams.

Bridges to Housing: The nationally-recognized Bridges to Housing program serves high need homeless families in Clark County, Washington, and in Clackamas, Multnomah, and Washington Counties in Oregon. The Bridges to Housing model allows local governments and private foundations to leverage their resources and supports service providers as they work to improve the lives of high need families. Bridges to Housing provides housing, intensive services, and child care in an effort to move families out of crisis and keep future generations out of homelessness. This effort has served approximately 650 families from 2007 through 2015, while inspiring systems change and improving case management.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

1. DESCRIPTION OF ORGANIZATION, Continued

Oregon Individual Development Account Initiative: Neighborhood Partnerships is the non-profit administrator for the State of Oregon's Individual Development Account (IDA) Initiative, and manager of contributions for the Oregon IDA Initiative. Oregon's Individual Development Account (IDA) Initiative was established in 1999, reflecting a widespread shift in public policy aimed at alleviating poverty through asset building programs.

Through matched savings accounts combined with financial education and habit building, IDAs help individuals and families with low incomes save to purchase or renovate a home, further their education, start or expand a micro-enterprise, or buy specialized equipment or technology in support of an employment goal.

Participants work with local, nonprofit IDA providers to define their goals and begin saving. Once the participant's goal is reached and all benchmarks of the asset plan are met, every dollar saved by the participant is matched by the Initiative. Typically, every dollar a participant saves is matched with three donor dollars.

Through local and national research IDAs have been shown to strengthen savings habits, the use of a budget, financial resilience and positive financial outlook. Oregon currently has nearly 3,600 active participants and is the largest IDA Initiative in the country. Funded through contributions by individuals and businesses to the Oregon IDA 75% Tax Credit, the IDA Initiative has provided more than \$22.3 million in matching funds since 2008 to over 4,300 successful 'graduates,' who saved over \$8 million.

Strategic Communication: NP's other programs include providing support to established and emerging advocates through its Strategic Communications Initiative and Advocates College. In this effort, people learn to leverage cognitive linguistics, behavioral science and communications research to find hidden reasoning behind people's thoughts, words and actions. This understanding drives more productive and successful conversations about policy and programs in Oregon.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as unrestricted or restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time.

Cash and Cash Equivalents and Restricted Cash and Certificates of Deposit

The Organization considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Restricted cash includes cash restricted to the Oregon IDA Initiative, Bridges to Housing Program and federal funds for the Assets For Independence program.

Grants and Accounts Receivable

Unconditional grants received from other organizations are recorded as revenue when the Organization is notified of the award. Conditional grants are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Grants and accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is computed on the straight-line method based on estimated useful lives of three to ten years.

Deferred Revenue

Proceeds from contracts are recognized as revenues in the period the services are provided. Proceeds received for trainings and conferences are recognized as revenue when the events occur. Amounts received in advance for contract services and trainings and conferences are recorded as deferred revenue.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Grants Payable

Unconditional grants payable to other organizations (other than grants payable through the IDA Initiative) are recorded as expense when they are approved by the Board of Directors. Conditional grants are recorded as payable and an expense when the conditions have been met. All grants payable are payable within one year.

Unrestricted and Restricted Support, Revenues, and Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 reported in the statement of activities as net assets released from restrictions.

Expense Allocation

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

Income Tax Status

Neighborhood Partnerships, Inc. is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

The Organization's information returns for years ended June 30, 2011 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

Summarized Financial Information for 2014

The accompanying financial information as of and for the year ended June 30, 2014 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated all subsequent events through September 22, 2015, the date the financial statements were available to be released.

3. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable are unsecured and consist of the following at June 30:

	2015	2014
Grants	\$ 205,000	\$ -
Contracts	20,983	7,860
Program service fees - IDA administration	36,336	124,788
Total grants and accounts receivable	\$ 262,319	\$ 132,648

Grants and contracts are expected to be received as follows:

	2015	2014
Within one year	\$ 187,319	\$ 132,648
In two to five years	75,000	-
Total	\$ 262,319	\$ 132,648

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

4. OTHER ASSETS

Other assets consist of the following at June 30:

	2015	2014
Furniture and equipment	\$ 53,881	\$ 52,582
Software	39,345	39,345
Total property and equipment	93,226	91,927
Less accumulated depreciation	83,099	79,884
Net property and equipment	10,127	12,043
Prepaid expenses and deposits	21,407	19,749
	\$ 31,534	\$ 31,792

5. LINE OF CREDIT

The Organization has an unsecured \$150,000 revolving line of credit with Wells Fargo Bank. The line of credit bears interest at 7.75% and is payable on demand. There were no outstanding advances on the line at June 30, 2015 or 2014.

6. DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	2015	2014
Assets For Independence	\$ 645,628	\$ 711,498
Housing Alliance	12,492	15,368
Bridges to Housing	-	5,000
Other	1,630	2,500
Total deferred revenue	\$ 659,750	\$ 734,366

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

7. AGENCY TRANSACTIONS

Oregon IDA Initiative

The Organization administers the Oregon Individual Development Account Initiative (IDA Initiative). The Organization collects contributions for the IDA Initiative on behalf of State-selected fiduciary organizations. Contributions received under the IDA program are recorded as agency transactions and included as a liability (Oregon IDA Initiative funds) on the statement of financial position until obligated to the fiduciary organizations and reflected as grants payable. The statement of activities reflects the gross amounts received under the Initiative, amounts obligated to the fiduciary organizations, and program fees earned by the Organization. The Oregon IDA Initiative liability at June 30 is as follows:

	2015	2014
Oregon IDA Initiative funds	\$ 3,965,573	\$ 2,451,361
Grants payable - Oregon IDA Initiative	20,590,077	20,736,170
Total Oregon IDA Initiative liability	\$ 24,555,650	\$ 23,187,531

Grants payable through the IDA Initiative are payable within 18 months (for program and administrative funds) and within 36 months (for match funds) of the award date.

Bridges to Housing

The Organization administers the Bridges to Housing Program (B2H) for Multnomah County. The Organization subcontracts with and passes funds through to County-selected service providers. Funds received under the B2H program are recorded as agency transactions and included with deferred revenue on the statement of financial position until obligated to the service providers. The statement of activities reflects the gross amounts received under the contract, amounts obligated to the service providers, and program fees earned by the Organization.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 are restricted for the following purposes:

	2015	2014
Financial Inclusion Policy Action	\$ 35,000	\$ -
Policy and asset building	254,931	-
Total temporarily restricted net assets	\$ 289,931	\$ -

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 significant amounts received or receivable will be required to be returned in the future.

10. LEASE COMMITMENT

The Organization leases office space under an operating lease agreement through December 2016. Monthly rent is \$2,955 with annual rent escalation increases of 3%. Effective October 31, 2014, the Organization may cancel the lease with 90 day notice and a cancellation fee of approximately \$5,000.

Total rent expense approximated \$34,700 and \$36,300 for the years ended June 30, 2015 and 2014, respectively.

Future minimum lease obligations are as follows:

Year ending June 30, 2016	\$ 37,500
2017	18,200
	\$ 55,700

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2015

11. RETIREMENT PLAN

The Organization established a retirement plan whereby all employees over 20 ½ years of age are eligible to participate. Employees may enter the plan on the first day of any month. The Organization makes discretionary contributions to the plan for employees with over 1,000 hours of service in the plan year. Amounts contributed by the Organization become 100% vested after the employee has performed three years of service. The Organization's contribution approximated \$48,500 and \$39,800 for the years ended June 30, 2015 and 2014, respectively.

12. RELATED PARTY DISCLOSURES

The Organization maintains cash balances approximating \$9.7 million at June 30, 2015 (\$7 million at June 30, 2014) in two banks in which two board members are employed. In addition, during the year ended June 30, 2015, grants totaling approximately \$700,000 (\$3.2 million for 2014) were awarded to one organization in which a board member of the Organization also serves on the board of the recipient organization. In accordance with the NP conflict of interest policy, board members disclose their conflicts prior to vote, and do not vote on matters which apply to parties with whom they have a relationship.

13. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in several financial institutions located throughout Oregon. The balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2015, uninsured balances approximated \$17.7 million (\$15.8 million at June 30, 2014).