

NEIGHBORHOOD  
PARTNERSHIPS, INC.

Audited Financial Statements

For the year ended June 30, 2021



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, and 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 of America.

*Report on Summarized Comparative Information*

We have previously audited Neighborhood Partnerships, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McDonald Jacoby, P.C.*

Portland, Oregon  
November 15, 2021

NEIGHBORHOOD PARTNERSHIPS, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021  
(With comparative totals for 2020)

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 884,465	\$ 428,560
Restricted cash and investments	27,872,286	25,412,881
Grants and accounts receivable	209,779	277,329
Other assets	26,184	27,731
 TOTAL ASSETS	 \$ 28,992,714	 \$ 26,146,501
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 85,060	\$ 54,991
Deferred revenue	132,042	83,960
Oregon IDA Initiative funds	3,672,564	3,967,479
Grants payable - Oregon IDA Initiative	24,199,722	21,445,402
Total liabilities	28,089,388	25,551,832
Net assets:		
Without donor restrictions	586,691	224,963
With donor restrictions	316,635	369,706
Total net assets	903,326	594,669
 TOTAL LIABILITIES AND NET ASSETS	 \$ 28,992,714	 \$ 26,146,501

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2021  
(With comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenue:</b>				
Oregon IDA Initiative:				
IDA contributions	\$ -	\$ 9,092,908	\$ 9,092,908	\$ 4,708,005
Interest income	-	166,110	166,110	446,401
Program fees	795,901	-	795,901	977,885
Grants obligated or paid	-	(9,484,721)	(9,484,721)	(4,013,099)
Outstanding donor designations	-	225,703	225,703	(1,141,307)
Net IDA initiative revenues	795,901	-	795,901	977,885
Government grants and contracts	41,000	-	41,000	112,668
Grants and contributions	357,831	418,500	776,331	236,108
Dues	65,096	-	65,096	68,067
Training and program fees	12,877	-	12,877	175,042
Net assets released from restrictions:				
Satisfaction of purpose restrictions	401,571	(401,571)	-	-
Satisfaction of time restrictions	70,000	(70,000)	-	-
Total support and revenue	<u>1,744,276</u>	<u>(53,071)</u>	<u>1,691,205</u>	<u>1,569,770</u>
<b>Expenses:</b>				
Program services	1,093,154	-	1,093,154	1,444,469
Management and general	280,475	-	280,475	234,328
Fundraising	8,919	-	8,919	23,908
Total expenses	<u>1,382,548</u>	<u>-</u>	<u>1,382,548</u>	<u>1,702,705</u>
Change in net assets	361,728	(53,071)	308,657	(132,935)
<b>Net assets:</b>				
Beginning of year	<u>224,963</u>	<u>369,706</u>	<u>594,669</u>	<u>727,604</u>
End of year	<u>\$ 586,691</u>	<u>\$ 316,635</u>	<u>\$ 903,326</u>	<u>\$ 594,669</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2021  
(With comparative totals for 2020)

	Program Services							2021 Total	2020 Total
	Policy and Advocacy	IDA Program	Economic Justice and Financial Inclusion	Other Programs	Total Program Services	Management and General	Fund- raising		
Salaries and related expenses	\$ 202,099	\$ 461,251	\$ 53,706	\$ 40,527	\$ 757,583	\$ 216,614	\$ 8,039	\$ 982,236	\$ 888,538
Grants and program contracts	70,625	59,206	30,200	17,628	177,659	18,173	326	196,158	533,745
Professional fees	4,018	7,980	321	1,032	13,351	5,671	69	19,091	27,954
Rent	12,055	26,264	2,039	2,350	42,708	11,259	289	54,256	55,326
Telephone and utilities	2,329	5,125	427	372	8,253	2,252	73	10,578	8,264
Postage and shipping	508	1,775	54	81	2,418	279	7	2,704	2,060
Printing	158	9,013	1	-	9,172	54	-	9,226	9,056
Office and computer expense	5,099	25,953	256	1,006	32,314	9,470	15	41,799	28,697
Facility rental, lodging and food	-	-	-	-	-	-	-	-	53,133
Travel	49	40	-	-	89	62	-	151	31,335
Conferences and meetings	103	2,872	200	723	3,898	5,239	-	9,137	14,675
Insurance	1,873	17,804	346	366	20,389	1,771	50	22,210	21,792
Depreciation	1,039	2,289	192	203	3,723	989	27	4,739	5,464
Miscellaneous	3,113	17,817	522	145	21,597	8,642	24	30,263	22,666
<b>Total expenses</b>	<b>\$ 303,068</b>	<b>\$ 637,389</b>	<b>\$ 88,264</b>	<b>\$ 64,433</b>	<b>\$ 1,093,154</b>	<b>\$ 280,475</b>	<b>\$ 8,919</b>	<b>\$ 1,382,548</b>	<b>\$ 1,702,705</b>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2021  
(With comparative totals for 2020)

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 308,657	\$ (132,935)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,739	5,464
(Increase) decrease in:		
Grants and accounts receivable	67,550	255,741
Other assets	(1,932)	931
Increase (decrease) in:		
Accounts payable and accrued expenses	30,069	(21,213)
Deferred revenue	48,082	37,657
Net cash flows from operating activities	457,165	145,645
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,260)	-
Net cash flows from investing activities	(1,260)	-
Net change in cash and cash equivalents	455,905	145,645
Cash and cash equivalents - beginning of year	428,560	282,915
Cash and cash equivalents - end of year	\$ 884,465	\$ 428,560
<b>Supplemental disclosure of cash flow information:</b>		
Agency transactions:		
Increase (decrease) in:		
Oregon IDA Initiative funds	\$ (294,915)	\$ (121,019)
Grants payable - Oregon IDA Initiative	2,754,320	(4,860,051)
Net proceeds from (additions to) restricted investments	(5,041,200)	10,112,252
Net change in restricted cash	(2,581,795)	5,131,182
Restricted cash - beginning of year	13,793,872	8,662,690
Restricted cash - end of year	\$ 11,212,077	\$ 13,793,872

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

1. DESCRIPTION OF ORGANIZATION

Neighborhood Partnerships, Inc. (NP or the Organization) is an Oregon nonprofit corporation founded in 1989 whose mission is to help create a better Oregon, one in which we all have access to opportunity, stability, and what we need to thrive. For the Organization, this begins with the basic human needs of having a stable and secure place to call home, and financial well-being. The Organization receives support from public and private foundations, government agencies, corporations and individuals.

The Organization is committed to building a more equitable Oregon through their work as policy advocates, coalition conveners, organizers, and program administrators to increase resources, improve public policy, and spark innovation and collaboration that work toward housing and economic justice. NP engages in:

- Policy, advocacy, and organizing;
- Economic justice and financial inclusion;
- Administering the Oregon Individual Development Account (IDA) Initiative;
- Housing justice and stability; and
- Other initiatives

**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. The Organization supports people who have been directly impacted by economic and housing instability to both inform policy proposals and speak directly to decision makers. 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 is also working with partners to elevate the need for more public and private investment in building assets and financial resilience across Oregon, especially in BIPOC communities. NP's program management of the IDA fuels this policy work, and helps the Organization center the voice of those most impacted to develop, test, and promote solutions that work for communities across that State.

**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. IDAs are a statewide investment in building financial assets, supporting people living on low incomes and with no or very low assets to build hope, financial stability and the assets needed to thrive. The IDA initiative provides matched savings



NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

1. DESCRIPTION OF ORGANIZATION, Continued

opportunities, information about financial systems, and coaching that meets people where they are, and support their financial goals.

Through matched savings accounts combined with financial education and coaching, IDAs help individuals and families to 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 organizations who provide IDAs to define their goals and begin saving. Once the participant's goal is reached every dollar saved by the participant is matched by the Initiative. Typically, every dollar a participant saves is matched with up to five donor dollars.

Oregon currently has over 3,000 active participants and is the largest IDA Initiative in the country. Funded through contributions by individuals and businesses to the Oregon IDA Tax Credit, the IDA Initiative has provided more than \$56.9 million in matching funds since 2008 to over 10,000 successful 'graduates,' who saved over \$22.7 million.

**Economic Justice & Financial Inclusion:** NP serves as a convener of partners focused on economic justice, household financial resilience, and wealth building. NP provides resources, information, and technical support to partners who are creating new pathways to provide all Oregonians access to resources and opportunity that will increase their household financial stability. In 2020, NP helped create and now co-convenes the Oregon Economic Justice Roundtable (OEJR). The OEJR was formed to co-create a shared table of advocates, nonprofits and funders to advance collective, sustained action for racial and economic justice. NP believe racial justice requires new approaches toward the creation, transfer and redistribution of wealth, power, and intentional wealth generation.

**Housing Stability:** As the convener for the statewide Housing Alliance, Neighborhood Partnerships supports a broad coalition to 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 and investment in housing needs and a new commitment to providing critical funding streams to communities. In 2019, the organization began working with residents of affordable housing to organize and build power with them. Residents have worked together to form the network, Residents Organizing for Change, or ROC, which is led by people with lived experience with housing instability.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

1. DESCRIPTION OF ORGANIZATION, Continued

**Other Programs:** NP's work is increasingly focused on centering the voices of those most impacted by racism, systemic oppression and harmful policy responses. We are committed to building a more racially equitable Oregon, in which both resources and opportunity are shared. NP's roles as conveners and organizers allow us to build a deep base of relationships that informs and strengthens our advocacy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

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 and Other Investments

Restricted cash includes cash restricted to the Oregon IDA Initiative. Other investments include certificate of deposits and federally backed bonds which are reflected at fair value.

Grants and Accounts Receivable

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.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 over the expected useful lives of the assets.

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. Grants payable (other than IDA grants) are payable within one year. Grants payable through the IDA Initiative represent agency transactions recorded as grants payable when obligated. See Note 8 for discussion.

Revenue Recognition

Revenues from various sources are recognized as follows:

**Oregon IDA Initiative:** Program fees represent revenue related to the administration of the Oregon IDA Initiative for the fiscal year and are recognized as services are carried out. See Note 8 for information about these agency transactions.

**Government Grants and Contracts:** Government grants and contracts are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has not received any advances on these grants as of June 30, 2021 and 2020.

**Contributions and Grants:** Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

**Dues Revenue:** Membership dues received from Housing Alliance members are initially recorded as deferred revenue due to conditions on how funding is to be spent. Revenue is recognized as expenses supporting the Housing Alliance are incurred.

**Training and Program Fees:** Revenues from trainings and other programs are recognized in the period in which the trainings and programs occur. Deferred revenue represents advance payments for programs that relate to the following year.

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. The expenses that are allocated include salaries and related expenses, grants and program contracts, facility rental, lodging and food, professional fees, rent, travel, office and computer expense, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

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 740 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.

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.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Principle

The Organization has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* beginning in 2021. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis.

Subsequent Events

The Organization has evaluated all subsequent events November 15, 2021, the date the financial statements were available to be released.

Summarized Financial Information for 2020

The accompanying financial information as of and for the year ended June 30, 2020 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at June 30:

	2021	2020
Cash and cash equivalents	\$ 884,465	\$ 428,560
Grants and accounts receivable	209,779	277,329
	<u>1,094,244</u>	<u>705,889</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions (current)	316,635	299,705
Financial assets available for general expenditure	<u>\$ 777,609</u>	<u>\$ 406,184</u>

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

4. RESTRICTED CASH AND OTHER INVESTMENTS

Under terms of contractual agreements with the Oregon IDA Initiative and federal funds for the Assets for Independence program, the Organization is required to maintain separate restricted cash accounts. Restricted cash and other investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Restricted cash	\$ 11,212,077	\$ 13,793,872
Certificates of deposit	2,660,772	6,586,442
Federally backed bonds	<u>13,999,437</u>	<u>5,032,567</u>
Total restricted cash and other investments	<u>\$ 27,872,286</u>	<u>\$ 25,412,881</u>

The Organization holds multiple certificates of deposit, with interest rates ranging from 0.01% to 3.0%, maturing through June 2022.

5. GRANTS AND ACCOUNTS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Grants	\$ 55,000	\$ 171,000
IDA funds due from fiscal intermediary	154,779	103,542
Contracts and other receivables	<u>-</u>	<u>2,787</u>
Total grants and accounts receivable	<u>\$ 209,779</u>	<u>\$ 277,329</u>

Grants receivable are expected to be received within one year.

6. OTHER ASSETS

Other assets consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 70,174	\$ 72,544
Software	<u>39,345</u>	<u>39,345</u>
Total property and equipment	109,519	111,889
Less accumulated depreciation	<u>104,073</u>	<u>102,964</u>
Net property and equipment	5,446	8,925
Prepaid expenses and deposits	<u>20,738</u>	<u>18,806</u>
Total other assets	<u>\$ 26,184</u>	<u>\$ 27,731</u>

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

7. DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Housing Alliance	\$ 128,013	\$ 69,279
Other	<u>4,029</u>	<u>14,681</u>
Total deferred revenue	<u>\$ 132,042</u>	<u>\$ 83,960</u>

8. AGENCY TRANSACTIONS

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 is as follows at June 30:

	<u>2021</u>	<u>2020</u>
Oregon IDA Initiative funds	\$ 3,672,564	\$ 3,967,479
Grants payable - Oregon IDA Initiative	<u>24,199,722</u>	<u>21,445,402</u>
Total Oregon IDA Initiative liability	<u>\$ 27,872,286</u>	<u>\$ 25,412,881</u>

Grants payable through the IDA Initiative are payable within 36 months for match funds of the award date.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Economic justice and financial inclusion	\$ 164,211	\$ 81,023
Housing policy	140,424	56,656
Diversifying voices	-	80,000
Resident organizing	-	70,026
Total with purpose restrictions	<u>304,635</u>	<u>287,705</u>
Time restricted	<u>12,000</u>	<u>82,000</u>
Total net assets with donor restrictions	<u>\$ 316,635</u>	<u>\$ 369,705</u>

10. CONTINGENCIES AND UNCERTAINTIES

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.

The Organization holds a contract that is dependent on the collected tax credit donations for the IDA Initiative. Due to impacts of the Tax Cuts and Jobs Act of 2017, which amended certain provisions of the 1986 IRS Code, uncertainties existed in 2019 and 2020 as donors adjusted to these provisions which limited the deductibility of state tax credits. The Organization sought changes to the underlying state tax credit and changes to donor practices in order to significantly minimize those challenges.

The Organization will continue to work to minimize the current and future impact of these changes. In 2021, the Oregon State Legislature renewed the IDA tax credit until 2027, which is a standard six year renewal and is the maximum number of years the Legislature will grant renewals for. The Organization's contract to administer the IDA Initiative has also been extended for five years.



NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

**11. REVENUE FROM CONTRACTS WITH CUSTOMERS**

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position.

- Revenue from program fees of \$793,501 for 2021 and \$977,855 for 2020, is recognized over time, as administrative services are provided for the IDA contract.
- Revenue from training fees of \$15,227 for 2021 and \$175,042 for 2020, is recognized at a point in time, as trainings are provided.

The beginning and ending contract balances are as follows:

	2021	2020	2019
Contracts receivable	\$ 154,779	\$ 103,427	\$ 209,241

**12. LEASE COMMITMENT**

The Organization leases office space under an operating lease agreement from May 2016 through August 2021. The lease terms include an initial seven-month rent concession; thereafter, monthly rent is \$4,088 with annual increases of 3%.

Total rent expense approximated \$54,900 and \$55,300 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease obligations are \$9,200 for the year ending June 30, 2022. The lease was not renewed subsequent to year end.

**13. RETIREMENT PLAN**

The Organization has a retirement plan covering eligible employees. The Organization makes discretionary contributions to the plan for all employees. Amounts contributed by the Organization become 100% vested immediately. The Organization's contribution approximated \$71,000 and \$65,800 for the years ended June 30, 2021 and 2020, respectively.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

14. RELATED PARTY DISCLOSURE

The Organization maintains cash balances approximating \$1 million at both June 30, 2021 and June 30, 2020 in banks which employs board members. 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.

15. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in several financial institutions. The balances in each institution are insured by either the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000. At June 30, 2021, uninsured balances approximated \$24.1 million (\$17.3 million at June 30, 2020).

The Organization had 47% of revenues concentrated with one contract for the year ended June 30, 2021 (62% for the year ended June 30, 2020). Credit risk for grants receivable is concentrated with 26% of the balance due from one organization at June 30, 2021 (50% of grants receivable at June 30, 2020 with one organization) In addition, substantially all of the balances are receivable from organizations and individuals located within the same geographic region.

16. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

16. FAIR VALUE MEASUREMENTS, Continued

Fair value of assets measured on a recurring basis at June 30 are as follows:

	<u>Total</u>	<u>Level 1</u>
<b>June 30, 2021</b>		
Federally backed bonds	\$ 13,999,437	\$ 13,999,437
<b>June 30, 2020</b>		
Federally backed bonds	\$ 5,032,567	\$ 5,032,567

Fair values for federal bonds are determined by reference to quoted market prices and other relevant information generated by market transactions.