

NEIGHBORHOOD
PARTNERSHIPS, INC.

Audited Financial Statements

For the year ended June 30, 2022



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Neighborhood Partnerships, Inc.

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Neighborhood Partnerships, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighborhood Partnerships, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Neighborhood Partnerships, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighborhood Partnerships, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Neighborhood Partnerships, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobz, P.C.

Portland, Oregon
November 8, 2022

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,102,627	\$ 884,465
Restricted cash and investments	28,454,662	27,872,286
Grants and accounts receivable	691,800	209,779
Other assets	<u>19,149</u>	<u>26,184</u>
 TOTAL ASSETS	 <u>\$ 30,268,238</u>	 <u>\$ 28,992,714</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 77,890	\$ 85,060
Deferred revenue	202,962	132,042
Oregon IDA Initiative funds	3,375,800	3,672,564
Grants payable - Oregon IDA Initiative	<u>25,078,862</u>	<u>24,199,722</u>
Total liabilities	<u>28,735,514</u>	<u>28,089,388</u>
Net assets:		
Without donor restrictions	747,121	586,691
With donor restrictions	<u>785,603</u>	<u>316,635</u>
Total net assets	<u>1,532,724</u>	<u>903,326</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 30,268,238</u>	 <u>\$ 28,992,714</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Oregon IDA Initiative:				
IDA contributions	\$ -	\$ 8,253,108	\$ 8,253,108	\$ 9,092,908
Interest income	-	30,412	30,412	166,110
Unrealized loss	-	(494,542)	(494,542)	-
Program fees	987,302	-	987,302	795,901
Grants obligated or paid	-	(17,501,403)	(17,501,403)	(9,484,721)
Outstanding donor designations	-	9,712,425	9,712,425	225,703
Net Oregon IDA initiative revenue	<u>987,302</u>	<u>-</u>	<u>987,302</u>	<u>795,901</u>
Grants and contributions	370,328	1,042,500	1,412,828	776,331
Government grants and contracts	-	-	-	41,000
Dues	60,314	-	60,314	65,096
Training and program fees	31,511	-	31,511	12,877
Net assets released from restrictions:				
Satisfaction of purpose restrictions	561,532	(561,532)	-	-
Satisfaction of time restrictions	12,000	(12,000)	-	-
Total support and revenue	<u>2,022,987</u>	<u>468,968</u>	<u>2,491,955</u>	<u>1,691,205</u>
Expenses:				
Program services	1,514,984	-	1,514,984	1,093,154
Management and general	335,540	-	335,540	280,475
Fundraising	12,033	-	12,033	8,919
Total expenses	<u>1,862,557</u>	<u>-</u>	<u>1,862,557</u>	<u>1,382,548</u>
Change in net assets	160,430	468,968	629,398	308,657
Net assets:				
Beginning of year	<u>586,691</u>	<u>316,635</u>	<u>903,326</u>	<u>594,669</u>
End of year	<u>\$ 747,121</u>	<u>\$ 785,603</u>	<u>\$ 1,532,724</u>	<u>\$ 903,326</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022
(With comparative totals for 2021)

	Program Services							2022 Total	2021 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	\$ 230,276	\$ 542,009	\$ 98,380	\$ 68,896	\$ 939,561	\$ 257,459	\$ 10,524	\$ 1,207,544	\$ 982,236
Grants and program contracts	201,183	177,500	35,715	22,166	436,564	34,251	1,026	471,841	196,158
Professional fees	4,394	17,190	1,715	1,254	24,553	6,616	113	31,282	19,091
Rent	2,155	5,188	871	818	9,032	2,742	128	11,902	54,256
Telephone and utilities	3,134	7,134	1,211	1,016	12,495	3,245	103	15,843	10,578
Postage and shipping	316	2,610	79	64	3,069	227	5	3,301	2,704
Printing	1	4,670	-	-	4,671	124	-	4,795	9,226
Office and computer expense	2,296	29,132	715	582	32,725	6,258	51	39,034	41,799
Facility rental, lodging and food	25	-	-	-	25	1,489	-	1,514	-
Travel	1,804	1,243	66	-	3,113	2,090	-	5,203	151
Conferences and meetings	3,148	5,942	1,305	-	10,395	8,781	-	19,176	9,137
Insurance	1,701	18,290	656	539	21,186	1,757	54	22,997	22,210
Depreciation	631	1,422	244	201	2,498	839	18	3,355	4,739
Miscellaneous	1,221	13,377	141	358	15,097	9,662	11	24,770	30,263
Total expenses	\$ 452,285	\$ 825,707	\$ 141,098	\$ 95,894	\$ 1,514,984	\$ 335,540	\$ 12,033	\$ 1,862,557	\$ 1,382,548

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 629,398	\$ 308,657
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	3,355	4,739
Loss on disposal of property and equipment	814	-
(Increase) decrease in:		
Grants and accounts receivable	(482,021)	67,550
Other assets	4,793	(1,932)
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,170)	30,069
Deferred revenue	70,920	48,082
Net cash flows from operating activities	220,089	457,165
Cash flows from investing activities:		
Purchase of property and equipment	(1,927)	(1,260)
Net cash flows from investing activities	(1,927)	(1,260)
Net change in cash and cash equivalents	218,162	455,905
Cash and cash equivalents - beginning of year	884,465	428,560
Cash and cash equivalents - end of year	\$ 1,102,627	\$ 884,465
Supplemental disclosure of cash flow information:		
Agency transactions:		
Increase (decrease) in:		
Oregon IDA Initiative funds	\$ (296,764)	\$ (294,915)
Grants payable - Oregon IDA Initiative	879,140	2,754,320
Net proceeds from (additions to) restricted investments	(2,239,923)	(5,041,200)
Net change in restricted cash	(1,657,547)	(2,581,795)
Restricted cash - beginning of year	11,212,077	13,793,872
Restricted cash - end of year	\$ 9,554,530	\$ 11,212,077

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. DESCRIPTION OF ORGANIZATION

Neighborhood Partnerships, Inc. (NP or the Organization) is an Oregon nonprofit corporation founded in 1989 whose mission is to work with communities across Oregon to develop human-centered and emergent solutions to immediate harms, and to power liberatory and transformative change through organizing, policy advocacy, and narrative change. We do this work by centering those most impacted by racial, housing, and economic injustice, directing our energy and resources toward building community power, knowledge, and capacity. 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, we build ongoing relationships with communities most impacted by economic and housing injustice in order to co-develop solutions best for these communities. We also work to inform and inspire decision makers of these community centered approaches that we believe are the strongest strategies for change and building financial resilience and 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 Initiative 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.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

1. DESCRIPTION OF ORGANIZATION, Continued

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 opportunities, information about financial systems, and coaching that meets people where they are, and supports 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 2,800 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 \$60.7 million in matching funds since 2008 to over 11,000 successful 'graduates,' who saved over \$25.4 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 believes 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, 2022

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 Investments

Restricted cash includes cash restricted to the Oregon IDA Initiative. 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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment

Acquisitions of property and equipment in excess of \$2,000 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 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.

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.

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, 2022 and 2021.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Dues: Membership payments received from Housing Alliance members are considered equivalent to conditional contributions without donor restrictions. Dues 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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Subsequent Events

The Organization has evaluated all subsequent events November 8, 2022, the date the financial statements were available to be released.

Summarized Financial Information for 2021

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

Future Accounting Standard

Effective for financial statements for the year ending June 30, 2023, the Organization expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Organization is lessee. Upon adoption, among other effects, the Organization will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. See Note 12.

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 available for general expenditure consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,102,627	\$ 884,465
Grants and accounts receivable	<u>691,800</u>	<u>209,779</u>
	1,794,427	1,094,244
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions\	<u>785,603</u>	<u>316,635</u>
Financial assets available for general expenditure	<u>\$ 1,008,824</u>	<u>\$ 777,609</u>

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

4. RESTRICTED CASH AND INVESTMENTS

Under terms of contractual agreements with the Oregon IDA Initiative the Organization is required to maintain separate restricted cash accounts. Restricted cash and investments consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Restricted cash	\$ 9,554,530	\$ 11,212,077
Certificates of deposit	4,269,424	2,660,772
Federally backed bonds	11,746,365	13,999,437
Federally backed securities	2,884,343	-
Total restricted cash and investments	<u>\$28,454,662</u>	<u>\$ 27,872,286</u>

The Organization holds multiple certificates of deposit, with interest rates ranging from 0.3% to 3.1%. Certificates mature through December 2025.

5. GRANTS AND ACCOUNTS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Grants	\$ 382,500	\$ 55,000
IDA funds due from fiscal intermediary	309,800	154,779
Total grants and accounts receivable	<u>\$ 691,800</u>	<u>\$ 209,779</u>

Grants receivable are expected to be received within one year.

6. OTHER ASSETS

Other assets consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 60,870	\$ 70,174
Software	39,345	39,345
Total property and equipment	100,215	109,519
Less accumulated depreciation	97,011	104,073
Net property and equipment	3,204	5,446
Prepaid expenses and deposits	15,945	20,738
Total other assets	<u>\$ 19,149</u>	<u>\$ 26,184</u>

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

7. DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Housing Alliance	\$ 178,462	\$ 128,013
Other	24,500	4,029
Total deferred revenue	<u>\$ 202,962</u>	<u>\$ 132,042</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>2022</u>	<u>2021</u>
Oregon IDA Initiative funds	\$ 3,375,800	\$ 3,672,564
Grants payable - Oregon IDA Initiative	25,078,862	24,199,722
Total Oregon IDA Initiative liability	<u>\$28,454,662</u>	<u>\$ 27,872,286</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, 2022

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	2022	2021
Purpose restrictions:		
Economic justice and financial inclusion	\$ 329,548	\$ 164,211
Housing policy	303,555	140,424
Other	10,000	-
Total with purpose restrictions	643,103	304,635
Time restricted	142,500	12,000
Total net assets with donor restrictions	\$ 785,603	\$ 316,635

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, 2022

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 \$987,302 for 2022 and \$795,901 for 2021, is recognized over time, as administrative services are provided for the IDA contract.
- Revenue from training fees of \$31,511 for 2022 and \$12,877 for 2021, is recognized at a point in time, as trainings are provided.

The beginning and ending contract balances are as follows:

	2022	2021	2020
Contracts receivable - program fees	\$ 309,800	\$ 154,779	\$ 103,427

There are no contract liabilities related to these revenue streams.

12. LEASE COMMITMENTS

The Organization leased office space under an operating lease agreement from May 2016 through August 2021. The lease terms included an initial seven-month rent concession; thereafter, monthly rent was \$4,088 with annual increases of 3%. The lease was not renewed after August 2021 and there was no rent during September 2021 to June 2022. Total rent expense approximated \$11,900 and \$54,300 for the years ended June 30, 2022 and 2021, respectively.

Subsequent to year end, the Organization entered a lease for office space beginning September 2022 through September 2024. Monthly rent is \$4,375 with an annual increase of 5%. In accordance with the adoption of FASB ASU 2018-01, *Leases*, the present value of the right-of-use asset and lease liability of approximately \$279,000 were recorded subsequent to year end.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

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 \$86,000 and \$71,000 for the years ended June 30, 2022 and 2021, respectively.

14. RELATED PARTY DISCLOSURE

The Organization maintains cash balances approximating \$1 million at both June 30, 2022 and June 30, 2021 in banks which employ 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. CONCENTRATIONS 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, 2022, uninsured balances approximated \$8.7 million (\$24.1 million at June 30, 2021).

IDA program fees represent 40% of total revenues for the year ended June 30, 2022 and 47% for the year ended June 30, 2021.

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.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022

16. FAIR VALUE MEASUREMENTS, Continued

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.

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

	<u>Total</u>	<u>Level 1</u>
June 30, 2022		
Federally backed bonds	\$ 11,746,365	\$ 11,746,365
Federally backed treasury securities	2,884,343	2,884,343
June 30, 2021		
Federally backed bonds	\$ 13,999,437	\$ 13,999,437

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