

NEIGHBORHOOD
PARTNERSHIPS, INC.

Audited Financial Statements

For the year ended June 30, 2023



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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobz, P.C.

Portland, Oregon
March 18, 2024

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,276,812	\$ 1,102,627
Restricted cash and investments	24,661,663	28,454,662
Grants and accounts receivable	190,726	691,800
Right-of-use asset	58,666	-
Other assets	<u>29,047</u>	<u>19,149</u>
 TOTAL ASSETS	 <u>\$ 26,216,914</u>	 <u>\$ 30,268,238</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 66,940	\$ 77,890
Deferred revenue	229,285	202,962
Oregon IDA Initiative funds	683,278	3,375,800
Grants payable - Oregon IDA Initiative	23,642,622	25,078,862
Operating lease liability	70,310	-
Total liabilities	<u>24,692,435</u>	<u>28,735,514</u>
Net assets:		
Without donor restrictions	678,766	747,121
With donor restrictions	<u>845,713</u>	<u>785,603</u>
Total net assets	<u>1,524,479</u>	<u>1,532,724</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 26,216,914</u>	 <u>\$ 30,268,238</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023
(With comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Oregon IDA Initiative:				
IDA contributions	\$ -	\$ 7,375,697	\$ 7,375,697	\$ 8,253,108
Interest income	-	260,500	260,500	30,412
Unrealized loss	-	(724,519)	(724,519)	(494,542)
Program fees	1,124,095	-	1,124,095	987,302
Grants obligated or paid	-	(9,757,430)	(9,757,430)	(17,501,403)
Outstanding donor designations	-	3,181,515	3,181,515	9,712,425
Net Oregon IDA initiative revenue	1,124,095	335,763	1,459,858	987,302
Grants and contributions	132,125	371,500	503,625	1,412,828
Government grants and contracts	47,500	-	47,500	-
Dues	46,955	-	46,955	60,314
Training and program fees	118,372	-	118,372	31,511
Net assets released from restrictions:				
Satisfaction of purpose restrictions	554,855	(554,855)	-	-
Satisfaction of time restrictions	92,298	(92,298)	-	-
Total support and revenue	2,116,200	60,110	2,176,310	2,491,955
Expenses:				
Program services	1,849,701	-	1,849,701	1,514,984
Management and general	318,972	-	318,972	335,540
Fundraising	15,882	-	15,882	12,033
Total expenses	2,184,555	-	2,184,555	1,862,557
Change in net assets	(68,355)	60,110	(8,245)	629,398
Net assets:				
Beginning of year	747,121	785,603	1,532,724	903,326
End of year	\$ 678,766	\$ 845,713	\$ 1,524,479	\$ 1,532,724

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
(With comparative totals for 2022)

	Program Services								
	Economic				Total			2023	2022
	Policy and Advocacy	IDA Program	Justice and Financial Inclusion	Other Programs	Program Services	Management and General	Fund- raising	Total	Total
Salaries and related expenses	\$ 283,851	\$ 599,688	\$ 108,109	\$ 82,543	\$ 1,074,191	\$ 226,593	\$ 12,685	\$ 1,313,469	\$ 1,207,544
Grants and program contracts	162,827	237,727	68,582	38,381	507,517	23,576	2,165	533,258	471,841
Professional fees	4,276	9,015	1,242	1,664	16,197	31,036	80	47,313	31,282
Rent	8,630	20,072	2,869	2,989	34,560	7,216	340	42,116	11,902
Telephone and utilities	2,582	5,339	857	839	9,617	1,961	73	11,651	15,843
Bank fees	-	20,083	-	-	20,083	1,191	-	21,274	3,301
Printing	1,021	5,419	24	2,221	8,685	547	2	9,234	4,795
Office and computer expense	3,308	27,807	1,629	3,983	36,727	5,819	68	42,614	39,034
Facility rental, lodging and food	2,252	2,427	-	41,895	46,574	2,281	-	48,855	1,514
Travel	7,714	6,602	165	21,969	36,450	929	-	37,379	5,203
Conferences and meetings	3,345	12,493	3,866	-	19,704	8,219	374	28,297	19,176
Insurance	1,873	18,228	615	595	21,311	1,403	46	22,760	22,997
Depreciation	665	201	34	27	927	83	3	1,013	3,355
Miscellaneous	1,366	1,553	254	13,985	17,158	8,118	46	25,322	24,770
Total expenses	<u>\$ 483,710</u>	<u>\$ 966,654</u>	<u>\$ 188,246</u>	<u>\$ 211,091</u>	<u>\$ 1,849,701</u>	<u>\$ 318,972</u>	<u>\$ 15,882</u>	<u>\$ 2,184,555</u>	<u>\$ 1,862,557</u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (8,245)	\$ 629,398
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,013	3,355
Amortization of operating lease right-of-use asset	38,308	-
Loss on disposal of property and equipment	-	814
(Increase) decrease in:		
Grants and accounts receivable	501,074	(482,021)
Other assets	(10,911)	4,793
Increase (decrease) in:		
Accounts payable and accrued expenses	(10,950)	(7,170)
Deferred revenue	26,323	70,920
Operating lease liability	(26,664)	-
Net cash flows from operating activities	<u>509,948</u>	<u>220,089</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(1,927)</u>
Net cash flows from investing activities	<u>-</u>	<u>(1,927)</u>
Net change in cash and cash equivalents	509,948	218,162
Cash and cash equivalents - beginning of year	<u>1,102,627</u>	<u>884,465</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,612,575</u></u>	<u><u>\$ 1,102,627</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for operating lease	\$ 28,369	\$ -
Non-cash investing and financing activities:		
Obtaining right-of-use asset in exchange for lease liability	96,974	-
Agency transactions:		
Change in:		
Oregon IDA Initiative funds	(2,692,522)	(296,764)
Grants payable - Oregon IDA Initiative	(1,436,240)	879,140
Net proceeds from (additions to) restricted investments	<u>2,482,092</u>	<u>(2,239,923)</u>
Net change in restricted cash	<u>(1,646,670)</u>	<u>(1,657,547)</u>
Restricted cash - beginning of year	<u>9,554,530</u>	<u>11,212,077</u>
Restricted cash - end of year	<u><u>\$ 7,907,860</u></u>	<u><u>\$ 9,554,530</u></u>

See notes to financial statements.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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;
- Administering the Oregon Individual Development Account (IDA) Initiative;
- Economic justice and financial inclusion;
- Other initiatives including housing justice and stability

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, 2023

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 and 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.

Other Initiatives: 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, 2023

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, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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 9 for discussion.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 9 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 deferred revenue in the statement of financial position.

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. Advance payments for programs that relate to the following year are included in deferred revenue.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Subsequent Events

The Organization has evaluated all subsequent events March 18, 2024, the date the financial statements were available to be released.

Summarized Financial Information for 2022

The accompanying financial information as of and for the year ended June 30, 2022 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, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization did not have any impact in its statement of financial position as of July 1, 2022.

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:

	2023	2022
Cash and cash equivalents	\$ 1,276,812	\$ 1,102,627
Grants and accounts receivable	190,726	691,800
	<u>1,467,538</u>	<u>1,794,427</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	509,950	785,603
Financial assets available for general expenditure	<u>\$ 957,588</u>	<u>\$ 1,008,824</u>

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

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:

	2023	2022
Restricted cash	\$ 8,243,623	\$ 9,554,530
Certificates of deposit	3,779,890	4,269,424
Federally backed bonds	4,903,690	11,746,365
Federally backed securities	7,734,460	2,884,343
Total restricted cash and investments	<u>\$ 24,661,663</u>	<u>\$ 28,454,662</u>

The Organization holds multiple certificates of deposit, with interest rates ranging from .45% to 4.2%. Certificates mature through December 2025.

5. GRANTS AND ACCOUNTS RECEIVABLE

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

	2023	2022
Grants	\$ 8,000	\$ 382,000
IDA funds due from fiscal intermediary	182,726	309,800
Total grants and accounts receivable	<u>\$ 190,726</u>	<u>\$ 691,800</u>

Grants receivable are expected to be received within one year.

6. OPERATING LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. Right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from these leases. ROU asset and lease liability, all of which arise from operating leases, are calculated based on the present value of future lease payments over the lease terms.

The Organization's operating lease consists of a lease for office space with remaining lease terms of 1 year and 3 months. The office lease term excludes one three-year extension, available at the Organization's option, which it is not reasonably certain to exercise. Therefore, the payments associated with the extension is not included in the ROU asset nor the lease liability recognized.

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

6. OPERATING LEASES, Continued

The statement of financial position reflects ROU asset of \$58,666 and operating lease liability of \$70,310 as of June 30, 2023.

As of June 30, 2023, the weighted average remaining lease terms was 1.25 years and the discount rate was 2.84%.

The maturities of the operating lease liability as of June 30, 2023, are as follows:

Year ending June 30, 2024	\$ 57,192
2025	<u>14,470</u>
	71,662
Less discount/interest	<u>(1,352)</u>
Present value of lease liability	<u><u>\$ 70,310</u></u>

For the year ended June 30, 2023, total operating lease cost of approximately \$40,000 is included in occupancy on the statement of functional expenses.

Rent expense under FASB ASC Topic 840, *Leases*, (pre-adoption of the new standards) for operating leases totaled approximately \$11,900 for the year ended June 30, 2022. The office lease was not renewed and there was no rent during September 2021 to June 2022.

7. OTHER ASSETS

Other assets consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 14,418	\$ 60,870
Software	<u>35,220</u>	<u>39,345</u>
Total property and equipment	49,638	100,215
Less accumulated depreciation	<u>47,448</u>	<u>97,011</u>
Net property and equipment	2,190	3,204
Prepaid expenses and deposits	<u>26,857</u>	<u>15,945</u>
Total other assets	<u><u>\$ 29,047</u></u>	<u><u>\$ 19,149</u></u>

NEIGHBORHOOD PARTNERSHIPS, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023

8. DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	2023	2022
Housing Alliance	\$ 218,732	\$ 178,462
Other	10,553	24,500
Total deferred revenue	<u>\$ 229,285</u>	<u>\$ 202,962</u>

9. 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:

	2023	2022
Oregon IDA Initiative funds	\$ 683,278	\$ 3,375,800
Grants payable - Oregon IDA Initiative	23,642,622	25,078,862
Total Oregon IDA Initiative liability	<u>\$24,325,900</u>	<u>\$28,454,662</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, 2023

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Purpose restrictions:		
Economic justice and financial inclusion	\$ 258,209	\$ 329,548
Housing policy	193,539	303,555
Other	8,000	10,000
Total with purpose restrictions	459,748	643,103
Time restricted	50,202	142,500
Total net assets with donor restrictions	<u>\$ 509,950</u>	<u>\$ 785,603</u>

II. 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.

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. The Organization will continue to work to minimize the current and future impact of these changes.

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12. 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 \$1,124,095 for 2023 and \$987,302 for 2022, is recognized over time, as administrative services are provided for the IDA contract.
- Revenue from training fees of \$118,372 for 2023 and \$31,511 for 2022, is recognized at a point in time, as trainings are provided.

The beginning and ending contract balances are as follows at June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contracts asset: Accounts receivable	\$ 182,726	\$ 309,800	\$ 154,779

There are no contract liabilities related to these revenue streams.

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 \$86,300 and \$86,000 for the years ended June 30, 2023 and 2022, respectively.

14. RELATED PARTY DISCLOSURE

The Organization maintains cash balances approximating \$1 million at both June 30, 2023 and June 30, 2022 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.

NEIGHBORHOOD PARTNERSHIPS, INC.
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June 30, 2023

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, 2023, uninsured balances approximated \$8 million (\$8.7 million at June 30, 2022).

IDA program fees represent 64% of total revenues for the year ended June 30, 2023 and 40% for the year ended June 30, 2022.

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.

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

	Total	Level 1
June 30, 2023		
Federally backed bonds	\$ 4,903,690	\$ 4,903,690
Federally backed treasury securities	7,734,460	7,734,460
June 30, 2022		
Federally backed bonds	\$ 11,746,365	\$ 11,746,365
Federally backed treasury securities	2,884,343	2,884,343

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.