

**NEIGHBORHOOD  
PARTNERSHIPS, INC.**

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**Audited Financial  
Statements**

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**For the Year Ended  
June 30, 2009**



McDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

Jake Jacobs, CPA

Susan J. Marks, CPA

The Board of Directors  
Neighborhood Partnerships, Inc.

Dennis C. Johnson, CPA  
Portland, Oregon

Mark A. Clift, CPA

Karin S. Wandtke, CPA

Sang Ahn, CPA

Jill Oswald  
Principal

James R. McDonald, CPA  
of counsel

We have audited the accompanying statement of financial position of Neighborhood Partnerships, Inc. (a nonprofit corporation) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Neighborhood Partnerships, Inc.'s 2008 financial statements and, in our report dated October 23, 2008, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*McDonald Jacobs, P.C.*

September 14, 2009

*Strength in Numbers*

ACCOUNTANTS & CONSULTANTS

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**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2009**  
**(With comparative totals for 2008)**

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,478,093	\$ 1,711,713
Restricted cash	2,388,046	3,997,866
Certificate of deposit	103,517	100,781
Grants and accounts receivable	494,531	937,975
Prepaid expenses and deposits	15,149	22,462
Property and equipment, net	34,688	49,641
 TOTAL ASSETS	 \$ 4,514,024	 \$ 6,820,438
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 207,905	\$ 74,628
Deferred revenue	171,409	14,059
Oregon IDA Initiative funds	2,388,046	3,997,866
Grants payable	1,052,216	802,504
 Total liabilities	 3,819,576	 4,889,057
Net assets:		
Unrestricted:		
Available for operations	178,086	151,597
Net property and equipment	34,688	49,641
Total unrestricted net assets	212,774	201,238
Temporarily restricted	481,674	1,730,143
 Total net assets	 694,448	 1,931,381
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,514,024	 \$ 6,820,438

See notes to financial statements.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2009**  
**(With comparative totals for 2008)**

	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
<b>Support and revenue:</b>				
Foundation grants	\$ 3,500	\$ 318,437	\$ 321,937	\$ 1,610,980
Other contributions and grants	16,352	109,455	125,807	312,892
Government grants and contracts	827,979	-	827,979	404,600
Training and program fees	332,454	-	332,454	286,679
Interest income	27,677	-	27,677	46,899
Net assets released from restrictions:				
Satisfaction of purpose restrictions	<u>1,676,361</u>	<u>(1,676,361)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,884,323</u>	<u>(1,248,469)</u>	<u>1,635,854</u>	<u>2,662,050</u>
<b>Expenses:</b>				
Program services	2,750,642	-	2,750,642	2,774,222
Management and general	112,416	-	112,416	100,187
Fundraising	<u>9,729</u>	<u>-</u>	<u>9,729</u>	<u>13,071</u>
Total expenses	<u>2,872,787</u>	<u>-</u>	<u>2,872,787</u>	<u>2,887,480</u>
 Change in net assets	 11,536	 (1,248,469)	 (1,236,933)	 (225,430)
<b>Net assets:</b>				
Beginning of year	<u>201,238</u>	<u>1,730,143</u>	<u>1,931,381</u>	<u>2,156,811</u>
 End of year	 <u>\$ 212,774</u>	 <u>\$ 481,674</u>	 <u>\$ 694,448</u>	 <u>\$ 1,931,381</u>

See notes to financial statements.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2009  
(With comparative totals for 2008)

	2009											
	Program Services											
	OCDC & PNWSC			Conferences and Training	IDA Program	Policy and Advocacy	Other Programs	Total Program Services	Management and general	Fund- raising	Total	2008 Total
	Coll- aboratives	Bridges to Housing	Resident Services									
Salaries and related expenses	\$ 42,110	\$ 69,121	\$ 5,537	\$ 10,198	\$ 136,095	\$ 39,901	\$ 34,463	\$ 337,425	\$ 89,688	\$ 7,963	\$ 435,076	\$ 474,536
Contract services	904	807,696	79,446	50,501	100,645	48,844	2,474	1,090,510	3,118	148	1,093,776	459,912
Professional fees	1,177	2,265	194	429	5,953	1,546	603	12,167	3,056	360	15,583	18,782
Grants	170,950	892,032	108,805	15,000	10,000	-	-	1,196,787	-	-	1,196,787	1,631,529
Program supplies	-	-	-	42	48	172	-	262	50	-	312	1,044
Rent	2,802	5,238	309	671	8,865	2,579	1,931	22,395	6,622	627	29,644	28,755
Telephone and utilities	391	777	44	97	2,097	388	309	4,103	1,006	92	5,201	9,098
Postage and shipping	183	192	15	72	4,281	121	72	4,936	252	60	5,248	5,699
Printing	437	885	46	294	7,040	523	649	9,874	847	43	10,764	12,209
Office and computer expense	657	1,531	90	264	14,771	789	496	18,598	2,589	171	21,358	14,637
Facility rental, lodging, and food	-	389	-	3,121	1,391	-	-	4,901	-	-	4,901	183,882
Staff travel	-	285	86	13	3,349	2,121	814	6,668	334	8	7,010	9,058
Conferences and meetings	-	3,932	1,338	409	6,083	4,530	5,693	21,985	1,375	-	23,360	21,348
Insurance	374	680	42	84	1,160	331	252	2,923	856	87	3,866	3,658
Depreciation	398	767	45	96	13,078	372	291	15,047	989	103	16,139	8,833
Miscellaneous	228	368	30	41	675	543	176	2,061	1,634	67	3,762	4,500
Total expenses	<u>\$ 220,611</u>	<u>\$ 1,786,158</u>	<u>\$ 196,027</u>	<u>\$ 81,332</u>	<u>\$ 315,531</u>	<u>\$ 102,760</u>	<u>\$ 48,223</u>	<u>\$ 2,750,642</u>	<u>\$ 112,416</u>	<u>\$ 9,729</u>	<u>\$ 2,872,787</u>	<u>\$ 2,887,480</u>

See notes to financial statements.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2009**  
**(With comparative totals for 2008)**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,236,933)	\$ (225,430)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,139	8,833
(Increase) decrease in:		
Grants and accounts receivable	443,444	282,695
Prepaid expenses	7,313	74,041
Increase (decrease) in:		
Accounts payable and accrued expenses	133,277	(22,548)
Deferred revenue	157,350	(69,401)
Grants payable	249,712	583,550
Net cash provided by (used in) operating activities	<u>(229,698)</u>	<u>631,740</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,186)	(49,655)
Purchase of certificate of deposit	<u>(2,736)</u>	<u>(100,781)</u>
Net cash used in investing activities	<u>(3,922)</u>	<u>(150,436)</u>
Net increase (decrease) in cash and cash equivalents	(233,620)	481,304
Cash and cash equivalents - beginning of year	<u>1,711,713</u>	<u>1,230,409</u>
Cash and cash equivalents - end of year	<u>\$ 1,478,093</u>	<u>\$ 1,711,713</u>

See notes to financial statements.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**1. DESCRIPTION OF ORGANIZATION**

Neighborhood Partnerships, Inc. (NP or the Organization), formerly The Neighborhood Partnership Fund, is an Oregon nonprofit corporation which was incorporated as a separate entity as of December 31, 1998. Prior to incorporation, NP operated as a fund of The Oregon Community Foundation (OCF). NP operated as a 501(c)(3) supporting organization of OCF from 1998 until 2006. NP changed its classification from a supporting organization of OCF to a publicly supported charitable organization in 2006 and received an advance ruling from the Internal Revenue Service dated December 5, 2006.

The Organization receives support from public and private foundations, government agencies, and corporations. During the year ended June 30, 2009, NP received approximately 63% of total support from two entities and during the year ended June 30, 2008, received approximately 71% of total support from four entities.

NP's programs support three primary goal areas:

- To give communities tools and resources to thrive
- To move families out of homelessness and poverty
- To create family economic stability and build family financial assets

*To Give Communities Tools and Resources to Thrive:*

**Policy and Advocacy:** Through NP's policy and advocacy efforts, the Organization builds ongoing relationships with decision leaders and inspires them with a passion for community development. Research, creativity, and proven approaches are used to develop our proposals. Neighborhood Partnerships acts as a convener for the statewide Housing Alliance, which acts to educate policy makers and advocate for affordable housing needs within state government. 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's work on homelessness and asset building also fuels this policy work, and helps the Organization develop, test and promote strategies that work across systems and traditional funding streams.

NEIGHBORHOOD PARTNERSHIPS, INC.  
NOTES TO FINANCIAL STATEMENTS, *Continued*  
June 30, 2009

1. DESCRIPTION OF ORGANIZATION, *Continued*

**Oregon Community Development Collaborative (OCDC) and Portland Neighborhood Development Support Collaborative (PNDSC):** NP works in partnership with The Enterprise Foundation, Portland's Bureau of Housing and Community Development, and Oregon Housing and Community Services to fund operating expenses of Oregon community development corporations. These collaborative structures assist organizations in developing benchmarks for success, monitoring progress, and addressing organizational challenges. NP's role as program administrator keeps NP integrally connected to the industry.

**Training and Technical Assistance (Conferences and Training):** NP's training and technical delivery system has three components. First, NP strives to provide national caliber trainings in leadership, management, and technical issues. Second, NP works to nurture peer support networks so that staff have the ability to talk through approaches, problems and concerns in a supportive environment. Third, NP partners to provide on-site technical assistance as a follow up to group learning so that lessons and new approaches can be fully implemented. Emerging issues that NP is addressing include succession planning, asset management, long-term portfolio planning, program design and evaluation, resident service program best practices, and leadership for emerging leaders.

*To Move Families out of Homelessness and Poverty*

**Bridges to Housing:** The nationally-recognized Bridges to Housing program serves high need homeless families in Clark County, Washington and in Clackamas, Multnomah, and Washington counties in Oregon. The Bridges to Housing model allows local governments and private foundations to leverage their resources and supports service providers as they work to improve the lives of high need families. Bridges to Housing provides housing, intensive services and child care in an effort to move families out of crisis and keep future generations out of homelessness. The Organization served approximately 200 families in 2009, while inspiring systems change and improving case management. Two related demonstration projects bring together partners to evaluate the added impact of services plus housing. One brings together service providers and the workforce training system to look at employment success. Another seeks to capture the property related benefits of having services available to residents on site.



**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

**1. DESCRIPTION OF ORGANIZATION, Continued**

*To Create Family Economic Stability and Build Family Financial Assets*

**IDA Program:** Neighborhood Partnerships is the non-profit administrator for the State of Oregon's Individual Development Account (IDA) Tax Credit Program. Contributions to NP are allocated to a network of partner organizations that provide financial literacy training, financing for education, micro-enterprise development support, and help with homeownership. In 2008, NP received \$4.5 million in donations for this program (recorded as a liability, Oregon IDA initiative funds, on the statement of financial position), which will help low-income Oregonians across the state increase their financial education and stability by saving for and purchasing an asset. Partners offering IDAs operate in 30 counties in Oregon, and are rapidly expanding to cover every community in the state.

**Resident Services:** Housing, while a critical component of family stability, is not always enough to allow low income families and individuals to make the most of their opportunities and succeed. NP's resident services project seeks to measure both individual outcomes (better grades in school, financial literacy) and system-related outcomes (lower involuntary turnover, lower maintenance costs).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Restricted cash includes cash designated for specific purposes by grantors.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is computed on the straight-line method based on estimated useful lives of three to ten years.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, Continued**

Grants Receivable

Unconditional grants received from other organizations are recorded as revenue when the Organization is notified of the award.

Deferred Revenue

Proceeds from trainings and conferences are recognized as revenues in the period the event occurs. Amounts received in advance for trainings and conferences are recorded as deferred revenue.

Grants Payable

Grants payable to other organizations are recorded as expense when they are approved by the Board of Directors for payment.

Agency Transactions - Oregon IDA Initiative Funds

Grants received on behalf of others, in which the Organization has no variance power over the grants, are recorded as a liability. Contributions received under the IDA program, in which NP has no variance power, are included in Oregon IDA initiative funds on the statement of financial position and approximate \$2,388,000 and \$3,998,000, at June 30, 2009 and 2008, respectively.

Unrestricted and Restricted Support, Revenues, and Contributions

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions when the restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished).

Expense Allocation

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

Income Tax Status

Neighborhood Partnerships, Inc. is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. 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.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, Continued**

Summarized Financial Information for 2008

The accompanying financial information as of and for the year ended June 30, 2008 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**3. GRANTS AND ACCOUNTS RECEIVABLE**

Grants and accounts receivable at June 30, 2009 are unsecured and expected to be received within one year.

The Organization was awarded a conditional grant totaling \$400,000 that is contingent on meeting matching requirements. Accordingly, the grant is not recorded as revenue in the financial statements. Revenue from the grant will be recorded when the Organization has met the matching requirements.

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 98,201	\$ 97,014
Software	<u>35,220</u>	<u>35,220</u>
Total property and equipment	133,421	132,234
Less accumulated depreciation	<u>98,733</u>	<u>82,593</u>
Property and equipment, net	<u>\$ 34,688</u>	<u>\$ 49,641</u>

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

**5. LINE OF CREDIT**

The Organization has a \$150,000 revolving line of credit with Wells Fargo Bank. The line of credit bears interest at prime plus 2.0% and is payable on demand. There were no outstanding advances on the line at June 30, 2009 and 2008.

**6. GRANTS PAYABLE**

Grants payable at June 30, 2009 are payable as follows:

	<u>2009</u>	<u>2008</u>
Within one year	\$ 841,246	\$ 802,504
In two to five years	<u>210,970</u>	<u>-</u>
Total grants payable	<u>\$ 1,052,216</u>	<u>\$ 802,504</u>

**7. RESTRICTED NET ASSETS**

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

	<u>2009</u>	<u>2008</u>
PNDSC & OCDC Collaboratives	\$ -	\$ 31,952
Resident services	111,928	263,672
Bridges to Housing	100,540	1,043,663
Trainings and conferences	236,035	320,171
Policy	3,757	39,855
IDA operating support	-	30,830
Asset building	<u>29,414</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 481,674</u>	<u>\$ 1,730,143</u>

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

**8. RETIREMENT PLAN**

The Organization established a retirement plan whereby all employees over 20 ½ years of age are eligible to participate. Employees may enter the plan on the first day of any month. The Organization makes discretionary contributions to the plan for employees with over 1,000 hours of service in the plan year. The Organization contributed \$23,284 during the year ended June 30, 2009, and \$32,882 during the year ended June 30, 2008. Amounts contributed by the Organization become 100% vested after the employee has performed three years of service.

**9. LEASE COMMITMENTS**

The Organization rents office space under an operating lease agreement in effect through June 30, 2010. For the years ended June 30, 2009 and 2008, rent expense approximated \$29,600 and \$28,800, respectively. Future minimum lease payments through June 30, 2010 total \$32,400.

**10. CONTINGENCIES**

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

**11. RELATED PARTY DISCLOSURES**

The Organization maintains cash balances approximating \$3.3 million at June 30, 2009 in three banks in which three board members are employed.

**NEIGHBORHOOD PARTNERSHIPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2009**

**12. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS  
IN EXCESS OF INSURED LIMITS**

The Organization maintains its cash balances in several financial institutions located in Portland. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per institution (\$250,000 effective October 3, 2008 through December 31, 2013. In addition, effective October 14, 2008 through December 31, 2009, amounts held in noninterest-bearing checking accounts and NOW accounts earning 0.5% or less have unlimited FDIC coverage). At June 30, 2009 and 2008, uninsured balances approximated \$2,585,000 and \$5,287,000, respectively.

**13. FAIR VALUE MEASUREMENTS**

Assets and liabilities recorded at fair value in the statement 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, 2009**

**13. FAIR VALUE MEASUREMENTS, Continued**

Fair values of assets and liabilities measured on a recurring basis at June 30, 2009 and 2008 are as follows:

	<u>Fair value</u>	<u>Level 2</u>	<u>Level 3</u>
<b>2009:</b>			
Assets:			
Certificate of deposit	\$ 103,517	\$ 103,517	\$
Liabilities:			
Grants payable after one year	(210,970)		(210,970)
<b>2008:</b>			
Assets:			
Certificate of deposit	100,781	100,781	
Grants receivable after one year	215,000		215,000

Grants payable and grants receivable after one year are reflected at the gross amount expected to be paid or received without discounting to present value. The discount to present value is not significant to the financial statements.