

**NEIGHBORIMPACT AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
YEAR ENDED JUNE 30, 2019

# NEIGHBORIMPACT AND AFFILIATE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
NeighborImpact  
Redmond, Oregon

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of NeighborImpact (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NeighborImpact and Affiliate, as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 United States Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Prior-Year Summarized Comparative Information*

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Price Fronek & Co.,

December 12, 2019

## **FINANCIAL STATEMENTS**

# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,443,532	\$ 3,786,330
Grants receivable	1,694,590	1,275,125
Prepaid expenses and other current assets	6,752	4,310
Food inventory	99,097	61,928
<b>TOTAL CURRENT ASSETS</b>	<b>5,243,971</b>	<b>5,127,693</b>
<b>OTHER ASSETS</b>		
Beneficial interest in Oregon Community Foundation	31,516	29,961
Investments in mutual funds	183,249	45,588
Investment in LLC	134,509	179,641
Restricted notes receivable, net of allowance	1,191,261	1,254,166
Other notes receivable, net of allowance	2,708,447	2,745,681
<b>TOTAL OTHER ASSETS</b>	<b>4,248,982</b>	<b>4,255,037</b>
<b>FIXED ASSETS, net of accumulated depreciation</b>	<b>2,127,699</b>	<b>2,045,562</b>
<b>TOTAL ASSETS</b>	<b>\$ 11,620,652</b>	<b>\$ 11,428,292</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 197,478	\$ 282,935
Accrued expenses	197,087	184,894
Current portion of long-term debt	4,215	4,606
<b>TOTAL CURRENT LIABILITIES</b>	<b>398,780</b>	<b>472,435</b>
<b>LONG-TERM DEBT, net of current portion</b>	<b>18,400</b>	<b>20,844</b>
<b>TOTAL LIABILITIES</b>	<b>417,180</b>	<b>493,279</b>
<b>NET ASSETS</b>		
Without donor restrictions	3,920,586	3,527,683
With donor restrictions	7,282,886	7,407,330
<b>TOTAL NET ASSETS</b>	<b>11,203,472</b>	<b>10,935,013</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,620,652</b>	<b>\$ 11,428,292</b>

See notes to financial statements

# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Federal grants	\$ 260,579	\$ 6,476,539	\$ 6,737,118
State and local grants	496,191	6,752,223	7,248,414
Contributions - cash	334,459	906,850	1,241,309
Contributions - noncash		2,829,042	2,829,042
Program revenue	196,138		196,138
Investment income	105,656		105,656
Income from investment in LLC	5,366		5,366
Other revenue	34,171	752	34,923
Net assets, released from restrictions	17,089,850	(17,089,850)	
<b>Total Support and Revenues</b>	<b>18,522,410</b>	<b>(124,444)</b>	<b>18,397,966</b>
<b>EXPENSES</b>			
Program services			
Early care and education	5,214,270		5,214,270
Community services	5,512,836		5,512,836
Lending	150,728		150,728
Other	5,179,322		5,179,322
Support services			
Management and general	1,522,381		1,522,381
Fundraising and community relations	549,970		549,970
<b>Total Expenses</b>	<b>18,129,507</b>		<b>18,129,507</b>
<b>CHANGE IN NET ASSETS</b>	<b>392,903</b>	<b>(124,444)</b>	<b>268,459</b>
<b>NET ASSETS - Beginning of year</b>	<b>3,527,683</b>	<b>7,407,330</b>	<b>10,935,013</b>
<b>NET ASSETS - End of year</b>	<b>\$ 3,920,586</b>	<b>\$ 7,282,886</b>	<b>\$ 11,203,472</b>

See notes to financial statements



# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

RESTATED

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Federal grants	\$ 396,594	\$ 6,261,246	\$ 6,657,840
State and local grants	4,560	5,959,497	5,964,057
Contributions - cash	285,646	865,723	1,151,369
Contributions - noncash		2,563,719	2,563,719
Program revenue	143,876		143,876
Investment income	81,920		81,920
Income from investment in LLC	106,853		106,853
Other revenue	14,443	341,006	355,449
Net assets, released from restrictions	15,241,921	(15,241,921)	
<b>Total Support and Revenues</b>	<b>16,275,813</b>	<b>749,270</b>	<b>17,025,083</b>
<b>EXPENSES</b>			
Program services			
Early care and education	5,090,548		5,090,548
Community services	4,909,249		4,909,249
Lending	113,008		113,008
Other	4,688,880		4,688,880
Support services			
Management and general	1,237,955		1,237,955
Fundraising and community relations	259,476		259,476
<b>Total Expenses</b>	<b>16,299,116</b>		<b>16,299,116</b>
<b>CHANGE IN NET ASSETS</b>	<b>(23,303)</b>	<b>749,270</b>	<b>725,967</b>
<b>NET ASSETS - Beginning of year</b>	<b>3,550,986</b>	<b>6,658,060</b>	<b>10,209,046</b>
<b>NET ASSETS - End of year</b>	<b>\$ 3,527,683</b>	<b>\$ 7,407,330</b>	<b>\$ 10,935,013</b>

See notes to financial statements

# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Support Services		Program Services	
	Management and General	Fundraising and Community Relations	Early Care and Education	Energy and Housing
PERSONNEL				
Salaries and wages	\$ 767,935	\$ 319,148	\$ 2,950,819	\$ 701,614
Payroll taxes and benefits	200,734	83,546	1,226,278	201,995
Total Personnel	968,669	402,694	4,177,097	903,609
MATERIALS AND SERVICES				
Printing	5,300	7,815	13,602	7,851
Office expenses	51,415	35,694	34,996	63,194
Interest	1,277			
Insurance	13,857	2,721	44,316	5,567
Professional fees	51,656	1,426	548	470
Contract services	35,288	40,299	33,755	354,164
Repairs and maintenance	33,505		87,568	45,302
Client assistance			403,708	3,984,593
Transportation and lodging	45,152	25,560	113,892	49,697
Rent	108,711		92,636	41,354
Janitorial	17,838			2,443
Utilities and telephone	42,172	1,519	74,442	26,483
Training and recruitment	14,154	16,816	62,010	11,505
Dues and fees	48,413	15,426	12,213	700
Loss from investment in LLC	50,498			
Other	13,081			
Total materials and services	532,317	147,276	973,686	4,593,323
Total expenses before depreciation	1,500,986	549,970	5,150,783	5,496,932
Depreciation	21,395		63,487	15,904
TOTAL EXPENSES	\$ 1,522,381	\$ 549,970	\$ 5,214,270	\$ 5,512,836

Program Services		Totals	
Lending	Other	2019	2018
\$ 87,484	\$ 772,599	\$ 5,599,599	\$ 5,140,504
19,160	253,473	1,985,186	1,736,798
106,644	1,026,072	7,584,785	6,877,302
1,638	14,113	50,319	49,031
9,403	38,736	233,438	252,409
		1,277	326
500	20,556	87,517	75,971
7,715		61,815	50,329
13,086	21,160	497,752	251,585
	34,616	200,991	221,822
	3,858,165	8,246,466	7,610,447
7,746	72,432	314,479	226,097
	23,629	266,330	205,489
	4,707	24,988	23,902
307	14,422	159,345	146,634
3,689	14,623	122,797	108,114
	3,427	80,179	69,653
		50,498	
		13,081	12,408
44,084	4,120,586	10,411,272	9,304,217
150,728	5,146,658	17,996,057	16,181,519
	32,664	133,450	117,597
\$ 150,728	\$ 5,179,322	\$ 18,129,507	\$ 16,299,116

See notes to financial statements

# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 268,459	\$ 725,967
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	133,450	117,597
(Income) loss from investment in LLC	30,132	(106,853)
Non-cash investment income	(2,163)	(2,173)
Non-cash donation of property and equipment	(26,350)	
Changes in operating assets and liabilities		
Grants receivable	(419,465)	226,376
Notes receivable	100,139	(154,532)
Prepaid expenses	(2,442)	7,700
Food inventory	(37,169)	24,816
Accounts payable	(85,457)	82,583
Accrued expenses	12,193	30,402
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(28,673)	951,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	608	586
Purchase of property and equipment	(189,237)	(109,803)
Purchase of investments	(137,661)	(45,588)
Cash dividend from investment in LLC	15,000	
NET CASH USED IN INVESTING ACTIVITIES	(311,290)	(154,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(2,835)	(4,391)
NET CASH USED IN FINANCING ACTIVITIES	(2,835)	(4,391)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(342,798)	792,687
CASH AND CASH EQUIVALENTS - Beginning of year	3,786,330	2,993,643
CASH AND CASH EQUIVALENTS - End of year	\$ 3,443,532	\$ 3,786,330

See notes to financial statements

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Organization*

From 1985, NeighborImpact (the Organization) has been recognized by the Oregon Housing and Community Services Department (OHCSD) as a community action agency serving Crook, Deschutes and Jefferson Counties and the Confederated Tribes of Warm Springs. It is organized as a 501(c)(3) charitable corporation. A 15-member volunteer Board is responsible for setting policy and direction for the organization. Its service area encompasses all of Crook, Deschutes and Jefferson Counties and the Confederated Tribes of Warm Springs in a region known as Central Oregon. The Organization maintains offices and classroom sites in the communities of Bend, La Pine, Madras, Prineville and Redmond, and also serves the cities of Culver, Metolius and Sisters.

The Organization is dedicated to supporting people and strengthening communities, especially through assistance to those living in poverty. The Organization's mission is delivered through two major divisions, Community Services (including Food) and Early Care and Education.

The Organization provides the following services to assist low- and moderate-income residents of Central Oregon:

Community Services – provides food through operation of the regional food bank, collecting food and redistributing it through approximately 55 agencies in Crook, Deschutes and Jefferson Counties and in the Confederated Tribes of Warm Springs region. These groups are independent non-profits and/or faith-based organizations that distribute supplemental food and fresh produce and operate congregate meal sites. The Organization is the local distribution partner of the Oregon Food Bank and Feeding America. The agency provides transition housing and emergency housing assistance, operates a 5-bed shelter, coordinates assistance in paying utility bills and providing weatherization services and education for low-income individuals and provides home-ownership counseling, financial education and assistance to individuals trying to stay in their homes through foreclosure prevention counseling, mortgage assistance and reverse mortgage counseling. Through its matched savings program, the Organization helps individuals save for home ownership, education and small business investments as well as other needs.

Early Care and Education – operates Head Start and Early Head Start in Crook and Deschutes Counties. More than 445 children attend Head Start in 22 classrooms operating at 9 sites. Early Head Start operates a home visiting program. The Head Start program also supports families of the children they serve, helping them move toward greater stability and a self-determined future. The Organization embraces a Two-Generation approach to eliminating poverty, giving children the skills to succeed and avoid poverty while helping their parents overcome factors keeping them in poverty. This division also operates the Childcare Resources program, which provides training, technical assistance and business support to childcare providers throughout Central Oregon. Childcare Resources coordinates training and education for the region's childcare system and providers and evaluating and rating providers.

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### *Organization – Continued*

Lending to Income Qualified Individuals – separate from the above programs, the Organization offers low-cost and deferred loans to income-qualified homeowners and individuals to preserve and rehabilitate property, replace failing wells and septic systems, provide downpayment assistance and closing cost loans and to support microenterprise and entrepreneurship to supplement income.

Advocacy – NeighborImpact has filed with the IRS an election to make expenditures to influence legislation. NeighborImpact reserves the right to make expenditures in the amount up to the designated election for lobbying purposes. As a matter of policy, NeighborImpact does not endorse or oppose partisan candidates for office and does not engage in partisan lobbying.

Supporting and affiliated organizations – the Central Oregon Community Action Foundation (CAFCO) is a 501(c)3 whose directors are appointed by the Organization board. CAFCO is a supporting organization that owns the headquarters building housing the Organization administration and receives and distributes grants supporting the Organization and other nonprofit organizations with missions that further the mission of the Organization.

The Organization is the majority partner of Housing Impact, a nonprofit LLC comprised of the Organization and Housing Works, the local housing authority for Central Oregon. Housing Impact's mission is to develop affordable housing in Central Oregon. The managing partner of Housing Impact is selected by the two organizations and is currently Housing Works.

The Organization is a member of the Community Action Partnership of Oregon (CAPO) and holds a board seat in that organization. CAPO is the designated statutory authority responsible for coordinating the delivery system for federal antipoverty programs in Oregon, including the Community Services Block Grant, Low Income Energy Assistance Program, State Department of Energy Weatherization Program and such other programs as may be available. The authority of the Community Action Partnership of Oregon can be found at ORS 458.505. There are 18 community action agencies in Oregon that comprise CAPO and share responsibility for delivery of anti-poverty services.

The Organization is a member of the NeighborWorks America network. There are approximately 240 NeighborWorks organizations nationwide, including 6 in Oregon. NeighborWorks organizations support affordable housing and community development and the people who benefit from them. NeighborWorks provides financial support to its members organizations to allow them to build more houses, empower more individuals and transform more communities than they would be able to do on their own.

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### ***Organization – Continued***

The Organization operates its food program under a contract with FeedingAmerica, which coordinates its work in Oregon through the Oregon Food Bank. Feeding America is a nationwide network of food banks and the nation's leading domestic hunger-relief charity. Feeding America feeds 46 million people annually through approximately 60,000 food pantries and meal programs. The Organization receives food commodities through its affiliation with FeedingAmerica and the Oregon Food Bank.

Resource Development – the Organization is supported in part through community donations. The Organization operates a fundraising and resource development program which seeks support from individual donors, foundations and corporations. Funds raised are used as local match for federal and state resources, program enhancement and to underwrite administrative costs (including fundraising costs) not permitted to be funded by federal and state funding. Total funds raised in 2018-2019 were \$1,064,629. As part of its Resource Development Program the Organization maintains a Board designated quasi-endowment, managed by the Oregon Community Foundation. Principal from the quasi-endowment is preserved and interest is distributed, 50% in support of operations and 50% to build endowment corpus.

#### ***Consolidation Policy***

The accompanying consolidated financial statements include the accounts of NeighborImpact and Community Action Foundation of Central Oregon (CAFCO).

The Organization has control over appointments to the Board of CAFCO, so consolidation is required under accounting principles generally accepted in the United States of America. Once appointed, the Organization does not have the ability to remove Board members of CAFCO and does not control the activity of CAFCO. Inter-organization transactions and balances have been eliminated in consolidation.

#### ***Basis of Accounting***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis of Presentation***

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### *Basis of Presentation – Continued*

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### *Income Taxes*

The Organization and CAFCO are not-for-profit corporations which have been granted tax-exempt status under IRC Section 501(c)(3). In addition, they have been determined by the Internal Revenue Services (IRS) not to be private foundations within the meaning of Section 509(a) of the code. Accordingly, these consolidated statements do not reflect a provision for income taxes. The tax returns for the Organization and CAFCO are subject to examination by the IRS generally for three years after they were filed.

#### *Support and Revenue*

Grants and other contributions of cash and other assets are reported as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, then a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by the donation, are recorded at their fair market value in the period received.

#### *Donated Services and Materials*

Contributions of noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by those persons possessing those skills and would typically need to be purchased if not provided by donation or grant, are then recorded at their fair values in the period received.



# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### ***Estimates***

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash equivalents are stated at cost which approximates market value. For purposes of the consolidated statement of cash flows, the Organization considers all cash investments with maturities of three months or less to be cash equivalents.

#### ***Grants Receivable***

Based on past experience, management believes that grants receivable will be fully collectible. Therefore, no allowance was recorded.

#### ***Inventory***

Inventory consists primarily of food and food supplies used in the Organization's client service programs and is stated at the lower of cost (determined by the first-in, first-out method) or market. Amounts held at year-end are considered to be net assets with donor restrictions in accordance with grantor requirements.

#### ***Investments***

The Organization holds a beneficial interest in the Oregon Community Foundation and an investment in mutual funds through a brokerage account at Merrill Lynch. Both investments are recorded at fair market value.

#### ***Functional Allocation of Expenses***

The Organization allocates indirect expenses of administrative overhead and other allocable costs to supporting service departments based on various direct costs and other information. The Organization's management reviews and updates these allocations on an annual basis.

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

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### *Functional Allocation of Expenses – Continued*

Expense	Method of Allocation
Personnel costs	Time and effort
Office expenses	Time and effort
Contract services	Time and effort
Repairs and maintenance	Time and effort
Client assistance	Time and effort
Transportation and lodging	Time and effort
Depreciation	Time and effort

#### *Compensated Absences*

Compensated absences are recorded as a liability and an expense when earned rather than when paid. When vacation is taken, amounts disbursed for vacation pay are charges against the liability. Compensated absences are valued at current pay rates.

#### *Property and Equipment*

Property and equipment acquired by the Organization are considered to be owned by the Organization. However, government funding sources may maintain an interest in the property purchased with grant funding as well as the right to determine the use of any proceeds from the sale of such assets. The land, building and improvements at the Organization's main location in Redmond, Oregon with a total cost of \$1,236,324, and related accumulated depreciation of \$644,054 as of June 30, 2019, is subject to a land use lease with the City of Redmond whereby upon termination of the lease, title of the property would transfer to the City of Redmond. The lease, after two extension options, expires May 2049. Management deems the likelihood of the lease terminating prior to such date to be remote.

All fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all property and equipment with a purchase price of greater than \$5,000 and a useful life of greater than one year.

#### *Comparative Information*

The consolidated financial statements and notes to consolidated financial statements contain certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### *Reclassifications*

Certain prior year amounts have been reclassified to conform with current year presentation.

#### *New Accounting Pronouncement*

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

### NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

	<u>2019</u>	<u>2018</u>
Financial assets as of June 30:		
Cash and cash equivalents	\$ 3,443,532	\$ 3,786,330
Grants receivable	1,694,590	1,275,125
Beneficial interest in Oregon Community Foundation	31,516	29,961
Investment in mutual funds	<u>183,249</u>	<u>45,588</u>
Total financial assets	<u>5,352,887</u>	<u>5,137,004</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	7,282,886	7,407,330
Less net assets with purpose restrictions to be met in less than a year		
Beneficial interest in Oregon Community Foundation	31,516	29,961
Quasi endowment established by the board	<u>183,249</u>	<u>45,588</u>
Total amounts not available:	<u>7,497,651</u>	<u>7,482,879</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ (2,144,764)</u>	<u>\$ (2,345,875)</u>

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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#### NOTE 2 – AVAILABILITY AND LIQUIDITY – CONTINUED

Considering liquidity exclusively, the Organization's current financial assets are sufficient to satisfy its total obligations. The table above also considers availability of the Organization's financial assets should it be required to satisfy all restrictions on net assets, both imposed externally by donors and grantors, and designated internally.

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses. As part of the Organization's liquidity plan, excess cash is invested in short-term investments, including certificates of deposit.

#### NOTE 3 – STATEMENTS OF CASH FLOWS – NONCASH AND OTHER ITEMS

Cash paid for interest amounted to \$1,277 and \$326 for the years ended June 30, 2019, and 2018, respectively. The Organization paid no income taxes.

#### NOTE 4 – INVESTMENT IN LLC

The Organization holds a 51% ownership interest in Housing Impact LLC, an Oregon limited liability company. Although the Organization holds a majority interest in this company, the minority owner, Central Oregon Regional Housing Authority, dba Housing Works, makes all management decisions. As such, the Organization's investment in this company is presented in accordance with the equity method of accounting for investments.

Condensed financial information of Housing Impact LLC is summarized below as of and for the year ended June 30:

	<u>2019</u>	<u>2018</u>
Balance Sheet Data:		
Total assets	\$ 1,270,852	\$ 992,779
Total liabilities	<u>(874,250)</u>	<u>(522,096)</u>
Members' capital	<u>\$ 396,602</u>	<u>\$ 470,683</u>
Statement of Operations Data:		
Revenues	\$ 110,029	\$ 243,341
Expenses	<u>(70,095)</u>	<u>(24,017)</u>
Net income	<u>\$ 39,934</u>	<u>\$ 219,324</u>

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

#### NOTE 4 – INVESTMENT IN LLC – CONTINUED

The information above is audited as part of the audit of the minority owner. Recognized in the Organization's revenue is their 51% ownership share of Housing Impact's net income in the amount of \$20,366 and \$106,853 for the years ended June 30, 2019, and 2018, respectively. The Organization also received a \$15,000 cash distribution from the LLC in 2019, and no distributions were received in 2018. An audit adjustment was posted by Housing Impact after the Organization's June 30, 2018 financial statements were issued. This amount has been recorded by the Organization as expense for the year ended June 30, 2019.

#### NOTE 5 – NOTES RECEIVABLE

Restricted notes receivable consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
NeighborHood Reinvestment Corporation Loans - various interest rates, secured by real estate	\$ 1,217,956	\$ 1,282,274
Allowance for doubtful accounts	<u>(26,695)</u>	<u>(28,108)</u>
Net of allowance	<u>\$ 1,191,261</u>	<u>\$ 1,254,166</u>

Other notes receivable consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Housing Assistance Loans, principal due subject to certain restrictions, various interest rates, secured by real estate, various maturities.	\$ 2,626,653	\$ 2,648,212
HW Madras Limited Liability Company, principal due subject to certain restrictions, interest at 4.75%, secured by real estate, due November 2026.	<u>139,448</u>	<u>155,600</u>
	2,766,101	2,803,812
Allowance for doubtful accounts	<u>(57,654)</u>	<u>(58,131)</u>
Net of allowance	<u>\$ 2,708,447</u>	<u>\$ 2,745,681</u>

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 5 – NOTES RECEIVABLE – CONTINUED

The Organization considers all notes receivable to be long-term since collection is contingent on future events and repayments in the near-term cannot be reasonably estimated. Management estimates the net value of long-term notes receivable based on historical experience and adjusts the allowance on an annual basis to report the net realizable value.

The allowance for doubtful accounts related to financing receivables consisted of the following as of June 30, 2019:

	Home Preservation	Septic Repair	Down Payment Assistance	Closing Cost Assistance	Micro Enterprise	Unallocated	Total
<b>Allowance for doubtful accounts:</b>							
Beginning balance	\$ 36,995	\$ 4,257	\$ 43,643	\$ 683	\$ 661	\$	\$ 86,239
Charge-offs							
Recoveries							
Provisions	(246)		(1,413)		(230)		(1,889)
Ending balance	<u>\$ 36,749</u>	<u>\$ 4,257</u>	<u>\$ 42,230</u>	<u>\$ 683</u>	<u>\$ 431</u>	<u>\$</u>	<u>\$ 84,350</u>
<b>Financing receivables:</b>							
Ending balance	<u>\$ 2,308,436</u>	<u>\$ 127,772</u>	<u>\$ 1,258,422</u>	<u>\$ 43,838</u>	<u>\$ 106,140</u>	<u>\$ 139,448</u>	<u>\$ 3,984,056</u>

An aging analysis of past due financing receivables as of June 30, 2019, is presented below:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Financing Receivables	Recorded Investment > 90 Days and Accruing
Home Preservation	\$	\$	\$	\$	\$ 2,308,436	\$ 2,308,436	\$
Septic Repair					127,772	127,772	
Down Payment Assistance			1,587		1,256,835	1,258,422	
Closing Cost Assistance					43,838	43,838	
Micro Enterprise		654	260		105,226	106,140	
Unallocated					139,448	139,448	
	<u>\$ -</u>	<u>\$ 654</u>	<u>\$ 1,847</u>	<u>\$ -</u>	<u>\$ 3,981,555</u>	<u>\$ 3,984,056</u>	<u>\$ -</u>

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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#### NOTE 5 – NOTES RECEIVABLE – CONTINUED

Any loan balance on which payment has not been received within 30 days during the amortization period is considered past due. Loans in forbearance are not considered past due, so long as the borrower makes alternate payment arrangements. Loans in deferral are not considered past due as payment is triggered by a future sale.

#### NOTE 6 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30:

	<b>2019</b>	<b>2018</b>
Land	\$ 483,930	\$ 483,930
Buildings	1,891,442	1,870,767
Furniture and equipment	469,379	414,551
Roads and landscaping	59,735	51,283
Vehicles	1,143,302	1,011,670
	4,047,788	3,832,201
Accumulated depreciation	(1,920,089)	(1,786,639)
	<u>\$ 2,127,699</u>	<u>\$ 2,045,562</u>

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

#### NOTE 7 – LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Payable to First Interstate Bank from the Organization monthly payments of \$462, including interest at the First Interstate Bank 3-year rate plus 2.75%, which was 5.68% as of June 30, 2019, and 2018. Secured by real estate, due 2023.	<u>\$ 22,615</u>	<u>\$ 25,450</u>
Less current portion	<u>(4,215)</u>	<u>(4,606)</u>
	<u>\$ 18,400</u>	<u>\$ 20,844</u>

Maturities of long-term debt are as follows:

<u>Year ending June 30,</u>	
2020	\$ 4,215
2021	4,461
2022	4,720
2023	4,996
2024	<u>4,223</u>
	<u>\$ 22,615</u>

#### NOTE 8 – CONCENTRATIONS OF CREDIT RISKS

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash and cash equivalents and notes receivable. The Organization maintains the majority of its cash balances at Federal Deposit Insurance Corporation (FDIC) insured institutions. The Organization utilizes sweep accounts to transfer any excess funds over the FDIC limit on a nightly basis to ensure all balances maintained at this institution remain insured by the FDIC at all times.

The Organization provides down payment and housing rehabilitation loans primarily to low and moderate income individuals. Notes receivable totaling \$3,984,056 are secured by property purchased or improved. These notes are a concentration of credit risk. Additionally, the Organization received approximately 98% of its funding from grants, contracts and contributions.



## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

#### NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization's services are occasionally utilized by members of the board of directors. Such services are provided on the same basis as those provided to the general public. Pursuant to ORS 65.364, no board members may receive loans through the Organization.

#### NOTE 10 – NET ASSETS

Net assets with donor restrictions were as follows as of June 30:

	<b>2019</b>	<b>2018</b>
Specific Purpose		
Early Care and Education	\$ 642,926	\$ 661,742
Housing	997,959	935,743
Lending	4,371,676	4,044,201
Other	1,270,325	1,765,644
	<b>\$ 7,282,886</b>	<b>\$ 7,407,330</b>

Net assets without donor restrictions were as follows as of June 30:

	<b>2019</b>	<b>2018</b>
Undesignated	\$ 3,737,338	\$ 3,482,095
Quasi endowment	183,248	45,588
	<b>\$ 3,920,586</b>	<b>\$ 3,527,683</b>

Net assets released from net assets with donor restrictions are as follows:

	<b>2019</b>	<b>2018</b>
Specific Purpose		
Early Care and Education	\$ 5,839,383	\$ 5,690,194
Housing	2,803,873	2,573,107
Lending	182,117	133,703
Other	8,264,477	6,844,917
	<b>\$ 17,089,850</b>	<b>\$ 15,241,921</b>

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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#### NOTE 11 – OPERATING LEASE COMMITMENTS

The Organization leased office space in Madras, Oregon from RL Allen Group, LLC. The lease required monthly payments \$969 through December 2017, and increased to \$988 through the remainder of the lease which expired in December 2018. The lease was not renewed. Total lease payments of \$5,930 were made for the year ended June 30, 2019.

The Organization leases office space in Bend, Oregon from Deschutes Properties LLC. The lease agreement required monthly payments of \$4,779 through September 2018, at which point the lease was renewed through September 2023. The renewed lease agreement required monthly payments of \$7,402 through March 2019, at which point the Organization added an additional suite to the lease. After this addition, the amended lease agreement requires monthly payments of \$11,242 through September 2019, with an annual increase of 4% through the term of the lease. Total lease payments of \$94,085 were made for the year ended June 30, 2019.

The Organization leases office space in Bend, Oregon from Deschutes Business Center, LLC. The lease required monthly payments of \$1,230 through May 2019, then increased to \$1,267 per month through the term of the lease, which expires in May 2020. Total lease payments of \$14,795 were made for the year ended June 30, 2019.

The Organization leases office space in Bend, Oregon, Redmond, Oregon and La Pine, Oregon from the Deschutes Children's Foundation. The East Bend lease requires monthly payments of \$1,443 for the term of the lease, which expires in June 2020. The Redmond lease requires monthly payments of \$1,565 for the term of the lease, which expires in June 2020. The La Pine lease requires monthly payments of \$342 for the term of the lease, which expires in June 2020. Total lease payments made were \$17,316, \$18,780, and \$4,104, respectively, for the year ended June 30, 2019.

The Organization entered into an agreement with PBO LLC in May 2019 to lease office space in Redmond, Oregon. The lease required monthly payments of \$1,850 through September 2019, then increased to \$1,906 per month through the term of the lease, which expires in May 2021. Total lease payments of \$3,700 were made for the year ended June 30, 2019.

The Organization leases office space in Prineville, Oregon from Ochoco Crossing School. The lease requires annual payments of \$1 for the term of the lease, which expires in July 2037. Total lease payments of \$1 were made for the year ended June 30, 2019.

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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#### NOTE 11 – OPERATING LEASE COMMITMENTS – CONTINUED

The following is a schedule of future minimum lease payments required under these leases for the next five years:

<u>Year ending June 30,</u>	
2020	\$ 215,393
2021	163,564
2022	150,289
2023	156,301
2024	<u>39,184</u>
	<u>\$ 724,731</u>

#### NOTE 12 – RETIREMENT PLAN

The Organization maintains an IRC Section 403(b) Plan that allows eligible employees to defer tax on part of their compensation. During the years ended June 30, 2019, and 2018, employer pension expense totaled \$196,009 and \$175,183, respectively. Employees are eligible to participate after one year of service. The plan provides for a 5% employer contribution to all plan participants.

#### NOTE 13 – CONTINGENCIES

##### ***Grants***

The Organization receives grants from various federal, state and local agencies that are subject to review and audit by these agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Organization's management, such disallowances, if any, will not be significant.

##### ***Tax Positions***

The Organization is exempt from federal and state income taxes, with the exception of federal taxes for net profits on unrelated business income, under Internal Revenue Code Section 501(c)(3).

Regarding uncertain income tax positions, the Organization will recognize in its financial statements the benefit of a tax position when it believes that tax position will more likely than not be sustained on audit based on the technical merits of the position.

# NEIGHBORIMPACT AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 13 – CONTINGENCIES – CONTINUED

#### *Tax Positions – Continued*

For an exempt organization, uncertain tax positions could result from unrelated business income activities or actions that jeopardize its status as tax-exempt, such as political activity, substantial lobbying expenditures or excessive unrelated business activities. The Organization has concluded that it had no unrecognized income tax benefits at June 30, 2019, or June 30, 2018, and it has no tax positions for which it estimates a significant change over the next 12 months.

The Organization is subject to examination by state and federal tax authorities. With few exceptions, the Organization is no longer subject to examination by major taxing authorities for years before 2015.

### NOTE 14 – FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## NEIGHBORIMPACT AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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#### NOTE 14 – FAIR VALUE MEASUREMENT – CONTINUED

The fair values for long-term investments were calculated and provided by Oregon Community Foundation and Merrill Lynch. The investments in the quasi-endowment fund held by Oregon Community Foundation and in the Merrill Lynch brokerage account were Level 2 assets.

#### NOTE 15 – INCREASE IN NET ASSETS

Total net assets as shown in the Consolidating Schedule of Financial Position increased by \$268,459 over the one-year period ended June 30, 2019. This increase was driven by the following factors:

Reduction in cash and cash equivalents	\$ (342,798)
Increase in grants receivable	419,465
Increase in prepaid expenses and other current assets	2,442
Increase in food inventory	37,169
Increase in long-term investments	139,216
Loss from investment in LLC	(45,132)
Reduction in notes receivable (restricted and other), net of allowances	(100,139)
Increase in net book value of fixed assets	<u>82,137</u>
Increase in total assets	<u>\$ 192,360</u>
Decrease in total liabilities	<u>\$ (76,099)</u>

#### NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2019, the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019		
	NeighborImpact	Community Action Foundation of Central Oregon	Total
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,830,746	\$ 1,612,786	\$ 3,443,532
Grants receivable	1,694,590		1,694,590
Prepaid expenses and other current assets	6,752		6,752
Food inventory	99,097		99,097
TOTAL CURRENT ASSETS	3,631,185	1,612,786	5,243,971
OTHER ASSETS			
Beneficial interest in Oregon Community Foundation	31,516		31,516
Investment in mutual funds	183,249		183,249
Investment in LLC	134,509		134,509
Restricted notes receivable, net of allowance	1,191,261		1,191,261
Other notes receivable, net of allowance	2,708,447		2,708,447
TOTAL OTHER ASSETS	4,248,982		4,248,982
FIXED ASSETS, net of accumulated depreciation	1,735,759	391,940	2,127,699
TOTAL ASSETS	\$ 9,615,926	\$ 2,004,726	\$ 11,620,652
<b>LIABILITIES AND NET ASSETS</b>			
CURRENT LIABILITIES			
Accounts payable	\$ 197,478	\$	\$ 197,478
Accrued expenses	197,087		197,087
Current portion of long-term debt	4,215		4,215
TOTAL CURRENT LIABILITIES	398,780		398,780
LONG-TERM DEBT, net of current portion	18,400		18,400
TOTAL LIABILITIES	417,180		417,180
NET ASSETS			
Without donor restrictions	1,915,860	2,004,726	3,920,586
With donor restrictions	7,282,886		7,282,886
TOTAL NET ASSETS	9,198,746	2,004,726	11,203,472
TOTAL LIABILITIES AND NET ASSETS	\$ 9,615,926	\$ 2,004,726	\$ 11,620,652

2018		
NeighborImpact	Community Action Foundation of Central Oregon	Total
\$ 2,137,731	\$ 1,648,599	\$ 3,786,330
1,275,125		1,275,125
4,310		4,310
61,928		61,928
3,479,094	1,648,599	5,127,693
29,961		29,961
45,588		45,588
179,641		179,641
1,254,166		1,254,166
2,745,681		2,745,681
4,255,037		4,255,037
1,660,719	384,843	2,045,562
\$ 9,394,850	\$ 2,033,442	\$ 11,428,292
\$ 282,935	\$	\$ 282,935
184,894		184,894
4,606		4,606
472,435		472,435
20,844		20,844
493,279		493,279
1,494,241	2,033,442	3,527,683
7,407,330		7,407,330
8,901,571	2,033,442	10,935,013
\$ 9,394,850	\$ 2,033,442	\$ 11,428,292



# NEIGHBORIMPACT AND AFFILIATE

## CONSOLIDATING SCHEDULE OF REVENUES AND EXPENSES YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Management and General	Fundraising	Early Care and Education	Energy	Housing	Food Bank Services	Home Ownership Center
<b>SUPPORT AND REVENUE</b>							
Federal grants	\$ 60,000	\$	\$ 2,435,600	\$ 1,793,179	\$ 986,405	\$ 39,679	\$ 216,940
State and local grants	31,245		3,290,009	1,162,810	1,757,418	129,865	278,453
Contributions - cash	300	839,794	26,318	10,531	41,642	104,081	216,143
Contributions - noncash			26,350			2,802,692	
Program revenue	80,311	30,646	22,233		770	5,235	17,776
Investment income	1,441	12,728				77	620
Income from investment in LLC	5,366						
Other revenue	17,138		8,658				
Net assets, released from restriction							
<b>Total support and revenues</b>	<b>195,801</b>	<b>883,168</b>	<b>5,809,168</b>	<b>2,966,520</b>	<b>2,786,235</b>	<b>3,081,629</b>	<b>729,932</b>
<b>EXPENSES</b>							
Personnel services:							
Salaries and wages	767,935	133,549	2,950,819	306,861	394,753	233,194	302,670
Payroll taxes and benefits	200,734	38,201	1,226,278	91,757	110,238	86,794	96,667
Administration	(859,113)	31,111	430,784	84,183	87,458	44,304	82,836
<b>Total personnel expenses</b>	<b>109,556</b>	<b>202,861</b>	<b>4,607,881</b>	<b>482,801</b>	<b>592,449</b>	<b>364,292</b>	<b>482,173</b>
Materials and services:							
Printing	5,300	5,496	13,602	5,560	2,291	6,937	2,665
Office expense	51,373	30,768	34,996	17,268	45,926	8,064	7,055
Interest	1,277						
Insurance	13,857		44,316	58	5,509	15,033	17
Professional fees	51,471	140	548		470		
Contract services	30,258	27,685	33,755	33,042	321,122	5,453	14,758
Repairs and maintenance	26,783		87,568	296	45,006	32,221	260
Client assistance	1,465	6,989	403,708	2,348,725	1,635,868	2,823,484	7,265
Transportation and lodging	45,152	3,352	113,892	12,034	37,663	20,191	35,126
Rent	108,711		92,636	10,152	31,202		3,643
Janitorial	17,838			1,143	1,300	2,100	787
Utilities and telephone	42,172	416	74,442	6,643	19,840	4,121	3,371
Training and recruitment	14,154	490	62,010	1,635	9,870	360	3,954
Dues and other fees	42,163	9,910	12,213	700		772	972
Other							
Loss from investment in LLC	50,498						
Administration	(387,551)	14,034	194,329	37,976	39,453	19,986	37,367
<b>Total materials and services</b>	<b>114,921</b>	<b>99,280</b>	<b>1,168,015</b>	<b>2,475,232</b>	<b>2,195,520</b>	<b>2,938,722</b>	<b>117,240</b>
<b>Total expenses</b>	<b>224,477</b>	<b>302,141</b>	<b>5,775,896</b>	<b>2,958,033</b>	<b>2,787,969</b>	<b>3,303,014</b>	<b>599,413</b>
<b>CHANGE IN NET ASSETS, before transfer and depreciation</b>	<b>(28,676)</b>	<b>581,027</b>	<b>33,272</b>	<b>8,487</b>	<b>(1,734)</b>	<b>(221,385)</b>	<b>130,519</b>
Transfer (to) from other funds	175,000	(539,589)	11,399	905	96,267	306,362	40,481
Depreciation and amortization	(510)		(63,487)		(15,904)	(26,807)	
<b>CHANGE IN NET ASSETS</b>	<b>145,814</b>	<b>41,438</b>	<b>(18,816)</b>	<b>9,392</b>	<b>78,629</b>	<b>58,170</b>	<b>171,000</b>
<b>NET ASSETS - Beginning of year</b>	<b>1,088,738</b>	<b>226,120</b>	<b>661,742</b>	<b>16,413</b>	<b>919,330</b>	<b>437,148</b>	<b>530,443</b>
<b>NET ASSETS - End of year</b>	<b>\$ 1,234,552</b>	<b>\$ 267,558</b>	<b>\$ 642,926</b>	<b>\$ 25,805</b>	<b>\$ 997,959</b>	<b>\$ 495,318</b>	<b>\$ 701,443</b>

Lending	Neighborhood Reinvestment Fund Capital	Weatherization	CSBG and Community Relations	Total NeighborImpact	Community Action Foundation of Central Oregon	Totals	
						2019	2018
\$ 87,500	\$	\$ 790,559	\$ 327,256	\$ 6,737,118	\$	\$ 6,737,118	\$ 6,657,840
		589,014		7,238,814	9,600	7,248,414	5,964,057
		2,500		1,241,309		1,241,309	1,151,369
				2,829,042		2,829,042	2,563,719
18,116		21,051		196,138		196,138	143,876
85,286				100,152	5,504	105,656	81,920
				5,366		5,366	106,853
				26,548	8,375	34,923	355,449
318,690	752 (318,690)						
509,592	(317,938)	1,403,124	327,256	18,374,487	23,479	18,397,966	17,025,083
87,484		236,735	185,599	5,599,599		5,599,599	5,140,504
19,160		70,012	45,345	1,985,186		1,985,186	1,736,798
18,535		44,434	35,468				
125,179		351,181	266,412	7,584,785		7,584,785	6,877,302
1,638		4,511	2,319	50,319		50,319	49,031
9,403		23,617	4,926	233,396	42	233,438	252,409
				1,277		1,277	326
500		5,506	2,721	87,517		87,517	75,971
7,715			1,286	61,630	185	61,815	50,329
13,086		949	12,614	492,722	5,030	497,752	251,585
		2,135		194,269	6,722	200,991	221,822
4,493		1,014,469		8,246,466		8,246,466	7,610,447
7,746		17,115	22,208	314,479		314,479	226,097
		19,986		266,330		266,330	205,489
		1,820		24,988		24,988	23,902
307		6,930	1,103	159,345		159,345	146,634
3,689		10,309	16,326	122,797		122,797	108,114
		1,683	5,516	73,929	6,250	80,179	69,653
					13,081	13,081	12,408
				50,498		50,498	
8,361		20,045	16,000				
56,938		1,129,075	85,019	10,379,962	31,310	10,411,272	9,304,217
182,117		1,480,256	351,431	17,964,747	31,310	17,996,057	16,181,519
327,475	(317,938)	(77,132)	(24,175)	409,740	(7,831)	401,909	843,564
		(115,000)	24,175				
		(5,857)		(112,565)	(20,885)	(133,450)	(117,597)
327,475	(317,938)	(197,989)		297,175	(28,716)	268,459	725,967
4,044,201	543,499	433,937		8,901,571	2,033,442	10,935,013	10,209,046
\$ 4,371,676	\$ 225,561	\$ 235,948	\$ -	\$ 9,198,746	\$ 2,004,726	\$ 11,203,472	\$ 10,935,013

See notes to financial statements

## **SINGLE AUDIT COMPLIANCE**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
NeighborImpact

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of NeighborImpact and Affiliate (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered NeighborImpact's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NeighborImpact's internal control. Accordingly, we do not express an opinion on the effectiveness of NeighborImpact's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – CONTINUED**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Frank & Co.

December 12, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
NeighborImpact

**Report on Compliance for Each Major Federal Program**

We have audited NeighborImpact's (the Organization), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 United States Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

**Unmodified Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Price Frunk & Co.  
December 12, 2019

# NEIGHBORIMPACT AND AFFILIATES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

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### SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of NeighborImpact (the Organization).
2. No material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.
3. No instances of noncompliance required to be reported under *Government Auditing Standards* were identified during the audit of the financial statements.
4. No deficiencies in internal control over compliance considered to be material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the Organization are reported in this Schedule.
7. The programs tested as major programs were:  
  
93.568 – Low-Income Home Energy Assistance Program (LIHEAP)
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.

### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

### FINDINGS – FINANCIAL STATEMENT AUDIT

None



## **NEIGHBORIMPACT AND AFFILIATES**

### **STATUS OF PRIOR YEAR (2018) FINDINGS** YEAR ENDED JUNE 30, 2019

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No prior year findings

# NEIGHBORIMPACT AND AFFILIATES

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Energy				
Passed through Oregon Housing and Community Services				
Weatherization Assistance	81.042	DE-EE0007945	\$ 194,998	\$
BPA Weatherization	81.XXX	77347	191,320	
			386,318	
Department of Treasury				
Passed through Department of Housing and Urban Development				
NeighborWorks America	21.113	R-NEC-2018-48450	127,460	
			127,460	
Department of Health and Human Services				
Head Start	93.600		1,847,137	
Passed through Oregon Housing and Community Services				
Housing Stabilization Program (TANF)	93.558	149368	103,672	
Low-income Energy Assistance (LIHEAP)	93.568	G-1901ORLIEA	2,216,499	
Community Services Block Grant	93.569	G-18B2ORCOSR	327,256	
			4,494,564	
Passed through Oregon Department of Education				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	11171	217,531	
Child Care and Development Block Grant	93.575	12276	26,321	
Passed through Oregon Department of Human Services				
Child Care and Development Block Grant	93.575	156435	79,854	
Subtotal Child Care and Development Block Grant			106,175	
Subtotal Child Care and Development Fund Cluster			323,706	
			4,818,270	
Department of Agriculture				
Passed through Oregon Food Bank				
Temporary Emergency Food Assistance Program Admin Costs	10.568	T18R12	39,679	
Temporary Emergency Food Assistance Program Food Commodities (non-cash)	10.569	T19R12	703,075	
Subtotal Food Distribution Cluster			742,754	
Passed through Oregon Department of Education				
Child and Adult Care Food Program	10.558	0903003	242,679	
			985,433	
Department of Housing and Urban Development				
Supportive Housing Program	14.267		505,617	
Passed through NeighborWorks America				
Housing Counseling	14.169	HC180011018	25,000	
Passed through Oregon Housing and Community Services				
Emergency Shelter Grant Program	14.231	E17-DC-41-0001	139,305	138,288
Home TBA	14.239	M-17-SG-41-0100	237,810	
Passed through the City of Bend				
Community Development Block Grant - Bend HOC	14.218	B-17-MC-41-0010	33,240	
			940,972	138,288
			\$ 7,258,453	\$ 138,288

## NEIGHBORIMPACT AND AFFILIATES

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

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#### **Note A - Basis of Presentation**

The accompanying schedule of federal awards (the Schedule) includes the federal award activity of NeighborImpact (the Organization) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 United States Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, change in net assets or cash flows of the Organization.

#### **Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

#### **Note C - Indirect Cost Rate**

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Note D - Federal Loan Programs**

There were no amounts of loans or loan guarantees related to federal awards outstanding at year end.