

NEIGHBORIMPACT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2021

NEIGHBORIMPACT

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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 financial statements of NeighborImpact (a nonprofit organization) (the Organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of NeighborImpact, as of June 30, 2021, 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 financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, 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 Frank & Co.

December 20, 2021

FINANCIAL STATEMENTS

NEIGHBORIMPACT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,671,150
Grants receivable	3,098,299
Prepaid expenses and other current assets	4,474
Food inventory	<u>154,258</u>

TOTAL CURRENT ASSETS	<u>6,928,181</u>
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OTHER ASSETS

Beneficial interest in Oregon Community Foundation	41,778
Investments in mutual funds	251,471
Investments - equity method	929,709
NeighborHood Reinvestment Corporation notes receivable, net of allowance	1,580,434
Other notes receivable, net of allowance	<u>2,689,325</u>

TOTAL OTHER ASSETS	<u>5,492,717</u>
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FIXED ASSETS, net of accumulated depreciation	<u>4,006,189</u>
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TOTAL ASSETS	<u>\$ 16,427,087</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 186,116
Accrued expenses	316,294
Escrow liability	<u>95,466</u>

TOTAL CURRENT LIABILITIES	<u>597,876</u>
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NET ASSETS

Without donor restrictions	5,727,014
With donor restrictions	<u>10,102,197</u>

TOTAL NET ASSETS	<u>15,829,211</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,427,087</u>
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See notes to financial statements

NEIGHBORIMPACT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Federal grants	\$ 1,031,974	\$ 16,387,251	\$ 17,419,225
State and local grants	167,429	14,964,920	15,132,349
Contributions - cash	2,083,198	1,253,686	3,336,884
Contributions - noncash	653,606	2,434,910	3,088,516
Program revenue	148,003		148,003
Investment income	101,020		101,020
Income from investment in LLC	4,924		4,924
Other revenue	248,436		248,436
Net assets, released from restrictions	32,721,241	(32,721,241)	
Total Support and Revenues	37,159,831	2,319,526	39,479,357
EXPENSES			
Program services			
Early care and education	11,564,949		11,564,949
Community services	16,343,146		16,343,146
Food bank services	3,052,842		3,052,842
Lending	294,291		294,291
Support services			
Management and general	1,848,157		1,848,157
Fundraising and community relations	846,712		846,712
Total Expenses	33,950,097		33,950,097
CHANGE IN NET ASSETS	3,209,734	2,319,526	5,529,260
NET ASSETS - Beginning of year	2,517,280	7,782,671	10,299,951
NET ASSETS - End of year	\$ 5,727,014	\$ 10,102,197	\$ 15,829,211

See notes to financial statements

NEIGHBORIMPACT

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021

	Support Services		Program Services	
	Management and General	Fundraising and Community Relations	Early Care and Education	Community Services
PERSONNEL				
Salaries and wages	\$ 966,436	\$ 439,573	\$ 5,602,713	\$ 1,554,591
Payroll taxes and benefits	261,204	124,499	1,928,181	479,809
Total Personnel	1,227,640	564,072	7,530,894	2,034,400
MATERIALS AND SERVICES				
Printing	2,995	38,119	20,943	22,291
Office expenses	69,287	35,843	415,381	126,788
Interest	964			
Insurance	11,327	2,051	43,216	14,720
Professional fees	78,135	193	1,943	105
Contract services	81,243	16,650	115,765	974,521
Repairs and maintenance	72,696		184,907	35,938
Client assistance	4,510	164,276	2,439,434	12,815,329
Transportation and lodging	6,568	3,299	28,265	10,258
Rent	124,074		365,624	191,685
Janitorial	21,917		5,916	8,900
Utilities and telephone	49,896	954	124,740	49,841
Training and recruitment	13,303	8,349	180,204	18,610
Dues and fees	77,432	12,906	16,646	12,255
Total Materials and Services	614,347	282,640	3,942,984	14,281,241
Total Expenses Before Depreciation	1,841,987	846,712	11,473,878	16,315,641
Depreciation	6,170		91,071	27,505
TOTAL EXPENSES	\$ 1,848,157	\$ 846,712	\$ 11,564,949	\$ 16,343,146

Program Services		
Food Bank Services	Lending	Total
\$ 266,099	\$ 99,534	\$ 8,928,946
91,741	28,009	2,913,443
357,840	127,543	11,842,389
4,483	1,226	90,057
37,631	4,801	689,731
		964
13,621	500	85,435
	3,115	83,491
21,555	71,101	1,280,835
34,690		328,231
2,504,816	84,967	18,013,332
11,469	89	59,948
1,015		682,398
3,500		40,233
5,823	777	232,031
3,031	75	223,572
1,335	97	120,671
2,642,969	166,748	21,930,929
3,000,809	294,291	33,773,318
52,033		176,779
\$ 3,052,842	\$ 294,291	\$ 33,950,097

See notes to financial statements

NEIGHBORIMPACT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 5,529,260
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	176,779
(Income) loss from equity investments	(685,559)
Non-cash investment income	(9,921)
Non-cash donation of property and equipment	(100,000)
Paycheck Protection Program loan forgiveness	(85,786)
Changes in operating assets and liabilities	
Grants receivable	(825,703)
Notes receivable	(389,246)
Prepaid expenses	397
Food inventory	(38,965)
Accounts payable	112,321
Accrued expenses	77,424
Escrow liability	95,466

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,856,467</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Redemption of investments	650
Purchase of property and equipment	(2,190,436)
Purchase of investments	<u>(63,936)</u>

NET CASH USED IN INVESTING ACTIVITIES	<u>(2,253,722)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	1,602,745
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CASH AND CASH EQUIVALENTS - Beginning of year	<u>2,068,405</u>
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CASH AND CASH EQUIVALENTS - End of year	<u>\$ 3,671,150</u>
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See notes to financial statements

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NeighborImpact is organized as a 501(c)(3) charitable corporation. A 15-member volunteer Board is responsible for setting policy and direction for the organization. From 1985, NeighborImpact has been recognized by the Oregon Housing and Community Services Department (OHCS) as a community action agency serving Crook, Deschutes and Jefferson Counties and the Confederated Tribes of Warm Springs, which is an independent governmental jurisdiction formed by a treaty with the United States Government in 1855 and is therefore senior to the State of Oregon and its counties. Because the reservation covers five counties, NeighborImpact provides some services out of the tri-county Central Oregon area in order to serve all Warm Springs residents. In addition, NeighborImpact serves some residents of northern Klamath county through an agreement with Klamath Family Head Start, and residents of Jefferson County through an agreement with the Mid-Columbia Children's Center, Oregon Child Development Corporation and Children's Learning Center. Residents of Christmas Valley in northern Lake County are supplied with food by authorization of the board of directors. NeighborImpact maintains offices and classroom sites in the communities of Bend, La Pine, Madras, Prineville, Redmond and Warm Springs.

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

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

Food – NeighborImpact 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 at the Confederated Tribes of Warm Springs. These groups are independent non-profits and/or faith-based organizations that distribute supplemental food and fresh produce and operate congregate meal sites. NeighborImpact is the local distribution partner of the Oregon Food Bank and Feeding America.

Community Services – NeighborImpact also provides transitional housing and emergency housing assistance, operates shelters for the homeless, 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, NeighborImpact helps individuals save for home ownership, education and small business investments as well as other needs. NeighborImpact operates a Representative Payee program which assists individuals who need assistance in administering their financial affairs due to cognitive or physical limitations.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Organization – Continued

Early Care and Education – NeighborImpact operates Head Start and Early Head Start in Crook and Deschutes Counties. More than 784 children attend Head Start in 31 classrooms, plus five Early Head Start socialization centers. 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. NeighborImpact 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. NeighborImpact operates the Childcare Resources program, which provides training, technical assistance and business support to childcare providers throughout Central Oregon. The division coordinates training and education for the region's childcare system and providers, develops childcare workforce, provides business coaching to childcare businesses. This division also administers the local Childcare Development Block Grant.

Community Development – As part of its mission to “Strengthen Communities” NeighborImpact engages in community development work including development of applications for and administration of Community Development Block Grants on behalf of local governments. NeighborImpact also identifies, applies for and administers other funding such as business development and emergency response funding for local community benefit. As a result of this work, NeighborImpact has helped support improved sewer and water systems for local communities, support home ownership and rehabilitate community facilities such as senior centers. NeighborImpact also helped distribute resources to aid and provide assistance in response to public health and wildfire emergencies. NeighborImpact engages in housing development through a partnership with Housing Works, the regional housing authority (see separate description). NeighborImpact also supports community development through lending.

Lending to Income Qualified Individuals – Separate from the programs discussed above, NeighborImpact offers low-cost and deferred loans to income-qualified homeowners and individuals to preserve and rehabilitate property, replace failing wells and septic systems, and provide down payment assistance and closing cost loans.

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 Community Action Foundation of Central Oregon (CAFCO) is a 501(c)(3) supporting organization that owns NeighborImpact’s headquarters building, leases land from the City of Redmond and owns NeighborImpact’s administration offices and food warehouse and other facilities. CAFCO’s board of directors consisted entirely of members of NeighborImpact’s board until September 29, 2020. On that date, the bylaws were amended and CAFCO became independently controlled with overlapping, minority participation on its board by NeighborImpact board members. As a result, the financial

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Organization – Continued

statements for CAFCO are no longer consolidated as an affiliate of NeighborImpact. CAFCO also receives and distributes grants supporting NeighborImpact and other nonprofit organizations with missions that further the mission of NeighborImpact.

NeighborImpact is the majority partner of Housing Impact, a nonprofit LLC comprised of NeighborImpact 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.

NeighborImpact 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.

NeighborImpact 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 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. NeighborImpact receives food commodities through its affiliation with FeedingAmerica and the Oregon Food Bank.

Resource Development – NeighborImpact is supported in part through community donations. NeighborImpact 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. A significant portion of donated resources is accounted for by donations of food.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Organization – Continued

As part of its Resource Development Program, NeighborImpact is the beneficiary of an endowment owned and managed by the Oregon Community Foundation (OCF). The principal of the endowment is reserved for the benefit of NeighborImpact and a portion of the earnings is distributed semi-annually. Distribution is determined by the Oregon Community Foundation. NeighborImpact also maintains a Board designated quasi-endowment. Principal from the quasi-endowment is preserved, except as directed by NeighborImpact's board of directors. Interest earned from the OCF endowment and quasi-endowment is distributed, 50% in support of operations and 50% to build corpus.

Deconsolidation of Community Action Foundation of Central Oregon

NeighborImpact's financial statements for the year-ended June 30, 2020, included the consolidated accounts of NeighborImpact and Community Action Foundation of Central Oregon (CAFCO). For the year-ended June 30, 2021, the accounts of CAFCO have been deconsolidated and the net assets of CAFCO are recorded as an equity method investment.

Prior to September 29, 2020, CAFCO's board consisted entirely of board members of NeighborImpact, and consolidation was required under accounting principles generally accepted in the United States of America. As of September 29, 2020, board members of NeighborImpact made up a minority of CAFCO's board, therefore NeighborImpact could no longer control the operations of CAFCO, and deconsolidation was required. However, NeighborImpact is currently entitled to the residual net assets of CAFCO in the event that the latter organization dissolves.

CAFCO's operating results for the period July 1, 2020, through September 29, 2020, are deemed insignificant by management, and have been recognized in NeighborImpact's investment in CAFCO as of June 30, 2021.

Basis of Accounting

The accompanying 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 NeighborImpact to report information regarding its financial position and activities according to the following net asset classifications:

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 NeighborImpact. These net assets may be used at the discretion of NeighborImpact'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 NeighborImpact 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

NeighborImpact is a not-for-profit corporation which has been granted tax-exempt status under IRC Section 501(c)(3). In addition, NeighborImpact has been determined by the Internal Revenue Services (IRS) not to be a private foundation within the meaning of Section 509(a) of the code. Accordingly, these statements do not reflect a provision for income taxes. The tax return for NeighborImpact is subject to examination by the IRS generally for three years after they were filed.

Support and Revenue

NeighborImpact primarily generates revenues from federal and state grants as well as charitable contributions. Additional revenue sources include program fees and investment income.

NeighborImpact recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The majority of NeighborImpact's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NeighborImpact has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Support and Revenue – Continued

Both 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 statement of activities as net assets released from restrictions.

NeighborImpact recognizes revenue from program fees at the time program services are rendered. Program fees are considered to be exchange transactions as the fees collected approximate the fair value of the services provided. Program revenue includes fees received for various programs including events, early care and education, home ownership, and lending.

Investment income is earned primarily as interest from the lending program and investments in mutual funds. These investments are presented at fair value and income is recorded based on the change in fair value over time.

NeighborImpact also receives income from an equity investment in HousingWorks for real estate development and rental activity, and lease income from an equity investment in the Community Action Foundation of Central Oregon.

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 leases facilities from Housing Works to operate the Ochoco Head Start site in Prineville, OR and the Healy Heights Head Start site in Bend, OR at below market rates through supportive services agreements. Non-cash donated use of facilities revenues and the related occupancy costs recognized when the facilities are used, and are reported at the fair market values of rent for these facilities. The amount of revenues reported for donated use of facilities was \$101,610 for the year ended June 30, 2021.

Estimates

The preparation of 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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market value. For purposes of the statement of cash flows, NeighborImpact 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 NeighborImpact'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

NeighborImpact 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

NeighborImpact allocates indirect expenses of administrative overhead and other allocable costs to supporting service departments based on various direct costs and other information. NeighborImpact'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 statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

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

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 NeighborImpact are considered to be owned by NeighborImpact. 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 NeighborImpact's main location in Redmond, Oregon with a total cost of \$1,622,852, and related accumulated depreciation of \$512,629 as of June 30, 2021, 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. NeighborImpact capitalizes all property and equipment with a purchase price of greater than \$5,000 and a useful life of greater than one year.

New Accounting Pronouncements

In February of 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". This ASU amends existing guidance for recognizing lease assets and liabilities under accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2020-05 also deferred for one year the required effective date of Topic 842. This ASU will be effective beginning with NeighborImpact's fiscal year ended June 30, 2023, at which point NeighborImpact will adopt the new standard.

Recently Adopted Accounting Pronouncements

NeighborImpact has adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, both as amended as management believes these standards improve the usefulness and understandability of NeighborImpact's financial reporting.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Adopted Accounting Pronouncements – Continued

Analysis of various provisions of these standards resulted in no significant changes in the way NeighborImpact recognizes revenue, and therefore no changes to the previously issued reviewed financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with these standards.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents NeighborImpact's financial assets at June 30, 2021:

Cash and cash equivalents	\$ 3,671,150
Grants receivable	3,098,299
Beneficial interest in Oregon Community Foundation	41,778
Investment in mutual funds	<u>251,471</u>
Total financial assets	<u>7,062,698</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	10,102,197
Less net assets with purpose restrictions to be met in less than one year	(4,499,938)
Beneficial interest in Oregon Community Foundation	41,778
Quasi-endowment established by the board	<u>251,471</u>
Total amounts not available:	<u>5,895,508</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,167,190</u>

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

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

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – AVAILABILITY AND LIQUIDITY – CONTINUED

As of June 30, 2021, NeighborImpact estimated it had forty days of cash on hand. In the event of a closure, NeighborImpact would likely suspend client assistance payments. Under these circumstances, NeighborImpact estimated it had eighty-seven days of cash on hand as of June 30, 2021.

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

Cash paid for interest amounted to \$964 for the year ended June 30, 2021. NeighborImpact paid no income taxes.

NOTE 4 – INVESTMENTS – EQUITY METHOD

NeighborImpact holds a 51% ownership interest in Housing Impact LLC, an Oregon limited liability company. Although NeighborImpact holds a majority interest in this company, the minority owner, Central Oregon Regional Housing Authority, dba Housing Works, makes all management decisions. As such, NeighborImpact'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, 2021:

Balance Sheet Data:	
Total assets	\$ 2,287,260
Total liabilities	<u>(1,698,551)</u>
Members' capital	<u>\$ 588,709</u>
Statement of Operations Data:	
Revenues	\$ 97,458
Expenses	<u>(120,335)</u>
Net income	<u>\$ (22,877)</u>

The information above is audited as part of the audit of the minority owner. Recognized in NeighborImpact revenue is their 51% ownership share of Housing Impact's net loss in the amount of \$11,667 for the year ended June 30, 2021. NeighborImpact received no distributions in 2021.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 4 – INVESTMENTS – EQUITY METHOD – CONTINUED

NeighborImpact deconsolidated the financial statements of CAFCO during the fiscal year-ended June 30, 2021, but retains a 100% interest in the former affiliate's net assets. NeighborImpact presents the investment in accordance with the equity method of accounting for investments.

Condensed financial information of CAFCO is summarized below as of and for the year ended June 30, 2021:

Balance Sheet Data:

Total assets	\$ 963,334
Total liabilities	<u>(282,700)</u>
Members' capital	<u>\$ 680,634</u>

Statement of Operations Data:

Revenues	\$ 40,757
Expenses	<u>(1,340,408)</u>
Net income	<u>\$ (1,299,651)</u>

NOTE 5 – NOTES RECEIVABLE

NeighborHood Reinvestment Corporation notes receivable consisted of the following as of June 30, 2021:

NeighborHood Reinvestment Corporation Loans - various interest rates, secured by real estate	\$ 1,614,599
Allowance for doubtful accounts	<u>(34,165)</u>
Net of allowance	<u>\$ 1,580,434</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5 – NOTES RECEIVABLE – CONTINUED

Other notes receivable consisted of the following as of June 30, 2021:

	<u>2021</u>
Housing Assistance Loans, principal due subject to certain restrictions, various interest rates, secured by real estate, various maturities.	\$ 2,642,630
HW Madras Limited Liability Company, principal due subject to certain restrictions, interest at 4.75%, secured by real estate, due November 2026.	<u>106,087</u>
	2,748,717
Allowance for doubtful accounts	<u>(59,392)</u>
Net of allowance	<u>\$ 2,689,325</u>

NeighborImpact 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 and related financing receivables consisted of the following as of June 30, 2021:

	<u>Home Preservation</u>	<u>Septic Repair</u>	<u>Down Payment Assistance</u>	<u>Closing Cost Assistance</u>	<u>Micro Enterprise</u>	<u>Unallocated</u>	<u>Total</u>
Allowance for doubtful accounts:							
Beginning balance	\$ 36,707	\$ 4,255	\$ 42,210	\$ 682	\$ 430	\$ -	\$ 84,284
Charge-offs							
Recoveries							
Provisions	5,274	278	3,600	67	54		9,273
Ending balance	<u>\$ 41,981</u>	<u>\$ 4,533</u>	<u>\$ 45,810</u>	<u>\$ 749</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 93,557</u>
Financing receivables:							
Ending balance	<u>\$ 2,420,937</u>	<u>\$ 127,772</u>	<u>\$ 1,652,805</u>	<u>\$ 30,399</u>	<u>\$ 25,316</u>	<u>\$ 106,087</u>	<u>\$ 4,363,316</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5 – NOTES RECEIVABLE – CONTINUED

An aging analysis of past due financing receivables as of June 30, 2021, 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	\$	\$	\$	\$	\$ 2,420,937	\$ 2,420,937	\$
Septic Repair					127,772	127,772	
Down Payment Assist.	171	7,916	2,680		1,642,038	1,652,805	
Closing Cost Assistance					30,399	30,399	
Micro Enterprise					25,316	25,316	
Unallocated					106,087	106,087	
	<u>\$ 171</u>	<u>\$ 7,916</u>	<u>\$ 2,680</u>	<u>\$ -</u>	<u>\$ 4,352,549</u>	<u>\$ 4,363,316</u>	<u>\$ -</u>

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.

Due to the financial uncertainties presented to borrowers as a result of the COVID-19 pandemic, all loans are in deferred status as of June 30, 2021. Because of the nature of these loan programs, most loans were already considered current due to other deferred payment qualifications.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6 – PROPERTY AND EQUIPMENT

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

Land	\$ 697,974
Buildings	2,442,472
Leasehold Improvements	883,688
Furniture and equipment	566,922
Roads and landscaping	120,653
Vehicles	1,265,829
Construction in Process	<u>16,467</u>
	5,994,005
Accumulated depreciation	<u>(1,987,816)</u>
	<u>\$ 4,006,189</u>

NOTE 7 – OTHER LIABILITIES – PAYCHECK PROTECTION PROGRAM LOAN

During the COVID-19 pandemic, NeighborImpact entered into a loan agreement with First Interstate Bank for the SBA Paycheck Protection Program (PPP) loan in the amount of \$85,786. The loan agreement called for monthly payments of \$4,804, including interest at 1%, beginning in November 2020. The loan matured in April 2022. If the loan proceeds were spent on allowable uses, primarily payroll, the entire amount of the loan could be forgiven. No monthly payments were required on this loan before the SBA made a determination as to the forgiven amount. NeighborImpact applied for, and was granted loan forgiveness by SBA in November 2020.

NOTE 8 – CONCENTRATIONS OF CREDIT RISKS

Financial instruments that potentially subject NeighborImpact to a concentration of credit risk consist principally of cash and cash equivalents and notes receivable. NeighborImpact maintains the majority of its cash balances at Federal Deposit Insurance Corporation (FDIC) insured institutions. NeighborImpact 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.

NeighborImpact provides down payment and housing rehabilitation loans primarily to low and moderate income individuals. Notes receivable totaling \$4,363,316 are secured by property purchased or improved. These notes are a concentration of credit risk. Additionally, NeighborImpact received approximately 94% of its funding from grants and contributions.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 – RELATED PARTY TRANSACTIONS

NeighborImpact'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 NeighborImpact.

NeighborImpact leases office space in Redmond, Oregon from CAFCO. NeighborImpact also provides significant accounting and operational support to CAFCO.

NeighborImpact received a cash contribution from CAFCO in the amount of \$1,326,679 during the current year.

NOTE 10 – NET ASSETS

Net assets with donor restrictions were as follows as of June 30, 2021:

Specific Purpose	
Early care and education	\$ 2,199,241
Housing	1,821,078
Lending	4,814,794
Other	<u>1,267,084</u>
	<u>\$ 10,102,197</u>

Net assets without donor restrictions were as follows as of June 30, 2021:

Undesignated	\$ 5,475,543
Quasi endowment	<u>251,471</u>
	<u>\$ 5,727,014</u>

Net assets released from net assets with donor restrictions are as follows for the year ended June 30, 2021:

Specific Purpose	
Early care and education	\$ 11,847,685
Housing	3,523,431
Lending	330,385
Other	<u>17,019,740</u>
	<u>\$ 32,721,241</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 11 – OPERATING LEASE COMMITMENTS

NeighborImpact leased office space in Madras, Oregon from RL Allen Group, LLC. The lease required monthly payments of \$1,028 during the 2020 calendar year, and monthly payments of \$1,048 during the 2021 calendar year. The lease expires in December 2021. Total lease payments of \$12,456 were made for the year ended June 30, 2021.

NeighborImpact leases office space in Bend, Oregon from Deschutes Properties LLC. The lease required monthly payments of \$11,693 through September 2020, with an annual increase of 4% through the term of the lease which expires September 2023. Total lease payments of \$144,508 were made for the year ended June 30, 2021.

NeighborImpact leases office space in Bend, Oregon from Deschutes Center, LLC. The lease required monthly payments of \$1,267 through May 2020. This lease was renewed through May of 2025 with monthly payments of \$1,378 through May of 2021 and annual increases thereafter. Total lease payments of \$16,574 were made for the year ended June 30, 2021.

NeighborImpact leases office space in Redmond, Oregon from PBO LLC. The lease requires monthly payments of \$1,906 through May 2023 when the lease expires. Total lease payments of \$22,872 were made for the year ended June 30, 2021.

NeighborImpact leases office space from Toney Properties LLC in Redmond, Oregon. The lease required monthly payments of \$1,657 through September 2020, and monthly payments of \$1,714 through the term of the lease, which expired in September 2021. This lease was renewed with monthly payments of \$2,260 due through September 2022 increasing annually by 3% through September 2024 when the lease expires. Total lease payments of \$20,393 were made for the year ended June 30, 2021.

NeighborImpact leases office space in Prineville, Oregon from Housing Works. 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, 2021.

NeighborImpact leases office space in Bend, Oregon from Nativity Lutheran Church. The lease requires monthly payments of \$908 through December 2020. The lease was renewed in the January of 2021 at a rate of \$950 per month through the end of the term in December of 2021. Total lease payments of \$11,148 were made for the year ended June 30, 2021.

NeighborImpact entered into an agreement with LaPine Parks and Recreation District in April 2021 to lease classroom space in LaPine, Oregon. The lease requires monthly payments of \$800 through December 2021, then annual increases of 3% through the term of the lease, which expires in December 2025. Total lease payments of \$2,400 were made for the year ended June 30, 2021.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 11 – OPERATING LEASE COMMITMENTS – CONTINUED

NeighborImpact also entered into a one-year agreement with LaPine Parks and Recreation District in September 2020 to lease office space in LaPine, Oregon. The lease requires monthly payments of \$900 through August 2021. Total lease payments of \$9,000 were made for the year ended June 30, 2021.

NeighborImpact entered into an agreement with Bonnett Properties LLC in April 2021 to lease office space in Bend, Oregon. This triple-net lease requires monthly payments of \$1,875 through April of 2022, then increases to \$1,931 per month through April of 2023, then payment of \$1,989 the term of the lease, which expires in March 2024. Total lease payments of \$5,625 were made for the year ended June 30, 2021.

NeighborImpact also entered into a nine-month agreement with Bonnett Properties LLC in April 2021 to lease office space in Bend, Oregon. The lease requires monthly payments of \$4,800 through March 2022. Total lease payments of \$14,400 were made for the year ended June 30, 2021.

NeighborImpact entered into an agreement with the Community Action Foundation of Central Oregon in January of 2021 to lease office space in Redmond, Oregon. This triple-net lease requires monthly payments of \$5,275 through December of 2025. Total lease payments of \$31,650 were made for the year ended June 30, 2021.

NeighborImpact entered into a short-term agreement with Deschutes County, a political subdivision of the State of Oregon in February of 2021 to lease a motel for use as an emergency shelter in Bend, Oregon. This lease required monthly payments of \$9,300 through June of 2021. Thereafter, the lease could be terminated by either party upon thirty-day written notice. Total lease payments of \$42,792 were made for the year ended June 30, 2021.

NeighborImpact entered into an agreement with Sonberg Company LLC in January of 2021 to lease office space in LaPine, Oregon. The lease requires monthly payments of \$895 through December of 2022. Total lease payments of \$4,475 were made for the year ended June 30, 2021.

NeighborImpact entered into an agreement with the International Church of the Foursquare Gospel in June of 2021 to lease classroom space in Bend, Oregon. The lease requires monthly payments of \$630 through June of 2022. No lease payments were made for the year ended June 30, 2021.

NeighborImpact entered into a lease agreement with Prineville Church of the Nazarene in December 2020. The lease required monthly payments of \$800 through the term of the lease which expires in December 2021. NeighborImpact renewed this lease which requires monthly payments of \$875 through December 2022 when the lease expires. Total lease payments \$5,600 were made for the year ended June 30, 2021.

NeighborImpact leases office space in Bend, Redmond, and La Pine, Oregon from Deschutes Children's Foundation under four lease agreements. These leases require monthly payments ranging from \$431 to

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 11 – OPERATING LEASE COMMITMENTS – CONTINUED

\$1,565 through the terms of the leases which all expire in June 2022. Total lease payments under these leases of \$48,763 were made for the year ended June 30, 2021.

NeighborImpact entered into a lease agreement with the Redmond School District in September 2020. The lease requires monthly payments of \$875 through the term of the lease which expires in August 2030. Total lease payments of \$8,750 were made for the year ended June 30, 2021.

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>	
2021	\$ 431,512
2022	335,599
2023	190,023
2024	108,737
2025	47,634
Thereafter	<u>43,750</u>
	<u>\$ 1,157,255</u>

NOTE 12 – RETIREMENT PLAN

NeighborImpact maintains an IRC Section 403(b) Plan that allows eligible employees to defer tax on part of their compensation. During the year ended June 30, 2021, employer pension expense totaled \$488,148. Employees are eligible to participate after one year of service. The plan provides for a 5% employer contribution to all plan participants.

NeighborImpact also maintains an IRC 457 defined contribution plan for highly compensated personnel to provide a comparable employer contribution percentage for senior management. The plan had a balance of \$24,153 as of June 30, 2021.

NOTE 13 – CONTINGENCIES

Grants

NeighborImpact 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

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 13 – CONTINGENCIES – CONTINUED

Grants – Continued

expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of NeighborImpact's management, such disallowances, if any, will not be significant.

Tax Positions

NeighborImpact 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, NeighborImpact 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.

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. NeighborImpact has concluded that it had no unrecognized income tax benefits at June 30, 2021, and it has no tax positions for which it estimates a significant change over the next 12 months.

NeighborImpact is subject to examination by state and federal tax authorities. With few exceptions, NeighborImpact is no longer subject to examination by major taxing authorities for years before 2017.

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 NeighborImpact 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.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 14 – FAIR VALUE MEASUREMENT – CONTINUED

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.

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 Schedule of Financial Position increased by \$5,529,260 over the one-year period ended June 30, 2021. This increase was driven by the following factors:

Increase in cash and cash equivalents	\$ 898
Increase in grants receivable	825,703
Decrease in prepaid expenses and other current assets	(397)
Increase in food inventory	38,965
Increase in long-term investments	73,207
Gain from equity method investments	685,559
Increase in notes receivable (restricted and other), net of allowances	389,246
Increase in net book value of fixed assets	<u>1,735,219</u>
Increase in total assets	<u>\$ 3,748,400</u>
Increase in total liabilities	<u>\$ 199,425</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2021, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

NEIGHBORIMPACT

SCHEDULE OF REVENUES AND EXPENSES YEAR ENDED JUNE 30, 2021

	Management and General	Fundraising	Early Care and Education	Energy	Housing	Food Bank Services
SUPPORT AND REVENUE						
Federal grants	\$	\$	\$ 4,518,903	\$ 1,391,385	\$ 2,296,989	\$ 113,899
State and local grants			8,292,061	1,083,245	1,783,197	231,614
Contributions - cash	1,326,679	1,330,955	218,140	26,976	7,070	211,575
Contributions - noncash	654,156	4,338	126,522		102,041	2,174,709
Program revenue	9,757	82,221	10,954			2,500
Investment income	5,825	6,219				
Income from investment in LLC	4,924					
Other revenue	29,370		73,566		900	65,492
Total support and revenues	2,030,711	1,423,733	13,240,146	2,501,606	4,190,197	2,799,789
EXPENSES						
Personnel services:						
Salaries and wages	966,436	180,281	5,585,638	273,972	483,123	266,099
Payroll taxes and benefits	261,204	55,559	1,924,204	95,600	144,713	91,741
Administration	(1,148,843)	46,404	645,873	88,204	107,132	49,457
Total personnel expenses	78,797	282,244	8,155,715	457,776	734,968	407,297
Materials and services:						
Printing	2,995	38,053	20,943	10,685	3,042	4,483
Office expense	63,507	21,758	415,381	13,878	46,395	37,631
Interest	964					
Insurance	11,327		43,216	23	6,803	13,621
Professional fees	78,135	193	1,943		105	
Contract services	81,243	4,338	115,765	18,405	611,529	21,555
Repairs and maintenance	43,279		184,907	106	33,381	
Client assistance	1,010	4,338	1,810,487	1,899,607	1,850,646	2,479,066
Transportation and lodging	6,552	543	28,265	1,442	3,875	11,469
Rent	124,074		365,624	9,011	127,514	1,015
Janitorial	17,775		5,916	695	3,064	3,500
Utilities and telephone	49,896	489	124,740	8,123	29,442	5,823
Training and recruitment	13,303	6,081	180,204	674	3,571	3,031
Dues and other fees	77,315	12,906	16,646	5,556	1,504	1,335
Administration	(510,253)	20,611	286,861	39,178	47,580	21,966
Total materials and services	61,122	109,310	3,600,898	2,007,383	2,768,451	2,604,495
Total expenses	139,919	391,554	11,756,613	2,465,159	3,503,419	3,011,792
CHANGE IN NET ASSETS, before transfer and depreciation	1,890,792	1,032,179	1,483,533	36,447	686,778	(212,003)
Transfer (to) from other funds	201,643	(725,487)	89,823	7,663	70,194	334,877
Depreciation and amortization	(6,170)		(91,071)		(20,012)	(52,033)
CHANGE IN NET ASSETS	2,086,265	306,692	1,482,285	44,110	736,960	70,841
NET ASSETS - Beginning of year	1,269,514	671,696	721,880	42,692	1,084,118	743,603
NET ASSETS - End of year	\$ 3,355,779	\$ 978,388	\$ 2,204,165	\$ 86,802	\$ 1,821,078	\$ 814,444

Home Ownership Center	Lending	Weatherization	CSBG and Community Relations	Rep Payee	Community Development	COVID-19 Response	Total
\$ 311,517	\$ 107,079	\$ 606,235	\$ 238,400	\$	\$ 138,315	\$ 7,696,503	\$ 17,419,225
223,069	298,500	407,769		75,215		2,737,679	15,132,349
159,000		49,653				6,836	3,336,884
		1,000				25,750	3,088,516
27,056	1,841	9,924				3,750	148,003
	88,976						101,020
							4,924
5,140						73,968	248,436
725,782	496,396	1,074,581	238,400	75,215	138,315	10,544,486	39,479,357
293,215	99,534	214,914	132,666	45,507	34,797	352,764	8,928,946
92,831	28,009	66,209	36,341	12,227	8,075	96,730	2,913,443
84,999	24,993	33,731	31,970	5,562	3,824	26,694	
471,045	152,536	314,854	200,977	63,296	46,696	476,188	11,842,389
1,099	1,226	3,633	66	89		3,743	90,057
5,402	4,801	22,433	9,634	1,172	172	47,567	689,731
							964
23	500	5,820	2,051	1,231	820		85,435
	3,115						83,491
1,063	71,101	11,642			404	343,790	1,280,835
107		1,981				64,470	328,231
9,633	84,967	665,842	8,800		89,625	9,109,311	18,013,332
1,139	89	2,598	736	201	246	2,793	59,948
5,651		27,898				21,611	682,398
693		2,240				6,350	40,233
4,895	777	5,362	465	277		1,742	232,031
5,525	75	8,091	1,473		98	1,446	223,572
1,326	97	3,869				117	120,671
37,753	11,101	14,982	14,198	2,469	1,698	11,856	
74,309	177,849	776,391	37,423	5,439	93,063	9,614,796	21,930,929
545,354	330,385	1,091,245	238,400	68,735	139,759	10,090,984	33,773,318
180,428	166,011	(16,664)		6,480	(1,444)	453,502	5,706,039
108,463		7,500				(94,676)	
		(7,493)					(176,779)
288,891	166,011	(16,657)		6,480	(1,444)	358,826	5,529,260
655,451	4,648,783	198,602		21,069	4,200	238,343	10,299,951
\$ 944,342	\$ 4,814,794	\$ 181,945	\$ -	\$ 27,549	\$ 2,756	\$ 597,169	\$ 15,829,211

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 financial statements of NeighborImpact (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the 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.

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.

**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**

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 Frone & Co.

December 20, 2021

**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, 2021. 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 federal statutes, regulations, and terms and conditions of federal awards 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 (CFR) 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 each of the major federal programs 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.

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

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.

Unmodified Opinion on Compliance

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, 2021.

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.

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

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 Fronk & Co.

December 20, 2021

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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 consolidated 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 and clusters of programs tested as major programs were:
 - 21.019 – Coronavirus Relief Fund
 - Child Care and Development Fund (CCDF) Cluster consisting of:
 - 93.575 – Child Care and Development Block Grant
 - 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
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

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STATUS OF PRIOR YEAR (2020) FINDINGS YEAR ENDED JUNE 30, 2021

No prior year findings

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

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	\$ 131,799	\$
BPA Weatherization	81.XXX	83358	116,927	
Subtotal Department of Energy			248,726	
Department of Treasury				
Passed through Department of Housing and Urban Development				
NeighborWorks America	21.113	G-NEC-2019-51686	107,884	
COVID-19 NeighborWorks America	21.113	2020-60808	45,000	
Subtotal NeighborWorks America			152,884	
Passed through Oregon Housing and Community Services				
Coronavirus Relief Fund	21.019	N/A	4,886,963	
Passed through State of Oregon/Deschutes County				
Coronavirus Relief Fund	21.019	2020-608	1,698,645	
Passed through State of Oregon/City of Bend				
Coronavirus Relief Fund	21.019	N/A	465,000	
Subtotal Coronavirus Relief Fund			7,050,608	
Passed through Oregon Housing and Community Services				
Emergency Rental Assistance Program	21.023	N/A	78,872	
Subtotal Department of Treasury			7,282,364	
Department of Health and Human Services				
Head Start	93.600	10CH10090-06-00	2,250,187	
COVID-19 Head Start	93.600	10CH1009006C3	122,136	
Subtotal Head Start			2,372,323	
Passed through Oregon Department of Human Services				
Housing Stabilization Program (TANF)	93.558	154267	123,495	
Passed through Oregon Housing and Community Services				
Housing Stabilization Program (TANF)	93.558	2001ORTANF	159,068	
Subtotal Housing Stabilization Program (TANF)			282,563	
Low-Income Energy Assistance (LIHEAP)	93.568	2102ORLIEA	1,760,578	
COVID-19 Low-Income Energy Assistance (LIHEAP)	93.568	2001ORE5C3	373,302	
Subtotal Low-Income Energy Assistance (LIHEAP)			2,133,880	
Community Services Block Grant	93.569	G-2001ORCOSR	238,400	
COVID-19 Community Services Block Grant	93.569	2001ORCSC3	347,593	
Subtotal Community Services Block Grant			585,993	
Passed through Oregon Department of Education				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	12217	425,937	
Child Care and Development Block Grant	93.575	12276	1,395,306	
Passed through Oregon Department of Human Services				
Child Care and Development Block Grant	93.575	161786	87,976	
Subtotal Child Care and Development Block Grant			1,483,282	
Subtotal Child Care and Development Fund Cluster			1,909,219	
Subtotal Department of Health and Human Services			7,283,978	

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Agriculture				
Passed through Oregon Food Bank				
Temporary Emergency Food Assistance Program Admin Costs	10.568	T20R12	105,268	
Temporary Emergency Food Assistance Program Food Commodities (non-cash)	10.569	T19R12	969,924	
Subtotal Food Distribution Cluster			1,075,192	
Trade Mitigation Program	10.178	TEFAP-R12	11,609	
Passed through Oregon Department of Education				
Child and Adult Care Food Program	10.558	0903003	237,362	
Passed through Rural Development Department				
USDA Rural Development	10.433	13097588	8,277	
Passed through High Desert Food and Farm Alliance				
Community Food Projects	10.225	N/A	4,566	
Subtotal Department of Agriculture			1,337,006	
Department of Housing and Urban Development				
Continuum of Care	14.267	OR0051L0E031912	448,383	
Passed through NeighborWorks America				
Housing Counseling	14.169	HC200011005	36,382	
Passed through Oregon Housing and Community Services				
Emergency Shelter Grant Program	14.231	E-20-DW-41-0001	547,374	200,787
Home TBA	14.239	M-19-SG-41-0100	204,820	
Passed through the City of Bend				
Community Development Block Grant - Bend HOC	14.218	B-20-MC-41-0010	50,000	
Passed through the City of Madras				
CDBG Business Grants	14.228	B-19-DC-41-001	89,625	
Subtotal Department of Housing and Urban Development			1,376,584	200,787
Department of Labor				
Passed through Oregon Higher Education Coordinating Commission				
WIOA Dislocated Worker Formula Grants	17.278	AA-33251-19-55A-41	3,049	
Subtotal Department of Labor			3,049	
			\$ 17,531,707	\$ 200,787

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

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, 2021. 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.