

NEIGHBORIMPACT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2023

NEIGHBORIMPACT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NeighborImpact
Redmond, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NeighborImpact (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NeighborImpact as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NeighborImpact and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control–related matters that we identified during the audit.

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 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 U.S. 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 consolidated 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 18, 2023, 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 solely 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.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Price Fronk & Co.

December 18, 2023

FINANCIAL STATEMENTS

NEIGHBORIMPACT

STATEMENT OF FINANCIAL POSITION JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023	Restated 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,882,423	\$ 8,162,728
Grants receivable	5,175,980	2,722,026
Prepaid expenses and other current assets	4,008	948
Food inventory	109,303	210,061
TOTAL CURRENT ASSETS	21,171,714	11,095,763
OTHER ASSETS		
Beneficial interest in Oregon Community Foundation	37,120	34,379
Investments in mutual funds	222,301	183,334
Investments - equity method	1,111,208	950,046
Accrued interest receivable	408,166	346,828
NeighborHood Reinvestment Corporation notes receivable, net of allowance	1,429,506	1,228,883
Down Payment Assistance notes receivable, net of allowance	436,064	453,079
Other notes receivable, net of allowance	3,361,389	2,840,786
Operating lease right-of-use assets, net of accumulated amortization	625,476	
TOTAL OTHER ASSETS	7,631,230	6,037,335
FIXED ASSETS, net of accumulated depreciation	4,253,233	4,133,900
TOTAL ASSETS	\$ 33,056,177	\$ 21,266,998
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 399,411	\$ 418,424
Accrued expenses	422,300	342,625
Escrow liability	119,015	139,180
Deferred revenue	7,704,510	
Current portion of operating lease liabilities	250,044	
TOTAL CURRENT LIABILITIES	8,895,280	900,229
OPERATING LEASE LIABILITIES, net of current portion	375,432	
TOTAL LIABILITIES	9,270,712	900,229
NET ASSETS		
Without donor restrictions	6,738,153	5,823,795
With donor restrictions	17,047,312	14,542,974
TOTAL NET ASSETS	23,785,465	20,366,769
TOTAL LIABILITIES AND NET ASSETS	\$ 33,056,177	\$ 21,266,998

See notes to financial statements

NEIGHBORIMPACT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2023	Restated 2022
SUPPORT AND REVENUE				
Federal grants	\$ 274,964	\$ 16,037,127	\$ 16,312,091	\$ 27,639,286
State and local grants		19,560,264	19,560,264	12,855,677
Contributions - cash	853,442	1,668,598	2,522,040	2,011,277
Contributions - noncash	4,926	4,188,915	4,193,841	3,369,849
Program revenue	267,588		267,588	164,720
Investment income	240,095		240,095	189,798
Income from investment in LLC	197,238		197,238	(17,026)
Other revenue	74,748	123,860	198,608	112,691
Net assets, released from restrictions	39,074,426	(39,074,426)		
Total Support and Revenues	40,987,427	2,504,338	43,491,765	46,326,272
EXPENSES				
Program services				
Early care and education	13,891,688		13,891,688	12,193,145
Community services	17,633,013		17,633,013	23,219,839
Food bank services	5,498,068		5,498,068	3,973,570
Lending	219,157		219,157	237,642
Support services				
Management and general	2,333,532		2,333,532	1,984,786
Fundraising and community relations	497,611		497,611	488,104
Total Expenses	40,073,069		40,073,069	42,097,086
CHANGE IN NET ASSETS	914,358	2,504,338	3,418,696	4,229,186
NET ASSETS - Beginning of year - as originally stated	5,823,795	14,542,974	20,366,769	15,829,211
Prior period adjustment				308,372
NET ASSETS - Beginning of year - restated				16,137,583
NET ASSETS - End of year	\$ 6,738,153	\$ 17,047,312	\$ 23,785,465	\$ 20,366,769

See notes to financial statements

NEIGHBORIMPACT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Support Services		Program Services	
	Management and General	Fundraising and Community Relations	Early Care and Education	Community Services
PERSONNEL				
Salaries and wages	\$ 1,253,042	\$ 286,879	\$ 7,043,086	\$ 2,622,030
Payroll taxes and benefits	352,766	86,422	2,379,674	786,375
Total Personnel	1,605,808	373,301	9,422,760	3,408,405
MATERIALS AND SERVICES				
Printing	7,270	31,529	21,070	26,813
Office expenses	139,056	25,631	197,113	132,626
Insurance	14,639	119	62,297	20,488
Professional fees	105,442		7,428	236
Contract services	80,331	12,825	659,966	1,454,497
Repairs and maintenance	81,543	340	131,146	11,493
Client assistance	11,661	8,645	2,249,641	12,066,088
Transportation and lodging	20,373	5,974	56,659	69,546
Rent	22,871	13,692	377,238	225,668
Janitorial	13,038	694	10,464	31,680
Utilities and telephone	72,839	894	138,686	43,759
Training and recruitment	77,833	8,820	286,214	88,804
Dues and fees	67,381	15,147	25,857	22,841
Total Materials and Services	714,277	124,310	4,223,779	14,194,539
Total Expenses Before Depreciation	2,320,085	497,611	13,646,539	17,602,944
Depreciation	13,447		169,247	30,069
Loss on disposal of fixed assets			75,902	
TOTAL EXPENSES	\$ 2,333,532	\$ 497,611	\$ 13,891,688	\$ 17,633,013

Program Services			
Food Services and Warehouse Construction	Lending	Totals	
		2023	2022
\$ 402,955	\$ 117,377	\$ 11,725,369	\$ 10,182,344
136,852	37,797	3,779,886	3,319,990
539,807	155,174	15,505,255	13,502,334
7,447	656	94,785	71,180
21,343	8,363	524,132	385,976
17,849	578	115,970	102,895
858	2,304	116,268	82,948
3,922	1,342	2,212,883	1,791,942
57,160	241	281,923	276,381
4,734,494	30,783	19,101,312	23,821,490
19,754	2,966	175,272	147,299
	9,477	648,946	729,796
7,000	482	63,358	107,198
14,782	774	271,734	244,774
1,200	5,633	468,504	445,728
1,576	384	133,186	111,389
4,887,385	63,983	24,208,273	28,318,996
5,427,192	219,157	39,713,528	41,821,330
70,876		283,639	275,756
		75,902	
\$ 5,498,068	\$ 219,157	\$ 40,073,069	\$ 42,097,086

See notes to financial statements

NEIGHBORIMPACT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	<u>2023</u>	<u>Restated 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,418,696	\$ 4,229,186
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	283,639	275,756
(Income) loss from equity investments	(161,162)	(20,337)
Non-cash investment (income) loss	(3,477)	6,663
Loss on disposal of fixed assets	75,902	
Changes in operating assets and liabilities		
Grants receivable	(2,453,954)	376,273
Notes and accrued interest receivable	(765,549)	(291,445)
Prepaid expenses	(3,060)	3,526
Food inventory	100,758	(55,803)
Accounts payable	(19,013)	232,308
Accrued expenses	79,675	26,331
Escrow liability	(20,165)	43,714
Deferred revenue	7,704,510	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,236,800</u>	<u>4,826,172</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	(38,231)	68,873
Purchase of fixed assets	(518,324)	(403,467)
Proceeds from sale of fixed assets	39,450	
NET CASH USED IN INVESTING ACTIVITIES	<u>(517,105)</u>	<u>(334,594)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,719,695	4,491,578
CASH AND CASH EQUIVALENTS - Beginning of year	<u>8,162,728</u>	<u>3,671,150</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 15,882,423</u>	<u>\$ 8,162,728</u>

See notes to financial statements

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 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, and serves the cities of Culver and Metolius as well.

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 58 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. In addition to partner distributions, NeighborImpact also conducts direct distributions at six sites using its mobile pantry.

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 (Individual Development Accounts - IDA), NeighborImpact helps individuals save for home ownership, education and small business investments as well as other needs. The IDA program is operated in partnership with Neighborhood Partnerships, which is authorized by the Oregon Housing and Community Services Department to sell legislatively authorized state income tax credits to fund the IDA program. NeighborImpact is a Financial Administrator for the program and also a local partner.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Organization – Continued

NeighborImpact operates a Representative Payee program which assists individuals who need assistance in administering their financial affairs due to cognitive or physical limitations.

Early Care and Education – NeighborImpact operates Head Start and Early Head Start in Crook and Deschutes Counties. A total of 620 children attend Head Start in 26 classrooms (in 13 locations), plus four Early Head Start socialization centers. Early Head Start operates a home visiting program and is currently transitioning to a center-based model. 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, business support and childcare subsidies 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 rehabilitation of 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. The department occasionally disburses grants as funding allows.

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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Organization – Continued

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 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.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Organization – Continued

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.

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.

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:

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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, when 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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Support and Revenue – Continued

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, Oregon and the Healy Heights Head Start site in Bend, Oregon at below market rates through supportive services agreements. Non-cash donated use of facilities revenues and the related occupancy costs are recognized when the facilities are used, and are reported at the fair market values of rent for these facilities.

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 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 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.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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 charged 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 \$2,105,079, and related accumulated depreciation of \$768,120 as of June 30, 2023, 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.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment – Continued

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.

Deferred Revenue

Deferred revenue consists of grants received in cash prior to expenditure according to the restrictions of the grant. These amounts are treated as conditional promises to give, in which a measurable performance barrier and right of return exist. Revenue recognition occurs once the grantor restrictions are satisfied.

Leases

NeighborImpact determines if an arrangement is, or contains, a lease at inception. All leases are recorded in the statement of financial position except for leases with an initial term less than twelve months for which NeighborImpact made the short-term lease election.

Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The ROU assets represent NeighborImpact's right to use underlying assets for the lease term, and the lease liabilities represent NeighborImpact's obligation to make lease payments arising from these leases. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. Operating lease ROU assets are included in other assets and the related liabilities are included in long-term liabilities in the statement of financial position.

At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as lease expense within operating expenses in the statement of activities. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that NeighborImpact will exercise that option.

Recently Adopted Accounting Standards

NeighborImpact adopted ASC 842, Leases, effective July 1, 2022. This standard requires lessees to recognize leases on the statement of financial position as right-of-use (ROU) assets and lease liabilities based on the discounted present value of the future lease payments. In adopting ASC 842, NeighborImpact elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs of existing leases.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Adopted Accounting Standards – Continued

Upon adoption, NeighborImpact recognized operating ROU assets and lease liabilities both in the amount of \$836,958. ASC 842 did not have a significant effect on the accounting for leases for which NeighborImpact is a lessor, as NeighborImpact was not a party to this type of lease agreement during the year.

NOTE 2 – AVAILABILITY AND LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 15,882,423	\$ 8,162,728
Grants receivable	5,175,980	2,722,026
Beneficial interest in Oregon Community Foundation	37,120	34,379
Investment in mutual funds	<u>222,301</u>	<u>183,334</u>
Total financial assets	<u>21,317,824</u>	<u>11,102,467</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	17,047,312	14,542,974
Less net assets with purpose restrictions to be met in less than one year	(10,569,964)	(7,644,126)
Deferred revenue	7,704,510	
Beneficial interest in Oregon Community Foundation	37,120	34,379
Quasi-endowment established by the board	<u>222,301</u>	<u>183,334</u>
Total amounts not available:	<u>14,441,279</u>	<u>7,116,561</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 6,876,545</u>	<u>\$ 3,985,906</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, 2023

NOTE 2 – AVAILABILITY AND LIQUIDITY – CONTINUED

As of June 30, 2023, NeighborImpact estimated it had 146 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 282 days of cash on hand as of June 30, 2023.

As of June 30, 2023, the balance of cash without donor restrictions was \$1,700,565.

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

NeighborImpact paid no interest or income taxes during either year ended June 30, 2023, and 2022.

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:

	<u>2023</u>	<u>2022</u>
Balance Sheet Data:		
Total assets	\$ 2,591,384	\$ 2,237,890
Total liabilities	<u>(1,649,315)</u>	<u>(1,682,564)</u>
Members' capital	<u>\$ 942,069</u>	<u>\$ 555,326</u>
Statement of Operations Data:		
Revenues	\$ 516,553	\$ 97,074
Expenses	<u>(129,810)</u>	<u>(130,457)</u>
Net income	<u>\$ 386,743</u>	<u>\$ (33,383)</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 income in the amount of \$197,238 for the year ended June 30, 2023. NeighborImpact received no distributions in 2023.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 reports this 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:

	<u>2023</u>	<u>2022</u>
Balance Sheet Data:		
Total assets	\$ 901,632	\$ 937,709
Total liabilities	<u>(219,712)</u>	<u>(219,712)</u>
Members' capital	<u>\$ 681,920</u>	<u>\$ 717,997</u>
Statement of Operations Data:		
Revenues	\$ 67,592	\$ 266,478
Expenses	<u>(103,669)</u>	<u>(229,115)</u>
Net income	<u>\$ (36,077)</u>	<u>\$ 37,363</u>

NOTE 5 – NOTES RECEIVABLE

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

	<u>2023</u>	<u>2022</u>
NeighborHood Reinvestment Corporation Loans - various interest rates, secured by real estate	\$ 1,469,589	\$ 1,265,579
Allowance for doubtful accounts	<u>(40,083)</u>	<u>(36,696)</u>
Net of allowance	<u>\$ 1,429,506</u>	<u>\$ 1,228,883</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – NOTES RECEIVABLE – CONTINUED

Down Payment Assistance notes receivable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Down Payment Assistance Loans - various interest rates, secured by real estate	\$ 445,873	\$ 463,271
Allowance for doubtful accounts	<u>(9,809)</u>	<u>(10,192)</u>
Net of allowance	<u>\$ 436,064</u>	<u>\$ 453,079</u>

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

	<u>2023</u>	<u>2022</u>
Housing Assistance Loans, principal due subject to certain restrictions, various interest rates, secured by real estate, various maturities.	\$ 3,357,988	\$ 2,805,506
HW Madras Limited Liability Company, principal due subject to certain restrictions, interest at 4.75%, secured by real estate, due November 2026.	<u>69,408</u>	<u>88,182</u>
	3,427,396	2,893,688
Allowance for doubtful accounts	<u>(66,007)</u>	<u>(52,902)</u>
Net of allowance	<u>\$ 3,361,389</u>	<u>\$ 2,840,786</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.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – NOTES RECEIVABLE – CONTINUED

The allowance for doubtful accounts and related financing receivables consisted of the following as of June 30, 2023:

	Home Preservation	Septic Repair	Down Payment Assistance	Closing Cost Assistance	Micro Enterprise	Unallocated	Total
Allowance for doubtful accounts:							
Beginning balance	\$ 45,498	\$ 4,737	\$ 48,263	\$ 784	\$ 508	\$	\$ 99,790
Charge-offs							
Recoveries							
Provisions	9,551	578	5,865	72	43		16,109
Ending balance	<u>\$ 55,049</u>	<u>\$ 5,315</u>	<u>\$ 54,128</u>	<u>\$ 856</u>	<u>\$ 551</u>	<u>\$ -</u>	<u>\$ 115,899</u>
Financing receivables:							
Ending balance	<u>\$ 3,126,140</u>	<u>\$ 189,268</u>	<u>\$ 1,920,092</u>	<u>\$ 23,212</u>	<u>\$ 14,738</u>	<u>\$ 69,408</u>	<u>\$ 5,342,858</u>

An aging analysis of past due financing receivables as of June 30, 2023, 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	\$	\$	\$	\$	\$ 3,126,140	\$ 3,126,140	\$
Septic Repair					189,268	189,268	
Down Payment Assist.	341	858	14,472	15,671	1,888,750	1,920,092	
Closing Cost Assistance			754	754	21,704	23,212	
Micro Enterprise			3,662	3,662	7,414	14,738	
Unallocated					69,408	69,408	
	<u>\$ 341</u>	<u>\$ 858</u>	<u>\$ 18,888</u>	<u>\$ 20,087</u>	<u>\$ 5,302,684</u>	<u>\$ 5,342,858</u>	<u>\$ -</u>

Any loan balance on which payment has not been received within thirty 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.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6 – PROPERTY AND EQUIPMENT

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

	2023	2022
Land	\$ 697,974	\$ 697,974
Buildings	2,720,073	2,714,898
Leasehold improvements	1,150,082	984,425
Furniture and equipment	576,912	576,912
Roads and landscaping	133,401	133,401
Vehicles	767,728	1,265,829
Construction in process	371,525	24,033
	6,417,695	6,397,472
Accumulated depreciation	(2,164,462)	(2,263,572)
	<u>\$ 4,253,233</u>	<u>\$ 4,133,900</u>

During the fiscal year ended June 30, 2023, NeighborImpact incurred costs for leasehold improvements, construction in process on the new food warehouse, and also disposed of nine busses used in the Head Start program.

NOTE 7 – 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 \$5,342,858 are secured by property purchased or improved. These notes are a concentration of credit risk. Additionally, NeighborImpact received approximately 99% of its funding from grants and contributions.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 – 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.

NOTE 9 – NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Specific Purpose		
Early care and education	\$ 3,424,328	\$ 2,304,797
Food services and warehouse construction	5,071,301	4,568,969
Housing	1,703,215	1,512,149
Lending	6,054,582	4,950,953
Other	793,886	1,206,106
	<u>\$ 17,047,312</u>	<u>\$ 14,542,974</u>

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

	<u>2023</u>	<u>Restated 2022</u>
Undesignated	\$ 6,515,852	\$ 5,640,461
Quasi endowment	222,301	183,334
	<u>\$ 6,738,153</u>	<u>\$ 5,823,795</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 9 – NET ASSETS – CONTINUED

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

	<u>2023</u>	<u>2022</u>
Specific Purpose		
Early care and education	\$ 15,187,514	\$ 13,270,737
Food services and warehouse construction	5,606,484	4,063,100
Housing	7,668,198	16,057,542
Lending	244,309	257,685
Other	10,367,921	6,773,208
	<u>\$ 39,074,426</u>	<u>\$ 40,422,272</u>

NOTE 10 – DONATED SERVICES AND MATERIALS

NeighborImpact received the following donated services and materials during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 4,103,115	\$ 3,227,262
Donated use of facilities	85,800	101,850
Supplies and other	4,926	40,737
	<u>\$ 4,193,841</u>	<u>\$ 3,369,849</u>

NOTE 11 – OPERATING LEASE COMMITMENTS

NeighborImpact leased office and storage space in Bend, Redmond, La Pine, Prineville, and Madras, Oregon under twenty-four different lease agreements. The leases require monthly payments ranging from \$350 to \$10,768. Several leases contain an escalating payment schedule through the term of the lease. These leases have expiration dates ranging from December 2023 to May 2049. Total lease payments of \$491,163 were made for the year ended June 30, 2023.

NeighborImpact leased office equipment under fifteen different lease agreements. Thirteen of these leases require monthly payments ranging from \$33 to \$216 through the term of the lease, and two leases require quarterly payments of \$84 and \$260 through the term of the lease. These leases have expiration dates ranging from August 2023 to November 2027. Total lease payments of \$15,429 were made for the year ended June 30, 2023.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 11 – OPERATING LEASE COMMITMENTS – CONTINUED

NeighborImpact leased vehicles under eight different lease agreements. The leases require monthly payments ranging from \$234 to \$368 through the term of the lease. These leases expire in December 2023. Total lease payments of \$24,057 were made for the year ended June 30, 2023.

NeighborImpact amortizes these operating leases on a straight-line basis over the life of the lease through lease expense, and principal payments reduce NeighborImpact's lease liabilities as lease payments are made. At the date of adoption of ASC 842, the operating ROU assets and operating lease liabilities both totaled \$836,958. The balance of the operating ROU assets as of June 30, 2023, was \$952,400 and accumulated amortization of the operating ROU assets was \$326,924.

The weighted average remaining lease term for NeighborImpact's operating leases was 1.94 years, and the weighted average discount rate was 2.59%.

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>	<u>Future minimum lease payments</u>	<u>Future maturities of operating lease liabilities</u>
2024	351,188	250,044
2025	192,343	117,835
2026	67,987	52,486
2027	23,275	18,210
2028	21,375	6,024
Thereafter	<u>255,596</u>	<u>180,877</u>
	<u>\$ 911,764</u>	<u>\$ 625,476</u>
	Less current maturities	<u>(250,044)</u>
		<u>\$ 375,432</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, 2023, employer pension expense totaled \$446,185. Employees are eligible to participate after one year of service. The plan provides for a 5% employer contribution to all plan participants.

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 12 – RETIREMENT PLAN – CONTINUED

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 \$55,242 as of June 30, 2023.

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 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, 2023, and it has no tax positions for which it estimates a significant change over the next twelve 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 2019.

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:

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 14 – FAIR VALUE MEASUREMENT – CONTINUED

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.

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 – DEFERRED REVENUE

The following table provides information about significant changes in the contract liabilities for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Deferred grant revenue, beginning of year	\$	\$
Increase in deferred revenue due to cash received during the period	8,228,100	
Decrease in deferred revenue due to satisfaction of grantor restrictions	(523,590)	
Deferred grant revenue, end of year	<u>\$ 7,704,510</u>	<u>\$</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 16 – PRIOR-PERIOD ADJUSTMENT

During the current year, NeighborImpact recognized the full balance of interest receivable accrued on the lending portfolio, and applied this recognition retroactively to the prior fiscal year. In the past, accrued interest receivable was not recognized due to the lengthy deferrals on many of the loans in the portfolio, and the sporadic nature of repayments. In recent years, interest payments received on many loans in the portfolio have become much more common and regimented, as such there is much more confidence in the collectability of the interest accrued, therefore recognition of this accrued interest receivable was considered appropriate.

During the fiscal year ended June 30, 2022, NeighborImpact recognized interest income of \$38,456 and adjusted net assets by \$308,372 in order to record accrued interest receivable of \$346,828 as of June 30, 2022.

NOTE 17 – INCREASE IN NET ASSETS

Total net assets as shown in the statement of financial position increased by \$3,418,696 over the one-year period ended June 30, 2023. This increase was driven by the following factors:

Increase in cash and cash equivalents	\$ 7,719,695
Increase in grants receivable	2,453,954
Increase in prepaid expenses and other current assets	3,060
Decrease in food inventory	(100,758)
Increase in long-term investments	41,708
Gain from equity method investments	161,162
Increase in notes receivable (restricted and other), net of allowances	765,549
Recognition of operating lease right-of-use assets, net of accumulated amortization	625,476
Increase in net book value of fixed assets	<u>119,333</u>
Increase in total assets	<u>\$ 11,789,179</u>
Increase in total liabilities	<u>\$ 8,370,483</u>

NEIGHBORIMPACT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 18, 2023, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

NEIGHBORIMPACT

SCHEDULE OF REVENUES AND EXPENSES

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Management and General	Fundraising	Early Care and Education	Energy	Housing	Food Services and Warehouse Construction
SUPPORT AND REVENUE						
Federal grants	\$	\$	\$ 6,396,015	\$ 4,849,571	\$ 2,899,971	\$ 40,931
State and local grants			9,759,940	1,633,886	4,880,649	525,221
Contributions - cash		1,236,757	631	16,392	5,540	930,363
Contributions - noncash		4,926	85,800			4,103,115
Program revenue	11,616	57,635	50,551	60	79,491	26,147
Investment income	23,581	7,441	2,304	78		5,468
Income from investment in LLC	197,238					
Other revenue	(35,000)	5,000	2,968	471	6,495	218,674
Total support and revenues	197,435	1,311,759	16,298,209	6,500,458	7,872,146	5,849,919
EXPENSES						
Personnel services:						
Salaries and wages	1,253,042	286,879	7,043,086	605,749	921,725	402,955
Payroll taxes and benefits	352,766	86,422	2,379,674	204,004	259,014	136,852
Administration	(1,536,783)	40,092	940,699	109,982	169,722	78,704
Total personnel expenses	69,025	413,393	10,363,459	919,735	1,350,461	618,511
Materials and services:						
Printing	7,270	31,529	21,070	17,261	2,894	7,447
Office expense	139,056	25,631	197,113	40,467	37,096	21,343
Insurance	14,639	119	62,297	428	8,592	17,849
Professional fees	105,442		7,428		26	858
Contract services	80,331	12,825	659,966	13,262	1,424,906	3,922
Repairs and maintenance	81,543	340	131,146	1,333	6,998	57,160
Client assistance	11,661	8,645	2,249,641	5,554,075	4,600,243	4,734,494
Transportation and lodging	20,373	5,974	56,659	4,947	9,862	19,754
Rent	22,871	13,692	377,238	56,634	74,311	
Janitorial	13,038	694	10,464	3,360	21,465	7,000
Utilities and telephone	72,839	894	138,686	6,952	25,596	14,782
Training and recruitment	77,833	8,820	286,214	15,247	17,048	1,200
Dues and other fees	67,381	15,147	25,857	4,500	325	1,576
Administration	(580,156)	15,135	355,127	41,520	64,072	29,712
Total materials and services	134,121	139,445	4,578,906	5,759,986	6,293,434	4,917,097
Total expenses	203,146	552,838	14,942,365	6,679,721	7,643,895	5,535,608
CHANGE IN NET ASSETS, before						
transfer, depreciation and loss on disposal	(5,711)	758,921	1,355,844	(179,263)	228,251	314,311
Transfer (to) from other funds	281,366	(577,315)	8,836	1,861	(12,882)	258,897
Depreciation and amortization	(13,447)		(169,247)		(24,303)	(70,876)
Loss on disposal of fixed assets			(75,902)			
CHANGE IN NET ASSETS	262,208	181,606	1,119,531	(177,402)	191,066	502,332
NET ASSETS - Beginning of year - as originally stated	3,142,200	1,194,854	2,304,797	240,250	1,512,149	4,568,969
Prior period adjustment						
NET ASSETS - Beginning of year - restated						
NET ASSETS - End of year	\$ 3,404,408	\$ 1,376,460	\$ 3,424,328	\$ 62,848	\$ 1,703,215	\$ 5,071,301

Home Ownership Center	Lending	Weatherization	CSBG	Rep Payee	Community Development	Totals	
						2023	2022
\$ 231,366	\$ 271,080	\$ 1,232,870	\$ 340,136	\$	\$ 50,151	\$ 16,312,091	\$ 27,639,286
1,289,199	438,461	686,328	185,000	161,580		19,560,264	12,855,677
234,132	53,000	5,225		40,000		2,522,040	2,011,277
						4,193,841	3,369,849
23,762	8,006	320			10,000	267,588	164,720
6,358	194,769		60		36	240,095	189,798
						197,238	(17,026)
						198,608	112,691
1,784,817	965,316	1,924,743	525,196	201,580	60,187	43,491,765	46,326,272
438,137	117,377	312,906	198,489	118,384	26,640	11,725,369	10,182,344
130,428	37,797	96,636	57,484	32,702	6,107	3,779,886	3,319,990
80,432	18,259	53,540	29,306	13,177	2,870		
648,997	173,433	463,082	285,279	164,263	35,617	15,505,255	13,502,334
1,524	656	3,928	203	1,003		94,785	71,180
17,228	8,363	21,460	7,994	6,668	1,713	524,132	385,976
234	578	6,643	2,381	1,330	880	115,970	102,895
	2,304				210	116,268	82,948
4,877	1,342	520	3,427	6,105	1,400	2,212,883	1,791,942
721	241	1,779	645	17		281,923	276,381
427,886	30,783	1,306,864	167,020		10,000	19,101,312	23,821,490
16,529	2,966	26,322	8,908	2,091	887	175,272	147,299
29,370	9,477	32,045	32,080	1,228		648,946	729,796
1,674	482	4,020	1,101	60		63,358	107,198
3,563	774	5,258	1,839	551		271,734	244,774
31,153	5,633	23,019	566	1,771		468,504	445,728
2,672	384	10,518	4,816	10		133,186	111,389
30,364	6,893	20,213	11,063	4,974	1,083		
567,795	70,876	1,462,589	242,043	25,808	16,173	24,208,273	28,318,996
1,216,792	244,309	1,925,671	527,322	190,071	51,790	39,713,528	41,821,330
568,025	721,007	(928)	(2,126)	11,509	8,397	3,778,237	4,504,942
(11,394)	35,794	632	25,001		(10,796)	(283,639)	(275,756)
		(5,766)				(75,902)	
556,631	756,801	(6,062)	22,875	11,509	(2,399)	3,418,696	4,229,186
1,824,898	5,297,781	172,798	19,100	56,994	31,979	20,366,769	15,829,211
							308,372
							16,137,583
\$ 2,381,529	\$ 6,054,582	\$ 166,736	\$ 41,975	\$ 68,503	\$ 29,580	\$ 23,785,465	\$ 20,366,769

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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 18, 2023.

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 Fronk & Co.

December 18, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
NeighborImpact

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited NeighborImpact's (the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE – CONTINUED**

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE – CONTINUED**

We are required to communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 18, 2023

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2023

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:
 - 21.027 – Coronavirus State and Local Fiscal Recovery Funds
 - 93.600 – Head Start
 - 10.568 & 10.569 – Food Distribution Cluster
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 (2022) FINDINGS YEAR ENDED JUNE 30, 2023

No prior year findings

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN 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-EE0009926	\$ 431,255	\$
BPA Weatherization	81.XXX	88993	166,140	
Subtotal Department of Energy			\$97,395	
Department of Treasury				
Passed through Department of Housing and Urban Development				
NeighborWorks America	21.113	G-NEC-2020-56233	77,480	
Passed through Oregon Housing and Community Services				
Emergency Rental Assistance Program	21.023	ERA-2101123321	498,643	338,420
Passed through State of Oregon/Deschutes County				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1796	401,160	
Passed through State of Oregon/City of Bend				
Coronavirus State and Local Fiscal Recovery Funds	21.027	32200308	680,302	
Passed through State of Oregon/Oregon Department of Administrative Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4454	343,543	
Subtotal Coronavirus State and Local Fiscal Recovery Funds			1,425,005	
Subtotal Department of Treasury			2,001,128	338,420
Department of Health and Human Services				
Head Start	93.600	10CH01188301	2,057,936	
COVID-19 Head Start	93.600	10HE00116501C6	5,604	
Subtotal Head Start			2,063,540	
Passed through Oregon Department of Human Services				
Housing Stabilization Program (TANF)	93.558	170042-1	203,896	
Passed through Oregon Housing and Community Services				
Housing Stabilization Program (TANF)	93.558	2101ORTANF	130,010	
Subtotal Housing Stabilization Program (TANF)			333,906	
Low-Income Home Energy Assistance (LIHEAP)	93.568	2202ORLIEA	4,540,981	
COVID-19 Low-Income Home Energy Assistance (LIHEAP)	93.568	2102ORESC6	626,123	
Subtotal Low-Income Home Energy Assistance (LIHEAP)			5,167,104	
Low-Income Household Water Assistance (LIHWA)	93.499	2102ORLWC5	142,955	
COVID-19 Low-Income Household Water Assistance (LIHWA)	93.499	2102ORLWC6	174,923	
Subtotal Low-Income Household Water Assistance (LIHWA)			317,878	
Community Services Block Grant	93.569	2102ORCOSR	284,993	
COVID-19 Community Services Block Grant	93.569	2001ORCSC3	35,143	
Subtotal Community Services Block Grant			320,136	
Passed through Oregon Department of Education				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	12217	546,494	
Child Care and Development Block Grant	93.575	2201ORCCDF	1,800,086	
Subtotal Child Care and Development Fund Cluster			2,346,580	
Every Student Succeeds Act / Preschool Development Grants	93.434	90TP0052	75,754	

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services - Continued				
Passed through Oregon Department of Human Services				
Community-Based Child Abuse Prevention Grants	93.590	179486-0	1,221	
Subtotal Department of Health and Human Services			10,626,119	
Department of Agriculture				
Passed through Oregon Food Bank				
Temporary Emergency Food Assistance Program Admin Costs	10.568	163126	58,358	
Temporary Emergency Food Assistance Program Food Commodities (non-cash)	10.569	T19R12	881,430	
Subtotal Food Distribution Cluster			939,788	
Passed through Oregon Department of Education				
Child and Adult Care Food Program	10.558	0903003	350,140	
Passed through Rural Development Department				
USDA Rural Development	10.433	13097588	2,064	
Subtotal Department of Agriculture			1,291,992	
Department of Housing and Urban Development				
Continuum of Care	14.267	OR005110E032013	567,001	
Passed through NeighborWorks America				
Housing Counseling	14.169	N/A	20,210	
Passed through Oregon Housing and Community Services				
Emergency Solutions Grant Program	14.231	E-20-DW-41-0001	443,229	320,531
Home TBA	14.239	M-21-SG-41-0100	483,841	
Passed through the City of Madras				
CDBG Business Grants	14.228	B-20-DW-41-0001	72,480	
Subtotal Department of Housing and Urban Development			1,586,761	320,531
Department of Labor				
Passed through Oregon Higher Education Coordinating Commission				
WIOA Dislocated Worker Formula Grant	17.278	AA-33251-19-55A-41	13,406	
Subtotal Department of Labor			13,406	
			\$ 16,116,801	\$ 658,951

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

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, 2023. 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.