IMPACT NW

Audited Financial Statements
and Reports Required by
Government Auditing Standards
and the Uniform Guidance

For the Year Ended June 30, 2023

McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Impact NW

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Impact NW 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 audit in accordance with 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. 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 Impact NW and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with generally accepted auditing standards 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 Impact NW'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 Impact NW'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.

Emphasis of Matter
As disclosed in Note 8, Impact NW adopted ASC 842, Leases, which resulted in an adjustment to beginning net assets to de-recognize a deferred gain under a previous sale-lease back transaction. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information
We have previously audited Impact NW's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2023. 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.

Supplementary Information
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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 February 15, 2024 on our consideration of the Impact NW'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 Impact NW'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 Impact NW's internal control over financial reporting and compliance.

McDonald Jacobs, P.C.

Portland, Oregon
February 15, 2024

IMPACT NW
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With comparative totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,045,013	$ 143,196
Contracts, grants and pledges receivable, net	3,032,706	3,489,194
Prepaid expenses and other assets	285,052	265,474
Investments	184,678	180,252
Right-of-use assets	669,377	-
Property and equipment, net	398,280	444,197
TOTAL ASSETS	$ 5,615,106	$ 4,522,313
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 122,208	$ 125,750
Accrued payroll and related expenses	1,368,863	1,076,215
Deferred revenue	227,530	199,227
Capital lease obligation	-	29,388
Operating lease liabilities	679,831	-
Deferred gain on sale-leaseback	-	334,821
Total liabilities	2,398,432	1,765,401
Net assets:		
Without donor restrictions:		
Available for general operations	2,036,956	1,525,072
Board designated	611,584	456,472
Net property and equipment	398,280	414,809
Total without donor restrictions	3,046,820	2,396,353
With donor restrictions	169,854	360,559
Total net assets	3,216,674	2,756,912
TOTAL LIABILITIES AND NET ASSETS	$ 5,615,106	$ 4,522,313

See notes to financial statements.

IMPACT NW
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023
(With comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Government contracts and grants	$ 10,264,201	$ -	$ 10,264,201	$ 8,947,485
Other contracts and grants	4,202,571	-	4,202,571	3,226,900
Contributions	740,758	557,576	1,298,334	1,219,894
Program fees	497,448	-	497,448	378,067
Other revenue	24,291	-	24,291	40,349
Net assets released from restrictions:				
Satisfaction of purpose restrictions	699,590	(699,590)	-	-
Satisfaction of time restrictions	50,000	(50,000)	-	-
Total support and revenue	16,478,859	(192,014)	16,286,845	13,812,695
Expenses:				
Program services:				
Housing and safety net services	6,157,228	-	6,157,228	5,202,830
Children, youth, and family services	3,433,855	-	3,433,855	2,917,165
Early childhood family services	2,338,372	-	2,338,372	2,217,927
Senior services	1,328,216	-	1,328,216	1,177,978
Portland Metro STEM Partnership	180,357	-	180,357	159,088
Fiscal sponsorship/nonprofit accounting	99,785	-	99,785	20,341
Total program services:	13,537,813	-	13,537,813	11,695,329
Management and general	2,288,064	-	2,288,064	1,814,719
Fundraising	346,050	-	346,050	360,364
Total expenses	16,171,927	-	16,171,927	13,870,412
Income from operations	306,932	(192,014)	114,918	(57,717)
Non-operating activities:				
Amortization of deferred gain - Note 9	-	-	-	65,867
Investment income (loss), net of fees	59	(66)	(7)	(12,860)
Net realized/unrealized gain (loss) on investments	8,655	1,375	10,030	(15,457)
Change in net assets	315,646	(190,705)	124,941	(20,167)
Net assets:				
Beginning of year	2,396,353	360,559	2,756,912	2,777,079
Change in accounting policy for leases - recognition of deferred gain (Note 9)	334,821	-	334,821	-
End of year	$ 3,046,820	$ 169,854	$ 3,216,674	$ 2,756,912

See notes to financial statements.

IMPACT NW
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
(With comparative totals for 2022)

	Program Services					
	Housing and Safety Net Services	Children, Youth and Family Services	Early Childhood Family Services	Senior Services	Portland Metro STEM Partnership	Fiscal Sponsorship/ Nonprofit Accounting
Salaries and related expenses	$ 3,244,247	$2,636,424	$ 1,887,306	$ 1,121,234	$ 108,822	$ -
Client assistance	2,582,366	221,440	143,119	20,400	-	-
Consultants and contracted services	121,133	176,687	80,733	29,875	44,718	36,181
Program supplies	20,846	177,915	41,767	1,529	9,173	21,725
Occupancy	71,884	91,710	87,508	46,187	4,344	28,618
Travel	27,338	28,822	20,613	58,854	873	7,737
Office expense	38,289	17,520	20,256	15,519	606	1,286
Communications	16,908	15,205	19,189	9,768	-	2,382
Staff education and training	5,915	35,805	19,965	1,123	7,178	590
Insurance	18,728	15,662	11,675	14,446	387	613
Dues and recruitment expense	8,787	16,486	6,051	3,368	3,951	442
Interest expense	-	-	-	-	-	-
Miscellaneous	140	179	190	85	305	211
Depreciation and amortization	-	-	-	-	-	-
Bad debt expense	647	-	-	5,828	-	-
Total expenses	$ 6,157,228	$ 3,433,855	$ 2,338,372	$ 1,328,216	$ 180,357	$ 99,785

See notes to financial statements.

IMPACT NW
STATEMENT OF FUNCTIONAL EXPENSES, Continued
For the year ended June 30, 2023
(With comparative totals for 2022)

	Total Program Services	Management and General	Fund-Raising	2023 Total	2022 Total
Salaries and related expenses	$ 8,998,033	$ 1,671,159	$ 242,722	$ 10,911,914	$ 9,302,700
Client assistance	2,967,325	1,021	-	2,968,346	2,764,205
Consultants and contracted services	489,327	381,346	65,296	935,969	688,450
Program supplies	272,955	10,818	2,948	286,721	226,063
Occupancy	330,251	26,116	6,411	362,778	285,189
Travel	144,237	490	559	145,286	81,824
Office expense	93,476	22,153	4,428	120,057	90,897
Communications	63,452	6,218	927	70,597	123,538
Staff education and training	70,576	21,843	-	92,419	33,684
Insurance	61,511	20,675	1,046	83,232	77,318
Dues and recruitment expense	39,085	29,522	7,244	75,851	36,329
Interest expense	-	792	-	792	2,232
Miscellaneous	1,110	51,613	1,850	54,573	57,473
Depreciation and amortization	-	44,298	12,619	56,917	91,270
Bad debt expense	6,475	-	-	6,475	9,240
Total expenses	$ 13,537,813	$ 2,288,064	$ 346,050	$ 16,171,927	$ 13,870,412

See notes to financial statements.

IMPACT NW
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
(With comparative totals for 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 124,941	$ (20,167)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	56,917	91,270
Amortization of right-of-use assets	202,062	-
Amortization of deferred gain	-	(65,867)
Net realized/unrealized (gain) loss on investments	(10,030)	15,457
Allowance for uncollectible accounts	6,475	9,240
(Increase) decrease in:		
Contracts, grants and pledges receivable	450,013	(1,177,021)
Prepaid expenses and other assets	(19,578)	28,630
Increase (decrease) in:		
Accounts payable	(3,542)	59,223
Accrued payroll and related expenses	292,648	141,992
Deferred revenue	28,303	57,819
Operating lease liabilities	(191,608)	-
Net cash flows from operating activities	936,601	(859,424)
Cash flows from investing activities:		
Purchases of property and equipment	(11,000)	(23,309)
Purchases of investments	(1,100)	(65,520)
Proceeds from sale of investments	6,704	63,237
Net cash flows from investing activities	(5,396)	(25,592)
Cash flows from financing activities:		
Principal payments on capital lease	(29,388)	(27,958)
Net cash flows from financing activities	(29,388)	(27,958)
Net change in cash and cash equivalents	901,817	(912,974)
Cash and cash equivalents - beginning of year	143,196	1,056,170
Cash and cash equivalents - end of year	$ 1,045,013	$ 143,196
Supplemental cash flow information:		
Cash paid for interest	$ 792	$ 2,232
Cash paid for operating leases	212,080	-
Non-cash operating and financing activities:		
Obtaining right-of-use assets in exchange for lease liabilities	871,439	-

See notes to financial statements.

1. DESCRIPTION OF THE ORGANIZATION

Impact NW (the Organization) was founded in 1966 by a group of neighbors in Portland's Buckman neighborhood, determined to solve the most critical local needs. The nonprofit Organization has grown over the years to become among the largest and most comprehensive homelessness prevention providers in the Portland-Vancouver region.

Impact NW forges a strong, equitable region by partnering with people as they navigate their journey from uncertainty and poverty to stability and opportunity.

The Organization serves 20,000+ people a year, including low-income children, at-risk youth, young adults, families, veterans, and seniors. It provides unique services to Portland's Slavic community. To succeed, it employs a professional staff of 400, 42% of whom are people of color, and engages dozens of volunteers. Impact NW provides services that both stabilize and strengthen, including:

- Utility assistance, housing assistance, eviction prevention, permanent housing, addiction recovery, and other resources for individuals and families

- Job training, parent support and education, support for foster families, domestic violence support, school and social support and other resources for youth, families, and young adults

- Case management, guardianship and conservatorship, and activities designed to promote health and stability for older adults

Consistent with its values and community needs, the Organization is undergoing a multi-year transformation to become a Culturally-Responsive Organization. As such, the Organization's goal is to partner with communities of color to better meet the needs of people of color, who overall experience less favorable social outcomes. This Diversity, Equity, and Inclusion (DEI) work is changing both individuals and systems within the Organization and advocating for systemic change in the larger community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions -* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets, Continued

- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all liquid investments having maturities of three months or less at the date of purchase to be cash equivalents. Included in cash and cash equivalents is $18,771 and $17,571 at June 30, 2023 and 2022, respectively, restricted for the flexible spending account. Cash equivalents included with investments are considered investments.

Contracts, Grants and Pledges Receivable

Contracts, grants and pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Organization estimates uncollectible amounts for contracts and other accounts receivable as a proportion of the total over 90 days balance. Balances over 90 days were approximately $135,000 and $132,000 as of June 30, 2023 and 2022, respectively. The Organization estimates uncollectible amounts for pledges and grants using the specific identification method. Long-term pledges are discounted to present value using a market rate of interest.

Investments

Investments are carried at fair value. Investment income earned on donor restricted investments is reported as an increase in net assets without donor restrictions unless restricted by the donor in which case it is classified according to the nature of the restriction until appropriated for expenditure. Donor-restricted investment income earned on net assets with perpetual donor restrictions is reported as an increase in net assets with donor restrictions and released from restriction when appropriated for expenditure.

Net appreciation (depreciation) in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments, is shown in the statement of activities. Interest income is accrued as earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases

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

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

Property and Equipment

Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are carried at cost when purchased. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets.

Capitalized Software

Internally-developed software is stated at cost less accumulated amortization and is amortized using the straight-line method over the estimated useful life of the software. Software assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets. During the software application development stage, capitalized costs include external consulting costs, cost of software licenses, and internal payroll and payroll-related costs for employees who are directly associated with a software project. Upgrades and enhancements are capitalized if they result in added functionality, which enables the software to perform tasks it was previously incapable of performing. Software maintenance, training, data conversion and business process reengineering costs are expensed in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Revenues from various sources are recognized as follows:

Contracts and Grants: Government and non-government contracts and grants are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization has been awarded cost-reimbursable grants of approximately $816,000 for the period through December 2023 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred. The Organization has received approximately $227,500 and $199,200 in advances on these contracts at June 30, 2023 and 2022, respectively.

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Program Fees: Revenues from program services are recognized in the period in which the programs and other activities occur. Payments for programs occurring in the following year are deferred.

Donated Property, Materials and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In-kind assistance of $755,748 was passed through to another organization directly from Multnomah County and is excluded from revenue recognition as the Organization has no variance power in the transaction.

Unemployment Insurance

The Organization is self-insured for unemployment and makes periodic payments to a trust company in an amount equal to estimated future claims. Deposits to the trust are recorded as an asset. Prepaid expenses and other assets include a deposit in the amount of $174,155 and $187,593 at June 30, 2023 and 2022, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unemployment Insurance, Continued
Unemployment claims paid reduce the trust asset and are expensed. Unpaid claims outstanding at year-end represent a liability of the Organization.

Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation and communications which are allocated on a square footage basis; vehicle usage (included in travel), which is allocated based on mileage, as well as salaries and related expenses, consultants and contracted services, office expense, insurance, and other, which are allocated on the basis of total hours worked.

Income Tax Status
Impact NW is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC 740 *Topic Accounting for Uncertainty in Income Taxes.* Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2022
The accompanying financial information for the year ended June 30, 2022 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Subsequent Events
The Organization has evaluated all subsequent events through February 15, 2024, the date the financial statements were available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of $816,852 and lease liabilities totaling $816,852 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

Under this provision, the Organization's deferred gain on the sale leaseback, as described in Note 9, was restated and recognized in full through a cumulative-effect net asset adjustment of $334,821 as of July 1, 2022.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 1,045,013	$ 143,196
Contracts, grants and pledges receivable, net	3,032,706	3,489,194
Investments	184,678	180,252
	4,262,397	3,812,642
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	169,854	360,559
Board designated	611,584	456,472
Other restrictions	18,771	17,571
Financial assets available for general expenditure	$ 3,462,188	$ 2,978,040

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3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

The board of directors has established a board designated endowment fund, as well as an operating reserve. See Note 10 regarding board designated net assets. The board designated operating reserve is determined by the Organization to be 2 months of direct payroll and fringe benefits for its 3 largest contracts and may be spent by approval of the board.

Other restrictions include cash restricted for the flexible spending account. Also see Note 8 for information on other financial resources available through a line of credit.

4. CONTRACTS, GRANTS AND PLEDGES RECEIVABLE

Receivables are unsecured and are summarized as follows at June 30, 2023 and 2022:

	2023	2022
Contracts receivable	$ 2,826,267	$ 3,253,691
Pledges and grants receivable	19,335	187,771
Other	202,454	61,566
	3,048,056	3,503,028
Allowance for uncollectible accounts	(15,350)	(13,834)
Contracts, grants and pledges receivables, net	$ 3,032,706	$ 3,489,194

Pledges and grants receivable represent unconditional promises to give and are due within one year.

5. INVESTMENTS

Investments are summarized as follows at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 49,861	$ 49,515
Mutual funds - fixed income	5,789	5,833
Exchange-traded funds	15,069	12,834
Funds held at Oregon Community Foundation	113,959	112,070
Total investments	$ 184,678	$ 180,252

5. INVESTMENTS, Continued

Investments are held for the following at June 30, 2023 and 2022:

	2023	2022
Operations	$ 70,719	$ 68,182
Endowment (at OCF)	113,959	112,070
	$ 184,678	$ 180,252

Funds held at Oregon Community Foundation (OCF) are pooled with other assets managed by OCF and are invested in debt, equity, and other securities, which are reflected at fair value. Under the terms of the agreement, variance power has been granted to OCF; however, the Organization is the beneficiary of the fund and the transfer is reciprocal in nature. Accordingly, OCF recognizes the fund as a liability on its statement of financial position. OCF shall distribute not less than annually, a percentage of the fair value of the fund as determined by the board of directors of OCF. However, in no event will the percentage be less than a reasonable rate of return. OCF may make additional distributions from the fund to the Organization upon a majority vote of all of the directors of the Organization, if, in the sole judgment of the board of OCF, the requested distribution is consistent with the objectives and purposes of the Organization. The beneficial interest is included in endowment net assets (Note 18).

The Organization is also the beneficiary of a donor-named fund (the Fund), which is excluded from the investments above and not included on the statement of financial position. The Fund is held in trust by Oregon Community Foundation who maintains variance power and is administered by trustees appointed by the donors. The Organization's portion of the Fund is approximately $2,311,000 and $2,275,000 at June 30, 2023 and 2022, respectively. There were no distributions from the fund for the year ended June 30, 2023. Distributions of $87,436 were received and recorded as contribution revenue for the year ended June 30, 2022.

6. OPERATING LEASES

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

6. OPERATING LEASES, Continued

The Organization's operating leases consist of leases for office and program use space with remaining lease terms of 1 to 5 years.

The statement of financial position reflects ROU assets of $669,377 and operating lease liabilities of $679,831 as of June 30, 2023.

The weighted-average remaining lease term for the Organization's operating leases is approximately 3.83 years as of June 30, 2023. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 is 2.83%.

The maturities of operating leases as of June 30, 2023 are as follows:

Year ending June 30, 2024	$ 213,848
2025	159,005
2026	163,775
2027	168,688
2028	14,092
	719,408
Less discount/interest	(39,577)
Present value of lease liability	$ 679,831

For the year ended June 30, 2023, total operating lease cost was $222,535 which is reported in occupancy expense in the statement of functional expenses.

Also included in occupancy expense are other short-term lease expenses totaling $27,64 associated with various space and equipment rentals.

Rent expense under FASB ASC Topic 840, *Leases*, (pre-adoption of the new standards) for operating leases totaled $207,700 for the year ended June 30, 2022. The aggregate minimum lease payments under those operating leases as of June 30, 2022, were as follows:

For the year ending June 30, 2023	$ 212,100
2024	157,000
2025	159,000
2026	163,800
2027	168,700
Thereafter	14,100
	$ 874,700

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Buildings	$ 1,059,088	$ 1,059,088
Office equipment	371,287	371,287
Vehicles	53,763	53,763
Software	304,414	293,414
Leasehold improvements	15,883	15,883
Total property and equipment	1,804,435	1,793,435
Accumulated depreciation	(1,406,155)	(1,349,238)
Net property and equipment	$ 398,280	$ 444,197

8. LINE OF CREDIT

The Organization's $400,0000 line of credit agreement with Heritage Bank matured May 2023 and was not used during the year ended June 30, 2023. Effective August 2023, the Organization increased the line of credit to $1,000,000, at an 8.75% interest and a May 2024 maturity. Heritage Bank secures the line of credit using the property of the Organization. Interest on the line of credit is payable monthly on outstanding advances. There were no advances at June 30, 2023and 2022.

9. SALE-LEASEBACK TRANSACTION

In August 2017, the Organization finalized the sale and leaseback of certain real property. The real property was sold for approximately $1,620,000 and the Organization received cash proceeds of approximately $540,000 after closing costs and the repayment of certain notes payable collateralized by the property.

The building sale transaction resulted in a gain to the Organization of approximately $660,000. Under the provisions of ASC Topic 840, *Leases*, the gain was amortized on a straight-line basis over the 10-year term of the related lease. Effective July 1, 2022 the Organization implemented ASC Topic 842, *Leases*. Under this new standard, the deferred gain on the transaction was de-recognized and reflected as a net asset adjustment. In accordance with the guidance, the Organization elected to reflect this net asset adjustment on the first day of the year of implementation (July 1, 2022).

10. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following at June 30, 2023 and 2022:

	2023	2022
Board designated endowment (Note 18)	$ 90,690	$ 89,189
Operating reserve	520,894	367,283
Total board designated net assets	$ 611,584	$ 456,472

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Net asset with expiring donor restrictions:		
Fiscal sponsorship projects	$ -	$ 904
Endowment earnings (Note 18)	2,724	2,336
SUN/SHINE schools	33,008	83,486
Children, youth and families	46,888	27,413
Employment programs	-	17,667
Housing and support services	21,534	58,265
Seniors	45,155	99,943
Time restricted	-	50,000
Total net assets with expiring donor restrictions	149,309	340,014
Net asset with perpetual donor restrictions		
Donor-restricted endowment (Note 18)	20,545	20,545
Total net assets with donor restrictions	$ 169,854	$ 360,559

Unexpended endowment earnings are reported as net assets with expiring donor restrictions until appropriated for expenditure. See Note 18 for additional information.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable and unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) on the balance sheet. Revenue from customers is recognized over the performance period (contract revenue) or at the time services are performed (all other revenue from customers).

12. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

	2023	2022
Included in other contracts and grant revenue:		
Contract revenue (over time)	$ 1,021,677	$ 801,707
Management services agreement	84,624	51,551
Program fees:		
Guardianship assistance program	343,626	278,929
Youth programming fees	119,520	81,849
Other program fees	34,302	17,289
Total revenue from contracts with customers	$ 1,569,447	$ 1,214,036

Program fees are generally paid in arrears after revenue is recognized, resulting in accounts receivable (contract assets). The Organization's contract revenue agreements are generally paid in installments. The Organization recognizes contract revenue over time as services are provided. Outstanding contract billings are included within contracts, grants, and pledges receivable in the statement of financial position.

The beginning and ending contract balances are as follows:

	June 30,		
	2023	2022	2021
Accounts receivable (contract assets)	$ 132,998	$ 53,531	$ 108,822
Deferred revenue (contract liabilities)	$ -	$ 17,174	$ 21,454

Revenue recognized for the years ended June 30, 2023 and 2022 that was included in the contract liability balance at the beginning of each year was $17,174 and $21,454, respectively.

13. CONTINGENCIES

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

14. RETIREMENT PLAN

The Impact NW 401(K) Profit Sharing Plan and Trust (the Plan) allows employees to contribute to the Plan after six of months of service. An employee's contributions may be made on either a pre-tax basis (the traditional 401(k) option) or on a post-tax basis (the Roth option). Employer contributions to the retirement plan are made at the discretion of the board of directors. Management has committed to providing an employer match at a rate of 50%, up to 4% of compensation, subject to the Plan's vesting provisions. For the years ended June 30, 2023 and 2022, the Organization contributed approximately $86,000 and $63,400, respectively, to the Plan.

15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in financial institutions located in Portland, Oregon. The balances in each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of insured limits totaled approximately $1,111,600 and $27,600 at June 30, 2023 and 2022, respectively.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Approximately 39% of the total receivables at June 30, 2023 is from one government entity (approximately 67% is due from three government entities at June 30, 2022). Revenue was concentrated for the year ended June 30, 2023 with approximately 33% of revenues coming from one government entity (27% from one government entity for the year ended June 30, 2022).

16. RELATED PARTY TRANSACTIONS

Certain board members are in senior management positions with entities that provide grants and engage in business activities with the Organization. These transactions occur in the normal course of business and are disclosed as part of the Organization's conflict of interest policy.

17. MANAGEMENT AGREEMENT

Impact NW contracted with the YWCA of Greater Portland to provide administrative services, grant writing and management, event coordination, and other services to the YWCA. The agreement was for a fixed amount and was payable quarterly. Revenue under this agreement is included in other contracts and grants in the accompanying statement of activities. Total services provided under the contract for the years ended June 30, 2023 and June 30, 2022 were as follows:

	2023	2022
Senior Services subcontract program costs	$ 77,879	$ 43,620
Other services	6,745	7,931
Total services provided	$ 84,624	$ 51,551

18. ENDOWMENT

Impact NW's endowment consists of donor-restricted and board-designated funds which are held at Oregon Community Foundation. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions or board designations.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted Oregon's Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

18. ENDOWMENT, Continued

Interpretation of Relevant Law, Continued

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) Organization and the donor-restricted endowment fund purposes
(3) General economic conditions and possible effect of inflation and deflation
(4) The expected total return from income and investment appreciation
(5) Investment policies and other resources of the Organization

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
June 30, 2023				
Donor restricted	$ -	$ 2,724	$ 20,545	$ 23,269
Board designated	90,690	-	-	90,690
	$ 90,690	$ 2,724	$ 20,545	$ 113,959
June 30, 2022				
Donor restricted	$ -	$ 2,336	$ 20,545	$ 22,881
Board designated	89,189	-	-	89,189
	$ 89,189	$ 2,336	$ 20,545	$ 112,070

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
June 30, 2021	$ 97,879	$ 4,567	$ 20,545	$ 122,991
Investment loss, net of fees	(189)	(49)	-	(238)
Net realized/unrealized loss on investments	(5,073)	(1,302)	-	(6,375)
Appropriated for expenditure	(3,428)	(880)	-	(4,308)
June 30, 2022	89,189	2,336	20,545	112,070
Investment loss, net of fees	(257)	(66)	-	(323)
Net realized/unrealized gain on investments	5,357	1,375	-	6,732
Appropriated for expenditure	(3,599)	(921)	-	(4,520)
June 30, 2023	$ 90,690	$ 2,724	$ 20,545	$ 113,959

18. ENDOWMENT, Continued

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the board of directors, the endowment assets re invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization's endowment funds are invested with the Oregon Community Foundation (OCF). The board of directors of OCF determines investment and spending policies of funds held by OCF, which would include the Organization's funds with OCF summarized in Note 5. Currently, the Organization receives bi-annual distributions from its funds held at OCF. The distribution rate, as determined by the board of directors of OCF is currently 4.5% of the average fair market value of the Agency's funds, based on a 13-quarter trailing average.

Strategies Employed for Achieving Objectives
OCF follows a total return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the investment portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Funds held with OCF are invested in a mixture of equities, fixed-income instruments, alternative investment classes such as hedge funds, distressed debt and private investments, and cash. The Organization believes that investment and spending policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

19. FAIR VALUE MEASUREMENTS

Assets and liabilities, including investments, are recorded at fair value in the statement of financial position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

19. FAIR VALUE MEASUREMENTS, CONTINUED

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on recurring basis at June 30, 2023 are as follows:

	Fair Value	Level 1	Level 3
June 30, 2023			
Mutual funds-fixed income	$ 5,789	$ 5,789	$ -
Exchange-traded funds	15,069	15,069	-
Funds held at Oregon Community Foundation	113,959	-	113,959
	134,817	$ 20,858	$ 113,959
Cash and cash equivalents (not subject to fair value)	49,861		
	$ 184,678		

Fair values of assets measured on recurring basis at June 30, 2022 are as follows:

	Fair Value	Level 1	Level 3
June 30, 2022			
Mutual funds-fixed income	$ 5,833	$ 5,833	$ -
Exchange-traded funds	12,834	12,834	-
Funds held at Oregon Community Foundation	112,070	-	112,070
	130,737	$ 18,667	$ 112,070
Cash and cash equivalents (not subject to fair value)	49,515		
	$ 180,252		

The fair value of mutual funds and exchange-traded funds is determined by reference to quoted market prices or other relevant market data as provided by the bank or broker.

Investments held at OCF in pooled funds are valued at the net asset value per unit as provided by OCF trustees. Net asset value is based on fair value of the underlying assets of the funds using quoted market prices when available determined using a market approach.

19. FAIR VALUE MEASUREMENTS, CONTINUED

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include:

	2023	2022
Balance at beginning of year	$ 112,070	$ 122,991
Interest and dividends	733	765
Net investment gain (loss)	6,731	(6,375)
Distributions and investment management fees	(5,575)	(5,311)
Balance at end of year	$ 113,959	$ 112,070

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

McDonald Jacobs
Accountants & Consultants

INDEPENDENT AUDITOR'S 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
Impact NW

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 Impact NW (a nonprofit 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 February 15, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Impact NW's internal control over financial reporting (internal control) as a basis for designing 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 Impact NW's internal control. Accordingly, we do not express an opinion on the effectiveness of the Impact NW'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 organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

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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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Impact NW's financial statements are free from 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 financial statements. 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.

McDonald Jacobs, P.C.

Portland, Oregon
February 15, 2024

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

To the Board of Directors
Impact NW

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Impact NW's 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 Impact NW's major federal program for the year ended June 30, 2023. Impact NW's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Impact NW complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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; 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 U.S. *Code of Federal Regulations* 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 *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Impact NW 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 Impact NW's compliance with the compliance requirements referred to above.

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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 Impact NW's federal programs.

Auditor's 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 Impact NW'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 generally accepted auditing standards, *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 Impact NW's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 Impact NW'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 Impact NW'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 Impact NW's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, 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.

McDonald Jacobs, P.C.

Portland, Oregon
February 15, 2024

IMPACT NW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

Federal Grantor/Pass-through Grantor Program title	Contract Number	Assistance Listing Number	Federal Expenditures	Federal Sub-awards
U.S. Department of Housing and Urban Development				
Pass through program from:				
State of Washington HUD Regional Office				
Continuum of Care Program	WA0276L0T082209	14.267	$ 196,250	-
Our Just Future				
Continuum of Care Program	OR0024L0E012114	14.267	32,166	-
Total U.S. Department of Housing and Urban Development			228,416	-
U.S. Department of Justice				
Pass through program from:				
State of Oregon				
Crime Victim Assistance	Joint-2021-ImpactNW-00029	16.575	134,562	-
Total U.S. Department of Justice			134,562	-
U.S. Department of Labor				
Pass through program from:				
SupaFresh				
WIOA Cluster: WIOA Youth Activities	21-60665	17.259	281,830	-
Total U.S. Department of Labor			281,830	-
U.S. Department of Transportation				
Pass through program from:				
Ride Connection				
Transit Services Programs Cluster: Enhanced Mobility of Seniors and Individuals with Disabilities	18971	20.513	1,778	-
Transit Services Programs Cluster: Enhanced Mobility of Seniors and Individuals with Disabilities	18983	20.513	24,406	-
Total U.S. Department of Transportation			26,184	-
U.S. Department of Treasury				
Pass through program from:				
Clark County				
Coronavirus State and Local Fiscal Recovery Funds	2021-ARP-07 S1	21.027	89,798	-
Home Forward				
Coronavirus State and Local Fiscal Recovery Funds	C118775c-3	21.027	14,444	-
Multnomah County				
Coronavirus State and Local Fiscal Recovery Funds	DCHS-SVCSGEN-13126-2021	21.027	596,392	-
Work Systems				
Coronavirus State and Local Fiscal Recovery Funds	22-60662	21.027	92,919	-
Total U.S. Department of Treasury			793,553	-

Continued

See notes to schedule of expenditures of federal awards.

IMPACT NW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the year ended June 30, 2023

Federal Grantor/Pass-through Grantor Program title	Contract Number	Assistance Listing Number	Federal Expenditures	Federal Sub-awards
U.S. Department of Veterans Affairs				
Pass through program from:				
Transition Projects, Inc.				
Supportive Services for Veteran Families	SSVF 19-ZZ-127	64.033	$ 1,288,995	-
Total U.S. Department of Veterans Affairs			1,288,995	-
U.S. Department of Health and Human Services				
Pass through program from:				
Multnomah County				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	DCHS-SVCSGEN-14415-2023	93.043	5,096	-
Aging Cluster: Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	DCHS-SVCSGEN-14415-2023	93.044	39,089	-
National Family Caregiver Support, Title III, Part E	DCHS-SVCSGEN-14415-2023	93.052	15,208	-
Low Income Household Water Assistance Program	DCHS-SVCSGEN-13126-2021	93.499	258,707	204,300
477 Cluster: Temporary Assistance for Needy Families	DCHS-SVCSGEN-13126-2021	93.558	271,025	-
Low-Income Home Energy Assistance	DCHS-SVCSGEN-13126-2021	93.568	718,282	551,178
477 Cluster: Community Services Block Grant	DCHS-SVCSGEN-13126-2021	93.569	102,775	-
Block Grants for Prevention and Treatment of Substance Abuse	HD-SVCSGEN-13098-2021	93.959	248,070	-
			1,658,252	755,478
State of Oregon				
Maternal, Infant, and Early Childhood Home Visiting Program	177267	93.870	216,549	-
Total U.S. Department of Health and Human Services			1,874,801	755,478
Total expenditures of federal awards			$ 4,628,341	$ 755,478

Concluded

See notes to schedule of expenditures of federal awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes all federal grant activity of Impact NW 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 the Title 2 U.S. 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 Impact NW, it is not intended to and does not present the financial position, changes in net assets or cash flows of Impact NW.

2. EXPENDITURES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Impact NW has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal expenditures	$ 4,628,341
Less: assistance passed through to another agency	(755,478)
Total non-federal expenditures	10,788,108
Total expenses per financial statements	$ 16,171,927

Assistance of $755,748 was passed through directly from Multnomah County and is excluded from revenue and expenditure recognition on the Organization's financial statements as the Organization has no variance power in the transaction.

IMPACT NW
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2023

Finding # 2022-001
Type: Significant deficiency over Schedule of Expenditures of Federal Awards (SEFA)

Condition/Context:
The Organization did not identify all federal awards and significant audit adjustments were required to the SEFA prepared by management.

Cause:
Due to internal transitions, the accounting team was not able to be as thorough in the preparation and review of the schedule.

Recommendation:
We recommended that the Organization improve its controls over the preparation and review of the schedule of federal expenditures to ensure completeness and accuracy.

Status:
Implemented

IMPACT NW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

Section 1 - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None reported

Federal Awards:

Internal control over major federal programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None reported

Identification of Major Programs:

Assistance Listing Number(s)	64.033
Name of Federal Program or Cluster	VA Supportive Services for Veteran Families Program
Dollar threshold used to distinguish between Type A and Type B programs.	$750,000
Auditee qualified as low-risk auditee?	Yes

Section 2 - Financial Statement Findings

None reported.

Section 3 - Federal Award Findings and Questioned Costs

None reported.