

IMPACT NW

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

For the Year Ended June 30, 2024



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, 2024, 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, 2024, 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.

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.

Report on Summarized Comparative Information

We have previously audited Impact NW's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 August 27, 2025 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 Jacobz, P.C.

Portland, Oregon
August 27, 2025

IMPACT NW
STATEMENT OF FINANCIAL POSITION
June 30, 2024
(With comparative totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 208,144	\$ 1,045,013
Contracts, grants and pledges receivable, net	3,185,478	3,032,706
Prepaid expenses and other assets	474,702	285,052
Investments	195,772	184,678
Right-of-use assets	824,101	669,377
Property and equipment, net	<u>343,580</u>	<u>398,280</u>
TOTAL ASSETS	<u><u>\$ 5,231,777</u></u>	<u><u>\$ 5,615,106</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 241,643	\$ 122,208
Accrued payroll and related expenses	1,266,514	1,368,863
Deferred revenue	-	227,530
Operating lease liabilities	<u>840,549</u>	<u>679,831</u>
Total liabilities	<u>2,348,706</u>	<u>2,398,432</u>
Net assets:		
Without donor restrictions:		
Available for general operations	1,727,574	2,036,956
Board designated	632,667	611,584
Net property and equipment	<u>343,580</u>	<u>398,280</u>
Total without donor restrictions	<u>2,703,821</u>	<u>3,046,820</u>
With donor restrictions	<u>179,250</u>	<u>169,854</u>
Total net assets	<u>2,883,071</u>	<u>3,216,674</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,231,777</u></u>	<u><u>\$ 5,615,106</u></u>

See notes to financial statements.

IMPACT NW
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024
(With comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Government contracts and grants	\$ 9,731,103	\$ -	\$ 9,731,103	\$ 10,264,201
Other contracts and grants	3,169,971	-	3,169,971	3,096,270
Contract services	1,198,595	-	1,198,595	1,106,301
Contributions	16,671	1,448,509	1,465,180	1,298,334
Program fees	479,639	-	479,639	497,448
Investment and other revenue	66,363	2,390	68,753	34,314
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,441,503	(1,441,503)	-	-
Total support and revenue	<u>16,103,845</u>	<u>9,396</u>	<u>16,113,241</u>	<u>16,296,868</u>
Expenses:				
Program services:				
Housing and safety net services	6,455,564	-	6,455,564	6,157,228
Children, youth, and family services	3,537,073	-	3,537,073	3,433,855
Early childhood family services	2,175,457	-	2,175,457	2,338,372
Senior services	1,387,605	-	1,387,605	1,328,216
Portland Metro STEM Partnership	33,550	-	33,550	180,357
Fiscal sponsorship/nonprofit accounting	57,163	-	57,163	99,785
Total program services:	13,646,412	-	13,646,412	13,537,813
Management and general	2,387,743	-	2,387,743	2,288,064
Fundraising	412,689	-	412,689	346,050
Total expenses	<u>16,446,844</u>	<u>-</u>	<u>16,446,844</u>	<u>16,171,927</u>
Change in net assets	(342,999)	9,396	(333,603)	124,941
Net assets:				
Beginning of year	3,046,820	169,854	3,216,674	2,756,912
Change in accounting policy for leases - recognition of deferred gain (Note 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,821</u>
End of year	<u>\$ 2,703,821</u>	<u>\$ 179,250</u>	<u>\$ 2,883,071</u>	<u>\$ 3,216,674</u>

See notes to financial statements.

IMPACT NW
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024
(With comparative totals for 2023)

	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	\$ 3,562,584	\$ 2,770,392	\$ 1,869,580	\$ 1,169,887	\$ 1,800	\$ -
Client assistance	2,561,906	149,123	50,982	28,681	-	-
Consultants and contracted services	90,664	177,468	69,436	32,004	20,141	37,050
Program supplies	14,746	182,809	24,359	4,633	10,672	16,642
Occupancy	99,544	103,850	62,415	40,696	-	-
Travel	35,400	22,693	32,751	48,280	-	214
Office expense	33,208	25,767	17,892	14,636	-	728
Communications	19,305	17,708	13,982	7,551	-	1,149
Staff education and training	14,080	47,981	15,035	8,450	372	7
Insurance	18,760	21,559	13,026	18,671	-	716
Dues and recruitment expense	4,268	17,159	5,403	2,482	565	360
Interest expense	-	-	-	-	-	-
Miscellaneous	441	564	596	267	-	297
Depreciation and amortization	-	-	-	-	-	-
Bad debt expense	658	-	-	11,367	-	-
Total expenses	<u>\$ 6,455,564</u>	<u>\$ 3,537,073</u>	<u>\$ 2,175,457</u>	<u>\$ 1,387,605</u>	<u>\$ 33,550</u>	<u>\$ 57,163</u>

See notes to financial statements.

IMPACT NW
STATEMENT OF FUNCTIONAL EXPENSES, Continued
For the year ended June 30, 2024
(With comparative totals for 2023)

	Total Program Services	Management and General	Fund- Raising	2024 Total	2023 Total
Salaries and related expenses	\$ 9,374,243	\$ 1,782,880	\$ 251,573	\$ 11,408,696	\$ 10,911,914
Client assistance	2,790,692	-	32	2,790,724	2,968,346
Consultants and contracted services	426,763	329,458	104,375	860,596	935,969
Program supplies	253,861	19,553	2,375	275,789	286,721
Occupancy	306,505	71,909	7,121	385,535	362,778
Travel	139,338	366	254	139,958	145,286
Office expense	92,231	26,583	5,686	124,500	120,057
		-	-		
Communications	59,695	6,331	731	66,757	70,597
Staff education and training	85,925	41,394	-	127,319	92,419
Insurance	72,732	22,034	985	95,751	83,232
Dues and recruitment expense	30,237	8,879	25,021	64,137	75,851
Interest expense	-	-	-	-	792
Miscellaneous	2,165	21,772	2,420	26,357	54,573
Depreciation and amortization	-	56,584	12,116	68,700	56,917
Bad debt expense	12,025	-	-	12,025	6,475
Total expenses	<u>\$ 13,646,412</u>	<u>\$ 2,387,743</u>	<u>\$ 412,689</u>	<u>\$ 16,446,844</u>	<u>\$ 16,171,927</u>

See notes to financial statements.

IMPACT NW
STATEMENT OF CASH FLOWS
For the year ended June 30, 2024
(With comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (333,603)	\$ 124,941
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	68,700	56,917
Amortization of right-of-use assets	210,114	202,062
Net realized/unrealized (gain) loss on investments	(14,103)	(10,030)
Allowance for uncollectible accounts	12,025	6,475
(Increase) decrease in:		
Contracts, grants and pledges receivable	(164,797)	450,013
Prepaid expenses and other assets	(189,650)	(19,578)
Increase (decrease) in:		
Accounts payable	119,435	(3,542)
Accrued payroll and related expenses	(102,349)	292,648
Deferred revenue	(227,530)	28,303
Operating lease liabilities	(204,120)	(191,608)
Net cash flows from operating activities	<u>(825,878)</u>	<u>936,601</u>
Cash flows from investing activities:		
Purchases of property and equipment	(14,000)	(11,000)
Purchases of investments	(1,401)	(1,100)
Proceeds from sale of investments	4,410	6,704
Net cash flows from investing activities	<u>(10,991)</u>	<u>(5,396)</u>
Cash flows from financing activities:		
Principal payments on capital lease	<u>-</u>	<u>(29,388)</u>
Net cash flows from financing activities	<u>-</u>	<u>(29,388)</u>
Net change in cash and cash equivalents	(836,869)	901,817
Cash and cash equivalents - beginning of year	<u>1,045,013</u>	<u>143,196</u>
Cash and cash equivalents - end of year	<u>\$ 208,144</u>	<u>\$ 1,045,013</u>
Supplemental cash flow information:		
Cash paid for interest	\$ -	\$ 792
Cash paid for operating leases	226,807	212,080
Non-cash operating and financing activities:		
Obtaining right-of-use assets in exchange for lease liabilities	364,838	871,439
Reduction of right-of-use assets and lease liabilities upon lease termination	(28,217)	-

See notes to financial statements.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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 \$7,986 and \$18,771 at June 30, 2024 and 2023, respectively, restricted for the flexible spending account. Cash equivalents included with investments are considered investments.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist of amounts billed for certain contract services and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. In determining the amount of the allowance as of the statement of financial position date, the Organization estimates an overall loss rate to the balances outstanding at year end. Management believes contractual receivables at June 30, 2024 and 2023 are fully collectible, and therefore has not established an allowance for credit losses. Balances over 90 days total approximately \$99,000 and \$135,000 as of June 30, 2024 and 2023, respectively.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at June 30, 2024 and 2023, because the composition of the trade receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes.

Contracts, Grants and Pledges Receivable

Contracts (non-exchange), 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 pledges and grants using the specific identification method. Long-term pledges are discounted to present value using a market rate of interest.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

- If the contract agreement is determined to be an exchange transaction in which the resource provider receives commensurate value in return for assets transferred, the Organization recognizes revenue when it satisfies the required performance obligations or transfers the promised goods or services to the customer. (See Note 13.)
- Government contracts and grants, as well as other contracts and grants, for which the general public is considered the primary beneficiary are accounted for as non-reciprocal transactions. 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 \$2,030,000 for the period through March 2026 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred. The Organization had received approximately \$227,500 in advances on these contracts at June 30, 2023.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

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 \$407,345 and \$755,478 was passed through to another organization directly from Multnomah County for the years ended June 30, 2024 and 2023, respectively, 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. Unemployment claims paid reduce the trust asset and are expensed. Unpaid claims outstanding at year-end represent a liability of the Organization. Prepaid expenses and other assets and accrued payroll and related expenses include the deposit and corresponding liability of \$181,821 and \$174,155 at June 30, 2024 and 2023, respectively.

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 salaries and related expenses, consultants and contracted services, office expense, insurance, and other, which are allocated on the basis of total hours worked, as well as occupancy, depreciation and communications which are allocated on a square footage basis; vehicle usage (included in travel), is allocated based on mileage.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 2023

The accompanying financial information for the year ended June 30, 2023 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 August 27, 2025, the date the financial statements were available to be issued.

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.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

Financial assets of the Organization consist of the following at June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 208,144	\$ 1,045,013
Contracts, grants and pledges receivable, net	3,185,478	3,032,706
Investments	195,772	184,678
	<u>3,589,394</u>	<u>4,262,397</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(179,250)	(169,854)
Board designated	(632,667)	(611,584)
Other restrictions	(7,986)	(18,771)
Financial assets available for general expenditure	<u>\$ 2,769,491</u>	<u>\$ 3,462,188</u>

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 9 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, 2024 and 2023:

	2024	2023
Contracts receivable (non-exchange)	\$ 2,892,882	\$ 2,826,267
Allowance for uncollectible accounts	(22,654)	(15,350)
	2,870,228	2,810,917
Pledges and grants receivable	107,336	19,335
Accounts receivable (Note 13)	167,512	132,998
Other	40,402	69,456
Total receivables, net	<u>\$ 3,185,478</u>	<u>\$ 3,032,706</u>

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

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

5. INVESTMENTS

Investments are summarized as follows at June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 50,334	\$ 49,861
Mutual funds - fixed income	5,964	5,789
Exchange-traded funds	18,505	15,069
Funds held at Oregon Community Foundation	120,969	113,959
Total investments	<u>\$ 195,772</u>	<u>\$ 184,678</u>

Investments are held for the following at June 30, 2024 and 2023:

	2024	2023
Operations	\$ 74,803	\$ 70,719
Endowment (at OCF)	120,969	113,959
	<u>\$ 195,772</u>	<u>\$ 184,678</u>

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 12).

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 \$1,734,000 and \$2,311,000 at June 30, 2024 and 2023, respectively. There were no distributions from the fund for the years ended June 30, 2024 and 2023.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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.

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

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Right-of-use assets	<u>\$ 824,101</u>	<u>\$ 669,377</u>
Operating lease liability	<u>\$ 840,549</u>	<u>\$ 679,831</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term	3.54 years	3.83 years
Weighted average discount rate	3.41%	2.88%

The maturities of operating leases as of June 30, 2024 are as follows:

Year ending June 30, 2025	\$ 252,891
2026	260,536
2027	260,828
2028	86,222
2029	<u>34,760</u>
	895,237
Less discount/interest	<u>(54,688)</u>
Present value of lease liability	<u>\$ 840,549</u>

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

6. OPERATING LEASES, Continued

For the years ended June 30, 2024 and 2023, total leases expenses consist of the following:

	2024	2023
Operating lease costs (occupancy)	\$ 233,216	\$ 222,535
Short-term lease costs (office)	4,500	2,764
	<u>\$ 237,716</u>	<u>\$ 225,299</u>

7. 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).

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024 and 2023:

	2024	2023
Buildings	\$ 1,059,088	\$ 1,059,088
Office equipment	371,287	371,287
Vehicles	53,763	53,763
Software	318,414	304,414
Leasehold improvements	15,883	15,883
Total property and equipment	1,818,435	1,804,435
Accumulated depreciation	(1,474,855)	(1,406,155)
Net property and equipment	<u>\$ 343,580</u>	<u>\$ 398,280</u>

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

9. LINE OF CREDIT

Effective August 2023, the Organization has a \$1,000,000 line of credit available. Interest accrues on draws at a rate of 8.75% and the line matures August 2025. 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, 2024 and 2023.

10. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following at June 30, 2024 and 2023:

	2024	2023
Board designated endowment (Note 12)	\$ 96,268	\$ 90,690
Operating reserve	536,399	520,894
Total board designated net assets	<u>\$ 632,667</u>	<u>\$ 611,584</u>

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2024 and 2023:

	2024	2023
Net asset with expiring donor restrictions:		
Endowment earnings (Note 12)	\$ 4,156	\$ 2,724
SUN/SHINE schools	3,734	33,008
Children, youth and families	18,140	46,888
Housing and support services	21,000	21,534
Seniors	111,675	45,155
Total net assets with expiring donor restrictions	158,705	149,309
Net asset with perpetual donor restrictions		
Donor-restricted endowment (Note 12)	20,545	20,545
Total net assets with donor restrictions	<u>\$ 179,250</u>	<u>\$ 169,854</u>

Unexpended endowment earnings are reported as net assets with expiring donor restrictions until appropriated for expenditure. See Note 12 for additional information.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

12. 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.

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
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and investment appreciation
- (6) Investment policies of the Organization
- (7) Other resources

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

12. ENDOWMENT, Continued

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
June 30, 2024				
Donor restricted	\$ -	\$ 4,156	\$ 20,545	\$ 24,701
Board designated	96,268	-	-	96,268
	<u>\$ 96,268</u>	<u>\$ 4,156</u>	<u>\$ 20,545</u>	<u>\$ 120,969</u>
June 30, 2023				
Donor restricted	\$ -	\$ 2,724	\$ 20,545	\$ 23,269
Board designated	90,690	-	-	90,690
	<u>\$ 90,690</u>	<u>\$ 2,724</u>	<u>\$ 20,545</u>	<u>\$ 113,959</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Expiring Donor Restrictions	With Perpetual Donor Restrictions	Total
June 30, 2022	\$ 89,189	\$ 2,336	\$ 20,545	\$ 112,070
Investment income, net of fees	(257)	(66)	-	(323)
Net realized/unrealized gain on investments	5,357	1,375	-	6,732
Appropriated for expenditure	<u>(3,599)</u>	<u>(921)</u>	<u>-</u>	<u>(4,520)</u>
June 30, 2023	90,690	2,724	20,545	113,959
Investment income, net of fees	(122)	(31)	-	(153)
Net realized/unrealized gain on investments	9,435	2,421	-	11,856
Appropriated for expenditure	<u>(3,735)</u>	<u>(958)</u>	<u>-</u>	<u>(4,693)</u>
June 30, 2024	<u>\$ 96,268</u>	<u>\$ 4,156</u>	<u>\$ 20,545</u>	<u>\$ 120,969</u>

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 are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

12. ENDOWMENT, Continued

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 4.15% 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.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognized over the performance period (contract revenue) or at the time services are performed (all other revenue from customers) are provided. 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. Outstanding contract billings are included within contracts, grants, and pledges receivable in the statement of financial position. 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 statement of financial position.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

13. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

Revenue from contracts with customers consists of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Included in other contracts and grant revenue:		
Contract revenue (over time)	\$ 1,130,170	\$ 1,021,677
Management services agreement	68,425	84,624
Program fees:		
Guardianship assistance program	300,857	343,626
Youth programming fees	118,570	119,520
Other program fees	60,212	34,302
Total revenue from contracts with customers	<u>\$ 1,618,022</u>	<u>\$ 1,569,447</u>

The beginning and ending contract balances are as follows:

	2024	June 30, 2023	2022
Accounts receivable (contract assets)	<u>\$ 167,512</u>	<u>\$ 132,998</u>	<u>\$ 53,531</u>
Deferred revenue (contract liabilities)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,174</u>

Revenue recognized for the year ended June 30, 2023 that was included in the contract liability balance at the beginning of the year was \$17,174.

14. 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.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

15. 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, 2024 and 2023, the Organization contributed approximately \$114,600 and \$86,000, respectively, to the Plan.

16. 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 \$287,000 and \$1,111,600 at June 30, 2024 and 2023, respectively.

Approximately 42% of the total receivables at June 30, 2024 is due from two government entities (approximately 39% is due from one government entity at June 30, 2023). Revenue was concentrated for the year ended June 30, 2024 with approximately 31% of revenues coming from one government entity (33% from one government entity for the year ended June 30, 2023).

17. 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.

18. 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, 2024 and 2023 were approximately \$68,000 and \$85,000, respectively.

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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.

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, 2024 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
June 30, 2024			
Mutual funds-fixed income	\$ 5,964	\$ 5,964	\$ -
Exchange-traded funds	18,505	18,505	-
Funds held at Oregon Community Foundation	<u>120,969</u>	<u>-</u>	<u>120,969</u>
	145,438	<u>\$ 24,469</u>	<u>\$ 120,969</u>
Cash and cash equivalents (not subject to fair value)	<u>50,334</u>		
	<u>\$ 195,772</u>		

IMPACT NW
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

19. FAIR VALUE MEASUREMENTS, CONTINUED

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

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
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
	<u>134,817</u>	<u>\$ 20,858</u>	<u>\$ 113,959</u>
Cash and cash equivalents (not subject to fair value)	49,861		
	<u>\$ 184,678</u>		

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.

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

Funds held at Oregon Community Foundation:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 113,959	\$ 112,070
Interest and dividends, net of fees	(153)	(323)
Net investment gain	11,856	6,732
Distributions	(4,693)	(4,520)
Balance at end of year	<u>\$ 120,969</u>	<u>\$ 113,959</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

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, 2024, 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 August 27, 2025.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2024-001 that we consider to be a material weakness.

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*.

Impact NW Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Impact NW's response to the findings identified in our audit described in the accompanying schedule of findings and questioned costs. Impact NW's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Jacob, P.C.

Portland, Oregon
August 27, 2025

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 programs for the year ended June 30, 2024. Impact NW's major federal programs are 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 programs for the year ended June 30, 2024.

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.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2024-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Impact NW's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Impact NW's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Jacobz, P.C.

Portland, Oregon
August 27, 2025

IMPACT NW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024

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				
<i>Pass through program from</i>				
Clark County				
Continuum of Care Program	WA0276LOT082209	14.267	\$ 186,747	-
Our Just Future				
Continuum of Care Program	OR0024LOE 012114	14.267	369,959	-
Total U.S. Department of Housing and Urban Development			556,706	-
U.S. Department of Justice				
<i>Pass through program from</i>				
State of Oregon				
Crime Victim Assistance	Joint-2021-ImpactNW-00029	16.575	134,162	-
Total U.S. Department of Justice			134,162	-
U.S. Department of Labor				
WIOA Cluster:				
<i>Pass through program from</i>				
Work Systems				
WIOA Adult Program	23-60051	17.258	15,787	-
WIOA Youth Activities	21-60665	17.259	279,919	-
Total WIOA Cluster			295,706	-
Total U.S. Department of Labor			295,706	-
U.S. Department of Transportation				
<i>Pass through program from</i>				
Ride Connection				
Enhanced Mobility of Seniors and Individuals with Disabilities	18971	20.513	13,978	-
Enhanced Mobility of Seniors and Individuals with Disabilities	18983	20.513	4,041	-
Total U.S. Department of Transportation			18,019	-
				<i>Continued</i>

See notes to schedule of expenditures of federal awards.

IMPACT NW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the year ended June 30, 2024

Federal Grantor/Pass-through Grantor	Contract	Assistance	Listing	Federal	Federal
Program title	Number		Number	Expenditures	Sub-awards
U.S. Department of Treasury					
Pass through program from					
Clark County					
Coronavirus State and Local Fiscal Recovery Funds	2021-ARP-07 SI		21.027	\$ 129,282	-
Oregon Department of Education					
Coronavirus State and Local Fiscal Recovery Funds	22-072K		21.027	199,041	-
Multnomah County					
Coronavirus State and Local Fiscal Recovery Funds	DCHS-SVCSGE N-15306-2023		21.027	449,827	-
Work Systems					
Coronavirus State and Local Fiscal Recovery Funds	22-60662		21.027	41,891	-
Total U.S. Department of Treasury				820,041	-
U.S. Department of Veterans Affairs					
Pass through program from					
Transition Projects, Inc.					
Supportive Services for Veteran Families	SSVF 19-ZZ-127		64.033	1,308,893	-
Total U.S. Department of Veterans Affairs				1,308,893	-
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-SVCSGE N-14415-2023		93.043	2,061	-
Aging Cluster: Special Programs for the Aging, Title III,					
Part B, Grants for Supportive Services and Senior Centers	DCHS-SVCSGE N-14415-2023		93.044	14,337	-
National Family Caregiver Support, Title III, Part E	DCHS-SVCSGE N-14415-2023		93.052	15,531	-
Temporary Assistance for Needy Families	DCHS-SVCSGE N-13126-2021		93.558	287,567	-
Low-Income Home Energy Assistance	DCHS-SVCSGE N-13126-2021		93.568	533,416	397,870
Community Services Block Grant	DCHS-SVCSGE N-13126-2021		93.569	117,197	-
Maternal, Infant, and Early Childhood Home Visiting Grant	177267		93.870	223,914	-
Block Grants for Prevention and Treatment of Substance Abuse	HID-SVCSGE N-13098-2021		93.959	225,806	-
				1,419,829	397,870
State of Oregon					
Family Violence Prevention and Services/ Domestic Violence					
Shelter and Supportive Services	Joint-2021-ImpactNW-00029		93.671	205,970	-
Total U.S. Department of Health and Human Services				1,625,799	397,870
Total expenditures of federal awards				\$ 4,759,326	\$ 397,870
Concluded					

See notes to schedule of expenditures of federal awards.

IMPACT NW
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024

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, 2024. 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.

Federal expenditures	\$ 4,759,326
Less: assistance passed through to another agency	(397,870)
Total non-federal expenditures	<u>12,085,388</u>
Total expenses per financial statements	<u><u>\$ 16,446,844</u></u>

Assistance of \$397,870 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.

3. INDIRECT COSTS

Impact NW has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

IMPACT NW
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2024

None reported.

IMPACT NW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2024

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?

Yes, #2024-001

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?

Yes, #2024-002

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)

Name of Federal Program or Cluster

21.027-Coronavirus State and Local
Fiscal Recovery Funds
64.033-Supportive Services for
Veteran Families
93.558-477 Cluster: Temporary
Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs.

\$750,000

Auditee qualified as low-risk auditee?

No

IMPACT NW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the year ended June 30, 2024

Section 2 - Financial Statement Findings

Finding # 2024-001

Type: Material weakness

Condition

There were multiple errors in the schedule of federal expenditures (SEFA) that was provided for audit. Assistance Listing numbers and the amounts reported as expenditures for specific grants were incorrect.

Context

The amounts reported in the SEFA provided did not reconcile to the general ledger. There was a misunderstanding in the preparation of the SEFA as to the method to determine the amount of federal expenditures from the system reports.

Cause

The information provided by the granting agency is often not clear as to what portion of the funds provided is federal versus nonfederal. There were also difficulties in the internal accounting for grants that created challenges in determining federal versus nonfederal amounts.

Effect

The total increase in expenditures from the initial SEFA to the final version was approximately \$1,000,000. This resulted in changes in the programs that were considered major and subject to audit.

Recommendation

Management should communicate with all grantors to determine the portion of the funding that is federal. Each grant should be tracked in the financial system individually. This will aid in the preparation of an accurate SEFA.

Management Response

Management agrees with the recommendation. Plans are in place to update the chart of accounts for improved grant tracking. In addition, the accounting team will continue to connect with funders throughout the year to make sure there is a clear understanding of federal dollars included in grants.

IMPACT NW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the year ended June 30, 2024

Section 3 - Federal Award Findings and Questioned Costs

Finding # 2024-002

Type: Significant Deficiency in Controls over Compliance (Procurement)

Assistance Listing Number: 21.027 Coronavirus State and Local Fiscal Recovery Funds

Requirement

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

Condition

The Organization does not have controls in place to ensure compliance with this requirement.

Context

The Organization will occasionally check to determine if vendors are suspended or debarred but they do not have a consistent process or controls to ensure that no vendors used for "covered transactions" are suspended or debarred. Of the 40 transactions examined, no vendors were identified that were suspended or debarred.

Cause

Management has not instituted controls over this compliance requirement.

Effect

The Organization could engage in activities with a vendor that is suspended or debarred.

Questioned Costs

None identified

Recommendation

Management should establish a consistent procedure to verify that vendors are not suspended or debarred and implement controls that are documented to support this process.

IMPACT NW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the year ended June 30, 2024

Section 3 - Federal Award Findings and Questioned Costs, Continued

Management's Response

Management will work on implementing procedures regarding procurement with vendors.



CORRECTIVE ACTION PLAN

Impact NW respectfully submits the following corrective action plan for the year ended June 30, 2024.

Contact Person of Impact NW:

Eddie Almeida, Finance Director

Name and Address of Independent Public Accounting Firm:

McDonald Jacobs, P.C.
121 SW Salmon, Suite 1100
Portland, OR 97204

Audit Period:

July 01, 2023 through June 30, 2024.

The findings from the June 30, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Report Date:

August 27, 2025

Finding # 2024-001

Type: Material weakness

There were multiple errors in the schedule of federal expenditures (SEFA) that was provided for audit. Assistance Listing numbers and the amounts reported as expenditures for specific grants were incorrect. The total increase in expenditures from the initial SEFA to the final version was approximately \$1,000,000. This resulted in changes in the programs that were considered major during the audit.

Corrective Action

Plans are in place to update the chart of accounts for improved grant tracking. In addition, the accounting team will continue to connect with funders throughout the year to make sure there is a clear understanding of federal dollars included in grants.

Anticipated Completion Date

September 2025

IMPACT NW
CORRECTIVE ACTION PLAN, CONTINUED
For the year ended June 30, 2024

Finding # 2024-002

Type: Significant Deficiency in Controls over Compliance (Procurement)

Assistance Listing Number: 21.027 Coronavirus State and Local Fiscal Recovery Funds

The Organization does not have controls in place to ensure compliance with procurement requirements. The Organization will occasionally check to determine if vendors are suspended or debarred but they do not have a consistent process or controls to ensure that no vendors used for “covered transactions” are suspended or debarred. Of the 40 transactions examined, no vendors were identified that were suspended or debarred.

Corrective Action

Management will work on implementing procedures regarding procurement with vendors.

Anticipated Completion Date

September 2025