



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

**Neighborhood Housing Partnership
of Greater Springfield, Inc. and Subsidiaries**

Financial Statements

December 31, 2024 and 2023

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Springfield, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Neighborhood Housing Partnership of Greater Springfield, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries' 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 Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025 on our consideration of Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries' 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 Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries' 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 Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 28, 2025

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

Assets

	2024	2023
Current assets:		
Cash	\$ 452,503	259,635
Accounts receivable	10,088	6,548
Development fee receivable, current	36,898	-
Mortgages receivable, current	39,975	88,476
Grants receivable	23,080	96,329
Prepaid expenses	17,787	21,876
	580,331	472,864
Noncurrent assets:		
Development fee receivable, long-term	630,609	431,257
Mortgages receivable, long-term, net of allowance of \$127,875	234,501	249,520
Notes receivable - related party	689,002	689,002
Assets held for rehabilitation	76,534	450,432
Property and equipment, net	1,568,433	1,611,164
Investment in The Community Gardens	255,238	255,283
	3,454,317	3,686,658
	\$ 4,034,648	4,159,522

Liabilities and Net Assets

Current liabilities:

Accounts payable, trade	\$ 48,441	11,763
Accrued wages and benefits payable	57,779	53,295
Accrued liabilities	93,444	93,428
Deferred revenue	245	486
Current portion of capital lease obligation	1,943	1,966
Mortgage notes payable, current	-	176,244
Security deposits and prepaid rent	5,685	5,510
	207,537	342,692

Noncurrent liabilities:

Mortgage notes payable, long term	1,844,551	1,989,491
Capital lease obligation, long term	10,837	12,780
	1,855,388	2,002,271

Net assets:

Without donor restrictions	1,720,860	1,744,332
With donor restrictions	250,863	70,227
	1,971,723	1,814,559
	\$ 4,034,648	4,159,522

See accompanying notes to financial statements.

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and support:			
Neighborhood Reinvestment			
Corporation grants	\$ 318,274	-	318,274
Other grants	244,763	25,500	270,263
Development fee	236,250	-	236,250
Contributions	49,365	150,000	199,365
Forgiveness of mortgage notes payable	190,827	-	190,827
Other federal grants	108,856	-	108,856
Rental income	76,125	-	76,125
Program fees	54,505	-	54,505
Miscellaneous income	9,692	-	9,692
Interest income from loans issued	-	7,698	7,698
	1,288,657	183,198	1,471,855
Net assets released from restrictions:			
Satisfaction of program restrictions	2,562	(2,562)	-
	1,291,219	180,636	1,471,855
Expenses:			
Program services	1,012,035	-	1,012,035
Management and general	111,829	-	111,829
	1,123,864	-	1,123,864
Loss on sale of real estate	190,827	-	190,827
	1,314,691	-	1,314,691
Change in net assets	(23,472)	180,636	157,164
Net assets, beginning of year	1,744,332	70,227	1,814,559
Net assets, end of year	\$ 1,720,860	250,863	1,971,723

See accompanying notes to financial statements.

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and support:			
Neighborhood Reinvestment			
Corporation grants	\$ 223,169	-	223,169
Other grants	101,237	7,500	108,737
Development fee	235,558	-	235,558
Contributions	66,669	-	66,669
Forgiveness of mortgage notes payable	91,139	-	91,139
Other federal grants	288,208	-	288,208
Rental income	74,025	-	74,025
Program fees	12,307	-	12,307
Miscellaneous income	12,227	-	12,227
Interest income from loans issued	-	7,278	7,278
	1,104,539	14,778	1,119,317
Net assets released from restrictions:			
Satisfaction of program restrictions	1,104	(1,104)	-
	1,105,643	13,674	1,119,317
Expenses:			
Program services	953,524	-	953,524
Management and general	131,853	-	131,853
	1,085,377	-	1,085,377
Loss on sale of real estate	91,134	-	91,134
	1,176,511	-	1,176,511
Change in net assets	(70,868)	13,674	(57,194)
Net assets, beginning of year	1,815,200	56,553	1,871,753
Net assets, end of year	\$ 1,744,332	70,227	1,814,559

See accompanying notes to financial statements.

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	<u>Home Repairs</u>	<u>Education, Counseling & Foreclosure</u>	<u>Real Estate Development</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related expenses:						
Salaries	\$ 189,928	178,367	36,184	404,479	53,024	457,503
Employee benefits	62,811	57,637	3,514	123,962	23,648	147,610
Payroll taxes	14,436	13,586	2,674	30,696	3,834	34,530
	<u>267,175</u>	<u>249,590</u>	<u>42,372</u>	<u>559,137</u>	<u>80,506</u>	<u>639,643</u>
Operating expenses:						
Contractor payments	230,382	-	-	230,382	-	230,382
Professional services	23,898	15,884	-	39,782	7,865	47,647
Depreciation and amortization	2,333	-	33,661	35,994	10,938	46,932
Repairs and maintenance	1,582	1,967	37,019	40,568	791	41,359
Liability insurance	19,806	3,764	3,996	27,566	1,974	29,540
Utilities	2,206	4,547	10,782	17,535	1,102	18,637
Real estate taxes	-	-	13,400	13,400	-	13,400
Advertising	3,616	3,643	-	7,259	3,158	10,417
Office expenses	3,616	4,567	276	8,459	1,711	10,170
Rent	-	9,600	-	9,600	-	9,600
Dues, subscriptions and licenses	3,710	3,200	-	6,910	1,600	8,510
Software expense	5,207	2,228	-	7,435	774	8,209
Meetings and training	2,536	2,670	-	5,206	1,162	6,368
Fees and interest	1,424	406	177	2,007	214	2,221
Credit reports	48	747	-	795	34	829
	<u>300,364</u>	<u>53,223</u>	<u>99,311</u>	<u>452,898</u>	<u>31,323</u>	<u>484,221</u>
Total expenses	\$ <u>567,539</u>	<u>302,813</u>	<u>141,683</u>	<u>1,012,035</u>	<u>111,829</u>	<u>1,123,864</u>

See accompanying notes to financial statements.

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	<u>Home Repairs</u>	<u>Education, Counseling & Foreclosure</u>	<u>Real Estate Development</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related expenses:						
Salaries	\$ 148,723	174,905	47,514	371,142	68,365	439,507
Employee benefits	55,605	58,083	3,579	117,267	25,787	143,054
Payroll taxes	11,083	13,124	2,742	26,949	5,575	32,524
	<u>215,411</u>	<u>246,112</u>	<u>53,835</u>	<u>515,358</u>	<u>99,727</u>	<u>615,085</u>
Operating expenses:						
Contractor payments	239,342	-	-	239,342	7	239,349
Professional services	16,675	16,611	-	33,286	7,708	40,994
Depreciation and amortization	3,125	-	33,665	36,790	10,661	47,451
Repairs and maintenance	1,965	1,949	17,944	21,858	975	22,833
Liability insurance	6,660	4,035	5,484	16,179	2,194	18,373
Utilities	3,906	3,906	9,442	17,254	1,952	19,206
Real estate taxes	-	-	13,172	13,172	-	13,172
Advertising	3,443	18,443	-	21,886	471	22,357
Office expenses	4,577	4,854	300	9,731	2,367	12,098
Rent	3,840	3,840	-	7,680	1,920	9,600
Dues, subscriptions and licenses	3,859	2,526	-	6,385	1,514	7,899
Software expense	3,031	1,811	-	4,842	1,232	6,074
Meetings and training	2,420	3,568	-	5,988	1,019	7,007
Fees and interest	1,578	167	98	1,843	89	1,932
Credit reports	1,059	871	-	1,930	17	1,947
	<u>295,480</u>	<u>62,581</u>	<u>80,105</u>	<u>438,166</u>	<u>32,126</u>	<u>470,292</u>
Total expenses	\$ <u>510,891</u>	<u>308,693</u>	<u>133,940</u>	<u>953,524</u>	<u>131,853</u>	<u>1,085,377</u>

See accompanying notes to financial statements.

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 157,164	(57,194)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization	2,333	3,125
Depreciation	44,599	44,326
Loss on disposal of property and equipment	-	915
Loss on sale of real estate	190,827	91,134
Forgiveness of mortgage notes payable	(190,827)	(91,139)
Effects of changes in operating assets and liabilities:		
Accounts receivable	(3,540)	(2,154)
Development fee receivable	(236,250)	(71,864)
Mortgage receivable	61,187	59,421
Grants receivable	73,249	(67,052)
Prepaid expenses	4,089	(2,165)
Accounts payable	36,678	(3,422)
Accrued wages and benefits payable	4,484	4,403
Accrued liabilities	16	8,930
Deferred revenue	(241)	486
Contractor fees payable	-	(5,040)
	143,768	(87,290)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Rehabilitation costs	183,071	(571,776)
Investment in The Community Gardens	45	(40,045)
Proceeds from sale of real estate	-	31,906
Purchase of property and equipment	(1,868)	-
	181,248	(579,915)
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Proceeds from mortgage notes payable	147,418	412,323
Payments on mortgage notes payable	(277,775)	-
Payments on capital lease obligations	(1,791)	(3,045)
	(132,148)	409,278
Net cash (used in) provided by financing activities		
Net change in cash	192,868	(257,927)
Cash, beginning of year	259,635	517,562
Cash, end of year	\$ 452,503	259,635
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	\$ 793	120
Noncash investing and financing transactions:		
Acquisition of office equipment under capital lease obligation	\$ -	14,746
Mortgages and loans forgiven by funder	\$ 190,827	91,139

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of organization

Neighborhood Housing Partnership of Greater Springfield, Inc. (NHP), an Ohio not-for-profit organization, provides community service in Springfield, Ohio by addressing deteriorating housing stock through the provision of affordable, quality housing and strong neighborhoods through partnerships of residents, businesses and government. Programs offered by NHP include emergency repair loans, down payment assistance, foreclosure counseling, homebuyer education, credit counseling and real estate development. These programs are either available to residents citywide or to residents located in a specifically targeted area depending on program criteria. Revenues are generated primarily through government grants, development fees, income from loan activities and general contributions.

On September 1, 2016, NHP formed and became the sole shareholder of NHP Senior, Inc., an Ohio corporation. NHP Senior, Inc. is the 0.051% general partner of The Community Gardens L.P., an Ohio limited partnership, which was formed to develop, construct and operate a 50-unit senior housing development.

On January 25, 2019, NHP formed and became the sole shareholder of NHP Housing Partners, Inc., an Ohio corporation. NHP Housing Partners, Inc. is the .01% general partner of Community Gardens II L.P., an Ohio limited partnership, which was formed to develop, construct, and operate a 60-unit senior housing development.

Principles of consolidation

The consolidated financial statements include the accounts of Neighborhood Housing Partnership of Greater Springfield, Inc., NHP Senior, Inc. and NHP Housing Partners, Inc. All significant intercompany transactions and balances have been eliminated in consolidation.

Method of accounting

The consolidated financial statements of Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries (the Organization) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

The Organization is required to report, where applicable, information regarding its financial position and activities according to three classes of net assets:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Financial statement presentation (continued)

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Organization or by the passage of time. Some donor restrictions are permanent in nature whereby the principal is to be maintained intact in perpetuity and that only the income from investment thereof be expended either for the general purpose of the Organization, or purposes specified by the donor. Revolving loan and capital projects funds represent funds provided by Neighborhood Reinvestment Corporation for making loans and for capital projects. All resources granted to this fund must be maintained perpetually. The Organization is permitted to transfer or expend the income derived from capital assets in excess of the relevant perpetual funds (see Note 10). There were no net assets with perpetual donor restrictions as of December 31, 2024 and 2023.

Contributions and grants

Contributions and grants received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Cash and cash equivalents

For the purpose of determining cash flows, management deems cash on hand and amounts in demand deposits and certificate of deposit with an original maturity of three months or less to be cash and cash equivalents. All other highly liquid instruments, which are used for long term purposes by the Organization, are classified as investments or certificates of deposit. Certificates of deposit were carried at cost.

Accounts, grants and loans receivable

Accounts and unconditional grants receivable are stated at the amount management expects to collect from outstanding balances. Conditional grants receivable are recognized when the conditions have been met, which is likely when the related expenditures have been incurred. Grants awarded but not yet recognized due to conditions not being met were \$0 and \$4,925 as at December 31, 2024 and 2023, respectively.

Loans are stated at unpaid principal balances, less an allowance for credit losses. Loans are granted to low and middle-income residents of the City of Springfield, Ohio for the purchase of homes and rehabilitation of existing homes. These loans are approved by the loan committee. Interest rates range from 0% to prevailing market rate and loan terms vary. Interest income is recognized based upon the contractual terms of the interest-bearing mortgage notes.

All loans more than \$1,000 are secured by mortgages. Non-interest bearing mortgages are payable at the time the mortgagee sells the property. Forgivable loans are given to clients for down payment assistance. If the client does not sell or transfer their home within the specified term based on the amount of the subsidy, the loan is forgiven.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Accounts, grants and loans receivable (continued)

Management provides for probable uncollectible loans through a provision for credit loss expense and an adjustment to a valuation allowance based on its assessment of the current status of individual loans. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to loans receivable. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the residents' financial condition, payment history, trends in historical experience, specific impaired loans, current economic conditions and other risks inherent in the portfolio.

Property and equipment and depreciation

Property and equipment is stated at cost, if purchased, or fair value at the date of the gift, if donated. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years.

Advertising

The Organization uses advertising to promote its programs among the community it serves. Advertising costs are expensed as incurred. Advertising expense recognized for the years ended December 31, 2024 and 2023 was \$10,417 and \$22,357, respectively.

Income taxes and uncertain tax positions

NHP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NHP's tax-exempt purpose is subject to taxation as unrelated business income. NHP's reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the consolidated financial statements as NHP has determined it does not have unrelated business income subject to taxation. NHP Senior, Inc. and NHP Housing Partners, Inc. are subject to income taxes.

Functional allocation of expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. The Organization charges identifiable costs directly to programs benefited. Indirect costs not specifically attributable to a program are allocated based on an appropriate basis for the cost amongst all programs and management and general. Personnel and related benefit costs are allocated to programs based upon employee input into timesheets. Rental property expenses are allocated to the appropriate individual unit. Expenses for construction or rehabilitation are applied to assets held for rehabilitation identified by property and then transferred to cost of sales once sold.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosure of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Investment in subsidiary

The Organization accounts for its investment in entities, for which it does not exercise significant control, under the equity method of accounting where the investment is initially recorded at cost, and the Organization's share of earnings is reflected in income as earned and distributions are credited against the investment when received.

Revenue from contracts with customers

A majority of NHP's revenues come from grants, contributions, rental income and interest income that are outside the scope of Accounting Standards Codification (ASC) 606. Services within the scope of ASC 606 include development and program service fees that have performance obligations occurring over time as services are performed. There are no significant financing components related to program service fees, as payments are received at or near the time of the program or service; however, it could take over one year to receive payment of developer fees once earned.

Reclassifications

Certain amounts reported in 2023 have been reclassified to conform to 2024 financial statement presentation.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying consolidated financial statements consider events through May 28, 2025, the date which the consolidated financial statements were available to be issued.

2. RISKS AND UNCERTAINTIES:

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash and accounts and notes receivable. The Organization maintains its cash accounts in various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Organization maintains an IntraFi money market account whereby those funds are placed into deposit accounts at other IntraFi Deposit Network banks in amounts under the standard FDIC limit.

Concentrations of credit risk with respect to accounts and grants receivable is limited due to the contractual relationship with grantors and other funding sources. There is a concentration of credit risk related to mortgages receivable to the extent the fair values of mortgaged properties exceed loan balances for any past due loan balances and due to the low-income nature of the mortgagees. The Organization receives a significant portion of its revenues from federal grants that are dependent on continued funding.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount or expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

3. MORTGAGES RECEIVABLE:

Mortgages receivable consisted of the following at December 31:

	2024		2023	
	Balance	Number of Loans	Balance	Number of Loans
HOME funds	\$ 87,757	4	93,981	4
NSP-3 loan pool	143,928	36	166,530	41
NHP unrestricted funds	170,666	23	205,360	30
	402,351	63	465,871	75
Less: Allowance for uncollectible loans	127,875		127,875	
	\$ 274,476		337,996	

Four and five loans were delinquent greater than thirty days as of December 31, 2024 and 2023, respectively. Delinquent loans greater than 90 days past due were \$61,078 and \$97,200 at December 31, 2024 and 2023, respectively. The Organization does not place any past due loans on nonaccrual status.

4. PROPERTY AND EQUIPMENT:

Property and equipment of the Organization and its related depreciation are as follows at December 31:

	2024	2023
Land, buildings and improvements - City View	\$ 1,820,091	1,820,091
Land	20,900	20,900
Building	89,317	89,317
Building and leasehold improvements	123,463	123,463
Furniture and fixtures	24,628	24,628
Equipment	24,995	24,419
Office equipment	19,152	19,152
Software	29,691	29,691
	2,152,237	2,151,661
Less: Accumulated depreciation	583,804	540,497
	\$ 1,568,433	1,611,164

City View is a low-income senior multi-unit residential rental project. Depreciation expense for the years ended December 31, 2024 and 2023 was \$44,599 and \$44,326, respectively.

5. NOTES RECEIVABLE – RELATED PARTY:

As of December 31, 2024 and 2023, the Organization had 2.00% interest notes receivable from The Community Gardens L.P. in the amount of \$389,002. Unpaid principal and interest shall be payable from available cash flow, as defined in the Partnership Agreement, or payable in full at the end of the 30-year terms.

As of December 31, 2024 and 2023, the Organization had a 0.50% interest note receivable from The Community Gardens L.P. in the amount of \$300,000. Unpaid principal and interest are due and payable at maturity on August 22, 2047.

Management has elected to place these notes receivable on nonaccrual status due to the uncertainty of collection. Therefore, the approximately \$54,120 and \$44,840 of accrued interest is not recorded as of December 31, 2024 and 2023, respectively.

6. MORTGAGE NOTES PAYABLE:

Mortgage notes payable consisted of the following at December 31:	<u>2024</u>	<u>2023</u>
An open-end HOME / NSP-2 funded demand promissory note secured by a \$1,340,000 mortgage at zero percent interest was executed between the City of Springfield, Ohio and NHP for the construction of the City View residential project.	\$ 1,323,643	1,323,643
Open-end HOME funded demand promissory notes secured by mortgages at zero percent interest were executed between the City of Springfield, Ohio and NHP for the construction of The Community Gardens project.	220,908	220,908
An open-end promissory note secured by a \$300,000 mortgage at 0.50% interest was executed between the Ohio Housing Finance Agency and NHP for the construction of The Community Gardens project. Principal and interest are due annually based on available cash flow, as defined, maturing on August 22, 2047.	300,000	300,000
Open-end HOME funded forgivable demand promissory notes secured by mortgages at zero percent interest were executed between the City of Springfield, Ohio and NHP for the construction of homes on Clifton Avenue.	-	<u>321,184</u>
Total mortgage notes payable	1,844,551	2,165,735
Less current portion of mortgage notes payable	<u>-</u>	<u>176,244</u>
Mortgage notes payable, long term	<u>\$ 1,844,551</u>	<u>1,989,491</u>

7. LEASES:

Operating lease:

Office space – the Organization leased satellite office space on a month-to-month basis for \$800 per month. Total rent expense for 2024 and 2023 was \$9,600.

Capitalized lease:

In May 2019, the Organization signed a new lease for a copier with an acquisition cost of \$9,730. In December 2023, the Organization signed a new lease for a copier with an acquisition of \$14,746. Accumulated depreciation related to these assets were \$10,776 and \$8,810 at December 31, 2024 and 2023, respectively.

A schedule of future minimum lease payments is as follows:

	2025	\$	2,628
	2026		2,628
	2027		2,628
	2028		2,628
	2029		2,628
	Thereafter		<u>1,886</u>
			15,026
Amount representing interest			<u>(2,246)</u>
		\$	<u>12,780</u>

8. PENSION PLAN:

The Organization maintains a 401(K) Profit Sharing Plan that covers all employees with six months of service with the Organization. The Plan provides for partial vesting after one year and full vesting after three years of service, and benefits are principally based on employees' earnings and/or length of service. The Organization follows the policy of funding the retirement plan contributions as accrued. The amount of pension cost recognized during the years ended December 31, 2024 and 2023 was \$43,827 and \$41,591, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at December 31, 2024 and 2023 were available for the following purposes:

		<u>2024</u>	<u>2023</u>
NSP 3 Clark County loan pool	\$	87,154	65,302
Clifton Avenue affordable housing project		150,000	-
Lead support – CCHD		13,709	-
Emergency repair funds		<u>-</u>	<u>4,925</u>
Net assets with donor restrictions	\$	<u>250,863</u>	<u>70,227</u>

10. NEIGHBORWORKS®AMERICA GRANTS:

The following NeighborWorks®America (NWA) grants were in effect during the years ended December 31, 2024 and 2023:

Support without NWA restrictions

NWA provided \$318,274 and \$223,169 in expendable grants during the years ended December 31, 2024 and 2023, respectively, to support program activities.

Support with NWA restrictions

NWA provided \$0 capital grants during the years ended December 31, 2024 and 2023, for making affordable loans and capital projects. Capital grants are classified as net assets with donor restrictions although proceeds on capital projects, or interest earned, over and above the corpus may be transferred to net assets without donor restrictions for furthering the Organization’s mission. NWA released from perpetual restriction \$0 in both years ended December 31, 2024 and 2023.

11. RELATED PARTIES:

One board member is employed by the City of Springfield that contracts grant funding with the Organization. A board member is employed by a title company that provides title services to the Organization.

12. LIQUIDITY:

The Organization is substantially supported by grants and rental and interest income. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	2024	2023
Financial assets:		
Cash	\$ 452,503	259,635
Accounts receivable	10,088	6,548
Development fee receivable	36,898	-
Mortgages receivable, current	39,975	88,476
Grants receivable	23,080	96,329
Financial assets available at year end	562,544	450,988
Less limitations on available resources:		
Security deposits and prepaid rent	5,685	5,510
Net assets with donor restrictions	250,863	70,227
Financial assets available to meet general expenditures over the next twelve months	\$ 305,996	375,251

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidating Schedule of Financial Position
December 31, 2024

Assets		NHP	NHP	NHP		
	NHP	Senior, Inc.	Housing	Partners, Inc.	Eliminations	Consolidated
Current assets:						
Cash	\$ 452,503	-	-	-	-	452,503
Accounts receivable	10,088	-	-	-	-	10,088
Development fee receivable, current	36,898	-	-	-	-	36,898
Mortgages receivable, current	39,975	-	-	-	-	39,975
Grants receivable	23,080	-	-	-	-	23,080
Prepaid expenses	17,787	-	-	-	-	17,787
	<u>580,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,331</u>
Noncurrent assets:						
Development fee receivable, long-term	630,609	-	-	-	-	630,609
Mortgages receivable, long-term, net	234,501	-	-	-	-	234,501
Notes receivable	689,002	-	-	-	-	689,002
Assets held for rehabilitation	76,534	-	-	-	-	76,534
Property and equipment, net	1,568,433	-	-	-	-	1,568,433
Investment in The Community Gardens	-	92,500	162,738	-	-	255,238
Investment in Subsidiaries	255,238	-	-	-	(255,238)	-
	<u>3,454,317</u>	<u>92,500</u>	<u>162,738</u>	<u>(255,238)</u>	<u>(255,238)</u>	<u>3,454,317</u>
	<u>\$ 4,034,648</u>	<u>92,500</u>	<u>162,738</u>	<u>(255,238)</u>	<u>(255,238)</u>	<u>4,034,648</u>
Liabilities and Net Assets						
Current liabilities:						
Accounts payable, trade	\$ 48,441	-	-	-	-	48,441
Accrued wages and benefits payable	57,779	-	-	-	-	57,779
Accrued liabilities	93,444	-	-	-	-	93,444
Deferred revenue	245	-	-	-	-	245
Current portion of capital lease obligation	1,943	-	-	-	-	1,943
Mortgage notes payable, current	-	-	-	-	-	-
Security deposits and prepaid rent	5,685	-	-	-	-	5,685
	<u>207,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,537</u>
Noncurrent liabilities:						
Mortgage notes payable	1,844,551	-	-	-	-	1,844,551
Capital lease obligation, long term	10,837	-	-	-	-	10,837
	<u>1,855,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,855,388</u>
Net assets:						
Without donor restrictions	1,720,860	92,500	162,738	(255,238)	-	1,720,860
With donor restrictions	250,863	-	-	-	-	250,863
	<u>1,971,723</u>	<u>92,500</u>	<u>162,738</u>	<u>(255,238)</u>	<u>-</u>	<u>1,971,723</u>
	<u>\$ 4,034,648</u>	<u>92,500</u>	<u>162,738</u>	<u>(255,238)</u>	<u>-</u>	<u>4,034,648</u>

See independent auditors' report.

Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Consolidating Schedule of Financial Position
December 31, 2023

Assets	NHP	NHP Senior, Inc.	NHP Housing Partners, Inc.	Eliminations	Consolidated
Current assets:					
Cash	\$ 259,635	-	-	-	259,635
Accounts receivable	6,548	-	-	-	6,548
Mortgages receivable, current	88,476	-	-	-	88,476
Grants receivable	96,329	-	-	-	96,329
Prepaid expenses	<u>21,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,876</u>
	<u>472,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,864</u>
Noncurrent assets:					
Development fee receivable, long-term	431,257	-	-	-	431,257
Mortgages receivable, long-term, net	249,520	-	-	-	249,520
Note receivable	689,002	-	-	-	689,002
Assets held for rehabilitation	450,432	-	-	-	450,432
Property and equipment, net	1,611,164	-	-	-	1,611,164
Investment in The Community Gardens	-	92,500	162,783	-	255,283
Investment in Subsidiaries	<u>255,283</u>	<u>-</u>	<u>-</u>	<u>(255,283)</u>	<u>-</u>
	<u>3,686,658</u>	<u>92,500</u>	<u>162,783</u>	<u>(255,283)</u>	<u>3,686,658</u>
	<u>\$ 4,159,522</u>	<u>92,500</u>	<u>162,783</u>	<u>(255,283)</u>	<u>4,159,522</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable, trade	\$ 11,763	-	-	-	11,763
Accrued wages and benefits payable	53,295	-	-	-	53,295
Accrued liabilities	93,428	-	-	-	93,428
Deferred revenue	486	-	-	-	486
Current portion of capital lease obligation	1,966	-	-	-	1,966
Mortgage notes payable, current	176,244	-	-	-	176,244
Security deposits and prepaid rent	<u>5,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,510</u>
	<u>342,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,692</u>
Noncurrent liabilities:					
Mortgage note payable	1,989,491	-	-	-	1,989,491
Capital lease obligation, long term	<u>12,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,780</u>
	<u>2,002,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,002,271</u>
Net assets:					
Without donor restrictions	1,744,332	92,500	162,783	(255,283)	1,744,332
With donor restrictions	<u>70,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,227</u>
	<u>1,814,559</u>	<u>92,500</u>	<u>162,783</u>	<u>(255,283)</u>	<u>1,814,559</u>
	<u>\$ 4,159,522</u>	<u>92,500</u>	<u>162,783</u>	<u>(255,283)</u>	<u>4,159,522</u>

See independent auditors' report.

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

To the Board of Directors
Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries
Springfield, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Neighborhood Housing Partnership of Greater Springfield, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 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 the Organization's consolidated 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 consolidated 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 28, 2025

