

**NEIGHBORHOOD REINVESTMENT CORPORATION  
DBA: NEIGHBORWORKS® AMERICA**

**FINANCIAL STATEMENTS,  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,  
AND SINGLE AUDIT REPORTS**

**YEARS ENDED SEPTEMBER 30, 2025 AND 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**NEIGHBORHOOD REINVESTMENT CORPORATION  
DBA: NEIGHBORWORKS® AMERICA  
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YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Neighborhood Reinvestment Corporation  
dba: NeighborWorks® America  
Washington, D.C.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Neighborhood Reinvestment Corporation (dba: NeighborWorks® America) (collectively referred to as the Corporation), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation, as of September 30, 2025 and 2024, and the changes in its net assets and its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 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 the Corporation's ability to continue as a going concern within one year after the date that the 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 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

Board of Directors  
Neighborhood Reinvestment Corporation  
dba: NeighborWorks® America

**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 GAAS. 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 April 20, 2026, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Columbia, Maryland

April 20, 2026

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2025 AND 2024**  
(AMOUNTS IN THOUSANDS)

<b>ASSETS</b>	2025	2024
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 23,013	\$ 19,800
Short-Term Investments	5,545	11,430
Receivables:		
Contributions	325	910
Grant and Contract	2,993	3,656
Other	418	1,442
Prepaid Expenses and Other Assets	2,894	2,103
Total Current Assets	35,188	39,341
<b>NONCURRENT ASSETS</b>		
Deposits	60	60
Right-of-Use Assets - Operating Leases	27,478	29,370
Right-of-Use Assets - Finance Leases	272	281
Property and Equipment, Net	4,923	6,185
Total Noncurrent Assets	32,733	35,896
 Total Assets	 \$ 67,921	 \$ 75,237

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**SEPTEMBER 30, 2025 AND 2024**  
(AMOUNTS IN THOUSANDS)

<b>LIABILITIES AND NET ASSETS</b>	2025	2024
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 8,472	\$ 6,964
Grant Commitments:		
Expendable Grants	301	1,087
Refundable Advances:		
Grants/Shared Equity/Other	1,021	3,778
Lease Liabilities - Operating Leases, Current	3,020	3,242
Lease Liabilities - Finance Leases	67	54
Total Current Liabilities	12,881	15,125
<b>NONCURRENT LIABILITIES</b>		
Lease Liabilities - Operating Leases, Noncurrent	30,913	32,668
Lease Liabilities - Finance, Noncurrent	211	227
Total Long-Term Liabilities	31,124	32,895
 Total Liabilities	 44,005	 48,020
<b>NET ASSETS</b>		
Without Donor Restrictions	18,337	22,686
With Donor Restrictions	5,579	4,531
Total Net Assets	23,916	27,217
 Total Liabilities and Net Assets	 \$ 67,921	 \$ 75,237

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2025**  
**(AMOUNTS IN THOUSANDS)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Congressional Appropriations	\$ 161,036	\$ -	\$ 161,036
Grants	4,038	-	4,038
Contributions	627	4,813	5,440
Training Registration Fees	3,379	-	3,379
Contracts	1,888	-	1,888
Publications and Subscriptions	466	-	466
Other Income	627	-	627
Investment Returns, Net	2,233	91	2,324
Net Assets Released from Restrictions	3,856	(3,856)	-
Total Revenue, Gains, and Other Support	178,150	1,048	179,198
<b>EXPENSES</b>			
Program Services:			
Capacity Building	96,573	-	96,573
Housing Stability Counseling	2,652	-	2,652
Preserving Affordable Housing	40,215	-	40,215
Training and Informing	19,987	-	19,987
Organizational Assessment	8,772	-	8,772
Total Program Services	168,199	-	168,199
Supporting Services:			
General and Administrative	12,568	-	12,568
Resource Development	1,732	-	1,732
Total Supporting Services	14,300	-	14,300
Total Expenses	182,499	-	182,499
<b>CHANGE IN NET ASSETS</b>	(4,349)	1,048	(3,301)
Net Assets - Beginning of Year	22,686	4,531	27,217
<b>NET ASSETS - END OF YEAR</b>	\$ 18,337	\$ 5,579	\$ 23,916

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(AMOUNTS IN THOUSANDS)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Congressional Appropriations	\$ 180,880	\$ -	\$ 180,880
Grants	3,711	-	3,711
Contributions	1,129	7,509	8,638
Training Registration Fees	3,118	-	3,118
Contracts	2,019	-	2,019
Publications and Subscriptions	413	-	413
Other Income	3,105	-	3,105
Investment Returns, Net	3,713	124	3,837
Net Assets Released from Restrictions	10,783	(10,783)	-
Total Revenue, Gains, and Other Support	208,871	(3,150)	205,721
<b>EXPENSES</b>			
Program Services:			
Capacity Building	94,917	-	94,917
Housing Stability Counseling	21,420	-	21,420
Preserving Affordable Housing	40,577	-	40,577
Training and Informing	19,998	-	19,998
Organizational Assessment	8,368	-	8,368
Total Program Services	185,280	-	185,280
Supporting Services:			-
General and Administrative	11,698	-	11,698
Resource Development	1,801	-	1,801
Total Supporting Services	13,499	-	13,499
Total Expenses	198,779	-	198,779
<b>CHANGE IN NET ASSETS</b>	10,092	(3,150)	6,942
Net Assets - Beginning of Year	12,594	7,681	20,275
<b>NET ASSETS - END OF YEAR</b>	\$ 22,686	\$ 4,531	\$ 27,217

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2025**  
**(AMOUNTS IN THOUSANDS)**

	Program Services					Supporting Services				Total Expenses
	Capacity Building	Housing Stability Counseling	Preserving Affordable Housing	Training and Informing	Organizational Assessment	Total Program Services	General and Administrative	Resource Development	Total Supporting Services	
Grants and Grant Commitments	\$ 58,313	\$ 428	\$ 40,215	\$ 926	\$ 1	\$ 99,883	\$ 5	\$ -	\$ 5	\$ 99,888
Personnel	23,693	877	-	10,544	6,641	41,755	7,262	1,253	8,515	50,270
Professional Services	7,924	590	-	3,327	674	12,515	1,818	113	1,931	14,446
Other Operating Costs	2,792	583	-	2,002	595	5,972	2,254	125	2,379	8,351
Occupancy	1,721	143	-	1,039	586	3,489	711	156	867	4,356
Conferences and Workshops	970	17	-	1,676	51	2,714	134	26	160	2,874
Travel	882	4	-	284	146	1,316	73	43	116	1,432
Depreciation and Amortization	278	10	-	189	78	555	311	16	327	882
<b>Total Expenses by Function</b>	<b>\$ 96,573</b>	<b>\$ 2,652</b>	<b>\$ 40,215</b>	<b>\$ 19,987</b>	<b>\$ 8,772</b>	<b>\$ 168,199</b>	<b>\$ 12,568</b>	<b>\$ 1,732</b>	<b>\$ 14,300</b>	<b>\$ 182,499</b>

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(AMOUNTS IN THOUSANDS)**

	Program Services					Supporting Services				
	Capacity Building	Housing Stability Counseling	Preserving Affordable Housing	Training and Informing	Organizational Assessment	Total Program Services	General and Administrative	Resource Development	Total Supporting Services	Total Expenses
Grants and Grant Commitments	\$ 59,827	\$ 17,380	\$ 40,577	\$ 963	\$ -	\$ 118,747	\$ -	\$ -	\$ -	\$ 118,747
Personnel	22,255	2,087	-	10,493	6,245	41,080	6,434	1,220	7,654	48,734
Professional Services	5,774	993	-	3,526	707	11,000	2,195	148	2,343	13,343
Other Operating Costs	2,719	688	-	2,175	552	6,134	2,028	148	2,176	8,310
Occupancy	2,046	168	-	1,243	619	4,076	560	155	715	4,791
Conferences and Workshops	1,007	48	-	1,179	66	2,300	221	46	267	2,567
Travel	1,119	39	-	319	131	1,608	80	75	155	1,763
Depreciation and Amortization	170	17	-	100	48	335	180	9	189	524
<b>Total Expenses by Function</b>	<b><u>\$ 94,917</u></b>	<b><u>\$ 21,420</u></b>	<b><u>\$ 40,577</u></b>	<b><u>\$ 19,998</u></b>	<b><u>\$ 8,368</u></b>	<b><u>\$ 185,280</u></b>	<b><u>\$ 11,698</u></b>	<b><u>\$ 1,801</u></b>	<b><u>\$ 13,499</u></b>	<b><u>\$ 198,779</u></b>

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2025 AND 2024**  
(AMOUNTS IN THOUSANDS)

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (3,301)	\$ 6,942
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Bad Debt Expense	-	75
Depreciation and Amortization	882	524
Loss on Disposal of Property and Equipment	760	-
Noncash Lease Expense	1,901	3,170
Changes in Operating Assets and Liabilities:		
Receivables:		
Contributions	585	(231)
Grant and Contract	663	(819)
Other	1,024	228
Prepaid Expenses and Other Assets	(791)	328
Accounts Payable and Accrued Expenses	1,508	(2,444)
Pass-Through Liability	-	(24)
Grant Commitments:		
Expendable Grants	(786)	4
Refundable Advances:		
Grants/Shared Equity/Other	(2,757)	(29,464)
Lease Liabilities - Operating Leases	(1,977)	(1,056)
Net Cash Used by Operating Activities	(2,289)	(22,767)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investment	(6,021)	(11,430)
Sales of Investments	11,906	2,513
Purchases of Property and Equipment	(380)	(4,857)
Net Cash Provided (Used) by Investing Activities	5,505	(13,774)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Reduction in Lease Liabilities - Finance Leases	(3)	(6)
Net Cash Used by Financing Activities	(3)	(6)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,213	(36,547)
Cash and Cash Equivalents - Beginning of Year	19,800	56,347
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 23,013	\$ 19,800
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ -	\$ 1
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>		
Net Recognition of New Leases:		
Right-of-Use Assets - Finance Leases	\$ -	\$ 281
Lease Liabilities - Finance Leases	\$ -	\$ 281

See accompanying Notes to Financial Statements.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
**(AMOUNTS IN THOUSANDS)**

**NOTE 1 ORGANIZATION, MISSION, AND PROGRAM SERVICES**

**Organization**

Neighborhood Reinvestment Corporation dba: NeighborWorks® America (the Corporation) was established by Congress in 1978, by the Neighborhood Reinvestment Corporation Act under 42 U.S.C. 8101-8107. The Corporation is a private nonprofit charitable organization under IRC 501(c)(3). As stated in its enabling documents, the purpose of the Corporation is to continue the joint efforts of the federal financial supervisory agencies and the U.S. Department of Housing and Urban Development (HUD) in promoting reinvestment in older neighborhoods by local financial institutions in cooperation with the community, residents and local governments. These efforts were previously conducted by the Urban Reinvestment Task Force, which the Corporation succeeded.

Funding for the Corporation is primarily through Congressional appropriation as well as through grants from federal and state government agencies, corporations, foundations and private donors. The Corporation's year-end directors is determined by statute and consists of the heads of the Comptroller of the Currency, Federal Reserve, National Credit Union Administration, Federal Deposit Insurance Corporation (FDIC) and the U.S. Department of Housing and Urban Development, who are presidential appointees subject to Senate confirmation, or their designated representatives.

**Mission**

The Corporation provides financial, technical and organizational support to approximately 248 independent, community-based nonprofit organizations operating in all 50 states and the District of Columbia, known collectively as the NeighborWorks® network, that help low- and moderate- income families rent, purchase and maintain affordable homes. The NeighborWorks® network also revitalizes communities through resident leadership and private and public partnerships that encourage local investment in sustainable projects.

The Corporation provides its services to the NeighborWorks® network through five distinct program service areas, Capacity Building, Housing Stability Counseling, Preserving Affordable Housing, Training and Informing, and Organizational Assessment as described below.

The Corporation maintains its national headquarters in Washington, D.C. and supports its NeighborWorks® network locally through regional offices in, New York, and Kansas City.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
**(AMOUNTS IN THOUSANDS)**

**NOTE 1 ORGANIZATION, MISSION, AND PROGRAM SERVICES (CONTINUED)**

**Program Services**

Capacity Building

Capacity building refers to the practical assistance the Corporation provides to strengthen the performance of NeighborWorks® network organizations, enabling them to respond most effectively and efficiently to the needs of their communities. The Corporation expands the capacity of network members by providing onsite technical assistance and limited funding. As part of Capacity Building, the Corporation promotes increased access to the capital markets through its support of Community Housing Capital and NeighborWorks Capital Corporation. These affiliated organizations play a critical role in meeting the NeighborWorks® network's capital needs by bringing low-cost, flexible private-sector capital and innovative loan products to network members. Flexible loan products help meet the financing needs for housing rehabilitation, homeownership and real-estate development.

Housing Stability Counseling

The American Rescue Plan (ARP) provided funding to NeighborWorks America to design and administer its Housing Stability Counseling Program (HSCP). The HSCP is administered nationwide and aims to help eligible nonprofit agencies that provide direct counseling services to individuals and families facing housing instability such as eviction, foreclosure, and homelessness. The HSCP increases the capacity of the Corporation to provide a higher-level housing counseling through HUD- approved housing counseling agencies, State housing finance agencies (HFAs), and NeighborWorks® organizations (NWOs). This program ended at September 30, 2025 and no additional funding will be received.

Preserving Affordable Housing

The Corporation helps NeighborWorks® organizations construct new housing, repair and renovate existing housing, promote homeownership and further mixed-income affordable housing opportunities. The Corporation also supports the organizations' hazard abatement, energy conservation, post-purchase counseling, and foreclosure prevention activities. Equity capital, in the form of highly flexible Corporation grants to local organizations' revolving loan funds, is also vitally important. Revolving loan funds are used to support home repair, down-payment and closing-cost assistance, energy conservation repairs, commercial and small business loans, predevelopment costs, acquisition of problem properties, and a host of other initiatives.

Training and Informing

Through communications, publishing, research and training functions, the Corporation collects and disseminates pertinent and useful information for the NeighborWorks® network and the broader community development field. The Corporation imparts this data and information through a variety of vehicles and trains and informs the network and representatives of the broader industry through national and regional training events, publications, on-line (at [www.nw.org](http://www.nw.org)) and other venues.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
(AMOUNTS IN THOUSANDS)

**NOTE 1 ORGANIZATION, MISSION, AND PROGRAM SERVICES (CONTINUED)**

**Program Services (Continued)**

Organizational Assessment

The Corporation closely monitors the capacity of each NeighborWorks® organization to successfully manage programmatic risks and to ensure their financial and organizational stability. The organizational assessment function evaluates all of the NeighborWorks® network members to successfully predict, mitigate, and manage risk and steadily increase the health, performance, productivity, and effectiveness of the organizations.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

**Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost which approximates fair value and include investments with original maturities of three months or less. Cash in excess of amounts required to fund current operations are invested overnight.

**Liquidity**

The Corporation manages cash to be available to meet current needs. The Corporation's financial assets available within one year of the statement of financial position date available for general expenditure are as follows:

	2025	2024
Cash and Cash Equivalents	\$ 23,013	\$ 19,800
Short-Term Investments	5,545	11,430
Receivables	3,736	6,008
Total Financial Assets Available Within One Year	32,294	37,238
Less Amounts Unavailable for General Expenditures		
Within One Year Due to:		
Restricted by Donors in Perpetuity	(2,500)	(2,500)
Restricted by Donors With Purpose Restrictions	(3,079)	(2,031)
Refundable Advances - Grants and Contracts	(531)	(252)
Refundable Advances - Shared Equity	(490)	(1,292)
Refundable Advances - American Rescue Plan	-	(2,234)
Total Amounts Unavailable for General Expenditures Within One Year	(6,600)	(8,309)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 25,694	\$ 28,929

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
**(AMOUNTS IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 10 for discussion of fair value measurements. The investment policy of the year-end directors' limits investment of the Corporation's funds to U.S. Treasury and Federal Agency Securities or mutual funds consisting of such securities.

Included in investments on the statements of financial position are endowment funds of \$2,500 related to the George Knight Scholarship Endowment more fully described in Note 5. These funds are included as net assets with donor restrictions and are invested consistently with board policy.

Purchases and sales of securities are recorded on a trade-date basis and interest income is recorded on the accrual basis. Investment income or loss is included in the change in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

**Receivables**

**Contributions**

Contributions receivable consists of amounts due from private corporations and foundations. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows when the difference between present and nominal value is material. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met. There were no long-term receivables at September 30, 2025 and 2024.

**Grants and Contracts**

Grant and contract receivables consist of amounts due from federal agencies, corporations, and foundations resulting from allowable expenditures incurred which have not been recovered as of the end of the fiscal year.

**Other Receivables**

Other receivables consist of contracts and miscellaneous receivables from sources other than federal agencies and donor corporations and foundations.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables (Continued)**

**Provision for Credit Losses**

The Corporation uses the provision for credit losses method to provide for receivables deemed uncollectible based on management's evaluation of potential uncollectible amounts at year-end. Contributions, grants, and contracts receivable due from federal and state government agencies, foundations and major corporations are generally deemed collectible and no provision was established for such receivables at September 30, 2025 and 2024. Other receivables are evaluated as to their collectability using the most recent information available.

**Property and Equipment**

Property and equipment consist primarily of computer equipment and related software, furniture and fixtures, and leasehold improvements. Property and equipment is recorded at cost, which includes all costs required to put the asset into service. The Corporation capitalizes all expenditures for property and equipment with a per-unit cost over \$5. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. When assets are sold or otherwise disposed of, the asset and the related accumulated depreciation and amortization are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Certain costs of internally developed software are capitalized and once the development project is complete and the software is put into service, these costs are amortized over the estimated useful lives of the software, which range from three to five years.

**Impairment of Long-Lived Assets**

The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments and Credit Risk**

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents held at creditworthy financial institutions short-term investments, and receivables. At September 30, 2025 and 2024, substantially all of the Corporation's cash and cash equivalents were held at financial institutions in accounts over the Federal Deposit Insurance Corporation (FDIC) limits. Amounts in excess of the FDIC insured limit totaled approximately \$22,500 and \$19,300 as of September 30, 2025 and 2024, respectively.

Short-term investments are subject to market fluctuations that may materially affect the investment balance. Credit risk with respect to contributions receivable, grants receivable and other receivables is limited due to the nature of the grantor, typically the federal government, its agencies and large financial institutions, and the fact that the Corporation's private donors are dispersed over a large geographic area.

**Major Source of Funding**

The Corporation receives a substantial portion of its revenue from congressional appropriations, 90% and 88% for the years ended September 30, 2025 and 2024, respectively. The continued receipt of the appropriation may be dependent upon future overall economic and political conditions and while the Corporation's management anticipates that it will continue to have access to the resources necessary to carry out its programs in their current form, its ability to do so and the extent to which it continues, may be dependent on the above factors.

**Conditional Grants Made**

The Corporation has awarded several HUD certified housing counseling organizations to provide pre and post purchase housing counseling programs. At September 30, 2025 and 2024, the Corporation has accrued \$301 and \$1,087, respectively, in grant commitments.

**Refundable Advances**

Refundable advances consist of shared equity, American Rescue Plan (ARP), and conditional contributions grants for which the conditions have not been met, and uncommitted grants of shared equity and ARP under supplemental congressional appropriations. Grants and supplemental conditional contributions received in advance for which the conditions have not been met are refundable until those conditions are met. Congressional appropriations for the shared equity and ARP, received but not yet awarded to sub-recipients, are refundable until the awards are made. At September 30, 2025 and 2024, the Corporation has refundable advances totaling to \$1,021 and \$3,778, respectively.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Corporation determines whether a contract contains a lease at inception based on whether a right to control the use of an identified asset is conveyed. The Corporation's leases are classified as either operating leases or financing leases. The Corporation records lease right-of-use assets and lease liabilities in the statements of financial position.

The Corporation determines if an arrangement contains a lease at inception. The Corporation has operating leases primarily for its offices and financing lease primarily for copiers and media production equipment. Right-of-use (ROU) asset represent the Corporation's right to use an underlying asset for the lease term and lease liability represent the Corporation's obligation to make lease payments arising from the lease. ROU asset and lease liability are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease term is determined to be the noncancelable period including any lessee renewal options which are considered to be reasonably certain of exercise. For all leases, the Corporation has elected the practical expedient to utilize the risk-free rate over a similar period as the remaining lease term as the applicable discount rate. Lease expense for fixed lease payments on operating leases is recognized over the expected term on a straight-line basis.

The Corporation's operating leases typically include nonlease components such as common area maintenance costs, utilities, and other maintenance costs. The Corporation has chosen not to elect the practical expedient, which allows the combination of lease and nonlease components without separate recognition. The Corporation will continue to separately identify and account for lease components separately, ensuring a clear delineation of expenses associated with the lease and nonlease components.

The Corporation's lease terms may include options to extend or terminate the lease. The Corporation generally uses the base, noncancellable, lease term when recognizing the right-of-use assets and liabilities, unless it is reasonably certain that the Corporation will exercise those options. The Corporation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, the Corporation elected to exclude leases with terms of 12 months or less from the statement of financial position date. Lease expense for these short-term leases is recognized on a straight-line basis over the expected term of the lease.

**Net Assets**

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions include resources available for general operations of the Corporation, invested primarily in its property and equipment, or designated by the year-end directors for a specific use and is not subject to donor-imposed restrictions.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*Net Assets With Donor Restrictions* – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions. Additionally, some restrictions stipulate that resources be maintained perpetuity but permit the Corporation to expend the income generated in accordance with the provisions of the agreements.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed purpose or time restrictions. Donor-restricted contributions, where it is anticipated that such restrictions will be met in the current reporting period, are recorded as with donor restrictions in the period recognized. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled, or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Expenses are reported as decreases in net assets without donor restrictions.

**Pass-Through Liability**

Under certain agency agreements, the Corporation receives assets from the donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to a specified beneficiary. When such agency agreements are without variance power, the Corporation records the receipt and disbursement of funds on the statements of financial position as a pass-through liability. Accordingly, there is no impact on the statements of activities for such grants.

**Revenue Recognition**

The Corporation is funded through several different sources: congressional appropriations, grants and contracts from government agencies, corporations and foundations, contributions, training registration fees, sale of publications and subscriptions, performance of miscellaneous consulting services, and investment income.

**Congressional Appropriations**

The Corporation's primary source of funding is through congressional appropriations. Without donor restrictions congressional appropriations are recognized as contribution revenue without donor restrictions when the legislation is enacted. Appropriations under the supplemental congressional funding such as shared equity and ARP programs are considered to be conditional contributions and are recognized as refundable advances and recognized as revenue as related program grant commitments are made and allowable operating expenses incurred.

**Grants**

Grants revenue is comprised of conditional contributions for cost reimbursable federal grants recognized under reimbursement of allowable cost and milestone arrangements on a systematic basis as qualifying costs are incurred or contractual milestones are reached and customer concurrence, if required, has occurred.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition Continued)**

Contributions

The Corporation recognizes all unconditional contributed support in the reporting period in which the commitment is made. The Corporation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. The Corporation also reports investment income on funds with donor restrictions as revenue with donor restrictions. When expenses in accordance with the donors' restrictions are incurred, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Amounts that have not been collected as of year-end are included in contributions receivable in the accompanying statements of financial position. Conditional contributions are recognized when the conditions are substantially met. At September 30, 2025 and 2024, conditional contributions totaling to \$0 and \$0, respectively, are available to the Corporation. Revenue related to these conditional contributions will be recognized once the contractual obligations to provide the services have been satisfied.

The Corporation recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Corporation expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Corporation combines it with other performance obligations until a distinct bundle of goods or services exists. The Corporation expects that the period between when the Corporation transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, the Corporation has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Amounts received in advance of services performed, but not yet earned, are recorded as deferred revenue.

Training Registration Fees

Training registration revenue includes revenue from registrations related to trainings. Performance obligations are satisfied at a point in time, the time of the training, when the services are transferred. Discounts are not offered. Refunds are allowed for registrations within 14 days before the conference. Refunds are not significant. Therefore, no refund liability was recorded. Payment is primarily due at the time of registration.

Contracts

Contract revenue includes placed based training, success measures, and other fee-for-service programs. Contracts revenue is recognized over time as the Corporation incurs time and expense, the input method. Amounts paid in advance are recorded as a liability until the services are provided to the customer.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Publications

For publication fees, the transaction price is the price charged by the Corporation for Realizing the American Dream and Keeping the American Dream publications. These books are sold through a third party where payment is due when the publication is ordered. The third-party vendor also distributes the publications to the customer for a fee. Upon the customer's purchase of the publication, the Corporation defers the revenue until the date the third party ships the publication at which time the Corporation's performance obligation has been completed and, as such, the Corporation recognizes revenue at a point in time, on the shipping date. Amounts paid in advance are recorded as a liability until the goods are provided to the customer. Refunds are allowed within 30 days. Refunds are not significant therefore no refund liability was recorded.

Subscriptions

Under the terms of the subscription software license agreement, the Corporation will give the customer access to proprietary software and related resources for a specified period of time, usually one year. Subscription fees are recognized as revenue over the subscription period. The Corporation's performance obligation in the contract is the "stand ready obligation" to provide access to the software for the subscription period. The Corporation providing the "stand ready obligation" for use of the software over the subscription period represents a single performance obligation of which the Corporation expects the customer to receive and consume the benefits of its obligation ratably, and as such, the Corporation recognizes subscription fees ratably over time, the subscription period, using the output method. Refunds may be requested within 90 days of receipt of the order and are reviewed for approval on an individual basis. Refunds are not significant, and therefore no refund liability has been recorded.

Investment Returns, Net

Investment returns are recognized when earned. Unrealized and realized gains and losses and interest and dividends netted against external and direct internal investment expenses are included in the investment returns, net, in the statements of activities.

**Functional Allocation of Expenses**

Costs of program activities and supporting services are presented on a functional basis. Accordingly, certain direct and indirect expenses have been allocated among the programs and supporting services benefited.

Expenses incurred by Programs, General and Administrative, and Resource Development are directly recorded to their respective departments. The General and Administrative expenses are allocated to programs and resource development based on time and effort. See Note 1 for description of program services and below for description of supporting services.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**General and Administrative**

In accordance with the National Affordable Housing Act (P.L. 101-625), the Corporation's administrative expenses are consistently held to less than 15% of expenditures. These expenses include the offices of the chief executive officer, the chief operating officer, the chief financial officer and the general counsel as well as the finance, information management, public policy and legislative affairs, human resources, and administrative services units.

**Resource Development**

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

**Use of Estimates**

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Corporation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation has been classified by the Internal Revenue Service as a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code. The Corporation follows the income tax standard for uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Corporation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Corporation's financial position, results of activities or cash flows. Accordingly, the Corporation has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at September 30, 2025 and 2024.

**Fair Value**

Certain financial instruments are required to be recorded at fair value. Changes in assumptions or estimation methods could affect the fair value estimates; however, management does not believe any such changes would have a material impact on the Corporation's financial condition, results of operations or cash flows. Cash equivalents are recorded at cost, which approximates fair value. The fair values of investments are disclosed in Note 10.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Subsequent events were evaluated through April 20, 2026, which is the date the financial statements were available to be issued. There were no events noted that required adjustment or disclosure to these financial statements.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Computer Equipment and Software	\$ 10,169	\$ 10,643
Leasehold Improvements	3,899	3,899
Furniture and Fixtures	27	68
Total, at Cost	14,095	14,610
Less: Accumulated Depreciation and Amortization	(9,172)	(8,425)
Property and Equipment, Net	<u>\$ 4,923</u>	<u>\$ 6,185</u>

Depreciation and amortization expense for the years ended September 30, 2025 and 2024 was \$881 and \$524, respectively.

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS**

At September 30, 2025 and 2024, net assets with donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
JP Morgan Chase	\$ 1,842	\$ -
Scholarship/Endowment	329	344
Kresge	283	600
Ameriprise Financial	193	-
Wells Fargo	178	643
Federal Home Loan Bank	83	-
Clayton Homes	75	101
Fifth Third Foundation	-	250
Morgan Stanley	-	11
All Others	96	82
Total	<u>3,079</u>	<u>2,031</u>
Perpetual in Nature	<u>2,500</u>	<u>2,500</u>
Total Net Assets With Donor Restrictions	<u>\$ 5,579</u>	<u>\$ 4,531</u>

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**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

During the years ended September 30, 2025 and 2024, net assets released from donor restriction consist of the following:

	2025	2024
Satisfaction of Purpose Restrictions:		
JP Morgan Chase	\$ 1,457	\$ 117
Wells Fargo	464	2,040
Bank of America	335	-
Kresge	317	663
TD Bank	262	-
Fifth Third Foundation	250	337
Clayton Homes	227	128
Federal Home Loan Bank	217	-
Ameriprise Financial	82	-
Morgan Stanley	10	35
RW Johnson	-	281
First Republic	-	49
Walton Family Foundation	-	647
American Express	-	50
Truist Foundation	-	6,119
All Others	235	317
Total Net Assets Release from Donor Restrictions	\$ 3,856	\$ 10,783

**NOTE 5 ENDOWMENT**

The Corporation received \$2,500 as part of the 2001 Congressional Appropriation for the purpose of establishing The George Knight Scholarship Endowment and funding Training Institute scholarships. The Endowment funds' principal balances will remain in perpetuity, while interest income from the endowments will be used to fund Training Institute scholarships.

**Interpretation of Relevant Law**

The year-end directors of the Corporation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Corporation classifies as net assets with donor restriction (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted 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 remain as net assets with donor restriction until those amounts are appropriated for expenditure by the Corporation. The Corporation reports these funds in accordance with, Endowments of Not-for-Profit Organizations: *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds.*

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**NOTE 5 ENDOWMENT (CONTINUED)**

These endowment funds are invested in highly rated Federal Agency securities consistent with board policy. The returns on the endowment funds invested have been included in net assets with donor restrictions' investment returns on the statements of activities.

**Endowment Net Asset Composition and Changes in Balances**

The following table represents the composition of the Corporation's endowment by net asset class and the changes in donor-restricted endowment funds at September 30, 2025 and 2024.

September 30, 2025	Subject to Spending Policy and Appropriation	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	\$ 345	\$ 2,500	\$ 2,845
Investment Return, Net	91	-	91
Amounts Appropriated for Expenses	(109)	-	(109)
Endowment Net Assets - End of Year	<u>\$ 327</u>	<u>\$ 2,500</u>	<u>\$ 2,827</u>
<u>September 30, 2024</u>			
Endowment Net Assets - Beginning of Year	\$ 225	\$ 2,500	\$ 2,725
Investment Return, Net	124	-	124
Amounts Appropriated for Expenses	(4)	-	(4)
Endowment Net Assets - End of Year	<u>\$ 345</u>	<u>\$ 2,500</u>	<u>\$ 2,845</u>

**Return Objectives and Risk Parameters**

By policy, the endowment fund assets are invested and maintained in a balanced investment program. The primary objective of the year-end directors for managing the investment process is to preserve principal and provide reasonable returns. The year-end directors consider the combination of broad asset classes; reduction of risk through diversification; and then select the portfolio that may obtain the highest return given an acceptable level of risk within established corporate investment policies.

The endowment assets are invested in a manner that balances the following investing objectives:

*Capital Preservation* – The achievement of adequate investment growth such that the purchasing power of the principal amount of the endowment assets is maintained over a reasonable time horizon.

*Liquidity* – The generation of interest and dividends to provide sufficient cash flow and liquidity to fund distribution requirements.

*Yield* – The achievement of growth in such a manner to protect the endowment assets from excessive volatility in market value from year to year.

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**NOTE 5 ENDOWMENT (CONTINUED)**

**Spending Policy**

In order to protect the restricted endowments against losses and to ensure relative stability in its annual earnings (which are needed to fund the Training Institute scholarships), management invests the funds in government secured instruments consistent with the Corporation's investment policies.

**NOTE 6 CAPITAL CORPORATIONS**

Community Housing Capital: Community Housing Capital is a national intermediary serving as a direct lender to the NeighborWorks® network, providing financing for the development and preservation of single-family and multi-family affordable housing. Grants made by the Corporation to Community Housing Capital amounted to \$2,500 and \$2,500 for each of the years ended September 30, 2025 and 2024, respectively.

NeighborWorks® Capital Corporation: NeighborWorks® Capital Corporation (NWCC) is an independently incorporated tax-exempt nonprofit organization and certified Community Development Financial Institution (CDFI). NWCC serves the NeighborWorks® network by developing and enhancing resources for the acquisition, development, sale, financing or ownership of affordable single-and multi-family properties and commercial projects. Grants made by the Corporation to NWCC amounted to \$2,500 and \$2,500 for each of the years ended September 30, 2025 and 2024, respectively.

**NOTE 7 OPERATING AND FINANCE LEASES**

On December 17, 2021, the Corporation entered into a 12-year lease agreement for its main headquarters commencing in December 2022 and expiring May 2035. The lease provides a two-year rent abatement with one-year of the two-year rent abatement convertible for additional tenant improvement allowance in the amount of \$3,365, which the Corporation has the intent and ability to exercise, to result in a one-year rent abatement and escalation clauses of 2.5% annually. The Corporation also has other lease agreements with regional offices expiring at various times through 2032.

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**NOTE 7 OPERATING AND FINANCE LEASES (CONTINUED)**

Components and noncomponents of lease expense are reflected in the occupancy cost in the accompanying statements of functional expenses. These costs are as follows:

	<u>2025</u>	<u>2024</u>
Operating Lease Expense	\$ 4,184	\$ 4,465
Variable Lease Expense	171	327
Total Lease Expense	<u>\$ 4,355</u>	<u>\$ 4,792</u>

Supplemental quantitative information related to the operating and finance leases for the years ended September 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Operating Leases:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities - Office Operating Cash Flows	\$ 1,050	\$ 2,351
Weighted-Average Remaining Lease Term	9 Years	10 Years
Weighted-Average Discount Rate	3.61%	3.61%
Finance Leases:		
Right-of-Use Assets Obtained in Exchange for New Lease Obligations	\$ 57	\$ 285
Cash Paid for Amounts Included in the Measurement of Lease Liabilities - Equipment Operating Cash Flows	\$ 71	\$ 5
Weighted-Average Remaining Lease Term	4 Years	5 Years
Weighted-Average Discount Rate	3.66%	3.50%

Remaining maturities of the operating lease liabilities as of September 30, 2025 are as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2026	\$ 4,090
2027	4,037
2028	3,974
2029	4,017
2030	4,117
Thereafter	19,991
Total Lease Payments	40,226
Less: Interest	(6,293)
Present Value of Lease Liabilities	<u>\$ 33,933</u>

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**NOTE 7 OPERATING AND FINANCE LEASES (CONTINUED)**

The Corporation is a party to an office equipment lease, primarily for copiers and media production equipment, which ends in fiscal year 2029. The office equipment lease is under a finance lease. The finance lease interest expense and amortization for the year ended September 30, 2025 amounted to \$11 and \$66, respectively. The finance lease interest expense and amortization for the year ended September 30, 2024 amounted to \$1 and \$18, respectively.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

The Corporation enters into contracts for hotel accommodations and meeting space in connection with its National Training Institutes and other significant trainings up to three years in advance of the events. The contracts often carry cancellation penalties which vary in severity inversely to the date cancellation notice is given. At September 30, 2025, the Corporation had 35 such contracts in place extending through fiscal 2028. The maximum penalty assuming all contracts were cancelled at the latest possible date is \$5,203 in 2026, \$3,666 in 2027 and \$2,542 in 2028.

In the ordinary course of activities, the Corporation is party to various legal and administrative actions, including employment matters and claims by organizations in the NeighborWorks® network. In the opinion of management, the potential adverse impact of these legal and administrative actions is insignificant to the financial statements of the Corporation.

**NOTE 9 RETIREMENT PLAN**

The Corporation has a defined contribution retirement plan subject to independent audit which meets the requirements of Section 401(k) of the U.S. Internal Revenue Code. Each eligible participant may enter into a salary deferral agreement with the Corporation in an amount equal to but not less than 1% or more than 75% of his or her compensation for the contribution period capped at the legal allowable maximum dollar deferral. The Corporation matches each eligible participant's pre-tax contributions at 100% up to a maximum of 6%, and this matching contribution is 100% vested. The Corporation may also contribute a discretionary amount equal to 6% of the social security integration level in effect and 11.7% of each eligible participant's compensation in excess of the social security integration level. This discretionary employer contribution to eligible participants has a five-year vesting schedule as follows: 20% year two; 40% year three 80% year four; and 100% year five. Employees may also borrow against their vested benefits. Employees are eligible for both the discretionary and matching contributions after one year of service.

Total retirement plan expense for fiscal years 2025 and 2024 were \$3,449 and \$3,673, respectively.

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**NOTE 10 FAIR VALUE MEASUREMENTS**

A fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described as follows:

**Basis of Fair Value Measurement**

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

*Level 2* – Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Corporation's short-term investments at fair value as of September 30, 2025 and 2024. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2025</u>				
U.S. Treasury Bills				
Domestic Unsecured	\$ -	\$ 5,545	\$ -	\$ 5,545
<u>September 30, 2024</u>				
Freddie Mac U.S. Bonds				
Domestic Unsecured	\$ -	\$ 11,430	\$ -	\$ 11,430

Government securities classified as Level 2 are valued using quoted market prices for similar assets and liabilities in active markets. There are no unfunded commitments at September 30, 2025 and 2024.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
**(AMOUNTS IN THOUSANDS)**

**NOTE 11 SEPARATION PLAN**

The Corporation will provide pay to separated employees under the following involuntary separation conditions:

*Severance* – Position elimination, voluntary early retirement and reduction in force.

*Transition Pay* – Term-limited positions, resignation in lieu of termination for performance-based or for cause terminations, declination to relocate with position move (outside of existing commuting area) or resignation due to other mutual decision to end the employment relationship.

Employees who are terminated for any other reasons (i.e., performance, cause, misconduct) will not be eligible for severance or transition pay.

In the event an employee accepts other employment with the Corporation prior to the date of a position elimination or reduction in force, the employee will not be eligible for severance pay. If an employee is rehired after separation, he or she may be required to reimburse the severance pay on a pro rata basis, based on whether the total number of weeks on severance pay was more than the number of weeks in which the employee was not employed by the Corporation. The method of repayment will be considered on a case-by-case basis. Further, an employee will be considered to have voluntarily resigned and will not be eligible for severance pay if he or she rejects the Corporation's offer of employment within the same commuting area and pay classification prior to separation.

The Corporation entered into separation agreements with forty three and five employees, for a total of \$1,098 and \$585, during the years ended September 30, 2025 and 2024, respectively. As a result of these agreements, the Corporation made payments totaling \$247 and \$277 during the years ended September 30, 2025 and 2024, respectively. The Corporation entered into separation agreements during the years ended September 30, 2025 and 2024 that cross over into the subsequent year and were accrued at September 30, 2025 and 2024, totaling \$852 and \$122, respectively.

**NEIGHBORHOOD REINVESTMENT CORPORATION  
DBA: NEIGHBORWORKS® AMERICA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Public Law Number	Provided to Subrecipients	Total Federal Expenditures
<b>Congressional Appropriations Program</b>				
NeighborWorks® System Program:				
FY 2025 Appropriation	21.U01	119.400	\$ 94,751,954	\$ 158,000,000
FY 2023 Shared Equity	21.U02	117.328	315,444	343,757
FY 2022 Shared Equity	21.U02	117.103	167,608	458,123
COVID-19 - American Rescue Plan	21.U04	117.2	427,847	2,233,918
Total Congressional Appropriations Program			95,662,853	161,035,798
<b>U.S. Department of Housing and Urban Development</b>				
Housing Counseling Assistance Program	14.169		2,587,200	3,098,441
Homeownership Initiative Grant	14.022		168,752	236,397
Housing Counseling Training Program	14.316		91,795	524,937
Total U.S. Department of Housing and Urban Development			2,847,747	3,859,775
<b>Corporation for National and Community Service</b>				
Volunteers in Service to America	94.013		-	139,585
Total Corporation for National and Community Service			-	139,585
<b>U.S. Department of Agriculture</b>				
Rural Community Development Initiative	10.446		-	38,875
Total U.S. Department Agriculture			-	38,875
Total Expenditures of Federal Awards			<u>\$ 98,510,600</u>	<u>\$ 165,074,033</u>
<u>Program Title</u>		<u>Public Law Number</u>	<u>Provided to Subrecipients</u>	<u>Endowment Fund Balance</u>
George Knight Scholarship Fund for the Neighborhood Reinvestment Training Institute		21.106-377	\$ -	\$ 2,500,000

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NEIGHBORHOOD REINVESTMENT CORPORATION**  
**DBA: NEIGHBORWORKS® AMERICA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2025**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Neighborhood Reinvestment Corporation dba: NeighborWorks® America (the Corporation) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the statements of financial position, change in net assets or cash flows of the Corporation.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

The Corporation has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 FEDERAL ENDOWMENTS**

The federal endowments listed in the Schedule are administered directly by the Corporation, and balances and transactions relating to these programs are included in the Corporation's financial statements. There were no transactions impacting the principal endowment balance during 2025.



**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***

Board of Directors  
Neighborhood Reinvestment Corporation  
dba: NeighborWorks® America  
Washington, D.C.

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 Neighborhood Reinvestment Corporation (dba: NeighborWorks® America) (the Corporation), which comprise the statement of financial position as of September 30, 2025, 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 April 20, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

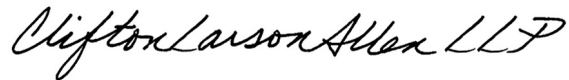
Board of Directors  
Neighborhood Reinvestment Corporation  
dba: NeighborWorks® America

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Greenbelt, Maryland  
April 20, 2026



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

Board of Directors  
Neighborhood Reinvestment Corporation  
dba: NeighborWorks® America  
Washington, D.C.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Neighborhood Reinvestment Corporation (dba: NeighborWorks® America)'s (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended September 30, 2025. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional 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 the Corporation'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 Corporation'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 Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Greenbelt, Maryland  
April 20, 2026

**NEIGHBORHOOD REINVESTMENT CORPORATION  
DBA: NEIGHBORWORKS® AMERICA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2025**

***Section I – Summary of Auditors’ Results***

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes       x       no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes       x       no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       x       no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes       x       no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes       x       no

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? \_\_\_\_\_ yes       x       no

***Identification of Major Federal Programs***

**Assistance Listing Number(s)**

21.U01 / PL# 119.400

14.169

**Name of Federal Program or Cluster**

Congressional Appropriations Program:  
NeighborWorks® System Program FY 2025 Appropriation

Housing Counseling Assistance Program

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee? \_\_\_\_\_       x       yes \_\_\_\_\_ no

**NEIGHBORHOOD REINVESTMENT CORPORATION  
DBA: NEIGHBORWORKS® AMERICA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2025**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**NEIGHBORHOOD REINVESTMENT CORPORATION  
DBA: NEIGHBORWORKS® AMERICA  
APPENDIX A – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2025**

**Finding: 2024-001 – Procurement**

The Corporation's personnel did not adhere to the federal requirements and the Corporation's internal procurement policies and procedures particularly on the use of noncompetitive procurements.

**Status: 2024-001**

During fiscal year 2025, management implemented additional controls to ensure expenses charged to federal programs on contracts entered into prior to fiscal year 2024 are in compliance with the procurement requirements of the Uniform Guidance. This process involved reviewing all existing contracts that previously lacked compliant noncompetitive procurement justifications and implementing corrective actions as needed. Corrective actions included establishing timelines to reprocure the contracts under proper competitive process and ensuring costs under these contracts were not allocated to federally funded programs.



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