



Forensic Audit: Findings Report

Southwest Neighborhoods, Inc.

Unauthorized Disclosure Prohibited



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Cover Letter

November 13, 2020

Prepared for: City of Portland Office of Community & Civic Life

RE: Forensic Audit: Findings Report of Southwest Neighborhoods, Inc.

Please accept the enclosed findings in response to the forensic audit of Southwest Neighborhoods, Inc. ("SWNI") which began on September 1, 2020 and completed November 9, 2020 with the issuance of this Findings Report on November 13, 2020. This Findings Report has been prepared for the City of Portland Office of Community & Civic Life ("Civic Life"), formerly Office of Neighborhood Involvement ("ONI").

The forensic audit was engaged by Civic Life due to concerns about a continuation of suspicious activity, abuse of power, conflicts of interest, lack of transparency and inequitable practices among SWNI and the Board of Directors.

The forensic audit scope period was fiscal years 2011/2012 to 2019/2020, and was expanded to the second quarter of fiscal year 2010/2011 and the first quarter of fiscal year 2020/2021 (October 1, 2010 through September 30, 2020).

The forensic audit findings start on page #12 for the Examination Findings and Results and page #77 for the Internal Control Findings. Findings were that there was evidence of financial mismanagement of \$179,332.24, including conflicts of interest and misrepresentation. This amount comparatively on average had represented 7.35% of SWNI's base funding grant from Civic Life per year.

The forensic audit was conducted by Marsh Minick, P.C. a financial crimes consulting firm. Examiners, Brandi Marsh and Melissa Frick Minick, have over 30 years of combined practice, and hold certifications as certified fraud examiners and financial crime investigators, with advanced degrees in financial forensic fraud. The report contains evidence-based findings, not a matter of opinion. Marsh Minick is an independent party free from conflicts of interest.

Sincerely,



Brandi Marsh, MS, CAMS, CFE, CFCI

Marsh Minick, P.C.



Melissa Frick Minick, MS, CFE, CFCI



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Forensic Audit Findings Report

DATE: November 13, 2020

TO: City of Portland
Office of Community & Civic Life (“Civic Life”)

FROM: Marsh Minick, P.C.
Financial Crime Consulting Services

RE: Southwest Neighborhoods, Inc. (“SWNI”)

I. Background

The City of Portland has contracted with Southwest Neighborhoods, Inc. (“SWNI”) for 41 years since 1979. SWNI is a district coalition that receives annual funding support from the City of Portland’s Office of Community & Civic Life (“Civic Life”) per City Code 3.96 “to provide such services by which the people of the City of Portland may effectively participate in civic affairs and work to improve the livability and character of their Neighborhoods and City.” SWNI has held non-competitive, no-bid contracts with Civic Life, which invested \$3.174 million with SWNI during fiscal years 2010 to 2020.

On July 13, 2020, Civic Life requested a proposal of work from Marsh Minick, P.C. to perform a forensic audit on grant awardee, SWNI, due to concerns about the continued suspicious activity after a known fraud incident, abuse of power, conflicts of interest, lack of transparency and inequitable practices. Marsh Minick, P.C. proposed a forensic work plan on July 24, 2020 to fulfill the needed services. The forensic audit began September 1, 2020.

Due to the pandemic, Marsh Minick strategically performed interviews of SWNI staff, Board members, and the community, through password protected ZOOM meetings, and collected extensive records and data information from SWNI and individuals through a secure file sharing website and by email. Additionally, Marsh Minick used information gathered from publicly available records, and secure permissioned-based sites for court records and other needs to complete the forensic audit.

The totality of information gathered was assessed based on risk. Targeted forensic testing and analysis was performed during the examination and an internal control assessment. Results are detailed in this findings report that was issued November 13, 2020 after the conclusion of this forensic audit on November 9, 2020.



II. Executive Summary

The forensic audit began on September 1, 2020 and concluded on November 9, 2020. The forensic audit scope period was fiscal years 2011/2012 to 2019/2020, and was expanded to the second quarter of fiscal year 2010/2011 and the first quarter of fiscal year 2020/2021 (October 1, 2010 through September 30, 2020).

The forensic audit was predicated by concerns about a continuation of suspicious activity, abuse of power, conflicts of interest, lack of transparency and inequitable practices by SWNI and the Board of Directors (“Board”). The SWNI Board have irreconcilable disagreements on equitable practices, transparency of records, and rules, duties, and responsibilities of Board Officers and employees that are impeding SWNI and Civic Life’s mission and values.

Financial Mismanagement

In total, four primary bank accounts were forensically analyzed with the SWNI’s financial system records and supporting documentation, which resulted in \$179,332.24 of financial mismanagement for the scope period (*reference Scope*). Comparatively on average, SWNI mismanaged 7.35% of their base funding grant from Civic Life per year.

Separate of the financial mismanagement identified above, SWNI determined their financial loss was \$174,265.25, resulting from theft that was adjudicated in court. The loss included volunteer hours, professional services, and amounts stolen from Civic Life grant funding, Neighborhood and Business Associations restricted money, and Board money.

The findings are presented in two categories: Forensic Audit Examination and Internal Controls

Forensic Audit Examination Findings

Forensic audit findings are the result of fact-based evidence from information gathered provided from and about SWNI for the examination scope period (*reference Scope*).

There was evidence SWNI had mismanaged financials. There were occurrences of misapplied and unallocated money. SWNI’s leadership demonstrated being willfully blind to noncompliance with governance documents, standards and ethics. There was a culture problem at SWNI that went unresolved.



The root cause of the financial mismanagement was the lack of accountability for financial duties, outdated financial policies and procedures, non-adherence with governing documents, providing incomplete and inadequate records to all Board members, a lack of transparency, unperformed financial statement audits and reviews, and irreconcilable difference among Board members.

Six examination areas and related findings are detailed in the Forensic Examination Findings section beginning on page 12.

	Examination Areas	Financial Impact and Explanation Summary
1	Where did the money come from that comprised the ~\$10,000 restricted Board fund (RS-Board)?	<p>During October 2011, SWNI deposited insurance loss claim checks for \$20,154.44 that were not properly recorded to operational or restricted funds.</p> <p>SWNI had mismanaged the communication regarding the insurance loss claim checks with the Board. This resulted in SWNI being unable to trace the source of the “float” and referred to this money as “magic money”. There was no evidence the insurance loss claim checks resulted in money being returned to Civic Life/ONI by SWNI.</p>
2	Where was the money taken from during the fraud incident and did SWNI recover any money or receive restitution from the fraud incident?	<p>The forensic examination found that the money recovered and received as restitution from theft by a former employee ranged from \$34,751.51 to \$35,044.51. The money was taken from ONI/Civic Life grant funds and Association Restricted funds, but restitution was not returned to ONI/Civic Life.</p> <p>The Executive Director’s delay in notifying police or the Board of \$19,570.00 in unauthorized debt to a SWNI credit card exposed SWNI to continued embezzlement over a five-year period. The Executive Director continues to manage the organization.</p>
3	How long did it take SWNI to close the Key Bank accounts after the Umpqua Bank accounts were opened and how was the money moved to Umpqua Bank?	<p>The Umpqua Bank accounts were opened in October 25, 2011 and the Key Bank accounts were closed January 19, 2012. There was evidence that SWNI comingled \$16,789.26 without supporting documentation as to why the money was moved between restricted and operational.</p> <p>The lack of documentation to justify the comingling of the Key Bank account closures and Umpqua Bank account opening transactions was evidence of financial mismanagement.</p>



4	How was money being tracked for the Umpqua Restricted Bank account with restricted neighborhood and business association and board funds?	SWNI manages restricted money for Associations. SWNI was not itemizing transactions occurring in the Associations funds and was only tracking and reporting month end totals. This created a lack of transparency with following the money deposited and withdrawn from Association funds, and which impeded the Board’s ability to oversee restricted money.
5	What was SWNI’s financial situation when they applied for and received a Paycheck Protection Program (PPP) loan, how was that loan spent, and what expenses were requested to be forgiven for the PPP loan?	<p>SWNI was awarded a PPP loan for \$66,300.00. These monies were spent mid May 2020 to August 31, 2020 for payroll, rent, and utilities. Civic Life’s grant would have covered payroll for this period and therefore the PPP loan created a surplus of money for SWNI who had decided to establish a new grant program called CEAP.</p> <p>SWNI mismanaged the decision making and oversight of the PPP money. There was inequitable employee (PTO) payouts that were not accurately disclosed to Board members. SWNI had not received approval from Civic Life to reallocate payroll expenses saved from the PPP loan toward the new CEAP grant. SWNI inflated their budget with CEAP to create the illusion of a shortfall as a result of COVID.</p>
6	Was money being spent according to SWNI’s budget?	<p>No. When comparing the budgets with the end of the year reporting of actuals sent to Civic Life, there were line items in the budget that had considerable differences. There were unreasonable and excessive balances for Postage and Delivery. Professional Fees, such as for financial review, were never conducted by a certified accountant even though this expense was budgeted and SWNI had previously experienced financial losses from embezzlement. There was Rent paid that had not been budgeted and was applicable for a different fiscal year.</p> <p>Critical financial controls were not followed as there was a 97% error rate for the month-end financial checklist used by Finance Committee Treasurer and Executive Officers (<i>reference Internal Controls, Monitoring</i>)</p>



Internal Control Findings

There were identified deficiencies and dysfunction with internal controls at SWNI.

The Internal Control Integrated Framework (“Framework”) is the definitive standard to evaluate the effectiveness of internal controls for organizations receiving public funds. Reference the *Appendix* for further information about the Framework. The Framework consists of five control components that were compared to SWNI.

Five control component examination areas and related findings are detailed in the Internal Control Findings section beginning on page 77, and a summary of results for SWNI using the Framework are:

<u>Control Component</u>		<u>Finding</u>
1	Control Environment	Dysfunctional and Ineffective Controls
2	Risk Assessment	Absent and Deficient Controls
3	Control Activities	Dysfunctional and Ineffective Controls
4	Information & Communication	Dysfunctional and Ineffective Controls
5	Control Monitoring	Dysfunctional and Ineffective Controls

There were deficiencies, dysfunction and ineffective internal control measures and management controls at SWNI. Opportunities were present for errors, mismanagement, waste, abuse and fraud of financials due to a lack of oversight, willful blindness to risks, and a breakdown of transparency and communications at SWNI. There was inadequate functionality of internal control measures and management controls, which resulted in a limited ability to prevent and detect unusual or concerning activity, and hindered SWNI’s ability to remediate problems.

Without a fully present, functional and effective internal control framework operating in an integrated manner, SWNI had unmitigated risks that were not properly managed and controlled. SWNI’s control deficiency and dysfunctions caused heightened risk vulnerabilities that led to the occurrence of financial mismanagement, financial misapplication and financial losses.



Scope and Findings Summary

	Scope Areas	Findings
1	Forensic Examination	Evidence of financial mismanagement
2	Internal Controls	Mostly dysfunctional and ineffective controls

Evidence of financial mismanagement and internal control deficiencies included, in no particular order:

- Bank accounts not used for the intended purposes
- The unabated practice of “shifting” monies in line items deviating from the published budgets
- Financial statements not reviewed or audited by an independent accountant
- Stale dated financial policies and procedures with critical aspects not followed by SWNI and the Board
- Neighborhood and Business Association fund accounts and bank financial records not matching for Restricted money
- Unbalanced Restricted bank accounts with Restricted Fund Tracking Sheets and Balance Sheets
- Treasurer reports were not supportive enough for Board to determine compliance with governing documents, laws and standards
- Ineffective financial processes, including monthly financial review by Finance Committee
- Lack of assurance of the accuracy of financial reporting by the Finance committee
- Payment Protection Program money was planned to be used to offset for Civic Life grant monies
- Paid Time Off payouts not equitable and in accordance with the Personnel Policy
- Fiscal Tracking Sheets not filled out in compliance with Financial policy
- Transactions not recorded on Balance Sheet in the proper funding line items
- Lack of monitoring and oversight for internal control policies and procedures
- No written control program, risk assessment, or internal audit plan
- Willful blindness to risks
- Poor personal conduct observed that was inconsistent with Civic Life and SWNI’s objectives
- Lack of commitment to develop, train, and retain competent individuals



III. Scope

Predicate

Concerns of repeat misconduct after a prior known embezzlement predicated this forensic audit of SWNI, specifically there were accusations about a continuation of suspicious activity, abuse of power, conflicts of interest, lack of transparency and inequitable practices.

Scope of Work – Agreed Upon Procedures

The forensic audit scope period was fiscal years 2011/2012 to 2019/2020, and was expanded to the second quarter of fiscal year 2010/2011 and the first quarter of fiscal year 2020/2021 (October 1, 2010 through September 30, 2020).

The forensic audit is designed to investigate concerns raised by the community about Southwest Neighborhood, Inc.'s (SWNI) financial management from 2010 to 2020 including but not limited to concerns about transparency, compliance with SWNI's bylaws and policies, and allegations of mismanagement, embezzlement and retaliatory actions against whistleblowers.

SECTION 2 SCOPE OF WORK

Contractor shall provide the following Services

Perform a forensic audit of Southwest Neighborhood, Inc.'s SWNI's financial handling for the period 2010 to 2020 with the objective of identifying whether there is evidence of instances and/or patterns of the following activity: abuse of authority and/or power; misrepresentation and omission; lack of transparency; mismanagement; waste of funding; and fraud or theft.

The forensic audit scope will be:

1. Forensic audit of SWNI for scope period: Fiscal years 2011-2012 through 2019-2020, with priority for fiscal years 2015-2016 through 2019-2020
2. Conduct interviews with current and former SWNI individuals and other that may have knowledge about major concerns that predicated the forensic audit
3. Examine SWNI financial reports to Civic Life, SWNI financial, management and operational records, and other identified communications, information, data and documentation about SWNI mismanagement, embezzlement, waste and abuse
4. Consult with Civic Life in the investigation and provide status reports every two weeks

Deliverables will be a Red Flag report and documentation of preliminary evidence: a report of findings with recommendations for Civic Life and SWNI; a digitally recorded video of the report and recommendations; and analysis for legal proceedings, if warranted.



Standards

Examiners considered guidance published about fraud and controls in the Generally Acceptable Government Auditing Standards (“GAGAS”) Yellow Book, the Association of Certified Fraud Examination (“ACFE”) forensic audit methodology, and the Institute of Internal Auditors/Committee of Sponsoring Organizations of the Treadway Commission (“IIA”/“COSO”) practices for integrated controls.

The examination efforts were risk-based and focused on the areas with perceived heightened risk of impropriety within the statement of work and scope period. The forensic audit entailed a comparative analysis using empirical scientific methods of observation and experimentation, and evidence from primary and secondary sources. The Forensic Auditors maintained independence before, during, and after the examination. The implementation of these standards ensured this findings report was based on accurate and reliable evidence.

The Forensic Auditors performed due diligence to acquire reasonable completeness and accuracy of information, records and data for examination. Due diligence entailed repeated probing, questioning, and scrutinizing of the same topics. This procedure allowed examiners to observe whether information matched, and if there were corroborated recollections and evidence. The forensic examiners also considered observational trends or patterns that emerged during the examination into the reliability of information, data, and records. Furthermore, examiners considered the context and source(s) of the information, including whether there was apparent bias, impartiality, motivations, politics, and other seemingly relevant factors or environmental happenings; all considerations were followed upon with an empirical examination of the evidence.

A forensic audit is an examination of fraud, waste, abuse, and mismanagement and is a matter of fact based evidence. The Forensic Audit of SWNI *was not and should not be construed as* a financial statement audit, as a financial statement audit is an examination of the financial statements for reasonable accuracy and is a matter of opinion by public accountant.

Marsh Minick, P.C. is a Financial Crime Consultancy. The findings, analysis or recommendations offered in any report or communication are consultative and instructive only. Marsh Minick, P.C. does not and cannot provide legal advice or legal interpretation of the law or enforcement of laws. Marsh Minick, P.C. is not licensed or registered as a public accounting firm and does not issue opinions on financial statements nor offer attestation services. Marsh Minick, P.C. does not assume any responsibility or liability for losses occasioned to one or others as a result of this report. Findings are empirically based, not statistically significant.



IV. Forensic Examination Findings

Results Summary

Forensic audit findings are the result of fact-based evidence from information gathered provided from and about SWNI for the scope period (*reference* Scope). The forensic audit was risk-based and focused on areas where the greatest likelihood of problems seemed to exist that were affecting financials. Forensic auditors deemed the financial institution’s account statements, such as checking accounts, credit card, and money transmission statements as the most reliable evidence regarding the money that was being managed by SWNI. The account statements and supporting documents were compared to the red flags and concerns outlined in the Red Flags Warranting Forensic Review section below and used to generate the findings for the forensic audit.

There was evidence SWNI had mismanaged financials, unmitigated risks, and dysfunctional internal controls which resulted in SWNI being vulnerable to losses. There were occurrences of misapplication and unallocated money. SWNI’s leadership demonstrated being willfully blind to noncompliance with governance documents, standards and ethics. There was a culture problem at SWNI that went unresolved.

The root cause of the financial mismanagement was the lack of accountability for financial duties, outdated financial policies and procedure, non-adherence with written policies, providing incomplete and inadequate records for all Board members, a lack of transparency, unperformed financial statement audits and reviews, and irreconcilable difference among board members.

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3	<p>How long did it take SWNI to close the Key Bank accounts after the Umpqua Bank accounts were opened and how was the money moved to Umpqua Bank?</p>	<p>The Umpqua Bank accounts were opened in October 25, 2011 and the Key Bank accounts were closed January 19, 2012. There was evidence that SWNI comingled \$16,789.26 without supporting documentation as to why the money was moved between restricted and operational.</p> <p>The lack of documentation to justify the comingling of the Key Bank account closures and Umpqua Bank account opening transactions was evidence of financial mismanagement.</p>
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5	<p>What was SWNI's financial situation when they applied for and received a Paycheck Protection Program (PPP) loan, how was that loan spent, and what expenses were requested to be forgiven for the PPP loan?</p>	<p>SWNI was awarded a PPP loan for \$66,300.00. These monies were spent mid May 2020 to August 31, 2020 for payroll, rent, and utilities. Civic Life's grant would have covered payroll for this period and therefore the PPP loan created a surplus of money for SWNI who had decided to establish a new grant program called CEAP.</p> <p>SWNI mismanaged the decision making and oversight of the PPP money. There was inequitable employee (PTO) payouts that were not accurately disclosed to Board members. SWNI had not received approval from Civic Life to reallocate payroll expenses saved from the PPP loan toward the new CEAP grant. SWNI inflated their budget with CEAP to create the illusion of a shortfall as a result of COVID.</p>



6	Was money being spent according to SWNI's budget?	<p>No. When comparing the budgets with the end of the year reporting of actuals sent to Civic Life, there were line items in the budget that had considerable differences. There were unreasonable and excessive balances for Postage and Delivery. Professional Fees, such as for financial review, were never conducted by a certified accountant even though this expense was budgeted and SWNI had previously experienced financial losses from embezzlement. There was Rent paid that had not been budgeted and was applicable for a different fiscal year.</p> <p>Critical financial controls were not followed as there was a 97% error rate for the month-end financial checklist used by Finance Committee Treasurer and Executive Officers (<i>reference Internal Controls, Monitoring</i>)</p>
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Forensic Examination & Results: Examination Areas 1-6

Examination #1	Where did the money come from that comprised the ~\$10,000 restricted board fund (RS-Board)?
Findings:	<ul style="list-style-type: none"> • The money allocated to the restricted board fund originated from the loss insurance claim checks that SWNI had received in October 2011. • SWNI's <i>Restricted Funds Tracking Sheet</i> was out of balance with the respective bank account when the insurance checks were deposited. There was more money in the bank account than was being tracked as restricted. • The out of balance (difference) between the <i>Restricted Funds Tracking Sheet</i> and bank account balance was leveraged as a "float" and "buffer" for misapplied restricted revenue and expenses. • During July 2019 the difference between the <i>Restricted Funds Tracking Sheet</i> and bank account balance was used to create the RS-Board fund. • SWNI applied insurance restitution into a bank account where Associations funds were being held as restricted for the Associations. • SWNI has been unable to trace the source of the "float" and referred to this money as "magic money". • There was no evidence the insurance loss claim checks resulted in money being returned to Civic Life/ONI by SWNI (reference Examination 2).
Impact:	<ul style="list-style-type: none"> • \$14,082.19 in claim insurance checks deposited creating an over out-of-balance with Restricted Funds Tracking Sheet and Umpqua Restricted account

Results Summary

An analysis was completed on SWNI's *Balance Sheets and Cash Flow* documents, the *Restricted Funds Tracking Sheet*, and the Key Bank Restricted account ("Key Restricted") and Umpqua Bank Restricted account ("Umpqua Restricted") to determine the source of the money that was used to create the new RS-Board Fund in July 2019. This money was described by interviewees as "seed money", "magic money", "float money", and "buffer money" for the Neighborhood Associations and Business Associations ("Associations") projects, events and programs. They had described these monies as a buffer to ensure the bank account did not go negative while waiting for reimbursement money.

The forensic examination found that prior to the creation of the RS-Board Fund, the approximate \$10,000 +/- of restricted money was reflected in SWNI financials as an out-of-balance (difference) between the *Restricted Funds Tracking Sheet* and the bank statement. Essentially, since November 2011, the bank account had a higher balance than what was being tracked by SWNI for the Associations funds on the *Restricted Funds Tracking Sheet*. This was evidence of mismanagement of SWNI's restricted money.



The *Restricted Funds Tracking Sheets*, financial system balances and bank account statements did not reflect the same outstanding balances. It was demonstrated the out of balance difference was from improperly recorded, unallocated and misapplied revenue and expenses of restricted funds. SWNI's financial reporting for the eight years from 2011 to 2019 was misleading as the balance sheet for the Associations funds showed there was less restricted money than was actually held in the bank account. The balance sheet was a critical financial statement document that Board members and others were reliant upon to be accurate with the activity transacted and balance contained in the bank account.

Forensic Examination

Tracking Sheets and Bank Accounts Out-of-Balance

The Key Restricted account was used to hold the restricted money for Associations and for the Board fundraising activities. The *Restricted Funds Tracking Sheet* maintained by SWNI to track funds for the Associations was out of balance with the Key Restricted account statements as far back as July, August, and September 2011. During those months SWNI had tracked they owed more money to the Associations *than was actually* being held in the Key Restricted account. This meant that SWNI did **not have enough money** on hand in this bank account for what was owed to the Associations, not even considering what funds were held on deposit specifically for the Board, which were not tracked properly on these records.



RESTRICTED FUNDS TRACKING					
Date:	10/31/2011				
Restricted Funds	Balance	Jul-11	Aug-11	Sep-11	Oct-11
Heron Pte	\$73.22	\$73.22			
Crestwood	\$183.51	\$183.51			
Crestwood - Taylor Woods	\$4,700.00	\$4,700.00			
Dickinson Park Playground	\$7,322.37	\$7,322.37			
Ashcreek	\$186.53	\$186.53			
Maplewood	\$0.00	\$0.00			
April Hill Park	\$0.00	\$0.00			
Tryon Creek WC	\$1,043.35	\$1,043.35	\$1,043.35	\$1,043.35	\$1,043.35
Far SW NA	\$229.61	\$229.61			
Hayhurst	\$8.30	\$8.30			
Trails	\$11,809.81	\$11,809.81			
Stephens Creek Walkway	\$2,010.21	\$2,010.21			
4T Trail	\$2,632.68	\$2,632.68			
Collins View Trail	\$125.00	\$125.00			
Hillsdale NA	\$95.00	\$95.00			
Hillsdale Bike Coalition	\$1,296.93	\$840.99	\$840.99	\$456.75	\$456.75
Marshall Park - General	\$0.00	\$0.00			
Marshall Park National Night Out	\$80.00	\$505.00			
Multonmah Arts Center	\$2,000.00	\$2,000.00			
Multonmah Outdoor Cinema	\$1,596.65	\$1,680.15			
Friends of Sp Garden Pk	\$3,483.13	\$3,483.13			
SWHRL	\$832.87	\$832.87			
SWHRL Old Orchard Trail	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00
SWHRL Save the Elm	\$150.00	\$150.00			
S Burlingame	\$258.51	\$258.51			
SB Hearty Plant Soc Grant	\$454.20	\$454.20			
SB Sign Caps	\$50.00	\$50.00			
Special Projects Grants/Comm. Committee	\$450.00	\$450.00			
Added in March W Mult Soil & Water Conserv Dist	\$2,940.00	\$2,940.00	\$2,940.00	\$2,940.00	\$2,940.00
Total	\$44,238.88	\$44,289.44	\$44,847.94	\$44,140.72	\$43,642.77
Grants					
Hillsdale Graffiti Grant	\$2,495.00	\$2,495.00	\$2,495.00	\$589.00	\$839.00
Neigh Grants 09/10 - Added to 10/11 Grants	\$756.43	\$756.43	\$756.43	\$756.43	
Neighborhood Grants 10/11	\$9,220.25	\$7,702.06	\$6,369.77	\$5,685.19	\$6,191.62
	\$12,471.68	\$10,953.49	\$9,621.20	\$7,030.62	\$7,030.62
Restricted Funds Total	\$56,710.56	\$55,242.93	\$54,469.14	\$51,171.34	\$50,673.39

Key Business Money Market Checking 794	Balance	Jul-11	Aug-11	Sep-11	Oct-11
SOUTHWEST NEIGHBORHOODS INC					
Beginning balance 6-30-11					\$32,282.69
5 Additions					+15,173.52
20 Subtractions					-13,199.93
Interest paid					+2.90
Ending balance 7-31-11					\$34,259.18
SOUTHWEST NEIGHBORHOODS INC					
Beginning balance 7-31-11					\$34,259.18
12 Additions					+17,829.29
12 Subtractions					-6,400.91
Interest paid					+3.88
Ending balance 8-31-11					\$45,691.44
SOUTHWEST NEIGHBORHOODS INC					
Beginning balance 8-31-11					\$45,691.44
18 Additions					+8,093.07
21 Subtractions					-8,849.44
Interest paid					+3.56
Ending balance 9-30-11					\$44,938.63
SOUTHWEST NEIGHBORHOODS INC					
Beginning balance 9-30-11					\$44,938.63
11 Additions					+32,403.45
22 Subtractions					-13,186.77
Interest paid					+2.27
Ending balance 10-31-11					\$64,155.58

During October 2011, the out of balance activity between the *Restricted Funds Tracking Sheet* and Key Restricted account changed from not having enough funds in the bank account, to **having too much money** in the account. This was due to SWNI depositing two checks on October 21, 2011 that were not reported to any fund on the *Restricted Funds Tracking Sheet*. The two checks deposited totaled \$20,154.44 and were from an insurance company for loss claims made by SWNI (*reference Examination #2*). The claim checks were not reported in a restricted fund on the *Restricted Funds Tracking Sheet*, and resulted in an over-balance of \$14,082.19 in the Key Restricted account. As seen in the chart below, when this deposit occurred, the out of balance difference showed the bank account was holding more money than was being tracked by SWNI.



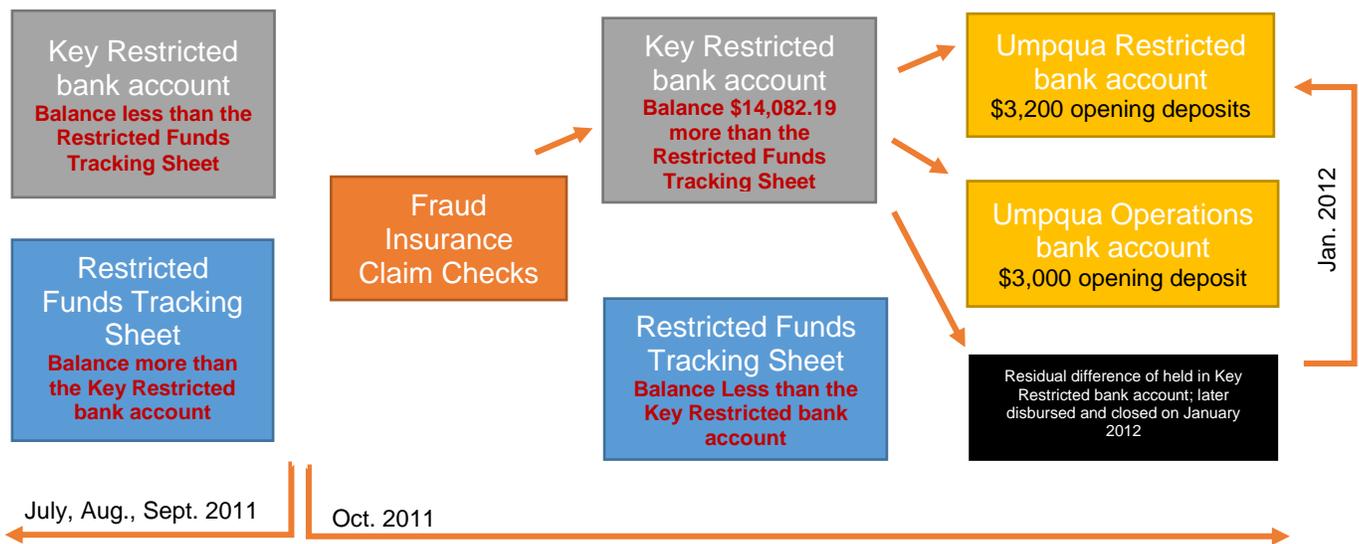
	July 2011 Balance	August 2011 Balance	September 2011 Balance	October 2011 Balance
Restricted Funds Tracking Sheet	\$55,242.93	\$54,469.14	\$51,717.34	\$50,073.39
Key Bank Restricted account ending 4797	\$34,259.18	\$45,691.44	\$44,938.63	\$64,155.58
Out of Balance Difference	\$20,983.75 <u>Less</u> money in bank account than on Restricted Funds Tracking Sheet	\$8,777.70 <u>Less</u> money in bank account than on Restricted Funds Tracking Sheet	\$6,778.71 <u>Less</u> money in bank account than on Restricted Funds Tracking Sheet	\$14,082.19 <u>More</u> money in bank account than on Restricted Funds Tracking Sheet

Float Balance Lifecycle

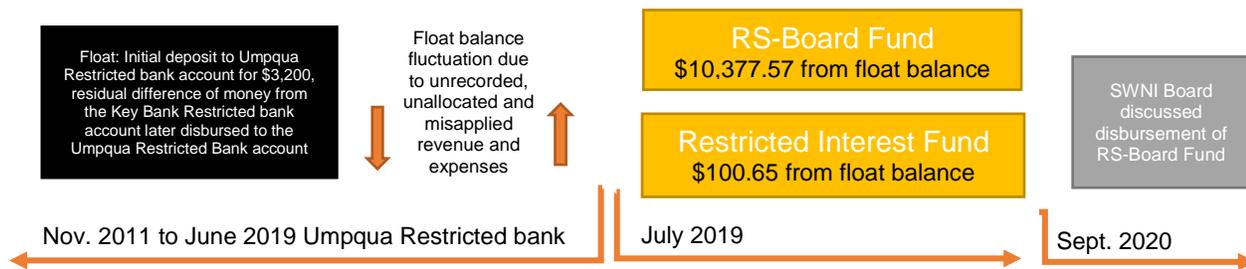
Immediately following the insurance claim checks deposited on October 21, 2011, SWNI issued three checks that cleared on October 26, 2011 to open the two new bank accounts at Umpqua Bank. A check for \$3,000.00 was used to open the Umpqua Bank Operations account (“Umpqua Operations”) and \$3,200 was used to open the Umpqua Restricted account.

Business Banking Statement October 31, 2011 page 3 of 4								
18104794								
Subtractions (cont)								
Paper Checks * check missing from sequence								
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
9946	10-7	160.38	*9953	10-11	75.00	*9959	10-26	50.00
9947	10-7	306.00	9954	10-20	58.00	*9961	10-26	3,000.00
9948	10-7	149.06	*9956	10-12	25.00	9962	10-26	3,000.00
9949	10-7	235.18	9957	10-20	1,330.00	*9964	10-26	200.00
*9951	10-3	10.00						
Paper Checks Paid								\$9,234.62

The original source of money for the “float” balance originated from the loss insurance claim checks that SWNI had received in October 2011.



The insurance claim checks deposit were the beginning of the “float” in the Umpqua Restricted account, which was not tracked to an Association on the *Restricted Funds Tracking Sheet* and was underreported on the balance sheet for the restricted funds. The float amount fluctuated each month based on a continuation of unrecorded, unallocated and misapplied revenue and expenses that was out of balance with the Umpqua Restricted account (*reference Examination #4*). Forensic auditors observed the float amount fluctuated from about \$6,000 to \$12,000 over the sampled months in the eight-year period. Then in July 2019, there were two new financial system funds created, “RS-Board” Fund for \$10,377.57 and an “RS-Restricted Interest” Fund for \$100.65, which was then reported on the balance sheet and *Restricted Funds Tracking Sheet*.



Force Balancing of Tracking Sheets and Bank Account

It appeared SWNI had force balanced the *Restricted Funds Tracking Sheet* to the Umpqua Restricted account, as all monies needed to be tracked and managed. The two new funds in July 2019 did not track the amounts dollar-for-dollar between the two records when the RS-Board fund was created. The difference between the two records was less than a 1% difference, which demonstrated that SWNI was mismanaging the tracking of the Association funds. During the October 2020 Board Meeting there was discussion about disbursing the restricted RS-Board fund to the Umpqua Operations account. Given the Board fund was a restricted fund, and was created by SWNI to be restricted, it seemed inappropriate that the money would be moved to operations. This demonstrated that SWNI was mishandling restricted funds.



Southwest Neighborhoods, Inc. (SWNI)
Balance Sheet Prev Year End Comparison
As of July 31, 2019

	<u>Jul 31, 19</u>	<u>Jun 30, 19</u>	<u>\$ Change</u>	<u>% Change</u>
Temp Rstrd Net Assets				
RS-Restricted Interest	100.65	0.00	100.65	100.0%
RS-Board	10,377.57	0.00	10,377.57	100.0%
RS-ACNA Community Events	1,905.85	2,105.85	-200.00	-9.5%
RS-ANA General	1,403.12	1,403.12	0.00	0.0%
RS-ANA Community Bldg. & Safety	1,598.89	861.44	737.45	85.61%
RS-ANA AshCrest CEP	1,778.26	1,778.26	0.00	0.0%
RS-SWNI Patty Lee Project	3,177.16	3,177.16	0.00	0.0%
RS-BNA Community Events	2,347.93	3,167.93	-820.00	-25.88%
RS-CNA Community Events	0.45	0.45	0.00	0.0%
RS-CNA Dickinson Park Playgrnd	7,377.37	7,377.37	0.00	0.0%
RS-CNA Friends of Woods Park	9,154.94	9,154.94	0.00	0.0%
RS-CNA Taylor Woods	4,700.00	4,700.00	0.00	0.0%
RS-CVNA General				
RS-FSNA General				
RS-HANA General				
RS-HANA Sign Topper Pro				
RS-HONA General				
RS-HONA Sign Caps				
RS-MANA General				
RS-MANA Community Eve				
RS-April Hill Park				
RS-MKNA Community Events	1,053.61	1,053.61	0.00	0.0%
RS-MPNA Nat'l Night Out	346.09	346.09	0.00	0.0%
RS-MPNA Sign Caps	882.94	736.54	146.40	19.88%
RS-MPNA Marshall Park Playgrnd	5,562.68	5,562.68	0.00	0.0%
RS-MUNA General	97.63	97.63	0.00	0.0%
RS-MUNA Community Events	362.26	362.26	0.00	0.0%
RS-MUNA Land Use	-96.89	304.23	-401.12	-131.85%
RS-MUNA NA Study Guide	1,000.00	1,000.00	0.00	0.0%
RS-Friends Spring Garden Park	2,532.55	2,532.55	0.00	0.0%
RS-SBNA General	747.86	647.86	100.00	15.44%
RS-SBNA Land Use Review Fund	1,286.06	1,286.06	0.00	0.0%
RS-SPNA Community Events	950.18	950.18	0.00	0.0%
RS-SWHRL Community Events	1,639.43	1,639.43	0.00	0.0%
RS-SWHRL Old Orchard Trail	225.00	225.00	0.00	0.0%
RS-SWHRL Save Our Elms	1,050.00	1,050.00	0.00	0.0%
RS-SWHRL Council Crest	559.73	559.73	0.00	0.0%
RS-SWHRL Vista-Spring Project	441.00	441.00	0.00	0.0%
RS-WPPNA General	365.71	365.71	0.00	0.0%
Total Temp Rstrd Net Assets	76,256.02	66,288.09	9,967.93	15.04%
Unrestricted Net Assets	62,541.58	92,176.59	-9,635.01	-10.45%
Net Income	3,798.27	842.53	2,955.74	350.62%

Last statement: June 30, 2019
This statement: July 31, 2019

MAIN STREET PLUS CHECKING

Account number	0973934383	Beginning balance	\$76,765.63
Low balance	\$76,730.67	Additions/Deposits	\$14,115.72
Average balance	\$79,737.56	Withdrawals/Subtractions	\$14,050.00
Interest paid year to date	\$4.61	Ending balance	\$76,831.35
Interest earned	\$0.68		



Examination #2	Where was the money taken from during the fraud incident and did SWNI recover any money or receive restitution from the fraud incident?
Findings:	<ul style="list-style-type: none"> • The theft of money (fraud incident) was reported to police by SWNI in October 2010. • Records from fiscal year 2011 and 2012 reflected there was – <ul style="list-style-type: none"> ○ Multiple fraud schemes (theft) by former employee ○ Financial losses from 2003 to 2010 were due to theft ○ SWNI received limited professional services to investigate the theft • The former employee was criminally convicted of 11 counts of theft during fiscal year 2012. • The Executive Director’s delay (5 years) in notifying authorities or the Board of \$19,570.00 in unauthorized debt to a SWNI credit card allowed the former employee who was convicted of theft additional opportunity to embezzle, and there was no accountability for the Executive Director who had converted SWNI debt to personal debt. • Other individuals that were responsible for financials were not held accountable and continue to manage the organization.
Impact:	<ul style="list-style-type: none"> • SWNI determined their losses were \$174,265.25 resulting from the theft. • City of Portland grant funding was over expensed by SWNI during the years when the theft was being conducted from 2003 to 2010; SWNI acknowledged that 90% of their budget comes from grants from the City of Portland. • The court ordered the former employee to pay restitution in the amount of \$170,888.23 to SWNI. • SWNI recovered and received restitution totaling from \$34,751.51 to \$35,044.51, when considering payroll and vacation recovered, restitution received through the Oregon Judicial Department and insurance claim payouts • SWNI did not communicate or provide to Civic Life (ONI) information regarding the extent from the theft, including the financial losses calculated by the professional service providers, the money recovered and the restitution awarded, and the possibility or amount of over expensing grant reimbursements during these periods.



Results Summary

An analysis was completed on the following SWNI bank statements: Key Restricted account, Umpqua Restricted account, and Umpqua Operations account. An analysis was also performed on the financial system bank account *Reconciliation Detail and Summary Reports, Profit and Loss Performance Reports*, along with supporting information about bank account transactions and activity that was provided by SWNI. Other records utilized for analysis included the Portland Police Bureau report (“police report”) from October 2010 and criminal court case details from the Oregon Judicial Case Information Network/Oregon eCourt Case Information (OJCIN/OECI) system. It was determined that fraudulent activity had occurred at SWNI that resulted in financial losses to the Key Restricted account and the Key Bank Operations bank account (“Key City”). A former employee responsible for SWNI bookkeeping was criminally convicted of felonious theft in 2012.

The forensic examination found total money recovered and received as restitution ranged between a total of \$34,751.51 to \$35,044.51. This amount included the loss insurance claim checks (*reference Examination #1*), restitution payments summed between \$11,220.00 to \$11,513.00, and payroll and vacation checks totaling \$3,377.07 not negotiated by the former employee. The total amount recovered and received was less than the amount of total financial loss to SWNI, estimated at \$174,265.25.

Forensic Examination

In January 2012, SWNI documentation showed there was \$130,000.00 stolen by a former employee “through mismanagement of our accounting systems...” and that the former employee had “...stolen funds going back to 2003” until the time when SWNI “...discovered the theft on Oct. 9, 2010.” Additionally, SWNI documentation showed that there was \$18,833.25 in direct costs for professional services to “help SWNI prepare its insurance claim and rebuild its accounting system.” In total, considering volunteer hours, SWNI determined their losses were \$174,265.25.





Southwest Neighborhoods, Inc.

7688 SW Capitol Highway, Portland, OR 97219 (503) 823-4592

January 5, 2012

Multnomah County Adult Community Justice
District Office
421 SW Fifth Avenue
Portland, OR 97204

Re: [REDACTED] Pre-Sentencing Report

Dear [REDACTED]

Southwest Neighborhoods, Inc. (SWNI) is small public benefit nonprofit serving 17 neighborhood associations (approximately 65,000 residents) and three business associations (approximately 39,000 jobs) in Southwest Portland. SWNI's mission is to "empower citizen action to improve and maintain the livability of Southwest neighborhoods." SWNI has a staff of 4.5 FTE and a budget of approximately \$369,000; 90% of our budget is from grants from the City of Portland.

[REDACTED] was employed as SWNI's office manager for over 15 years, and during that time [REDACTED] built the trust of our community. [REDACTED] has admitted that [REDACTED] stole approximately \$130,000 by deceiving us, primarily through mismanagement of our accounting systems. SWNI relies on volunteer time, talent and energies to accomplish our mission, and [REDACTED] put all of that at risk. We believe that [REDACTED] understood that we are a volunteer-driven organization and that [REDACTED] actions would negatively impact our community.

Since the discovery of the theft in October 2010, we have had to rebuild trust within the community. We spent approximately 3000 hours of volunteer time making sure that our member associations and citizens were not negatively impacted, fixing the accounting systems that [REDACTED] used to deceive us, and putting policies in place to prevent this from happening again.

SWNI was not able to hire new staff to fill her position due to the lack of funds. The only way we were able to recover the stolen funds over the past year was to use the salary savings to replenish the SWNI accounts that [REDACTED] stole from. A significant amount of volunteer hours were needed to make up for this loss of staff resources.

SWNI requests \$175,000 in restitution to make up for the impact of [REDACTED]'s theft, from the time we discovered the theft on Oct. 9, 2010 through December 31, 2011. The table below

details how we arrived at that amount. Volunteer time is calculated at \$8.50/hour (2011 Oregon minimum wage).

\$130,000	Amount of funds stolen by [REDACTED] ; deception
\$18,633.25	Direct costs for professional services needed to help SWNI prepare its insurance claim and rebuild its accounting system, including: <ul style="list-style-type: none"> • [REDACTED] (legal counsel, including forensic accountant and copying charges) • Key Bank (copies of missing bank statements) • [REDACTED] (QuickBooks) • [REDACTED] (policy counsel)
\$6,052	Extra SWNI volunteer hours needed to prepare and negotiate the insurance claim, and manage SWNI affairs to address the theft and prevent it from happening again in the future, including rebuilding its accounting system (712 hours @ \$8.50/hour)
\$25,432	Extra SWNI volunteer hours needed to conduct SWNI business due to insufficient funds to replace office manager position (2280 hours @ \$8.50/hour)
\$174,265.25	Total

SWNI documented that [REDACTED] has stolen funds going back to 2003, but we believe that [REDACTED] may have victimized SWNI by stealing from our accounts from the day [REDACTED] was hired, based on an informal conversation with a previous employer. [REDACTED] was known to give people lavish gifts as a way to build trust. We are concerned that, given the nature of [REDACTED] theft by deception, that [REDACTED] may seek out another victim and commit a similar crime in the future. We are not certain that community service or counseling will prevent this from happening again, and believe jail time may be necessary to help [REDACTED] understand the seriousness of [REDACTED] crimes against the people within the SWNI community.



On October 9, 2010, SWNI filed a police report for the theft by the former employee. Subsequent to the police report, SWNI had received professional services to prepare the loss insurance claims. The professional service provider disclosed to the police detective there was at least six methods of theft that had occurred at SWNI, and the police detective captured those schemes in the police report as:

1. Additional payroll checks to the former employee that were off-cycle and unearned
2. Checks written to the former employee but the financial system would show SWNI as the payee
3. Checks written to the former employee that were unrecorded in the financial system
4. Checks written to the former employee but the financial system would show a vendor as the payee
5. Payments to the former employee's personal credit cards, including American Express
6. Stolen cash donations by the former employee from fundraising functions and never deposited

The methods of theft, one through five, described in the police report appeared to directly affect expenses that SWNI would have passed along for reimbursement to the Civic Life (ONI) for grant money during the years when the theft was occurring, from at least 2003 to 2010. SWNI had demonstrated that Civic Life (ONI) grant money was expensed for payroll and operations, and acknowledged that "90% of our budget is from grants from the City of Portland." The sixth method of theft as described in the police report was stolen cash donations and would have affected the board and restricted funds for Associations project, events and programs.



CASE NO: 10-84189
 CLASSIFICATION: THEFT BY EMBEZZLEMENT
 TYPE: Incident Traffic Accident
 Custody Special
 SUBJECT'S NAME: [REDACTED]
 SEX: F RACE: W DOB: 051057

LOCATION OF OCCURRENCE: 7688 SW CAPITOL HWY, #3, PORTLAND, OR

NARRATIVE: The order of appearance for additional information will be:
 ITEM 1: ADDITIONAL PERSON INFO—List all persons (not suspects) and identify their involvement with the appropriate code. Additional person info includes contact.
 ITEM 2: ADDITIONAL SUSPECT INFO—Report all suspect info on additional Incident Reports. Each suspect must have a valid crime analysis description. Detail in the narrative only suspect info not covered in the forms.
 ITEM 3: ADDITIONAL VEHICLE INFO—List additional vehicles in the same fashion as reported in the vehicle section. Include the identifying code.
 ITEM 4: ADDITIONAL WORTHLESS DOCUMENTS—Record multiple worthless documents on a Multiple Worthless Document form and attach as additional pages. Record in the narrative the number of worthless documents written.
 ITEM 5: ADDITIONAL PROPERTY—Record no more than four additional items of property in the narrative—use a Special Report and attach as additional pages.
 ITEM 6: ADDITIONAL OFFICERS—List all officers present and identify their involvement with the incident being reported.
 ITEM 7: SUMMARY—A short summary of the incident if the narrative is more than one full page in length.
 ITEM 8: NARRATIVE—List in chronological order all of the relevant details in the incident and/or elements of the crime or violation.

ITEM CODE

I called [REDACTED] the attorney SWNI hired to help them get the financial records together so they could make a claim with their insurance company.

After introducing myself to I [REDACTED], I asked her how the investigation was going. [REDACTED] told me [REDACTED] still obtaining SWNI's financial records from Key Bank. [REDACTED] said they have some records at the present time, but are waiting for more to come in. [REDACTED] also told me that [REDACTED] job is to go over all the records and find out what the actual theft was, and how the thefts occurred. [REDACTED] also said [REDACTED] was going to make spreadsheets and gather the evidence so it could be submitted to SWNI's insurance company so they could be reimbursed for some of their loss.

[REDACTED] told me they will try to do as much as possible to help SWNI, but because SWNI is a non-profit they have only a limited amount of funds to use in the investigation of this incident. [REDACTED] said basically what [REDACTED] is going to do is find enough theft losses to cover SWNI's insurance deductible and then go up to the maximum amount they could get for each year of the theft. [REDACTED] told me that as far as other things are concerned like going through the SWNI computer that [REDACTED] used to try and get [REDACTED] email and things of that nature, they will not do that because it is not budgeted as a priority since it would not help with the insurance claim. [REDACTED] then added that regarding the computer use, [REDACTED] said [REDACTED] was told that [REDACTED] used to bring [REDACTED] own laptop to work to use and [REDACTED] laptop used to "communicate" with [REDACTED] home computer so that [REDACTED] could take some work home with [REDACTED] told me because of this [REDACTED] does not know what other information or evidence could be in any of these computers.

[REDACTED] told me that at the present time, from the Key Bank financial records [REDACTED] has, it appears there is a loss of approximately \$11,000 in 2010 and approximately \$9,000 in 2009. [REDACTED] said with the financial records they have now, there is evidence of theft occurring all the way back to 2003.

[REDACTED] then told me the different methods of thefts [REDACTED] discovered during investigation into this matter, so far. [REDACTED] told me one of the ways [REDACTED] stole from SWNI is that [REDACTED] gave [REDACTED] additional "payroll" checks. [REDACTED] said SWNI employees would get paid every two weeks, and [REDACTED] investigation uncovered many extra checks supposedly for payroll that [REDACTED] obtained.

[REDACTED] said the second method [REDACTED] used to steal from SWNI is that [REDACTED] wrote checks to [REDACTED] But in the SWNI QuickBooks records entered these as being payable to "Southwest Neighborhoods Inc." or to "SWNI."

[REDACTED] told me the third method [REDACTED] used to steal from SWNI was that [REDACTED] wrote checks out to [REDACTED] that did not record in QuickBooks.

CLASSIFICATION: THEFT BY EMBEZZLEMENT
 TYPE: Incident Traffic Accident
 Custody Special
 SEX: F RACE: W DOB: 051057

7688 SW CAPITOL HWY, #3, PORTLAND, OR

ITEM 1: ADDITIONAL PERSON INFO—List all persons (not suspects) and identify their involvement with the incident being reported. Additional person info includes contact.
 ITEM 2: ADDITIONAL SUSPECT INFO—Report all suspect info on additional Incident Reports. Detail in the narrative only suspect info not covered in the forms.
 ITEM 3: ADDITIONAL VEHICLE INFO—List additional vehicles in the same fashion as reported in the vehicle section. Include the identifying code.
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 ITEM 5: ADDITIONAL PROPERTY—Record no more than four additional items of property in the narrative—use a Special Report and attach as additional pages.
 ITEM 6: ADDITIONAL OFFICERS—List all officers present and identify their involvement with the incident being reported.
 ITEM 7: SUMMARY—A short summary of the incident if the narrative is more than one full page in length.
 ITEM 8: NARRATIVE—List in chronological order all of the relevant details in the incident and/or elements of the crime or violation.

ITEM CODE

[REDACTED] told me this method, as in the method described above, was revealed by going through the QuickBooks records, looking at the SWNI bank statements, and looking at the cancelled checks that show [REDACTED] as the payee.

[REDACTED] said the fourth method [REDACTED] used was that [REDACTED] again wrote out checks to [REDACTED], but recorded them into QuickBooks as being payable to a legitimate vendor of SWNI's.

[REDACTED] said she was also able to confirm that [REDACTED] paid [REDACTED] personal American Express credit card bill with SWNI funds from their Key Bank accounts. [REDACTED] said they confirmed all of these checks, and e-checks, with the spreadsheet I had given to [REDACTED] earlier, after I had obtained personal American Express credit card account.

Finally, [REDACTED] told me [REDACTED] also stole cash from SWNI. [REDACTED] said oftentimes at functions people would donate cash to SWNI. [REDACTED] said [REDACTED] was responsible for receiving these cash donations and depositing them. [REDACTED] said an example, see Exhibit # 6, [REDACTED] has documents showing the amount of donations received by SWNI at one event. The amount of cash received and the amount of the checks received is also listed on this documentation. When [REDACTED] looked at the SWNI Key Bank accounts, [REDACTED] found a deposit for the exact dollar amount of the checks from this function, but none of the cash was deposited.

REPORTING OFFICERS: [REDACTED] DPSST: 18164 PREC/DIV: DET RLF/SHIFT: M ASSN/DIST: WCC SUPERVISOR: [REDACTED]



SWNI's documentation reflected that theft losses affected both the Key City and the Key Restricted accounts; SWNI described to forensic auditors that their grants from Civic Life (ONI) were contained in the Key City account, and the Key Restricted account was for the Board and Associations monies. However, SWNI did not appear to have the professional service providers determine the full extent of the theft and financial losses within each of the accounts to determine the specific financial impact to grant funds or the restricted monies held for the Associations. A professional service provider informed the detective that the extent of the investigation into the theft was limited by insurance policy thresholds, as SWNI had a limited amount of funds to use for the professional services.

The police investigation led to the former employee being convicted of 11 counts of felonious theft in the first degree. On January 5, 2012, SWNI had requested \$175,000.00 in restitution, and on January 20, 2012 the court ordered a sentence of \$170,888.23 in restitution.

01/20/2012	Disposition (Judicial Officer: Unassigned, Judge) 1. Aggravated Theft in the First Degree Convicted 10. Theft in the First Degree Convicted 11. Theft in the First Degree Convicted 2. Aggravated Theft in the First Degree Convicted 3. Aggravated Theft in the First Degree Convicted 4. Aggravated Theft in the First Degree Convicted 5. Aggravated Theft in the First Degree Convicted 6. Theft in the First Degree Convicted 7. Aggravated Theft in the First Degree Convicted 8. Theft in the First Degree Convicted 9. Aggravated Theft in the First Degree Convicted Created: 01/20/2012 12:00 AM
01/20/2012	Sentence (Judicial Officer: Unassigned, Judge) 1. Aggravated Theft in the First Degree Converted Disposition: Restitution \$170888.23 Payee S W N I Victim Unitary Assessment \$107.00 Waived Offense Surcharge \$35.00 Waived Converted Disposition: Probation Cond..... All General Conditions Apply Guidelines: Severity 5 History I Departure: Duration(UP) Special Condition: DNA Blood Draw Probation to Community Corrections - Month(s): 60.00 11 No Contact w/Victim 14 No Trespassing 46 Advise Nature of Crime 47 Employment Info to PO 48 No Employment w/Money 49 Provide Financial Rods 50 No Trans Over \$200 51 No Credit Cd/Checks/ID 02 Judicial Supervision Created: 02/22/2012 12:00 AM

Evidence reflected SWNI had not communicated or provided to Civic Life (ONI) information regarding the extent from the theft, including the financial losses calculated by the professional service providers, the money recovered and the restitution awarded, and the possibility or amount of over expensing grant reimbursements during these periods. The monies recovered and received as restitution were reflected in Board financial reporting as other income on SWNI's *Profit and Loss Performance* reports and on the monthly *Reconciliation Detail and Summary*.



4:15 PM	Southwest Neighborhood, Inc. (SWNI)					
11/02/11	Reconciliation Detail					
	KeyBank Board, Period Ending 10/31/2011					
	Type	Date	Num	Name	Clr	Amount
	Deposits and Credits - 12 items					
	Deposit	10/21/2011			X	20,154.44

SWNI's Key Restricted account statement from October 2011 reflected a deposit for \$20,154.44. This deposit was also recorded in the financial system on the reconciliation detail on October 21, 2010. The deposit ticket and receipt from Key Bank showed that there were two checks in this deposit. Those checks were for loss insurance claim payments.

Key Business Money Market Checking 4794		SOUTHWEST NEIGHBORHOODS INC	
Beginning balance 9-30-11	\$44,938.63	11 Additions	+32,403.45
22 Subtractions	-13,188.77	Interest paid	+2.27
Ending balance 10-31-11	\$64,155.58		
Additions			
Deposits	Date	Serial #	Source
	10-21		Deposit Branch 0018 Oregon
			20,154.44
			Total additions \$32,403.45

KeyBank

3515 SW Troy St.
Portland, OR 97219
Tel: 1-800-KEY2YOU

10/21/2011 01:07 PM CC #0001837
Teller: AULTMIC Seq #00087

Deposit-Checking/Money Market
Acct # **** 4794 \$ 20,154.44
Checks on deposit \$ 20,154.44

Paid To Client \$ 0.00

The transaction for which this receipt is issued is subject to the rules, regulations and practices of KeyBank in force at the time of this transaction. Retain this receipt until verified with your statement of account.

Thank You for Choosing KeyBank.

CASH
3-50 19000.00
3-50 10154.44
20154.44

WACHOVIA BANK, N.A. PHILADELPHIA, PA 19106
DATE 05/19/2011 CHECK NUMBER 1110991208

PAY TO THE ORDER OF SOUTHWEST NEIGHBORHOODS, INC.
AMOUNT \$10,000.00

PAY Ten thousand and 00/100 Dollars

POLICY HOLDER SOUTHWEST NEIGHBORHOODS, INC.
CLAIM # PHNPI0100502959
POLICY NUMBER PIPK564612
DOL 10/11/2010
PAYMENT FINAL
TYPE LOSS

WACHOVIA BANK, N.A. PHILADELPHIA, PA 19106
DATE 10/11/2011 CHECK NUMBER 1111066383

PAY TO THE ORDER OF SOUTHWEST NEIGHBORHOODS, INC.
AMOUNT \$10,154.44

PAY Ten thousand one hundred fifty four and 44/100 Dollars

POLICY HOLDER SOUTHWEST NEIGHBORHOODS, INC.
CLAIM # PHNPI0100502959
POLICY NUMBER PIPK564612
DOL 10/11/2010
PAYMENT FINAL
TYPE LOSS

SWNI also recovered \$3,377.07 from the former employee's payroll and vacation checks that were outstanding. The payroll check from pay period ending October 8, 2010 for \$1,254.56, was voided and reissued on February 3, 2011, along with a vacation check for \$2,122.46 issued on February 3, 2011, both drawn from the Key City account. From February 2011 to January 2012 the two checks remained outstanding, until the checks were again voided and reissued on January 18, 2012, now from the new Umpqua Operations account. These checks were deposited by SWNI on January 20, 2012 into the same Umpqua Operations account. These financial transactions effectively allowed SWNI to recover \$3,377.07 that was owed to the former employee but was never actually expended.



Southwest Neighborhoods
788 SW Capitol Hwy
Portland, OR 97219
503-823-4392

9330

PAY TO THE ORDER OF
One Thousand Two Hundred Fifty-Four and 5/100ths
\$1,254.55

Keybank National Association
Portland, OR 97219
1-800-875-7700
957-2384

FOR Payroll 9/25-10/8
Original check VOIDED + rewritten on Feb 3, 2011

10/26/10

3 Feb 2011

9406

PAY TO THE ORDER OF
One Hundred Fifty-Four and 5/100ths
\$1,254.55

Keybank National Association
Portland, OR 97219
1-800-875-7700
957-2384

FOR Payroll 9-24-10-8

3 Feb 2011

9407

PAY TO THE ORDER OF
Twenty one hundred thirty two and 0/100ths
\$2,122.48

Keybank National Association
Portland, OR 97219
1-800-875-7700
957-2384

FOR Vacation

DEPOSIT TICKET

SWN1

1-20-12

CURRENCY
CHECKS
TOTAL CASH
TOTAL DEPOSIT

DEPOSIT TOTAL \$ 3,377.02

RE-ENTER GRAND TOTAL IN SCREENED BOXES

SOUTHWEST NEIGHBORHOODS INC.
788 SW CAPITOL HWY.
PORTLAND, OR 97219

UNION BANK
1100 SW 5TH AVE
PORTLAND, OR 97204
(503) 466-7700

1/18/2012

PAY TO THE ORDER OF
\$1,254.55

One Thousand Two Hundred Fifty-Four and 55/100ths DOLLARS

TWO SIGNATURES REQUIRED

MEMO
Pay Period 9-24 to 10-8-10 Replace check# 9406

375*

SOUTHWEST NEIGHBORHOODS INC.
788 SW CAPITOL HWY.
PORTLAND, OR 97219

UNION BANK
1100 SW 5TH AVE
PORTLAND, OR 97204
(503) 466-7700

1/18/2012

PAY TO THE ORDER OF
\$2,122.48

Two Thousand One Hundred Twenty-Two and 48/100ths DOLLARS

TWO SIGNATURES REQUIRED

Vac pay accrued thru 10-8-2010 Replace Check #94

375*

SWNI received initial restitution from the former employee through the Oregon Judicial Department as a check for \$9,800.00, which was deposited into the Umpqua Operations account on April 26, 2012. Shortly before the \$9,800.00, SWNI received a restitution payment for \$295.00 that was deposited into the same Umpqua Operations account on April 18, 2012.

Multnomah County Courts 4/20/2012

CASE NUMBER	CASE REFERENCE & DESCRIPTION	AMOUNT
C 110732790	Restitution Payment	\$9505.00
C 110732790	Restitution Payment	\$295.00

Multnomah County Courts 4/18/2012

CASE NUMBER	CASE REFERENCE & DESCRIPTION	AMOUNT
C 110732790	Restitution Payment	\$295.00

April 26, 2012

DEPOSIT TICKET

SWN1

APR 26 2012

CURRENCY
CHECKS
TOTAL CASH
TOTAL DEPOSIT

DEPOSIT TOTAL \$ 9,800.00

RE-ENTER GRAND TOTAL IN SCREENED BOXES

SOUTHWEST NEIGHBORHOODS INC.
788 SW CAPITOL HWY.
PORTLAND, OR 97219

UNION BANK
1100 SW 5TH AVE
PORTLAND, OR 97204
(503) 466-7700

9800.00

STATE OF OREGON
OREGON JUDICIAL DEPARTMENT
Business and Fiscal Services Division
Supreme Court Building
1103 State Street
Salem, OR 97301-2503
1-800-554-2028

Payable Through US Bank

STATE TREASURER
SALEM, OREGON 97301-3895

798496

CHECK NO. 798496

PAY EXACTLY \$295 DOLLARS 00 CENTS

DATE 4/18/2012

AMOUNT \$295.00

PAY TO THE ORDER OF
SWNI
7888 SW CAPITOL HIGHWAY
PORTLAND OR 97219

(VOID AFTER 2 YEARS FROM DATE OF ISSUE)

798

STATE OF OREGON
OREGON JUDICIAL DEPARTMENT
Business and Fiscal Services Division
Supreme Court Building
1103 State Street
Salem, OR 97301-2503
1-800-554-2028

Payable Through US Bank

STATE TREASURER
SALEM, OREGON 97301-3895

798731

CHECK NO. 798731

PAY EXACTLY \$9,800 DOLLARS 00 CENTS

DATE 4/20/2012

AMOUNT \$9,800.00

PAY TO THE ORDER OF
SWNI
7888 SW CAPITOL HIGHWAY
PORTLAND OR 97219

(VOID AFTER 2 YEARS FROM DATE OF ISSUE)

798

STATE OF OREGON
OREGON JUDICIAL DEPARTMENT
Business and Fiscal Services Division
Supreme Court Building
1103 State Street
Salem, OR 97301-2503
1-800-554-2028

Payable Through US Bank

STATE TREASURER
SALEM, OREGON 97301-3895

798496

CHECK NO. 798496

PAY EXACTLY \$295 DOLLARS 00 CENTS

DATE 4/18/2012

AMOUNT \$295.00

PAY TO THE ORDER OF
SWNI
7888 SW CAPITOL HIGHWAY
PORTLAND OR 97219

(VOID AFTER 2 YEARS FROM DATE OF ISSUE)

798

APR 26 2012

DEPOSIT TICKET

SWN1

APR 26 2012

CURRENCY
CHECKS
TOTAL CASH
TOTAL DEPOSIT

DEPOSIT TOTAL \$ 295.00

RE-ENTER GRAND TOTAL IN SCREENED BOXES

SOUTHWEST NEIGHBORHOODS INC.
788 SW CAPITOL HWY.
PORTLAND, OR 97219

UNION BANK
1100 SW 5TH AVE
PORTLAND, OR 97204
(503) 466-7700

295.00



From December 2017 to October 2020 there appeared to have been no restitution paid by the former employee through the Oregon State Judicial Department to SWNI, and court records show that in March 2018 a collection referral judgment¹ was created. The collection referral judgment is an indication that a payment plan established with the court was assigned to a collection agency. Additionally, along with the collection referral judgment, it appeared the court assessed a fee on the restitution balance owed, as a result of having to engage a collection agency in March 2018.

Although SWNI did not demonstrate having attempted active collection efforts on the restitution, the court appeared to have been attempting to collect on SWNI behalf. It was notable that the former employee filed for bankruptcy protection twice, which would make it difficult for the court or SWNI to collect, as the first bankruptcy was while employed at SWNI and second was after the restitution was ordered. The original restitution for \$170,888.23 established a judgment lien that remains active and unsatisfied according to the court records. The official court record reflected the former employee paid a total of \$11,713.00 in restitution towards the outstanding balance due.

JUDGMENT			
CASE No. 110732790			
State of Oregon VS. [REDACTED]		Case Type: Offense Felony	
		Location: Multnomah	
JUDGMENT DETAILS			
Debtor(s) State of Oregon			
Created On: 02/17/2012 At 9:59 AM		Type: Creates Judgment Lien	
Event Date: 02/17/2012		Status: Unsatisfied	
Judicial Officer:			
Fee Amount: \$170888.23			
Comment:			
03/29/2018 Recordation - Collection Referral Judgment Created: 03/29/2018 7:55 AM			
FINANCIAL INFORMATION			
Defendant [REDACTED]			
Total Financial Assessment			215,713.29
Total Payments and Credits			11,713.00
Balance Due as of 11/02/2020			204,000.29
07/19/2011	Transaction Assessment		295.00
02/17/2012	Transaction Assessment		170,888.23
03/12/2012	Transaction Assessment		200.00
06/10/2014	Mail Payment	Receipt # 2014-238655	(25.00)
07/01/2014	Mail Payment	Receipt # 2014-288664	(25.00)
07/29/2014	Mail Payment	Receipt # 2014-344750	(25.00)
09/02/2014	Mail Payment	Receipt # 2014-410449	(25.00)
10/01/2014	Mail Payment	Receipt # 2014-464492	(25.00)
10/28/2014	Mail Payment	Receipt # 2014-517390	(25.00)
12/01/2014	Mail Payment	Receipt # 2014-581941	(25.00)
01/02/2015	Mail Payment	Receipt # 2015-646303	(25.00)
01/28/2015	Mail Payment	Receipt # 2015-707567	(25.00)
03/02/2015	Mail Payment	Receipt # 2015-786059	(25.00)
04/01/2015	Mail Payment	Receipt # 2015-871535	(25.00)
04/28/2015	Mail Payment	Receipt # 2015-948602	(25.00)
05/29/2015	Mail Payment	Receipt # 2015-1037243	(25.00)
07/10/2015	Mail Payment	Receipt # 2015-1159572	(25.00)
07/27/2015	Mail Payment	Receipt # 2015-1199275	(25.00)
07/28/2015	Mail Payment	Receipt # 2015-1205524	(25.00)
08/28/2015	Mail Payment	Receipt # 2015-1299827	(25.00)
09/30/2015	Mail Payment	Receipt # 2015-1393123	(25.00)
10/23/2015	Mail Payment	Receipt # 2015-1475338	(25.00)
11/24/2015	Mail Payment	Receipt # 2015-1572064	(75.00)
12/22/2015	Mail Payment	Receipt # 2015-1651894	(25.00)
01/26/2016	Mail Payment	Receipt # 2016-1748998	(25.00)
02/22/2016	Mail Payment	Receipt # 2016-1836715	(25.00)
03/25/2016	Mail Payment	Receipt # 2016-1962934	(25.00)
04/22/2016	Mail Payment	Receipt # 2016-2075136	(25.00)
06/01/2016	Mail Payment	Receipt # 2016-2205340	(25.00)
06/27/2016	Mail Payment	Receipt # 2016-2301636	(25.00)
07/22/2016	Mail Payment	Receipt # 2016-2393089	(25.00)
08/29/2016	Mail Payment	Receipt # 2016-2512703	(25.00)
09/26/2016	Mail Payment	Receipt # 2016-2607484	(25.00)
10/24/2016	Mail Payment	Receipt # 2016-2703864	(25.00)
11/28/2016	Mail Payment	Receipt # 2016-2812964	(25.00)
12/27/2016	Mail Payment	Receipt # 2016-2887909	(25.00)
02/24/2017	Mail Payment	Receipt # 2017-158457	(25.00)
03/28/2017	Mail Payment	Receipt # 2017-280498	(25.00)
05/05/2017	Mail Payment	Receipt # 2017-409696	(25.00)
05/31/2017	Mail Payment	Receipt # 2017-490848	(25.00)
07/05/2017	Mail Payment	Receipt # 2017-600087	(25.00)
07/28/2017	Mail Payment	Receipt # 2017-662266	(25.00)
08/25/2017	Mail Payment	Receipt # 2017-770971	(25.00)
09/26/2017	Mail Payment	Receipt # 2017-872476	(25.00)
10/27/2017	Mail Payment	Receipt # 2017-969845	(25.00)
11/30/2017	Mail Payment	Receipt # 2017-1066541	(25.00)
03/29/2018	Transaction Assessment		44,625.06

¹ <https://www.courts.oregon.gov/courts/multnomah/payments/Pages/collections.aspx>



Examination #3	How long did it take SWNI to close the Key Bank accounts after the Umpqua Bank accounts were opened and how was the money moved to Umpqua Bank?
Findings:	<ul style="list-style-type: none"> • The Umpqua Bank accounts were opened on October 25, 2011. • The Key Bank accounts were closed January 19, 2012. • There was about a three month transition of financials from when the Umpqua Bank accounts were opened until the Key Bank accounts were closed. • There was comingling of the Key Restricted and Key City bank account money at the time of closure. • SWNI did not demonstrate to have disbursed the comingled money from the Key Bank accounts proportionally between the Umpqua Restricted and Umpqua Operations accounts.
Impact:	<ul style="list-style-type: none"> • There was \$16,789.26 from the Key Restricted account that were not disbursed to the Umpqua Restricted bank account following the Key Bank account closure. • The lack of documentation to justify the comingling of the Key Bank account closures and Umpqua Bank account opening transactions was indicative of financial mismanagement (reference Examination #1).

Results Summary

An analysis was completed on the following SWNI bank statements: Key Restricted account, Key City account, Umpqua Restricted account, and Umpqua Operations account. An analysis was also performed for supporting financial documents provided by SWNI such as the financial system *Balance Sheet* and *Reconciliation Detail and Summary* reports, and images of deposits and withdrawal activity from the bank accounts.

Forensic examination findings are that the Key Restricted and Key City accounts were closed about three months after the Umpqua Restricted and Operations accounts were opened (*reference Internal Controls, Control Activity*). The final closure of the Key Bank accounts was with a single official check that combined the residual balances from the Key Restricted and Key City accounts.

This official check was deposited into the Umpqua Operations account, and it appeared that following the official check deposit, there was not a similar disbursement of money to the Umpqua Restricted account. This was problematic as the majority of the money for the official check came from the Key Restricted account, and seemed to rightfully belong to the Umpqua Restricted account. SWNI lacked supporting documentation with the bank account statements, and accompanying financial system



Reconciliation Detail and Summary reports, to justify the reason why the \$16,789.26 was comingled between Umpqua Restricted account and Umpqua Operations account. The lack of documentation to explain the handling of the Key Bank account closures and Umpqua Bank account opening transactions was evidence of financial mismanagement.

Restricted Fund Checking Accounts Used to hold the neighborhood and business associations, and board money	Operations/City Checking Accounts Used to for SWNI operational expenses, and is the account that receives the deposits from Civic Life
Key Bank – account ending 4797 “Key Restricted”	Key Bank – account ending 1799 “Key City”
Umpqua Bank – account ending 383 “Umpqua Restricted”	Umpqua Bank – account ending 375 “Umpqua Operations”
Umpqua Bank accounts opened October 2011, and the Key Bank accounts were closed January 2012.	

Forensic Examination

On October 25, 2011 the Umpqua Restricted and Operations accounts were opened consisting of three checks from the Key Restricted account, of which \$3,000.00 was used to open the Umpqua Restricted bank account and \$3,200.00 was used to open the Umpqua Operations bank account. The funding for the opening deposits originated with money received by SWNI for the loss insurance claims (*reference Examination #1*).

Then in the December 2011 bank statements showed the beginning of the transition from the Key Bank accounts to the Umpqua Bank accounts. On December 6, 2011 there was a check #99990 that cleared the Key City account for \$43,882.16 and was deposited to Umpqua Operations account. This liquidated the majority of the balance from the Key City account. On December 19, 2011 there was a check #9967 that cleared the Key Restricted account for \$45,337.35 and was deposited to the Umpqua Restricted account. This liquidated a portion of the balance from the Key Restricted account. These transactions are commensurate with what would be expected to transition from one bank/account to another.

Key Business Money Market Checking 1799
SOUTHWEST NEIGHBORHOODS INC

Beginning balance 11-30-11	\$53,311.65
4 Additions	+1,372.39
4 Subtractions	-49,427.18
Interest paid	+0.56
Ending balance 12-31-11	\$5,257.42

Subtractions

Paper Checks * check missing from sequence

Check	Date	Amount
99990	12-6	\$43,882.16

Paper Checks Paid \$43,882.16

Umpqua Bank P.O. Box 1820, Roseburg, OR 97470-4717 • 1-866-486-7782 • www.umpquabank.com

000 00002 01 ACCOUNT: 375 PAGE: 1 12/30/2011

MINIMUM BALANCE	7,928.49	LAST STATEMENT 11/30/11	7,703.49
AVERAGE BALANCE	39,111.44	14 CREDITS	46,237.15
		22 DEBITS	22,328.69
		THIS STATEMENT 12/30/11	31,611.95

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
12/01	225.00	12/12	235.00	12/23	40.00			
12/02	85.00	12/15	230.00	12/27	60.00			
12/05	145.00	12/16	100.00	12/28	200.00			
12/05	43,882.16	12/19	280.00	12/29	50.00			
12/08	340.00	12/22	364.99					

Key Business Money Market Checking 4794
SOUTHWEST NEIGHBORHOODS INC

Beginning balance 11-30-11	\$65,047.48
6 Subtractions	-47,975.20
Interest paid	+1.86
Ending balance 12-31-11	\$17,074.14

Subtractions

Paper Checks * check missing from sequence

Check	Date	Amount
9967	12-19	\$45,337.35

Paper Checks Paid \$45,337.35

Umpqua Bank P.O. Box 1820, Roseburg, OR 97470-4717 • 1-866-486-7782 • www.umpquabank.com

000 00002 01 ACCOUNT: 383 PAGE: 1 12/30/2011

MINIMUM BALANCE	1,929.01	LAST STATEMENT 11/30/11	3,225.55
AVERAGE BALANCE	24,690.93	5 CREDITS	46,528.10
		8 DEBITS	1,331.69
		THIS STATEMENT 12/30/11	48,421.96

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
12/05	20.15	12/28	69.00					
12/16	45,337.35	12/29	1,100.00					



Then on January 19, 2012 there was an official check issued from Key Bank for \$22,332.11 that said “self-account-closeouts,” and reflected closure of both the Restricted and City Key Bank accounts. The balance documented by SWNI at the time of closure was \$16,789.26 from the Key Restricted account, and \$5,542.85 from the Key City account. These funds were comingled on the single official check. The official check was deposited into the Umpqua Operations account on January 19, 2012. The January, February and March 2012 Umpqua Operations account statements never reflected that SWNI had distributed any portion of the \$22,332.11 official check to the Umpqua Restricted account; this seemed problematic as the majority of the money \$16,789.26 that comprised the official check was liquidated from the Key Restricted account. This was evidence of financial mismanagement.

1/19/12

CURRENCY	
COMB	
TOTAL CASH	
CHECKS	
	22,332.11

Board Key Bank 4794
16,789.26
City Key Bank
5,542.85
\$ 22,332.11

OFFICIAL CHECK
Customer Copy
025061923
Date 01/19/2012
Remitter SELF-ACCT CLOSEOUTS

Pay To The Order Of: SOUTHWEST NEIGHBORHOODS INC.
Amount: \$ 22,332.11

OFFICIAL CHECK
Customer Copy
025061923
Date 01/19/2012
Remitter SELF-ACCT CLOSEOUTS

Pay To The Order Of: SOUTHWEST NEIGHBORHOODS INC.
Amount: \$ 22,332.11

Pay: TWENTY-TWO THOUSAND THREE HUNDRED THIRTY-TWO DOLLARS AND 11 CENTS

Umpqua Bank P.O. Box 1820, Roseburg, OR 97470-4717 • 1-866-486-7782 • www.umpquabank.com

ACCOUNT: 000 00002 01 375 PAGE: 1
01/31/2012

MINIMUM BALANCE	15,175.13	LAST STATEMENT 12/30/11	31,611.95
AVERAGE BALANCE	42,105.58	9 CREDITS	84,134.79
		28 DEBITS	25,930.63
		THIS STATEMENT 01/31/12	89,816.11

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	01/05	535.00		01/17	65.00		01/24	50.00
	01/09	325.00		01/19	22,332.11		01/24	57,196.68
	01/10	28.98		01/20	3,377.02		01/30	225.00

CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT
5004*	01/03	24.24	5028*	01/05	51.90	5037	01/30	33.00
5020*	01/05	861.25	5030	01/19	51.51	5038	01/30	461.24
5023	01/13	570.11	5031	01/20	2,249.19	5039	01/30	175.49
5024	01/04	1,421.00	5032	01/20	30.00	5040	01/25	70.95
5025	01/05	461.24	5033	01/20	30.00	5041*	01/30	398.48
5026	01/05	398.48	5034	01/20	1,254.56	5044*	01/27	1,600.00
5027	01/03	33.56	5035*	01/20	2,122.46	5048	01/31	62.95

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

The January 31, 2012 and February 28, 2012 Balance Sheets for the “Restricted Accounts – Agent” and “Restricted Accounts- Sponsorship” do not reveal any restricted account for the “Board”, further indicating that the \$16,789.26 was misappropriated from the Umpqua Restricted account. There appeared to be no logical reason or justification documented for why the money was not moved into the Umpqua Restricted account where it rightfully belonged prior to being comingled. A lack of justification for comingling the \$16,789.26 was evidence of financial mismanagement (reference Examination #3).



Accrual Basis

Southwest Neighborhood, Inc. (SWNI)
Balance Sheet

Jan 31, 12

ASSETS

Current Assets

Checking/Savings	
Umpqua Operations Account	85,833.00
Umpqua Restricted Account	67,894.37
Total Checking/Savings	153,727.37

Accounts Receivable	
Accounts Receivable	19,637.95
Total Accounts Receivable	19,637.95

Total Current Assets	173,365.32
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TOTAL ASSETS

173,365.32

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	
Accounts payable	7,113.76
Total Accounts Payable	7,113.76

Credit Cards	
SWNI Credit Card	4,942.89
Total Credit Cards	4,942.89

Other Current Liabilities

Restricted Accounts - Agent	
Ashcreek	230.53
Far SW	229.61
Hayhurst	8.30
Collins View Trail	125.00
Hillsdale	95.00
SWHRL - Old Orchard Trail	225.00
South Burlingame - General	603.51
South Burlingame - Hardy Plant	454.20
Marshall Park - General	20.00
Marshall Park Nat'l Night Out	537.00
Total Restricted Accounts - Agent	2,528.15

Restricted Accounts-Sponsorship	
2012 ARNOLD CREEK 100 Heartsave	576.65
2012 CRESTWOOD Dickinson Park	2,000.00
2012 CRIME PREV AND PUBLIC SAFE	1,438.37
2012 FAR SOUTHWEST NA	500.00
2012 HAYHURST	1,518.00
2012 HILLSDALE NA	1,500.00
2012 HOMESTEAD Neighbor Small	997.56

2012 MAPLEWOOD NA Grand Centenn	1,650.00
2012 MULT Arts Center Assoc	1,500.00
2012 MULTN Spring Garden Park	1,524.00
2012 NEIGHBORHOOD HOUSE	2,000.00
2012 ROBERT GRAY MIDDLE SCHOOL	2,000.00
2012 SOUTH BURLINGAME NA	625.00
2012 SO PORTLAND Neighborhood	1,000.00
2012 TRYON CREEK WC	1,996.50
2012 SWHRL - General	882.67
2012 Hillsdale Comm Foundation	1,000.00
Homestead Sign Caps	90.00
Friends of Woods Park	2,100.00
2011 Hayhurst School	1,000.00
2011 Hayhurst - Cedar Sinal	595.00
West Multnomah Soil & Water	315.00
SWNI Communications	174.00
South Burlingame - Sign Caps	1,112.00
SWHRL - Save the Elm	150.00
Friends of Spring Garden Park	3,320.36
Multnomah Outdoor Cinema	1,411.84
Hillsdale Bike Coalition	456.75
4T Trail	2,532.88
Stephens Creek Walkway	2,010.21
Trails	11,580.81
Dickinson Park Playground	7,622.37
Crestwood Taylor Woods	4,700.00
Heron Pte	14.98
Restricted Accounts-Sponsorship - Other	-755.66

Total Restricted Accounts-Sponsorship	61,107.29
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Southwest Neighborhood, Inc. (SWNI)
Balance Sheet

As of February 29, 2012

Feb 29, 12

ASSETS

Current Assets

Checking/Savings	
Umpqua Operations Account	69,818.43
Umpqua Restricted Account	66,720.78
Total Checking/Savings	136,539.21

Accounts Receivable	
Accounts Receivable	18,418.03
Total Accounts Receivable	18,418.03

Total Current Assets	154,957.24
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TOTAL ASSETS

154,957.24

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	
Accounts payable	9,198.90
Total Accounts Payable	9,198.90

Credit Cards	
SWNI Credit Card	755.66
Total Credit Cards	755.66

Other Current Liabilities

Restricted Accounts - Agent	
Ashcreek	233.53
Far SW	229.61
Hayhurst	8.30
Collins View Trail	125.00
Hillsdale	95.00
SWHRL - Old Orchard Trail	225.00
South Burlingame - General	603.51
South Burlingame - Hardy Plant	454.20
Marshall Park - General	20.00
Total Restricted Accounts - Agent	1,994.15

Restricted Accounts-Sponsorship	
2012 ARNOLD CREEK 100 Heartsave	576.65
2012 CRESTWOOD Dickinson Park	2,000.00
2012 CRIME PREV AND PUBLIC SAFE	1,438.37
2012 FAR SOUTHWEST NA Mailings	500.00
2012 HAYHURST Nat'l Night Out	1,518.00
2012 HILLSDALE CF 3rd Thred Slig	1,000.00
2012 HILLSDALE NA Red Elec	1,500.00
2012 HOMESTEAD NA Outreach	997.56
2012 MAPLEWOOD NA Grand Centenn	1,650.00
2012 MULTN NA People in Park	1,524.00
2012 NEIGH HOUSE Transpo	2,000.00
2012 ROBERT GRAY Ethnic Pride	2,000.00
2012 SOUTH BURLINGAME NA	625.00
2012 SO PORTLAND NA Web Devel	740.00
2012 TRYON CREEK WC Event	1,996.50
SWHRL - General	882.67
4T Trail	2,532.88
2011 Hayhurst School	1,000.00
2011 Hayhurst - Cedar Sinal	595.00
Crestwood Taylor Woods	4,700.00
Dickinson Park Playground	7,622.37
Friends of Spring Garden Park	3,320.36
Friends of Woods Park	2,100.00
Heron Pte	14.98
Hillsdale Bike Coalition	456.75
Homestead Sign Caps	90.00

Marshall Park Nat'l Night Out	462.01
Multnomah Outdoor Cinema	1,411.84
South Burlingame - Sign Caps	1,112.00
Stephens Creek Walkway	2,010.21
SWNI Communications	94.00
SWHRL - Save the Elm	150.00
Trails	11,580.81
West Multnomah Soil & Water	315.00

Total Restricted Accounts-Sponsorship	60,384.96
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Accrued payroll	8,751.86
Payroll Liabilities	-2,227.10

Total Other Current Liabilities	68,803.87
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Total Current Liabilities	78,798.43
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<i>Examination #4</i>	How is money being tracked for the Umpqua Restricted Bank account with restricted neighborhood and business association and board funds?
Findings:	<ul style="list-style-type: none"> • There was not sufficient itemization on the Restricted Fund Tracking Sheets and Balance Sheet Previous Year End Comparisons • When the beginning and ending balance did not change, the tracking did not include deposit and withdrawal activity that occurred during the month • The Umpqua Restricted and the Key Restricted accounts had repeated occurrences of out-of-balanced activity for the monies owed to the Associations. • The inadequate itemization and tracking caused lack of transparency for Board reporting and could have resulted in financial losses due to employee theft. 47% of the total deposits for the fiscal year were unreported for the Umpqua Restricted account and 72% of the withdrawals for the fiscal year not disclosed to the Board. • The Board was reliant on the Restricted Fund Tracking Sheets and Balance Sheet Previous Year End Comparisons to oversee proper financial handling • Previously discovered Restricted Accounts are used for financial activity that are not allocated to an Association fund (<i>reference Examination #1 and #3</i>).
Impact:	<ul style="list-style-type: none"> • No direct financial impact observed; however opportunity existed for financial losses and mismanagement that would not have been reported to the Board, as previously experienced in the embezzlement. • SWNI was not in compliance with the Financial Management Policy and Procedures (<i>reference Internal Controls, Monitoring section</i>).

Results Summary

An analysis was completed on the Umpqua Restricted account statements and corresponding SWNI *Restricted Funds Tracking Sheets, Balance Sheet Previous Year End Comparison, and Financial Disbursement Forms*, the financial system *Reconciliation Detail and Summary* reports, and images of deposits and withdrawal activity from the bank account. A comparative analysis was performed on all of the restricted funds in SWNI custody and the monthly change of balances between the different restricted funds.

Forensic examination findings are that money in the Umpqua Restricted account was not being adequately reported to the Board during the sample period of July 30, 2019 to June 30, 2020 when comparing the *Restricted Funds Tracking Sheets and Balance Sheet Previous Year End Comparison*. This was evidence of financial mismanagement as SWNI did not demonstrate having proper reporting and monitoring controls in place to timely identify and report discrepancies in Associations funds.



Forensic Examination

Forensic auditors tracked deposit and withdrawal activity from fiscal year 2015 to 2020. To demonstrate the variances between the *Restricted Funds Tracking Sheets* and the Umpqua Restricted account, forensic auditors charted a sample period from July 31, 2019 to June 30, 2020. *Reference Appendix Association Restricted Funds Chart.*

In the sampled period, there were 184 deposits, including the monthly interest, for a total of \$65,500.56 made to the Umpqua Restricted account. During the same period, there were 38 withdrawals consisting of checks and electronic transactions that totaled \$47,883.75. However, when comparing the documentation provided to the board on a monthly basis, the Associations funds balance changes month-over-month identified that there were only \$30,852.85 in fund deposits and \$13,235.77 in fund withdrawals. Inadequate itemization of the *Restricted Funds Tracking Sheet* does not allow the Board to properly oversee the money moving through the Associations Funds. This was problematic as it created an opportunity for someone to conduct transactions that would not have been reported to the Board, which SWNI had previously experienced with the criminal embezzlement.

The cadence of the Treasurer's reporting to the Board was not consistent month to month and Treasurer to Treasurer for the Associations funds and money. The difference between the deposits into the Umpqua Restricted account was \$34,647.71 that was not disclosed to the Board, resulting in 47% of the total deposits for the fiscal year being unreported. Similarly with the withdrawals from the Umpqua Restricted account there were \$34,647.98 of withdrawals not disclosed to the Board, resulting in 72% of the withdrawals for the fiscal year being unreported.

The *Association Restricted Funds Chart* showed the month-by-month individual fund balance changes over the fiscal year 2019-2020 as reported to the Board. The information provided to the Board in this manner described was found to be incomplete, not meaningful, and did not reflect what transaction activity was occurring in the Association's funds. According to the *Fiscal Administration Service Policy and Procedures*, the Board has the ultimate responsibility to safeguard assets and was hindered at completing this task due to the lack of itemization on the *Restricted Funds Tracking Sheet* for the Associations.

POLICY

1. The SWNI Board of Directors is the governing body that is ultimately responsible for the policies and practices that assure compliance with federal, state, and local laws/rules/code and SWNI grants and contracts, and safeguards its assets. The Board may delegate administration of the policies and procedures to the Executive Director. The Board must periodically review financial statements as well as operations and activities to ensure SWNI is serving its mission and complying with applicable state and federal laws.



As an example of how the *Restricted Funds Tracking Sheet* was not meaningful information to the Board to determine if there was any irregular activities, there were a few large dollar checks written from the Multnomah Land Use fund (“MUNA Land Use”) that the Board did not have an opportunity to review. As seen in the chart, the MUNA Land Use fund month-over-month in 2020 resulted in differences ranging from -\$153.64 to \$5,321.65 due to those large dollar checks not being itemized.

RS Fund ↓	Date →	31-Jan-20	Difference Dec and Jan	28-Feb-20	Difference Jan and Feb	31-Mar-20	Difference Feb and Mar	30-Apr-20	Difference Mar and Apr	31-May-20	Difference Apr and May	30-Jun-20	Difference May and Jun
RS-MUNA Land Use		\$ 102.08	\$ (153.64)	\$ 147.88	\$ 45.80	\$ 147.88	\$ -	\$ 5,469.53	\$ 5,321.65	\$ 5,670.21	\$ 200.68	\$ 6,753.98	\$ 1,083.77

When reviewing the deposits recorded on the *Fiscal Tracking Sheets* to the MUNA Land Use fund, the two large checks deposited to the Umpqua Restricted account were for “Multnomah Land Use,” but were not disclosed on the *Balance Sheet Previous Year End Comparison* that was reported to the Board for the Association funds. One deposit was for \$12,950.00 and the other for \$10,000.00, and these deposits were followed by two large checks disbursements to a law firm for a MUNA appeal process in the amounts of \$13,050.00 and \$5,000.00. Although these payments to the law firm appear legitimate, they were problematic as these transactions were not reflected on the *Balance Sheet Previous Year End Comparison* that was provided to the Board. The Board would not have seen the two deposits or the two checks which inhibited their ability to oversee financials.

Fund Name	Date of Transaction	Amount	Description	Check #	Payee	Memo From Check or Financial Disbursement Form
Multnomah Land Use	2/10/2020	\$ 12,950.00	Deposit			Multnomah NA Land Use Donor Identified
Multnomah Land Use	2/21/2020	\$ 13,050.00	Check	check 1442	LAW FIRM	Payment of Feb. 7, 2020 Invoice, Client ID 19-1 Multnomah NA Land Use
Multnomah Land Use	4/3/2020	\$ 10,000.00	Deposit			Multnomah NA Land Use Unknown Donor
Multnomah Land Use	5/1/2020	\$ 5,000.00	Check	check 995001	LAW FIRM	Inv. 271, from <Fund Authorized Person> MUNA Land Use-Professional Services

It was problematic that the transaction activity occurring in the individual Association funds and the Umpqua Restricted account was not adequately disclosed to the Board on a monthly basis, and could have resulted in financial losses due to employee theft. The Umpqua Restricted and the Key Restricted accounts had repeated occurrences of out-of-balanced activity for the monies owed to the Associations. In addition, it was evaluated that SWNI was not in compliance with their *Financial Management Policy and Procedures (reference Internal Controls, Monitoring section)*.



Examination #5	What was SWNI’s financial situation when they applied for and received a Paycheck Protection Program (PPP) loan, how was that loan spent, and what expenses were requested to be forgiven for the PPP loan?
Findings:	<ul style="list-style-type: none"> • SWNI received \$66,300.00 in PPP funding citing “COVID impact to budget & services” • There was approximately two to three months of money available to cover paychecks when the PPP loan was received • Civic Life base grant funding remained the same between 2019-2020 and 2020-2021 fiscal year and was not impacted by COVID and would have paid for payroll expenses • The PPP loan created a surplus of money at SWNI so the Board repurposed Civic Life money for funding of the CEAP grants to the community • The CEAP line item on the budget as the third highest expense other than payroll and falsely inflated SWNI’s expenses pertaining to COVID • PPP loan was used for payroll expenses, rent, utilities • PPP loan forgiveness included paid time off payouts that were not equitably distributed amongst SWNI employees and violated SWNI’s Personnel Policy • SWNI made misrepresentations regarding the CEAP grants to Board members and Civic Life. The CEAP grant inflated SWNI’s budget to reflect a shortfall that created the illusion of COVID financial impact. • SWNI mismanaged the oversight and decision making of the PPP money.
Impact:	<ul style="list-style-type: none"> • \$25,000.00 committed to CEAP • \$60,952.99 in payroll expenses that normally would have been submitted for reimbursement to the Civic Life grant but instead were covered by PPP loan • \$5,223.31 in rent and lease payments; of which \$432.10 normally would have been submitted for reimbursement to the Civic Life grant • \$292.78 for telephone utility payment expenses that normal would have been submitted for reimbursement to the Civic Life grant • \$5,136.08 in paid time off payout for a current employee that was not in compliance with the Personnel Policy • \$169.06 in paid time off payout for a former employee that was not in compliance with the Personnel Policy • SWNI mismanagement caused an indeterminate dollar amount of accrued liability due to current employee now accumulating additional paid time off that otherwise would have been capped at a maximum had the payout not occurred; this would have inflated payroll costs that would have been covered by the Civic Life grant in a future period.



Results Summary

An analysis was completed on the *PPP Borrower Application, Disbursement Request and Authorization, and PPP Loan Forgiveness Application*, along with supporting information provided by SWNI, including: Umpqua Operations account, Umpqua Restricted account, payroll records, bills and invoices for expenses, *Restricted Funds Tracking Sheets* and *Fiscal Tracking Sheets*, and financial system reports including *Sales by Customer Detail, PPP Transaction Detail by Account, Balance Sheet Previous Year End Comparisons*, and *Profit & Loss*. There was a review of Board and Committee meeting minutes, meeting materials such as projection sheets, and digital videos of meetings, which were all considered in the analysis. Additionally considered during the analysis was communications, such as the emails about the Community Engagement Allocation Program (“CEAP”) grants. SWNI governing documents were considered during the analysis as well, such as the *Personnel Policy*.

Forensic examination findings were that SWNI had marginal direct impact from COVID and that SWNI’s employee’s job security and paycheck funding was not in jeopardy due to COVID. Although Civic Life informed SWNI to plan for potential COVID impacts to the funding, the Civic Life grant for fiscal years 2019-2020 and 2020-2021 had the same base amount to cover payroll costs. SWNI had declared the purpose for the PPP loan was for COVID impacts to budgets and services; however, SWNI sought to expand services by creating new CEAP grants that ultimately appeared to be designed to create the illusion of a budget shortfall. The CEAP grants would have been made possible by the surplus of Civic Life money resulting from having received the PPP money, and both funding sources would have covered payroll costs in the same period.

Additionally problematic was that SWNI had decided to bulk payout paid time off (“PTO”) time to two employees, which didn’t appear to have occurred in a fair or equitable manner for all employees. The bulk payout of PTO was conducted as a mechanism to inflate eligible PPP costs as a result of not being able to claim expenses for SWNI’s portion of employer’s social security and Medicare tax for employees. The bulk payouts of PTO did not adhere with SWNI’s *Personnel Policy*. There were misrepresentations regarding the CEAP grants from SWNI to Board members and Civic Life. The SWNI special committee created for the PPP had not appeared to provide functional oversight.

Forensic Examination

On April 30, 2020 the *PPP Borrower Application* for the loan was signed by the acting SWNI Treasurer, and the primary contact listed on the application was SWNI’s President. The President’s email address on the *PPP Borrower Application* was their personal *@gmail.com* email address and not the official SWNI email address *@swni.org* for the President. It seemed abnormal and inappropriate that a personal email address was used on the SWNI formal PPP loan application for \$66,332.00. Using a personal email



address circumvented the SWNI email domain and would have disallowed SWNI from being able to archive communication related to this loan. This was problematic as the bank and federal agency that issued the loan would have been directed to correspond to a personal email instead of the official email address for SWNI business, and would have resulted in a lack of transparency for the Board.

The purpose of the loan as stated on the *PPP Borrower Application* was for “Other (explanation): CVID impact to budget & services.” The *PPP Borrower Application* had allowed for SWNI to select more than one reason for the purpose of the loan, yet SWNI did not mark the application boxes provided for the purposes of payroll, lease, or utilities. This indicated that SWNI had not planned on or was unsure about spending the PPP money on payroll, lease or utility expenses. SWNI did not specify what the COVID budget and service impacts were on the *PPP Borrower Application*.

DocuSign Envelope ID: 6FB4CCFE-ECA1-4089-9D55-4486ADEF5F88

 **Paycheck Protection Program
Borrower Application Form** OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input checked="" type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		DBA or Tradename if Applicable 	
Business Legal Name Southwest Neighborhoods, Inc.			
Business Address 7688 SW Capitol Hwy Room 5 Portland, OR 97219		Business TIN (EIN, SSN) 	Business Phone \$048234592
Primary Contact 		Email Address @gmail.com	
Average Monthly Payroll: \$ 26533	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$ 66332	Number of Employees: 8
Purpose of the loan (select more than one): <input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input checked="" type="checkbox"/> Other (explain): CVID impact to budget & services			
Are you an Umpqua Bank Customer? Deposit, Lending, Investment <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

SWNI’s supporting documentation indicated they had planned for COVID impact pertaining to the ability to pay for rent/lease, as the donation and contribution amounts were overall down because events were not able to be held in person. However, SWNI’s biggest expense was payroll and SWNI did not appear to have internally documented what specific COVID impacts there were to payroll to justify the application. In April and May 2020, SWNI was expecting to receive, and would have received, Civic Life grant funding that would have covered the majority if not all of payroll expenses for the remainder of fiscal year 2020 and the upcoming fiscal year 2021. SWNI did not demonstrate there was direct impact to payroll due to COVID to justify having received 2.5 times the average monthly payroll costs as stated on the *PPP Borrower Application*.



Paycheck Protection Program PPP Loan Forgiveness Application Form 3508EZ		OMB Control No. 3245-0407 Expiration date: 10/31/2020	
Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Southwest Neighborhoods, Inc.			
Business Address		Business TIN (EIN, SSN)	Business Phone
7688 SW Capitol Hwy			(503) 823-4592
Portland, OR 97219		Primary Contact	E-mail Address
			president@swni.org
SBA PPP Loan Number:	1673-08	Lender PPP Loan Number:	F925A3E9-4D1D-497F-8845-603E74830ED6
PPP Loan Amount:	\$66,300.00	PPP Loan Disbursement Date:	05/13/2020
Forgiveness Amount Calculation:			
<u>Payroll and Nonpayroll Costs</u>			
Line 1. Payroll Costs:			60952.99
Line 2. Business Mortgage Interest Payments:			0.00
Line 3. Business Rent or Lease Payments:			5223.31
Line 4. Business Utility Payments:			292.78

The *PPP Loan Forgiveness Application* reflected SWNI had spent the majority of PPP money on payroll costs totaling \$60,952.99, and spent the remainder of the PPP money on rent/lease payments \$5,223.31 and utilities \$292.78. Those payroll costs covered by PPP in July and August 2020 would have caused a surplus of Civic Life money not spent on payroll during that same period. SWNI demonstrated it intended to repurpose that surplus of money created by the PPP in other ways, such as the CEAP.

Certificate Of Completion		
Envelope Id: 6FB4CCFEECA140899D54486ADEF5F88	Status: Completed	
Subject: SBA Borrower Paycheck Protection Program Application		
Source Envelope:		
Document Pages: 67	Signatures: 2	Envelope Originator:
Certificate Pages: 5	Initials: 10	Umpqua CARES
AutoNav: Enabled		1 Sw Columbia St.
Envelope Stamping: Enabled		Portland, OR 97258
Time Zone: (UTC-08:00) Pacific Time (US & Canada)		UmpquaCARES@UmpquaBank.com
		IP Address: 97.115.152.250
Record Tracking		
Status: Original	Holder: Umpqua CARES	Location: DocuSign
4/30/2020 10:48:14 AM	UmpquaCARES@UmpquaBank.com	
Signer Events	Signature	Timestamp
@gmail.com	DocuSigned by: [Signature]	Sent: 4/30/2020 10:48:17 AM
Security Level: DocuSign email ID: 1 4/30/2020 10:48:20 AM	Signature Adoption: Pre-selected Style Using IP Address: 97.115.152.250	Viewed: 4/30/2020 10:49:13 AM Signed: 4/30/2020 3:04:33 PM
Electronic Record and Signature Disclosure:		
Accepted: 4/30/2020 10:49:13 AM		
ID: 1d40d020-76f1-4eac-8f59-984a4339f695		
Company Name: Umpqua Holdings Corporation		

In considering the financial situation of SWNI on the day that SWNI signed the *PPP Borrower Application*, April 30, 2020, the Umpqua Operations account had an ending monthly balance as \$81,408.00. Based on SWNI's PPP application, there was an average monthly payroll of \$26,553, which meant that the Umpqua Operations account had over three months of cash on hand that would have covered payroll expenses. The SWNI payroll and other operational expenses were still being covered in April, May and June 2020 by the Civic Life grant which was not impacted by COVID. Additionally, SWNI was planning on receiving the next grant from Civic Life beginning July 1, 2020 when they signed the *PPP Borrower Application*.



		April 30, 2020 Page: 1 of 3	
SOUTHWEST NEIGHBORHOODS INC OPERATING ACCOUNT 7688 SW CAPITOL HWY PORTLAND OR 97219-2457		Customer Service: 1-866-486-7782	
Last statement: March 31, 2020 This statement: April 30, 2020			
Improve cash flow, streamline accounts payable and simplify bookkeeping with Umpqua card solutions for businesses. Features include company spending reports and online reporting tools to easily track and monitor employee spending. Contact your Umpqua Bank Relationship Manager for details.			
MAIN STREET CHECKING			
Account number	375	Beginning balance	\$112,342.08
Low balance	\$80,824.60	Deposits/Additions	\$22,760.28
Average balance	\$92,519.09	Withdrawals/Subtractions	\$53,694.36
Interest earned	\$0.00	Ending balance	\$81,408.00

On or about May 8-10, 2020, meeting materials were distributed to the Board for the Emergency Board Meeting regarding the PPP loan, where it was discussed that SWNI had intended to repurpose Civic Life grant money. This meeting was recorded and the discussion observed was that the PPP money would allow SWNI to repurpose Civic Life money that was supposed to be used for payroll. During that emergency meeting, the SWNI President made verbal statements about what that meant:

“That means we’ll have Civic Life money left over. There is nothing that we’ve seen in our contract... that says we cant use our Civic Life money for other purposes...”

The Executive Director explained how SWNI would repurpose the Civic Life grant money as:

“There are line items we can expend... after the Civic Life grant received, there was \$53,000.00 left the Board had to use [spend]... if we use the money for full time employee expenses... frees up some of that money that we can use towards paying for the printing and postage of our newsletters, paying for the rent that the Board usually pays for... we have to spend within the line items... we shift the funds for some of the full time payroll expenses... to pay for those other responsibilities.”

There was also discussion during the Emergency Board Meeting that indicated SWNI had estimated the COVID financial impact. The impact that was documented showed there were reduced contributions from donations and events not being held, additional expenses from equipment and technology purchased for telecommuting, COVID signage and flyers (mailers) for the community, and cost of living increases for SWNI employees. With the exception of the cost of living increases, that were to be paid for by the Board fundraising activities, there appeared to be minimal impact on payroll expenses from



COVID to justify needing paycheck protection. Additionally, there was evidence that reflected a \$16,000 direct impact to SWNI for flyers and mailing, office functions, and reduced revenue from donations; all of which was not an COVID impact to payroll funding.

conversation. direct questions, Q and Answers, A

Q1] What is the amount of direct financial impact to SWNI as a result of pandemic shutdown? Does that direct financial impact influence or limit the basis of the PPP loan amount?

A1] \$16,000 direct impact, and no, the loan amount is based upon avg monthly salaries

Direct financial impact: increased expenses – COVID 19 flyer, production and mailing
 Moving office function to employee home office
 : reduced revenue - donations decline and cancellation of Clean Up

On May 13, 2020, which was three days after the PPP Disbursement Request and Authorization was signed by SWNI’s President, the PPP money was awarded for \$66,300.00 and deposited into the Umpqua Bank PPP account (“Umpqua PPP”). On May 14, 2020, the acting Treasurer emailed the Board indicating that the PPP was “another source of revenue to SWNI which would help free up Civic Life money to pay for some of the COVID related costs and other expenses that we have,” and which demonstrated that SWNI’s motivation to obtain the PPP was not to cover payroll impacts due to COVID, but to repurpose Civic Life grant money that was for payroll for other purposes.

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Certificate Of Completion
 Envelope ID: C2D6028963EE412B855624390B959C5E Status: Sent
 Subject: SBA Umpqua Bank Paycheck Protection Program Loan Approval
 Source Envelope: Document Pages: 7 Signatures: 0 Envelope Originator: Umpqua CARES Loan Documents
 Certificate Pages: 5 Initials: 0 1 Sw Columbia St, Portland, OR 97258
 AutoNav: Enabled UmpquaCARESLoanDocuments@UmpquaBank.com
 EnvelopeID Stamping: Enabled Location: IP Address: 165.225.50.211
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Record Tracking
 Status: Original Holder: Umpqua CARES Loan Documents Location: DocuSign
 5/11/2020 2:52:42 PM UmpquaCARESLoanDocuments@UmpquaBank.com

Signer Events
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 UmpquaCARESLoanDocuments@UmpquaBank.com Viewed: 5/11/2020 2:52:52 PM
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 Using IP Address: 165.225.50.211

Security Level: DocuSign_email ID: 1 5/11/2020 2:52:48 PM

Electronic Record and Signature Disclosure:
 Accepted: 4/28/2020 8:22:13 AM
 ID: 23f163a-b813-451a-a975-8e206aa8d3b
 Company Name: Umpqua Holdings Corporation

Security Level: Email, Account Authentication (None), Authentication
 Authentication Details
 SMS Auth: Transaction: 85C817D43DD80B049190C43FFE0AD1AE
 Result: passed
 Vendor ID: TeleSign
 Type: SMSAuth
 Performed: 5/11/2020 3:57:46 PM
 Phone: +1 503-504-1125

Electronic Record and Signature Disclosure:
 Accepted: 5/11/2020 3:58:28 PM
 ID: 925a3e9-4d1d-497f-b845-b03e74830e0b
 Company Name: Umpqua Holdings Corporation

Sent: 5/11/2020 2:53:32 PM
 Resent: 5/11/2020 2:55:40 PM
 Viewed: 5/11/2020 3:58:29 PM

Paycheck Protection Program
 PPP Loan Forgiveness Application Form 3508EZ OMB Control No. 3245-0407
 Expiration date: 10/31/2020

Business Legal Name ("Borrower") Southwest Neighborhoods, Inc.	DBA or Tradename, if applicable	
Business Address 7888 SW Capitol Hwy Portland, OR 97219	Business TIN (EIN, SSN)	Business Phone (503) 823-4592
	Primary Contact	E-mail Address president@swni.org

SBA PPP Loan Number: 73-08 Lender PPP Loan Number: F925A3E9-4D1D-497F-B845-B03E74830E0B

PPP Loan Amount: \$66,300.00 PPP Loan Disbursement Date: 05/13/2020

Employees at Time of Loan Application: 8 Employees at Time of Forgiveness Application: 8

EIDL Advance Amount: EIDL Application Number:

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly Other

Covered Period: 05/13/2020 to 08/31/2020



To: board@swni.org

Hi Everyone,

I have attached a copy of the motion you passed last Saturday afternoon along with a blank copy of the loan documents that Leslie signed on behalf of SWNI on Tuesday. The signed document has sensitive financial information in it so I am not sharing that. But it is the same document that Leslie signed.

As you remember, the loan document was not available to us on Saturday afternoon. On Monday and Tuesday we worked with the bank to receive and get the document signed. We set up a separate bank account so we could easily track what money flowed into and out of the account and for reporting purposes to the SBA. The banker told us today that the money as been deposited into that account.

The loan's duration is for two years at a 1% interest rate. Although interest is accruing no payment is due for the first 6 months. If the PPP money is used for payroll, rent and utilities, it is forgivable under the SBA rules. The forgivable portion of the money must be used in the eight weeks after its receipt. For us that means it must be used by mid July. When the eight weeks expires, SWNI will provide a report to the bank and the SBA that shows what the money was spent on and ask for the loan to be forgiven. The SBA must certify what loan amounts are forgiven within 60 days of our report. That means we will know by September, before the six months is up what portion of the loan is forgiven. We may have to pay a small amount of interest for the use of the money until it is forgiven.

There are some unusual terms in the note. As we discussed Saturday night, when one takes money from the government, one cannot change the loan terms but must take the money as they offer it. The note says the government has the authority to change the terms of the use of the money at any time that we retain and use it. We think that means there may be guidelines from the SBA which are developed after we receive the money. Our goal is to check regularly with the SBA for updated regulations. If there are any changes we may need to change our use of the money going forward. The goal is to have the loan forgiven.

This is a another source of revenue to SWNI which will help free up Civic Life money to pay for some of the COVID related costs and other expenses that we have. Civic Life's grant does not cover our operating expenses entirely. We are not required to use the Civic Life money for payroll under our contract. The Finance committee will be working on offering reasonable choices about the use of Civic Life and PPP funds as we go forward.

There will be some PPP money left in our account after the eight weeks. The Board will have the choice to keep the money as a low cost loan to offset reductions in our Civic Life grant, or other revenue like donations, or to return the money. Part of the reason we qualified for this money, is because of the genuine uncertainty about funding for ourselves in the future. We will report on the use of the PPP money at the May, June and July meetings.

We are just beginning to count the costs of the COVID virus on our organization. We must plan for the change in how we operate. There will be costs which we must anticipate. The use of Google Hangouts and Zoom for the neighborhoods to stay in contact is essential and yet most neighborhoods don't have their own subscriptions. There will be training costs for SWNI staff and for the neighborhoods related to COVID. Those are just two examples that the organization faces and must anticipate along with the costs. Please think about the specific COVID impacts in your neighborhood and costs so that we can address as many as possible.



On May 18, 2020, 18-days after the *PPP Borrower Application* was signed and five-days after receipt of the PPP money in the Umpqua PPP account, SWNI received notice from Civic Life regarding the COVID impacts to the upcoming grant period. In the notification from Civic Life it said “FY 20-21 Budget Memo: Planning for Uncertainty and Reduced Income...bigger cuts are likely coming in the fall...we need to prepare for significant reductions as a possibility”. This memo appeared to be when SWNI received formal notification from Civic Life that grant money planned for the upcoming fiscal year beginning in July 2020 may be impacted due to COVID.

 <p>FY 20-21 Budget Memo: Planning for Uncertainty and Reduced Revenue 5/18/2020</p> <p>Background:</p> <p>The impact of COVID-19 on the City's resources are unprecedented, unpredictable and long lasting. This is what we know as of 5/15/20 and it is subject to change.</p> <p>On May 7, bureaus learned about the Mayor's proposed budget at the same time that the public did. This is not a typical process and reflects these unprecedented times.</p> <p>Civic Life's budget situation is unique. We commit 31.63% of the total bureau budget at the beginning of the year through 12 contracts (25.03%) to 5 DCOs, 6 DCLs and 1 graffiti vendor, and 6.59% of the budget in City-staffed district coalition offices to maintain parity with the non-profit DCOs.</p> <p>This puts Civic Life in a precarious position because we know that bigger cuts are likely coming in the Fall. If we commit such a large portion of our budget at the beginning of the year, and we are required to take larger cuts in the Fall BMP, this creates the problem of having the rest of the bureau carry all the consequences. The impact to the rest of the bureau—which would have already taken cuts in the adopted budget—would be to take all the additional required cuts while DCOs, DCLs and graffiti would not. This is inequitable and it disproportionately harms the bureau's smaller programs. For reference, the smallest FY 19-20 DCO award is more than the budgets for the bureau's Disability, Immigrant and Refugee, Youth, and Mental Health programs.</p> <p>As of today, we know that the Mayor's proposed FY 20-21 budget for Civic Life includes a 5.6% general fund reduction of \$540,843. Of this amount \$421,541 has already been identified through these cuts:</p> <ul style="list-style-type: none"> Eliminating COLA, merit increases and requiring up to 10 furlough days for non-represented employees. Savings that are still being negotiated with labor unions to take a similar level of sacrifice. Eliminating all inflationary measures for external materials and services. And some initial cuts to programs. <p>We still need to find an additional \$119,000 in cuts before the Fall BMP.</p> <p>If the labor negotiations do not result in the same level of savings as built into the Mayor's proposed budget, then we would have to make up that amount somewhere else in the budget to get to the \$540,843 number. We do not know if the labor agreements will need to be made by May 20 when Council votes to approve the budget or by June 10 when Council adopts the budget.</p>	 <p>What we know today is going to change. We anticipate needing to take additional reductions as a result of adjusted revenue forecasts in the FY 20-21 Fall BMP.</p> <p>We need to prepare for significant reductions as a possibility, and we cannot get ahead of the potential budget guidance we will receive from the Mayor and Council in the Fall.</p> <p>We are also working with other bureaus that do grantmaking and contracting to develop a unified approach to the next fiscal year.</p> <p>Budget approval/adoption process:</p> <ul style="list-style-type: none"> May 20: Council convenes as the Budget Committee to approve the budget The budget then goes to the Tax Supervising & Conservation Commission If approved by the TSCC, it comes back to Council June 10 for budget adoption July 1 is start of fiscal year FY 20-21 <p>As of today, we think we will know more after May 20 but may not know everything until June 10 due to the impact of labor negotiations.</p> <p>We can schedule a call for early June to provide an update if we have more information.</p> <p>Fall Budget Monitoring Process</p> <p>We will get updated revenue forecasts in late July/August to reflect tax filings extension to July 15.</p> <p>Typically, the Fall BMP deadline is late September with a Council vote in November. This year, this might be moved up so that there are decisions in October.</p> <p>We expect additional budget guidance reflecting Mayor/Council priorities. We already see inequities in the impact of COVID-19 and state of emergency on communities, and the City acknowledges that inequities in society and the budget are amplified in a COVID-19 world. To begin to address funding inequities, FY 20-21 decisions will prioritize the City's commitments to racial equity and climate action (see this draft resolution https://www.portlandoregon.gov/auditor/article/761037)</p>
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The May 27, 2020 SWNI Board meeting minutes described that SWNI had made contact with Civic Life about repurposing the surplus of fiscal year 2020-2021 grant funds that was created due to the PPP money SWNI had received. In the meeting, there was a “Motion to Consider Repurposing Civic Life Funds FY 20-21” for COVID impact not to exceed \$25,000.00. A Board Member questioned whether repurposing would be the best use of funds or return the funds to the City and “expressed concern that the documents regarding the motion were only placed in the Board file on the day of the meeting.” The Board overwhelmingly approved the motion to repurpose SWNI’s Civic Life funds. This evidence demonstrated that the Board had limited time to consider the materials to repurpose \$25,000.00 of Civic Life grant funding, had been motivated to allocate the surplus of Civic Life funding towards the CEAP, and had limited engagement with Civic Life regarding these plans.



A. Motion to Consider Repurposing Civic Life Funds FY20-21

President [redacted] provided background on the SWNI's application to the Paycheck Protection Program (PPP) that was approved by Umpqua Bank. The Board approved receiving the PPP funds and signing the loan documents at the May 8, 2020 Emergency Board Meeting. [redacted] said the PPP Loan documents were signed on May 11, 2020. The amount of the loan is \$66,300 and these funds were deposited in SWNI's Umpqua Bank account on May 13, 2020. [redacted] said the PPP funds will be used for payroll, rent, and utilities. Civic Life funds budgeted for these expenses can be repurposed to other approved uses.

[redacted] shared information from her recent communications with Civic Life staff. She informed [redacted] that the PPP funds will be available for SWNI's use into July 2020, which will enable SWNI to use its Civic Life contract funds for other approved purposes. [redacted] described SWNI's interest in using some of the funding for SWNI's NA's and the Business Associations. [redacted] said [redacted] was supportive of the use of Civic Life funds and indicated it would not be a problem. [redacted] concluded by saying that Civic Life funds in the current contract must be expended by June 30, 2020. Any funds not allocated, will be returned to the city.

Motion: As SWNI Treasurer, I move that the Board approve re-purposing some of the Civic Life FY 19-20 money for the 17 Neighborhoods and 3 business associations to use for Communication and COVI-19 Impact not to exceed \$25,000. The Board approves that up to \$1000 be transferred to the fiscal accounts of the neighborhoods who apply for the money through a specific one-page application form, which states how they will use the money consistent with Civic Life purposes under our city grant agreement and help with the impact of COVID-19. An example might be software that helps people communicate when we cannot meet in person and further broadens the number of people who can participate remotely each year, like young families.

The Board further approves the re-purposing of some of Civic Life money for producing and distributing an all-house newspaper for July, another emergency service guide for (fall), and a supplement to help our neighborhood businesses. We may also need additional tools to enhance the effectiveness of the SWNI office capabilities while working remotely. Any funds that cannot be re-purposed for the benefit of the Southwest neighborhoods will be returned to the city at the end of June for their purposes, if the city will not permit the retention of funds for a reduced budget in the new fiscal year.

[redacted] said that her understanding is that the PPP 8-week loan period starts from the time the funds are distributed to SWNI's bank account. [redacted] expressed concern that the documents regarding the motion were only placed in the Board file on the day of the meeting. She questioned whether it would be best to use the funds for NAs or return the funds to the city. [redacted] apologized for the short notice on documents and said that SWNI's leadership has been working to place documents in the Board file at least 5 to 7 days ahead of the Board meetings. She said a number of tasks needed to be completed before putting together the repurposing motion, including communications about the proposed budget changes with Civic Life staff.

[redacted] suggested that June 20, 2020 be the date for allocation proposals for the submission. (It was determined that June 20 is a Saturday.) [redacted] suggested that any remaining funds be directed to non-profits. [redacted] responded that the goal of the repurposing is to encourage collaborations between NAs and non-profits.

[redacted] moved to amend the allocation motion for an application submission date of Monday, June 22, 2020 and that after that date SWNI may consider applications from non-profit organizations in SW Portland for funds.

Motion Approved for Repurposing of SWNI's Civic Life Funds as Amended.

On June 1st, five-days after the SWNI decision to repurpose Civic Life funds, SWNI received the 3rd quarter grant reimbursement for \$65,495.02, which was deposited into the Umpqua Operations account. This resulted in the SWNI Umpqua Operations account having a balance of \$87,202.78 at the end of fiscal year 2020 on June 30th. Upon receipt of the last quarter Civic Life grant distribution, SWNI had enough cash on hand in the Umpqua Operations account to cover three months of payroll expenses, and also had cash on hand from the PPP of \$66,300.00 that was enough to cover two months of payroll expenses.

SOUTHWEST NEIGHBORHOODS INC		June 30, 2020	Page: 2 of 3
ACH and Electronic Deposits/Additions			
Date	Description	Additions	
06-01	ACH Credit Treasurer Of The Ach-ap Rmr*oi*32001238.04 1720**65495.02*654 95.02*0.00/	65,495.02	

Civic Life Grant 2019-2020							
Invoice	10/01/2019	548 NB	Public Involvement Services Grant - 1st Qtr. Reimbursement of 2019-2020 Contract	ONI Grant:Civic Life Grant 2019-2020	ONI Base Grant	1	71,450.38
Invoice	12/31/2019	559 NB	Public Involvement Services Grant - 2nd Qtr. Reimbursement of 2019-2020 Contract	ONI Grant:Civic Life Grant 2019-2020	ONI Base Grant	1	71,244.40
Invoice	02/19/2020	568 NB	2020 Tackling Racism - South Burlingame NA	ONI Grant:Civic Life Grant 2019-2020	CL Comm. Engagement Grant 2020	1	1,896.00
Invoice	02/19/2020	568 NB	2020 Eena Festival - SWNI Equity Comm.	ONI Grant:Civic Life Grant 2019-2020	CL Comm. Engagement Grant 2020	1	1,546.00
Invoice	02/19/2020	568 NB	2020 English Classes - Impact NW	ONI Grant:Civic Life Grant 2019-2020	CL Comm. Engagement Grant 2020	1	1,903.00
Invoice	02/19/2020	568 NB	2020 Health Programs	ONI Grant:Civic Life Grant 2019-2020	CL Comm. Engagement Grant 2020	1	2,000.00
Invoice	02/19/2020	568 NB	2020 Code Squads - SWNI Schools	ONI Grant:Civic Life Grant 2019-2020	CL Comm. Engagement Grant 2020	1	2,000.00
Invoice	04/17/2020	575 NB	Public Involvement Services Grant - 3rd Qtr. Reimbursement of 2019-2020 Contract	ONI Grant:Civic Life Grant 2019-2020	ONI Base Grant	1	65,495.02



A Civic Life *Grant Agreement Change Request Form* dated June 3, 2020 by the SWNI Executive Director sought to reassign \$33,500.00 from “Personnel Costs to Community Engagement projects related to COVID-19 emergency...,” as “SWNI has been successful in securing a Paycheck Protection Act Loan in mid-May to assist us for the next two months with personnel costs (wages, taxes, health insurance and retirement). This has enabled us to redirect our Office of Community & Civic Life funds to create a Community Engagement Allocation Program”. Although this *Grant Agreement Change Request Form* was drafted, it was not yet submitted to Civic Life.




Grant Agreement Change Request Form

Civic Life grantees may request changes to an originally approved scope of work, timeline, and budget in accordance to grant agreement language. Changes that can be authorized by the program staff and Bureau director and are allowed within grant agreement language will be reviewed on a case-by-case basis. Please submit this form and attach any supporting documentation for an informed review of the request. A complete request should include an outline of the requested change, explanation of why the change is needed, and any relevant information or requested documentation to support decision-making.

Changes that impact the City of Portland financial risk that is, changes to the overall value of the grant will require a Council hearing, review and approval by the City attorney in order to be executed

This form should be completed and signed by the contract / agreement manager and submitted to the designated approver for the program or Bureau.

Organization Name: Southwest Neighborhoods, Inc (SWNI)	
Grant Title: SWNI District Coalition Funding	
Agreement Number: 32001238, Amendment No. 4	
Contact Name:	Phone: 503-823-4592
Email: @swni.org	
Contact Title: Executive Director	
Staff Signature:	Date: June 3, 2020

2. Describe the requested change(s):

Reassign \$33,500 from Personnel Costs to Community Engagement projects related to COVID-19 emergency. Programs include:

- Community Engagement Allocation Program (CEAP) will fund NA's and business associations to conduct community engagement projects during this challenging time. We are setting aside up to \$1,000 for neighborhood associations and approximately up to \$1,500 for business associations to use for projects. SWNI is interested in supporting our member NAs and business associations to build collaborations with nonprofit or community based organizations. We feel that creative, neighborhood-based responses to the COVID-19 crises will benefit our entire SW Portland community. We are encouraging projects that engage with seniors, under-represented populations, communities of color, or organizations that advocate for this communities. Organizational collaborations may include schools, social service agencies, Neighborhood Emergency Teams, faith groups, private entities with community focused programs developed in response to COVID-19 impacts. Funds can be used for: communications, supplies and materials to conduct projects, community education activities.
- In addition, SWNI wishes to produce and distribute a second all-household newspaper for July with information updates to the COVID-19 Resource Guide we published in collaboration with neighborhood coalitions in mid-April. We are also considering including special pages featuring our three business associations.

3. Please briefly explain motivations for this request:

SWNI has been successful in securing a Paycheck Protection Act Loan in mid-May to assist us for the next two months with personnel costs (wages, taxes, health insurance and retirement). This has enabled us to redirect our Office of Community & Civic Life funds to create a Community Engagement Allocation Program for our 17 neighborhood associations and 3 member business associations.

4. Please check if supporting documentation is attached.
List attach documentation items to this form:

Motion passed by the SWNI Board on May 27, 2020, to create the SWNI Community Engagement Allocation Program and an information sheets regarding the program.



Then on June 4, 2020, the CEAP was announced to the Board and Associations in an email that said “to plan and conduct community engagement projects in response to the COVID-19 crisis... We feel that creative, neighborhood-based response to COVID-19 impacts will benefit our entire SW Portland community”. This demonstrated that SWNI appeared not in need of the COVID Paycheck Protection Program loan, as they subsequently created a new grant program (CEAP) to pass-along the surplus money to the Associations, and not use or save the money on direct COVID impacts to SWNI payroll. It appeared that the CEAP was a mechanism for SWNI to claim they had COVID impact to their budget and services to comply with the purpose they had stated on the *PPP Borrower Application*. The CEAP would have been a new line item on the budget and new service to the community for others that had COVID impact, and was not a direct COVID impact to SWNI budget and service that would have put paychecks to SWNI employees in jeopardy.

Subject: [SWNI Board] Community Engagement Allocation Program (CEAP),
 Date: June 4, 2020 at 2:49:17 PM PDT
 To: "board@swni.org" <board@swni.org>, "neighborhood-chairs@swni.org" <neighborhood-chairs@swni.org>, info@southportlandoa.com, MVBA Members <info@multnomahvillage.org>
 Reply-To: board@swni.org

To: SWNI Board, Neighborhood Chairs & Business Associations,

SWNI and the Office of Community & Civic Life have created the Community Engagement Allocation Program (CEAP), which will allow the seventeen Neighborhood Associations (NAs) and three Business Associations (BAs) in southwest Portland to plan and conduct community engagement projects in response to the COVID-19 crisis. We are setting aside up to \$1,000 for each of our NAs/BAs to build collaborations with non-profit or community-based organizations. We encourage projects that engage with seniors, under-represented populations, communities of color, or organizations that advocate for these communities. We feel that creative, neighborhood-based responses to COVID-19 impacts will benefit our entire SW Portland community now and long after the crisis has passed. We encourage all SWNI's Neighborhood/Business Associations to apply for the Community Engagement Allocation Program. Contact SWNI staff members: [redacted]@swni.org, 503-410-3135 or [redacted]@swni.org, 503-877-4574 with any questions.

Completed applications will be due at 5:00 pm, Monday, June 22, 2020.
 For more information and the forms required to apply for these funds, please click on the following document links or visit SWNI's website home page at swni.org. I have also attached Word documents for the application forms for both NAs and Business Associations:

[CEAP Information Sheet \(NAs/BAs\)](#)
[CEAP Application for Neighborhood Associations](#)
[CEAP Agreement for Neighborhood Associations](#)

2

[CEAP Application for Business Associations](#)
[CEAP Agreement for Business Associations](#)

[redacted]
 Executive Director
 Southwest Neighborhoods, Inc.

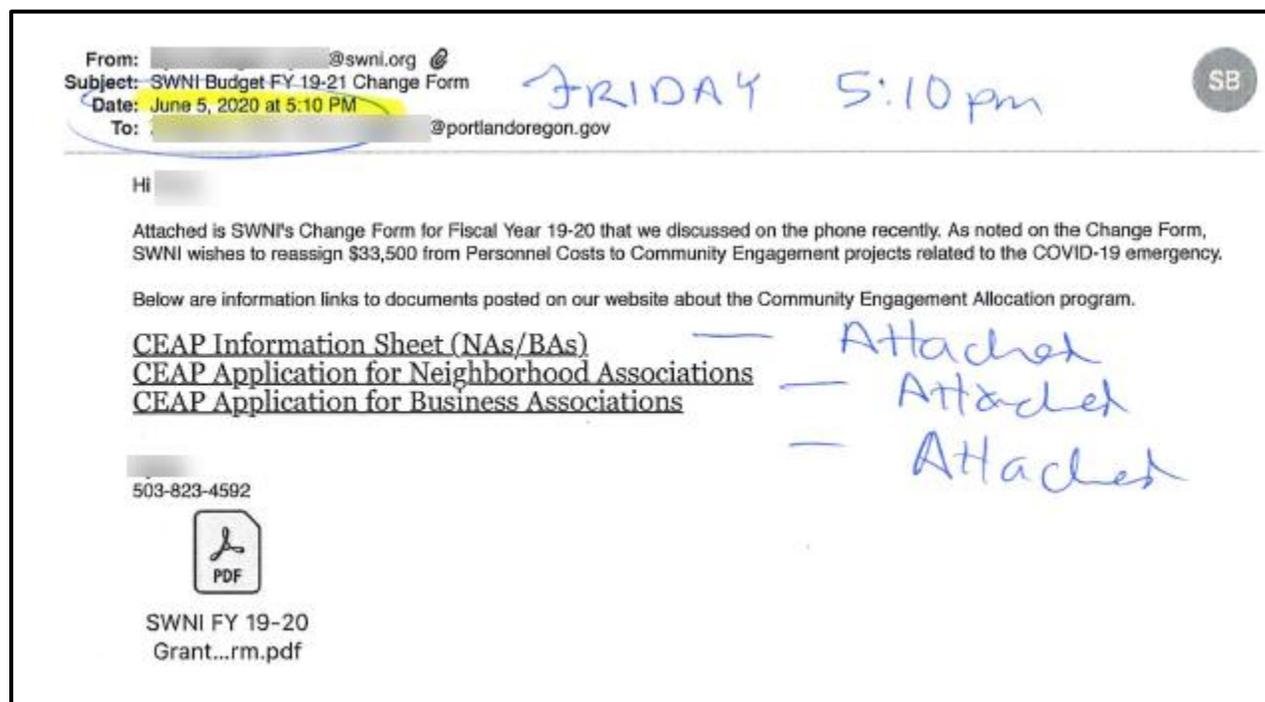
Southwest Neighborhoods, Inc.
SWNI Community Engagement Allocation Program (CEAP)
Information Sheet
June 2020

The SWNI Board of Directors has taken a number of actions to address the COVID-19 crisis in SW Portland this spring. SWNI's Multnomah Art Center office closed as a result of the crisis in mid-March, but our operations have continued as our staff telework and are available to the community during regular business hours. We also produced and distributed the COVID-19 Resource Guide in April, which was a print publication mailed to all households and businesses in southwest Portland. Our goal was to reach all under-represented individuals and households who lack or have limited access to electronic communications about health and safety information.

SWNI has also been successful in securing a Paycheck Protection Act Loan in mid-May to assist us for the next two months with additional program and operations costs caused by the COVID-19 Crisis. This has enabled us to redirect our Office of Community & Civic Life funds to create the Community Engagement Allocation Program for the seventeen Neighborhood Associations (NAs) and three Business Associations (BAs) within SWNI boundaries. The CEAP will fund our NAs/BAs to plan and conduct community engagement projects during this challenging time. We are setting aside up to \$1,000 for each of our associations to use for projects of their choosing.



The *Grant Agreement Change Request Form* that was drafted on Friday June 3rd was emailed to Civic Life on Friday June 5, 2020, after normal business hours at 5:10pm. Although the Board motioned to repurpose funds for fiscal year 2020-2021, the subject line of the email sent to Civic Life said “SWNI Budget FY 19-21” indicating two fiscal years, and the body of the email had one fiscal year of “Fiscal Year 19-20”. There was conflict at that point in the records as to which fiscal year SWNI was requesting the change to the grant, whether it was pertaining to fiscal year 2019-2020 or 2020-2021, or both fiscal years.



The following Monday morning, June 8, 2020 at 9:29am, SWNI had emailed Civic Life back to “recall our Budget Change Form I submitted on Friday... Our Finance Committee and Advisory Committee will be discussing using the PPP funds in the next FY 20-21.” SWNI cited the reason for the recall was that they had found out the federal government would allow an extension of the PPP timeframe to spend the money. Civic Life had requested clarification on June 8th that there would be no changes to the fiscal year 2019-2020, and SWNI replied that was correct. It appeared that SWNI had decided to repurpose Civic Life funding for payroll in the fiscal year 2020-2021, and not fiscal year 2019-2020. SWNI had not engaged in a substantive dialogue with Civic Life about their plan to repurpose payroll funding for the 2020-2021 fiscal year grant for CEAP.



Recall
Monday 9:30 AM

From: Sylvia [redacted]@swni.org
 Subject: Recall SWNI Request Budget Change Form
 Date: June 8, 2020 at 9:29 AM
 To: [redacted]@portlandoregon.gov

Hi [redacted]

SWNI just found out that the Federal government voted to extend our PPP grant. At this time I would like to recall our Budget Change Form I submitted on Friday.

Our Finance Committee and Advisory Committee will be discussing using the PPP funds in the next fiscal year FY 20-21. Please do not send the change form to the City Attorney at this time. I will be in touch.

Sylvia

Re: SWNI Budget FY 19-21 Change Form Inbox

Sun, Jun 7, 5:45 PM (15 hours ago)

Thank you for Change of Form submission and for describing process of \$33,500 SWNI funds. I understand it, I have to run it by our Business office, Leadership and City Attorney and then respond to you via email.

Sincerely,

[redacted]
 City of Portland, Oregon
 [redacted]
 [redacted]@portlandoregon.gov

From: [redacted]@swni.org
 Sent: Tuesday, June 9, 2020 8:29 PM
 To: [redacted]@portlandoregon.gov
 Subject: Re: Recall SWNI Request Budget Change Form

Hi [redacted]

Correct, SWNI will not have any changes to the FY19-20 program and budget through the end of Fiscal Year.

On Mon, Jun 8, 2020 at 9:32 AM [redacted]@portlandoregon.gov wrote:

Thank you for letting me know regarding the Grant repurposing Change Form for this FY19-20. I assume then there will not be any changes to the FY19-20 program and budget through the end of Fiscal Year?

Appreciate the note.

Sincerely,

[redacted]
 City of Portland, Oregon

From: [redacted]@swni.org
 Sent: Monday, June 8, 2020 9:29 AM
 To: [redacted]@portlandoregon.gov
 Subject: Recall SWNI Request Budget Change Form

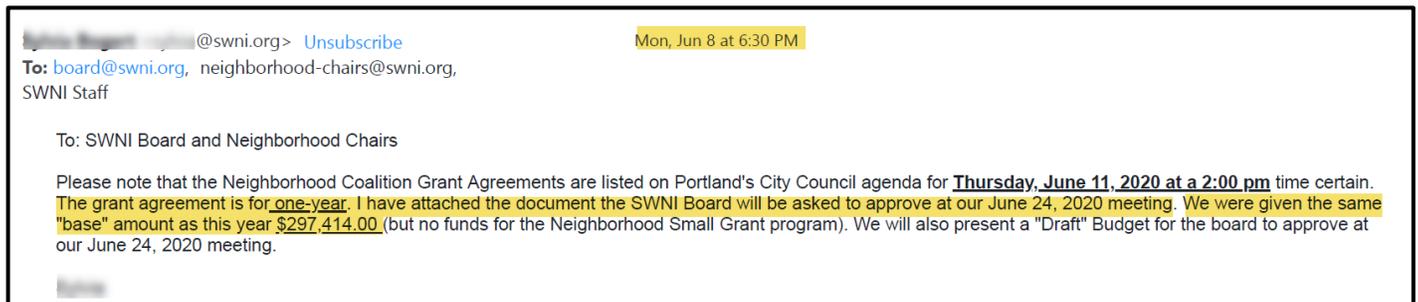
Hi [redacted]

SWNI just found out that the Federal government voted to extend our PPP grant. At this time I would like to recall our Budget Change Form I submitted on Friday.

Our Finance Committee and Advisory Committee will be discussing using the PPP funds in the next fiscal year FY 20-21. Please do not send the change form to the City Attorney at this time. I will be in touch.



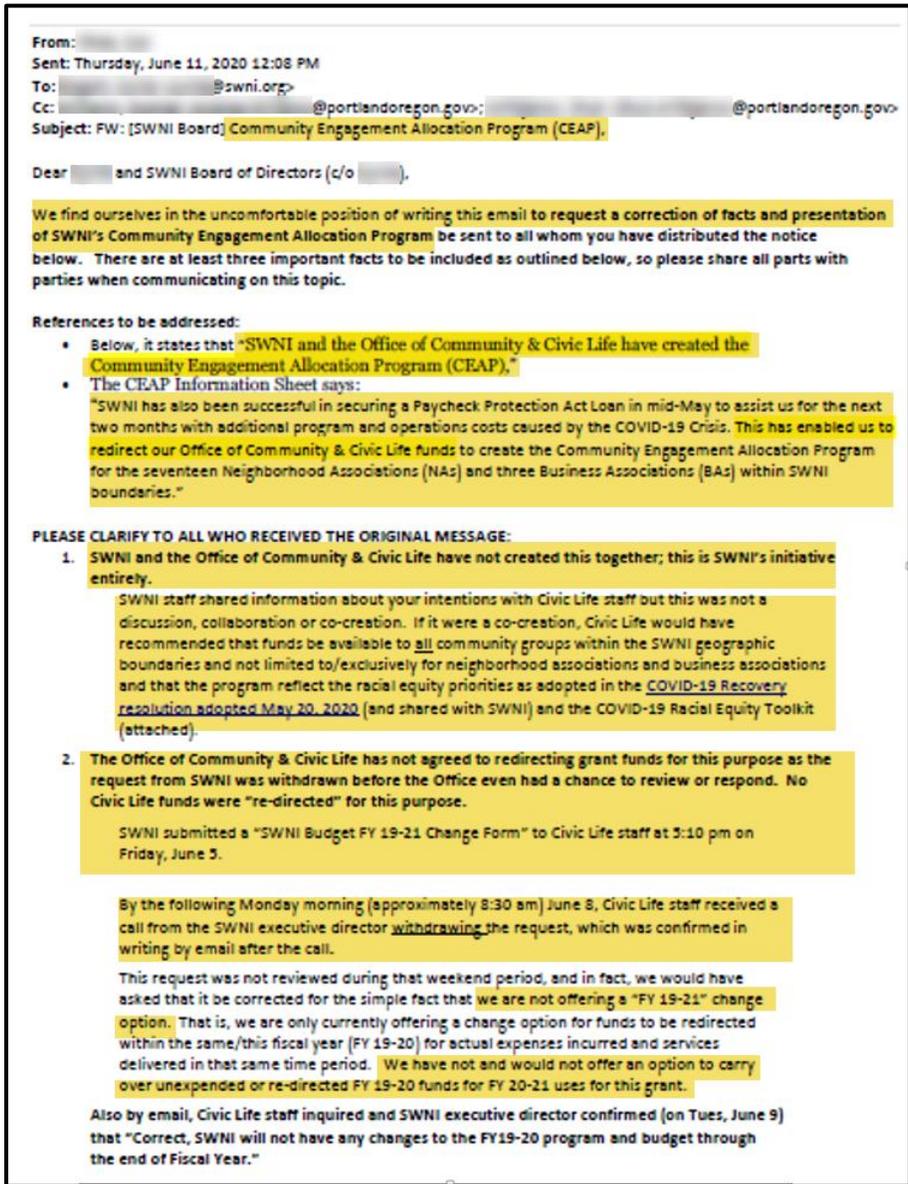
On the same day as the recall of the *Grant Agreement Change Request Form* on June 8th, SWNI emailed the Board regarding the Civic Life grant agreement for the 2020-2021 fiscal year, and informed the Board “we were given the same ‘base’ amount as this year (2019-2020) \$297,414.00,” and that the Board would see a draft budget soon. SWNI’s documentation reflected there was no impact to Civic Life funding from COVID, and no impact to payroll funding, as Civic Life funding was to remain the same base amount going into the new fiscal year.



That same week on Thursday, June 11th, SWNI received an email from Civic Life requesting “a correction of facts and presentation of SWNI’s Community Engagement Allocation Program,” which said that “SWNI and the Office of Community & Civic Life have not created this together; this is SWNI’s initiative entirely.” This communication from Civic Life demonstrated that SWNI had misrepresented Civic Life’s involvement to the Board in the May 27th Board meeting, and again misrepresented to the Board and Associations in the June 4th announcement that SWNI had been allowed to repurpose Civic Life money.

The communication from Civic Life also stated that there was misrepresentation by SWNI in the June 4th announcement that the CEAP had been created in consort with Civic Life. SWNI had not engaged Civic Life in a substantive way related to CEAP prior to SWNI’s Board meeting on May 27th or the email announcement of the CEAP on June 4th. Particularly as the *Grant Agreement Change Request Form* about repurposing funds and the CEAP had not been reviewed or approved by Civic Life.





In the June 11th communication from Civic Life to SWNI about the repurposing of payroll funding and the CEAP, Civic Life informed SWNI that “we are not offering a ‘FY 19-21’ change option... we have not and would not offer any option to carry over unexpended or re-directed FY 19-20 funds for FY 20-21 uses for this grant.” Despite receiving a clear message that Civic Life would not allow repurposing of funding that was budgeted for payroll towards the CEAP, SWNI’s Executive Committee meeting materials on June 17th showed that SWNI had still intended to move forward with the CEAP grants.

During the June 17th committee meeting, SWNI Officers had reviewed the Civic Life grant agreement for fiscal year 2020-2021 and compared the 2019-2020 budget with a 2020-2021 draft budget. The budget



comparison showed that SWNI's base funding from Civic Life remained the same. The budget comparison had a line item for the CEAP grant expense, at \$25,000.00, which was the third highest expense planned other than payroll, and payroll was normally covered by Civic Life grant funding. The budget did not show that SWNI had received the PPP money as other income during the 2019-2020 or 2020-2021 fiscal year. Due to the absence of other income and the added expense of the CEAP on the budget, SWNI's need for board funding was considerably over inflated on the budget.

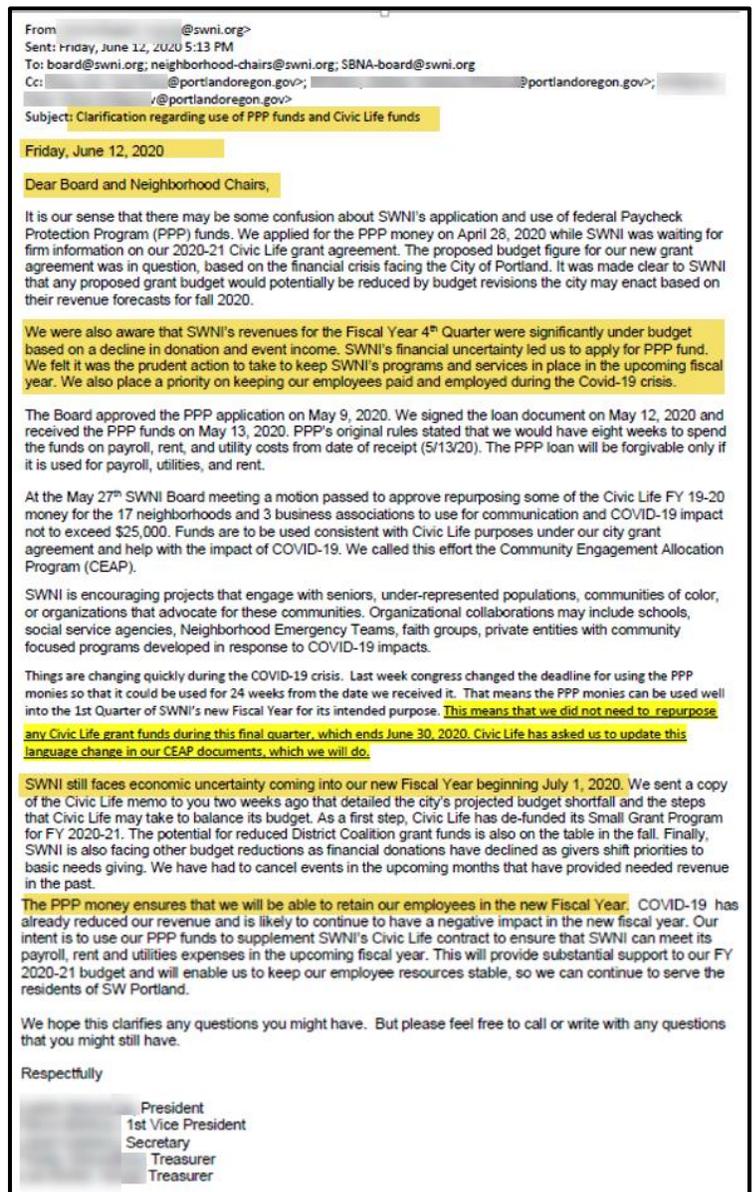
2020-2021 Draft SWNI Budget with Notes					
Category	2019-2020 Budget	2020-2021 Draft Budget	Proposed Capital Needs		Notes FY 2020-2021
INCOME					
Grant - BES	-				
Grants - Civic Life	297,414.00	297,414.00			Base Budget
Grants - Civic Life Small Grants	9,443.00	-			Civic Life Small Grants \$0
Grant BPS (Cleanup)	3,236.00	-			BPS Grant for fall/spring Cleanups discontinued
Fundraising Appeal	9,000.00	4,000.00			Estimate
Advertising Sales	12,000.00	10,000.00			Estimate
	-				
Fiscal Management	8,825.00	6,000.00			BES 3000, WM 3000 BPS 0
Fees & Services (Cleanup)	8,000.00	-			Cleanup participant fees
Subtotal	347,918.00	317,414.00	-	-	
Board Funding	9,452.18	75,059.42			
TOTAL INCOME	\$357,370.18	\$ 392,473.42	\$ -	\$ -	
EXPENSE					
Bank Service Charges	175.00	50.00			ACH Fees
Corporate Filing Fees	1,548.00	1,610.00			Annual inc fees= (18*50)=900, CT12's = (17*20)=340, SWNI CT12 - \$370
Cleanup Expenses	3,236.00	-			Cleanup: Porta-Potties ?, Tent, Supplies
Education/Training	-	800.00			\$100 per employee
Equipment Rental/Lease	5,071.00	5,172.96			Copier-(540.96 x 10 mos.+ 419.18 x 2 mos.)+(5183 property tax) + (\$40 coverage)
Electronic Communication	729.72	3,228.30			Domain Registrations \$200.00; 200M 17 licenses at \$149.90/yr; Cloud Storage \$480.00
Food & Entertainment	1,700.00	1,700.00			SWNI Events, Retreat, Open House
Human Resources	100.00	100.00			Employment ads, background checks
Insurance - Office	11,000.00	10,307.00			May 2020 quote
Insurance - Workers Comp	600.00	645.00			SAIF (includes upgrade to \$1 million/occurrence)
Payroll - Gross Wages	213,155.04	224,250.24			Includes 40 hours for
Payroll - Tax Expense	21,742.00	22,873.52			10.2% of Gross Wages
Payroll - Benefits	12,350.00	12,350.00			Nov. 2020 Renewal -- 2
Payroll - Retirement	4,263.10	4,485.00			2% of Payroll
Payroll Services	1,600.00	1,660.00			Prime Pay
Postage & Delivery	19,200.00	19,200.00			Newspaper: \$1,600 x12
Printing Fundraising Envelopes	775.00	775.00			\$775 for fundraising envelopes
Printing - Newspaper Monthly	25,800.00	25,800.00			2,200 x 12 mos (Does not include 2020 all-household)
Professional Fees	4,000.00	4,000.00			CPA 990 Annual Tax Reports, Financial Review
Office Rent	14,092.32	11,480.40			Office Rent \$956.70 per month
Room Rentals	-	5,500.00			Regular meeting space rentals
Small Equipment/Software	-	3,000.00			New Server; (paid card reader; Monitor \$600; Cart \$80; Web Camera \$100)
Storage for SWNI Equipment	2,250.00	2,346.00			Extra Space Storage Unit \$191/mo (5% increase in Jan 2021)
Subscriptions/Memberships	540.00	540.00			NAO \$225, Costco \$55, MWBA \$100, NTEEN 70.00, Intertwine 90.00
Supplies	2,000.00	2,000.00			Office Supplies
Telephone	1,500.00	1,500.00			\$125/month
Teleworking	-	1,600.00			\$200 x 8 employees
Travel	500.00	500.00			
NA Small Grants/CEAP	9,443.00	25,000.00			CEAP Grants
TOTAL Expenses	\$357,370.18	\$ 392,473.42	\$ -	\$ -	
Total Income - Total Exp.	\$0.00	\$0.00	\$0.00	\$0.00	6/17/2020



SWNI emailed the Board, Associations, and Civic Life a “Clarification regarding use of PPP funds and Civic Life funds” on June 12, 2020. In the email it said that SWNI “did not need to repurpose any Civic Life grant funds during this final quarter, which ends June 30, 2020,” and that “SWNI still faces economic uncertainty coming into our new Fiscal Year beginning July 1, 2020”. SWNI cited that the reason for the economic uncertainty was due to a decline in donation and event income.

In considering the budget comparison for 2019-2020 and 2020-2021 that the SWNI Executive Committee had reviewed on June 17th, there was revenue reduction budgeted for the line items of cleanup, fundraising and advertising sales, which seemed to be due to COVID. It also appeared the Civic Life small grants program was defunded in the new fiscal year. The total revenue reduction was \$30,504.00 on SWNI’s budget comparison between fiscal years 2019-2020 and 2020-2021.

However, there was also expense savings of about \$27,541.92 that was budgeted. SWNI’s revenue reduction from COVID was mostly offset by not having to pay expenses due to COVID. There was a net impact to SWNI’s budget that could be attributed to COVID of only -\$2,962.08. Additionally, SWNI appeared to repurpose the line item that was for discontinued Civic Life small grants as the line item for CEAP. The CEAP expense of \$25,000.00 was the only line item budgeted that would have affected the Board Funding line, as Civic Life had not permitted repurposing of the grant for CEAP. Civic Life’s base funding had not changed, and the payroll expense differences reflected in the budget would have been covered by Civic Life’s grant as well. The only line item that appeared to cause considerable COVID impact on SWNI’s budget was the CEAP.



SWNI had spent the PPP money during the period of May 13, 2020 to August 31, 2020, according to the *PPP Loan Forgiveness Application Form*, dated August 31, 2020, and the *PPP Transaction Detail by Account* report that corresponds with the forgiveness application. SWNI's Civic Life grant would have covered 93% of the expenses that were offset to the PPP money, which included payroll, telephone utility, and a portion of the rent/lease payments. The PPP was used to pay for the following expenses applicable to fiscal years 2019-2020 and 2020-2021 totaling \$66,469.08 (*reference Appendix PPP Transactions Corresponding to the Debt Forgiveness Application*):

- Line 1 on the debt forgiveness application: \$60,952.99 encompasses July and August payroll including gross wages, healthcare, retirement and a portion of payroll taxes.
 - Civic Life grant would have covered all of the payroll expenses offset by the PPP money
- Line 3 on the debt forgiveness application: \$5,223.31 encompasses May, June, July and August rent/lease payments for the office, copier, extra storage and cabinet spaces
 - Civic Life grant would have covered \$432.10 of the extra storage and cabinet space rent/lease payments offset by the PPP money
 - SWNI would have covered \$4,791.21 of the office and copier rent/lease payments offset by the PPP money
- Line 4 on the debt forgiveness application: \$292.78 encompasses July and August telephone utility payments
 - Civic Life grant would have covered all of the telephone utility payments offset by the PPP money





**Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ**

OMB Control No. 3245-0407
Expiration date: 10/31/2020

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Southwest Neighborhoods, Inc.		
Business Address	Business TIN (EIN, SSN)	Business Phone
7688 SW Capitol Hwy		(503) 823 - 4592
Portland, OR 97219	Primary Contact	E-mail Address
		president@swni.org

SBA PPP Loan Number: 73-08 Lender PPP Loan Number: F925A3E9-4D1D-497F-8845-803E74B30E0B

PPP Loan Amount: \$66,300.00 PPP Loan Disbursement Date: 05/13/2020

Employees at Time of Loan Application: 8 Employees at Time of Forgiveness Application: 8

EIDL Advance Amount: EIDL Application Number:

Payroll Schedule: The frequency with which payroll is paid to employees is:

- Weekly Biweekly (every other week) Twice a month Monthly Other

Covered Period: 05/13/2020 to 08/31/2020

Alternative Payroll Covered Period, if applicable: to

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:	60952.99
Line 2. Business Mortgage Interest Payments:	0.00
Line 3. Business Rent or Lease Payments:	5223.31
Line 4. Business Utility Payments:	292.78

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:	66469.08
Line 6. PPP Loan Amount:	66300.00
Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):	101588.32

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):	66300.00
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PPP money was expended on payroll costs for eight SWNI employees during July and August 2020, applicable to fiscal year 2020-2021. Two of the employees had received PTO payouts (“buyouts”) in their payroll that totaled \$7,445.14 which was expensed to the PPP. One of the employee’s that received PTO payouts received two disbursements totaling \$5,136.08 and remained employed at SWNI after August 2020. The other employee that received a PTO payout disbursement, was for \$2,309.06, and did not remain employed at SWNI after August 2020.

EMPLOYEE NAME EMPL # M/S EXEM. DEPT#	RATE	HOURS				EARNINGS				GROSS PAY	TAXES WITHHELD	DEDUCTIONS	NET PAY /	NET PAY /		
		REG	O/T	OTHER	CD	REG	O/T	OTHER	CD		AMOUNT	CODE	AMOUNT	DIRECT DEPOSIT	CHECK # # OF EES	
S-01 000100 (W-2)	86.67		8.00		28	2928.30			0.00	28	2928.30	317.56 42.46 181.55 172.54 2.58 0.95	FED MEDC SOCSEC OR ORSTT ORWCW	350.00	1860.66	0.00 1132
S-01 000100 (W-2)	33.7900		22.00		23			743.38		23	743.38	40.59 10.78 46.09 42.52 0.74	FED MEDC SOCSEC OR ORSTT		602.66	0.00 1133
19 BONUS 26 PERSONAL G GARN 20 DOUBLE 27 COMMISSION GP GARN PAY 23 VACATION 28 EXEM OTHER K 403(b) 24 HOLIDAY 29 RETRO SS SIMPLE 25 SICK 30 OTHER																
C02-6760P SOUTHWEST NEIGHBORHOODS INC S 1 08/16/20 08/31/20 08/31/20 PAYROLL JOURNAL REPORT 1 SUMMARY#: 6760269 08/27/20 02:56 p																

EMPLOYEE NAME EMPL # M/S EXEM. DEPT#	RATE	HOURS				EARNINGS				GROSS PAY	TAXES WITHHELD	DEDUCTIONS	NET PAY /	NET PAY /		
		REG	O/T	OTHER	CD	REG	O/T	OTHER	CD		AMOUNT	CODE	AMOUNT	DIRECT DEPOSIT	CHECK # # OF EES	
(W-2)	26.7500		81.00			2166.75					2166.75	177.78 31.42 134.34 137.56 2.07 0.89	FED MEDC SOCSEC OR ORSTT ORWCW	100.00	1582.69	0.00 242
(W-2)	26.7500		86.32		23			2309.06		23	2309.06	136.63 33.48 143.16 134.63 2.31	FED MEDC SOCSEC OR ORSTT		1858.85	0.00 243
19 BONUS 26 PERSONAL G GARN 20 DOUBLE 27 COMMISSION GP GARN PAY 23 VACATION 28 EXEM OTHER K 403(b) 24 HOLIDAY 29 RETRO SS SIMPLE 25 SICK 30 OTHER																
C02-6760P SOUTHWEST NEIGHBORHOODS INC S 1 08/16/20 08/31/20 08/31/20 PAYROLL JOURNAL REPORT 2 SUMMARY#: 6760269 08/27/20 02:56 p																

EMPLOYEE NAME EMPL # M/S EXEM. DEPT#	RATE	HOURS				EARNINGS				GROSS PAY	TAXES WITHHELD	DEDUCTIONS	NET PAY /	NET PAY /		
		REG	O/T	OTHER	CD	REG	O/T	OTHER	CD		AMOUNT	CODE	AMOUNT	DIRECT DEPOSIT	CHECK # # OF EES	
(W-2)	33.7900		130.00		23			4392.70		23	4392.70	726.56 63.69 272.35 340.05 4.39	FED MEDC SOCSEC OR ORSTT		2985.66	0.00 1138
19 BONUS 26 PERSONAL G GARN 20 DOUBLE 27 COMMISSION GP GARN PAY 23 VACATION 28 EXEM OTHER K 403(b) 24 HOLIDAY 29 RETRO SS SIMPLE 25 SICK 30 OTHER																
C02-6760P SOUTHWEST NEIGHBORHOODS INC S 1 08/16/20 08/31/20 09/01/20 PAYROLL JOURNAL REPORT 1 SUMMARY#: 6760270 08/31/20 02:14 p																



Although PTO appeared to have been eligible for debt forgiveness as part of the the *PPP Loan Forgiveness Application Form*, the PTO payouts were problematic with the *SWNI Personnel Policy* for the following reasons:

8. Question: Do PPP loans cover paid sick leave?
 Answer: Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116-127). Learn more about the Paid Sick Leave Refundable Credit [here](#).

- For employees not terminated, the *Personnel Policy* did not permit a payout of PTO. The *Personnel Policy* indicated that for SWNI employees not terminated, employees were unallowed to accrue more than the annual Paid Time Off (“PTO”) accrual limit; and once an employee reached the PTO accrual limit, they would not accrue more PTO, until the employee had actually taken the PTO to reduce the balance below the accrual limit.
 - SWNI violated the *Personnel Policy* when paying out \$5,136.08 of PTO vacation time to a single employee on two different pay periods, and they had remained employed after the PTO payouts.
- For terminated employees, the *Personnel Policy* had permitted that they receive the equivalent amount of pay up to a certain maximum based on whether the employee had been part-time or full-time and the years of service.
 - SWNI violated the *Personnel Policy* when paying out 86.32 hours of PTO to a single employee who should only have been permitted to be paid out a maximum of 80 hours. SWNI appeared to have overpaid 6.32 hours of PTO totaling \$169.06.
 - SWNI violated the *Personnel Policy* when they paid out PTO in excess of the employee’s annual PTO limit based on the employee’s employment time at SWNI.

**Southwest Neighborhoods, Inc. (SWNI)
Personnel Policy**

- Regular part-time employees who work less than 20 hours a week and temporary employees are not eligible for Paid Time Off.
- Paid Time Off must be used in increments of 1 hour or more.
- An employee may not accrue more than the annual Paid Time Off accrual limit. If an employee’s accrual balance reaches this limit, the employee does not accrue additional Paid Time Off until he or she has taken Paid Time Off and reduced the balance below the accrual limit.
- If a SWNI-paid holiday occurs during a period of Paid Time Off, holiday pay applies to that date, and the employee’s Paid Time Off accrual is not be debited for that date.
- If a regular employee terminates employment with a Paid Time Off balance remaining, the employee shall receive the equivalent amount of pay up to a maximum of 160 hours for regular full-time employees (80 hours for regular part-time employees).

Regular Full Time Employees (36 or more hours per week)	Paid Time Off accruals per year	Sick leave accruals per year
0 - 5 years	80 hours (3.34 hours per pay period)	104 hours (4.34 hours per pay period)
More than 5 years and less than 10 years	120 hours (5 hours per pay period)	104 hours (4.34 hours per pay period)
10 or more years	160 hours (6.67 hours per pay period)	104 hours (4.34 hours per pay period)

Regular Part Time Employees (20 or more hours per week and less than 36 hours per week)	Paid Time Off accruals per year	Sick leave accruals per year
0 - 5 years	40 hours (1.67 hours per pay period)	52 (2.17 hours per pay period)
More than 5 years and less than 10 years	60 hours (2.5 hours per pay period)	52 (2.17 hours per pay period)
10 or more years	80 hours (3.34 hours per pay period)	52 (2.17 hours per pay period)



The payout of PTO was the result of SWNI not realizing that the employer's share of the Federal Insurance Contributions Act (FICA) tax for social security and Medicare was unallowed on the *PPP Loan Forgiveness Application Form*. In the September 23, 2020 Board Meeting, the PTO payouts were explained as a "buyback for additional vacation pay, so when we found out we couldn't do the federal employer tax, we wanted to reduce the liability of that... as I reported last month that there was about \$13,000 in accrued vacation liability, so we reduced that significantly by included it in the PPP." It seemed problematic that the bulk PTO payout was only paid to one of the five employees that remained working for SWNI, and only one of the two employees that were terminated by SWNI.

SWNI's solution to being ineligible to claim the employer's portion of FICA tax on the *PPP Loan Forgiveness Application Form*, was to inflate payroll expenses through the payout of PTO. SWNI demonstrated they had intended to seek forgiveness for the entirety of the PPP loan to avoid the 1% interest rate. SWNI had reported on the *PPP Loan Forgiveness Application Form* that there was more expense \$66,469.08 than had been received as a loan \$66,300.00. However, the \$66,469.08 included the PTO payouts for employees. Had those PTO payouts not occurred, SWNI would have had less expenses for PPP, and the remainder would have begun to accrue a 1% interest rate.

16. Question: How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: Under the Act, payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For example, an employee who earned \$4,000 per month in gross wages, from which \$500 in federal taxes was withheld, would count as \$4,000 in payroll costs. The employee would receive \$3,500, and \$500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the \$4,000 in wages are excluded from payroll costs under the statute.³

³ The definition of "payroll costs" in the CARES Act, 15 U.S.C. 636(a)(36)(A)(viii), excludes "taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period," defined as February 15, 2020, to June 30, 2020. As described above, the SBA interprets this statutory exclusion to mean that payroll costs are calculated on a gross basis, without subtracting federal taxes that are imposed on the employee or

As of June 25, 2020

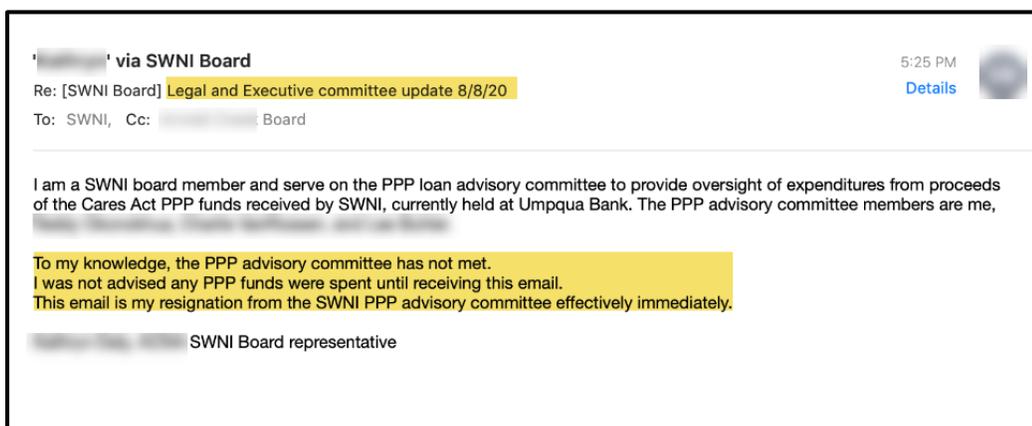


Also problematic regarding the bulk PTO payout is that SWNI had created additional FICA tax liability for the employer's share. Since PTO is paid out as gross wages, SWNI would have been subjected to pay the employer's share of FICA tax on those gross wages. SWNI's employer share of the FICA tax that was generated as a result of the bulk PTO vacation time payouts that also would not have been covered by PPP money was:

- Social Security cost to SWNI (6.2%) = \$461.60
- Medicare cost to SWNI (1.45%) = \$107.95

Additionally, what was problematic about the bulk PTO payouts, was that one employee is still working for SWNI. According to the *Personnel Policy*, "An employee may not accrue more time than the annual Paid Time Off accrual limit. If an employee's accrued balance reaches this limit, the employee does not accrue additional Paid time Off until he or she has taken Paid Time Off and reduces the balance below the accrual limit." When SWNI paid down the PTO liability, that would have caused the employee to accrue new PTO, creating a new additional liability. This was observed to circumvent the *Personnel Policy* that required a limit of PTO accrual. This PTO limit worked in SWNI's favor to limit expenses on PTO. SWNI appeared to financially mismanage the PTO payouts and it caused an indeterminate amount of accrued liability based on noncompliance with the policy.

SWNI had established a PPP loan special committee to oversee the expenditures and handling of the PPP money. It was problematic that there was evidence the special PPP committee had not regularly met. This was evidence that SWNI had mismanaged the oversight of the PPP money, and that decision making regarding CEAP, engagement with Civic Life regarding handling of expenses, and the PTO payouts were not adequately disclosed to Board members.



<i>Examination #6</i>	Was money being spent according to SWNI’s budget?
Findings:	<ul style="list-style-type: none"> • SWNI “shifted” money between budget line items that deviated from the published budget and the actuals reported to Civic Life. • In a Board meeting, the Executive Director stated that the shifting of money between line items was to ensure grant money is completely used. • SWNI carried an excessive pre-paid balance “slush” fund on the USPS account consisting of ONI/Civic Life grant funds. • Evidence showed an increase in expenses being paid at the end of the fiscal year that deviated from the original budget that could not be attributed to actual increase or decreases of operational costs. • The financials reported to Civic Life revealed the differences of the budgeted items with actuals; for at least 3 fiscal years, these variances lacked reasonable justification or documentation. • Professional Fees had funds budgeted for a “Financial Review” although no financial review or audit has ever been completed. • The three main budget line items that incurred the most notable changes were the Postage and Delivery, Professional Fees, and Rent. • There were considerable percentage changes for line item amounts over the fiscal year periods of 2013 to 2019 that could not be attributed to actual increase or decreases of operational costs.
Impact:	<ul style="list-style-type: none"> • There was a “slush” fund held at the post office that had a pre-paid balance of \$31,461.57; the source of which is ONI/Civic Life grant funds • There was \$9,225.00 in Civic Life grant reimbursements for rent that were not budgeted • There was \$11,000 budgeted from Board and Civic Life funds for financial reviews that were not performed

Results Summary

An analysis was completed on SWNI’s annual budgets and was compared to spending on the Umpqua Bank Operations account, and financial system *Profit & Loss Detail* and *Transaction Detail by Account*. SWNI’s financial system transaction activity was determined to be too unreliable prior to 2013 for meaningful analysis of the budget, and the budget record from 2019-2020 provided by SWNI was incomplete. SWNI’s budgets and actuals reported to Civic Life were compared for fiscal years 2014, 2015, 2016, 2017, 2018 and 2019. Board meeting minutes, materials and videos were also considered, as well as communications and grant agreements with Civic Life.

Forensic examination findings are that SWNI shifted money between line items on their budget so that they could use most or all of the money in their Civic Life grant. When SWNI was under budget at the end of a fiscal year, SWNI would expend funds in excess of their budget line items, often in a pre-paid



manner for postal services. There was an unreasonable and excessive balance carried with the United States Postal Service (“USPS”) for SWNI, as a result of the excessive payments at the end of fiscal years.

Additionally, there were professional services that SWNI had budgeted for from Board and Civic Life funding, specifically for “Financial Review,” however SWNI had not expended any money for an audit or financial review by an accountant when that was budgeted. SWNI had admitted there was not any financial statement or reports audited during fiscal years 2011 to 2020. The forensic auditors charted actual line item amounts reported to Civic Life by SWNI and the year-over-year increases/decreases, *reference Appendix Contract Actuals*. There were considerable percentage changes over the fiscal year periods of 2013 to 2019 that could not be attributed to actual increase or decreases of operational costs.

Forensic Audit Information Request Checklist	
October 1, 2020	
TO:	Melissa Frick Minick Marsh Minick, P.C.
From:	Sylvia Bogert, Executive Director Southwest Neighborhoods, Inc
RE:	Information Request 1
#32	Provide the audited financial statements, report and accompanying supplementals
Please note: Southwest Neighborhoods, Inc.'s has not had its financial statements or reports audited.	
We did provide Civic Life with a copy of Smyth & Clark's review of our 2012 Financial Management Policy and IRS Audit for fiscal year 2011-2012.	

Forensic Examination

The forensic examination was performed on SWNI’s published fiscal year budget line items with the actuals reported to Civic Life. In the May 9, 2020 SWNI Emergency Board Meeting, a discussion between a Board member and the Executive Director identified that for many years SWNI had practiced “shift the funding” to “spend within line items” in order to “always spent down Civic Life funds to the penny.” While there is evidence that SWNI had shifted money between the budgeted line items, the yearly budgets, actual expenses and the itemized expenses were disclosed to Civic Life on a quarterly basis.



Fiscal Year 2013-2014

During the 2013-2014 fiscal year, SWNI spent 100% of the Civic Life grant of \$268,139.00. There was a variance with the budget versus actuals that lacked reasonable justification or documentation.

- The *Postage and Delivery* line item showed \$22,400.00 on the budget for Civic Life funds; however actual spending to the USPS was \$30,614.02. This represented a 36.7% difference where the actuals were over budget. Had the *Postage and Delivery* line item been within the budgeted amount, SWNI would have underspent their Civic Life grant by \$8,214.02. SWNI issued two checks for “bulk mailing” on the last day of the fiscal year June 30th 2014 that was \$16,610.77. Evidence showed that the Executive Director explained in a Board meeting that SWNI was using line items in the budget to “shift the funding” to maximize Civic Life grant funds; the postal checks on the last day of the fiscal year was indicative that SWNI had inflated the expense to the USPS because they had underspent their overall budget and needed a line item to charge in order to spend the entirety of the Civic Life grant.

Postage & Delivery									
Bill	5/28/2014		US Postal Service	Bulk Mailing Permit #1348, May 2014	ONI	Accounts Payable	1,400.00	1,400.00	
Check	5/29/2014	5595	US Postal Service	6 rolls of 100 Forever 49 cent postage stamps	ONI	Umpqua Operations Account	294.00	1,694.00	
Bill	6/18/2014		US Postal Service	Bulk Permit #3148 June 2014	ONI	Accounts Payable	1,400.00	3,094.00	
Check	6/19/2014	5611	SWHRL US Bank Acct	Mailing Services	ONI	Umpqua Operations Account	175.00	3,269.00	
Check	6/19/2014	5611	SWHRL US Bank Acct	Postage	ONI	Umpqua Operations Account	140.99	3,409.99	
Bill	6/30/2014		US Postal Service	Bulk Mailing Permit #1348, End of Fiscal Year 2013-2014	ONI	Accounts Payable	16,080.01	19,490.00	
Bill	6/30/2014		US Postal Service	Bulk Mailing Permit #1348, End of Fiscal Year 2013-2014	ONI	Accounts Payable	530.76	20,020.76	
Total Postage & Delivery							20,020.76	20,020.76	

- The *Prof. Fees – Bookkeeping & Accounting* line item reflected a budget of \$2,000.00 for a “Financial Review” at end of year. However, SWNI had not expended any money from this line item that was allocated to SWNI Board funding.

ONI/Civic Life Fund Account	Comparison →	SWNI Budget 2013-2014	Civic Life Actuals 2013-2014	Difference
Gross Wages		\$ 169,921.53	\$ 169,156.70	-0.450%
Payroll Tax Expenses		\$ 18,691.37	\$ 15,777.29	-15.591%
Benefits		\$ 6,120.36	\$ 6,241.96	1.987%
Retirement		\$ 3,398.43	\$ 3,398.43	0.000%
Total Employees		\$ 198,131.69	\$ 194,574.38	-1.795%
Electronic Communication		\$ 1,246.00	\$ 2,159.56	73.319%
Ins. D&O, Liab, Theft, Vol		\$ 10,200.00	\$ 9,901.00	-2.931%
Ins. Worker's Comp		\$ 600.00	\$ 572.59	-4.568%
Payroll Services		\$ 1,500.00	\$ 1,259.60	-16.027%
Postage & Delivery		\$ 22,440.00	\$ 30,614.02	36.426%
Printing- All		\$ 4,121.31		-100.000%
Printing- Neighborhood		\$ 5,100.00	\$ 3,897.98	-23.569%
Printing - Newspaper		\$ 24,000.00	\$ 24,359.87	1.499%
Prof Fees- Other		\$ 800.00	\$ 800.00	0.000%
Total Materials & Svcs.		\$ 70,007.31	\$ 73,564.62	5.081%
Total--Main Grant		\$ 268,139.00	\$ 268,139.00	0.000%
ONI/Civic Life Grant Amount (from Budget)		\$ 268,139.00	\$ 268,139.00	



SWNI ADOPTED OPERATING Budget 2013-14

	Budget 12-13	Budget 13-14	ONI	SWNI Board	Notes
Income					
Grant - BES	12,000.00	12,000.00		12,000.00	Prog Mgmt \$7K. Superv. \$5K.
Grants - ONI	278,016.00	268,139.00	268,139.00		Based on Feb. ONI Budget Submission
Grants - Other	7,811.00	7,811.00		7,811.00	Plann & Sust. 5 yr Cleanup Grant
Other Program Service Fees	5,018.00	5,000.00		5,000.00	BES newspaper inserts
Contributions Income	4,000.00	4,000.00		4,000.00	Estimate. SWNI rovd \$8000 contribs in FY 12/13
Advertising Sales	1,500.00	1,500.00		1,500.00	Newspaper ads
SWNI Sales	500.00	250.00		250.00	Signs, Ink cartridge recycling
BES Admin	5,047.00	5,000.00		5,000.00	BES grant administration
Miscellaneous Income	3,000.00	3,000.00		3,000.00	Cleanup participant fees
TOTAL Income	\$ 316,892.00	\$ 306,700.00	\$ 268,139.00	\$ 38,561.00	
Expense					
Bank Service Charge	500.00	300.00		300.00	Checks, misc. fees. Reduced \$200
Corporate Filing Fees	1,500.00	1,500.00		1,500.00	Annual Inc fees= \$900, CT12's = \$170, SWNI CT12 - \$100 + misc.
Education/Training	500.00	500.00		500.00	
Educational Stipends		1,000.00		1,000.00	Internship Stipends
Equipment Rental	5,030.00	5,000.00		5,000.00	Copy machine - \$415 p/mo.
Electronic Communication	0.00	1,246.00	1,246.00		Constant Contact, SprintOne, Quest, Cloud off site Backup/Storage, Web Hosting
Food Entertainment	400.00	1,000.00		1,000.00	Retreat \$200 Police \$340, Mult Days \$60, Vol \$400
Insurance - D&O, Liab, Theft, Vol	9,300.00	10,200.00	10,200.00		9 - 10% increase expected
Insurance - Workers Comp	600.00	600.00	600.00		
Payroll - Wages	171,077.00	169,921.53	169,921.53		Estimated wages + 1.8%
Payroll - Taxes	18,819.00	18,691.37	18,691.37		11% total wages
Payroll - Benefits	5,220.00	6,120.36	6,120.36		Medical benefits
Payroll - Retirement	3,350.00	3,398.43	3,398.43		IRA Employer Match 2% of wages
Payroll Services	1,500.00	1,500.00	1,500.00		Prime Pay
Postage & Delivery	24,783.00	22,440.00	22,440.00		Newspaper - \$1400 p/mo, Office \$45 e/b mo-\$270 NA's - \$800 x 17 - \$13,000
Postage/Printing - All Household	0.00	5,218.31	4,121.31	1,097.00	Contingency All Household (need \$6,300)
Printing - Neighborhood Assoc.	5,100.00	5,100.00	5,100.00		\$300 x 17 NA's
Printing - Newspaper	30,000.00	24,000.00	24,000.00		\$2000 p/mo.
Prof Fees - Tax Accounting	1,500.00	2,000.00		2,000.00	CPA 990 Tax Reports
Prof Fees - Bookkeeping/Accounting	2,500.00	2,000.00		2,000.00	Contingency - Financial Review e/o year
Prof Fees - Other	800.00	800.00	800.00		Board Retreat, Professional Training
Rent	12,000.00	12,000.00		12,000.00	Office - \$9000, Rentals - \$3000
Small Equip/Software	218.00	1,375.00		1,375.00	Modem, Monitor, Acobe, MS Office, Norton
Special Projects Expense	4,800.00	4,800.00		4,800.00	Fees for haulers, supplies, etc.
Storage for SWNI Equipment	1,200.00	1,200.00		1,200.00	Barbur Storage Unit
Subscriptions/Memberships	525.00	225.00		225.00	NAO \$175, Costco \$50
Supplies	2,500.00	2,000.00		2,000.00	Reduced based on FY 12-13 expenses,
Telephone	3,000.00	2,414.00		2,414.00	Note: Quest DSL & SprintOne Internet \$86 moved to electronic communication
Travel	150.00	150.00		150.00	
NA Small Grants	10,020.00	0.00		0.00	
TOTAL Expenses	\$ 316,892.00	\$ 306,700.00	\$ 268,139.00	\$ 38,561.00	
Net Income	\$ -	\$ -	\$ -	\$ -	



Fiscal Year 2014-2015

During the 2014-2015 fiscal year, SWNI spent 100% of the Civic Life base funding of \$280,111.00. There was a variance with the budget versus actuals that lacked reasonable justification or documentation.

- The *Postage and Delivery* line item showed \$23,000.00 on the budget for Civic Life funds; however actual spending to the USPS was \$28,551.28. This represented a 24.14% difference where the actuals were over budget. Had the *Postage and Delivery* line item been within the budgeted amount, SWNI would have underspent their Civic Life grant by another \$5,551.28. SWNI issued two checks for “bulk mailing” at the end of the fiscal year from June 23 to June 30th 2015 that was in excess of \$14,102.28. This was indicative that SWNI had inflated the expense to the USPS because they had underspent their overall budget and needed a line item to charge in order to spend the entirety of the Civic Life grant.

Portland Main Office
 PORTLAND, Oregon
 972088097
 4067870008-0096
 07/02/2015 (800)275-8777 04:39:05 PM

Product Description Qty Price Final Price

Account Number: 592253
 Permit Type: Permit Imprint
 Permit Number: 1348
 Customer Name: SOUTHWEST NEIGHBORHOODS INC.

Amount of Deposit: \$11,058.40
 New Balance: \$31,461.57
 Confirmation #: 2015183183846690

Total: \$11,058.40

Paid by:
 Personal Check \$11,058.40

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In a hurry? Self-service kiosks offer quick and easy check-out. Any Retail Associate can show you how.

Type	Date	Num	Name	Memo	Class	Split	Amount	Balance
Postage & Delivery								
Bill	07/23/2014		US Postal Service	Bulk Permit #1348, July 2014	ONI	Accounts Payable	1,500.00	1,500.00
Bill	08/21/2014		US Postal Service	Bulk Permit #1348, August 2014	ONI	Accounts Payable	1,500.00	3,000.00
Bill	09/22/2014		US Postal Service	September 2014 Postage	ONI	Accounts Payable	1,500.00	4,500.00
Deposit	10/09/2014		Adams, Stefanie	purchase of postage stamp	ONI	Umpqua Operations Account	-0.50	4,499.50
Bill	10/28/2014		US Postal Service	Bulk Mailing Permit #1348, October 2014	ONI	Accounts Payable	1,500.00	5,999.50
Bill	10/28/2014		U.S. Postal Service	Standard Mail, PI, Permit #1348 Renewal	ONI	Accounts Payable	220.00	6,219.50
Bill	11/12/2014		SWHRL US Bank Acct	Mailing Services	ONI	Accounts Payable	175.00	6,394.50
Bill	11/12/2014		SWHRL US Bank Acct	Postage	ONI	Accounts Payable	134.51	6,529.01
Bill	11/24/2014		US Postal Service	Bulk Mailing Permit #1348, November 2014	ONI	Accounts Payable	1,500.00	8,029.01
Bill	12/23/2014		US Postal Service	Bulk Mailing Permit #1348, December 2014	ONI	Accounts Payable	1,500.00	9,529.01
Bill	01/26/2015		US Postal Service	Bulk Mailing Permit #1348	ONI	Accounts Payable	1,500.00	11,029.01
Bill	02/24/2015		US Postal Service	Bulk Mailing Permit #1348, February 2015	ONI	Accounts Payable	200.00	11,229.01
Bill	03/24/2015		US Postal Service	Bulk Mailing Permit #1348, March 2015	ONI	Accounts Payable	200.00	11,429.01
Bill	04/22/2015		US Postal Service	Bulk Mailing Permit #1348, April 2015	ONI	Accounts Payable	1,500.00	12,929.01
Bill	05/27/2015		US Postal Service	Bulk Mailing Permit #1348, May 2015	ONI	Accounts Payable	1,500.00	14,429.01
Bill	05/27/2015		Sylvia Bogert (V)	Overnight Postage for CIT Bill	ONI	Accounts Payable	19.99	14,449.00
Bill	06/23/2015		US Postal Service	Bulk Mailing Permit #1348, June 2015	ONI	Accounts Payable	2,749.88	17,198.88
Check	06/29/2015	5831	US Postal Service	6 rolls of 100 Forever 49 cent postage stamps	ONI	Umpqua Operations Account	294.00	17,492.88
Bill	06/30/2015		US Postal Service	Bulk Mailing Permit #1348, June 2015 Final	ONI	Accounts Payable	11,058.40	28,551.28
Total Postage & Delivery							28,551.28	28,551.28

- The *Professional Fees* line item reflected a budget of \$5,000.00 for Civic Life funds, of which \$2,000.00 was for a “Financial Review”. However, SWNI had not expended any money for a professional financial review during this period, and had underspent this line item by 59.14%. It appears that had SWNI not overspent on *Postage and Delivery* line item then there would have been enough Civic Life funding for a professional financial review.



ONI/Civic Life Fund Account	Comparison	SWNI Budget 2014-2015	Civic Life Actuals 2014-2015	Difference
Gross Wages		\$ 173,956.55	\$ 173,218.63	-0.424%
Payroll Tax Expenses		\$ 17,395.66	\$ 16,436.23	-5.515%
Benefits		\$ 6,302.76	\$ 6,279.18	-0.374%
Retirement		\$ 3,479.12	\$ 3,479.12	0.000%
Total Employees		\$ 201,134.09	\$ 199,413.16	-0.856%
Bank Service Charge		\$ 146.91	\$ 167.22	13.825%
Electronic Communication		\$ 2,000.00	\$ 2,109.12	5.456%
Ins. D&O, Liab, Theft, Vol		\$ 10,700.00	\$ 11,564.00	8.075%
Ins. Worker's Comp		\$ 600.00	\$ 309.34	-48.443%
Payroll Services		\$ 1,500.00	\$ 1,420.74	-5.284%
Postage & Delivery		\$ 23,000.00	\$ 28,551.28	24.136%
Printing - Neighborhood		\$ 5,100.00	\$ 3,127.41	-38.678%
Printing - Newspaper		\$ 24,000.00	\$ 24,744.23	3.101%
Prof Fees- Other		\$ 5,000.00	\$ 2,043.00	-59.140%
Subscription/Memberships		\$ 280.00	\$ 355.00	26.786%
Telephone		\$ 1,500.00	\$ 1,270.18	-15.321%
Travel		\$ 150.00	\$ 36.32	-75.787%
NA Small Grants		\$ 10,676.00	\$ 5,000.00	-53.166%
Total Materials & Svcs.		\$ 84,652.91	\$ 80,697.84	-4.672%
Total--Main Grant		\$ 285,787.00	\$ 280,111.00	-1.986%
ONI/Civic Life Grant Amount (from Budget)		\$ 280,111.00	\$ 280,111.00	\$5,676 difference carried over in Small Grants

SWNI Adopted Operating Budget 2014-2015					
	Budget 13-14	Budget 14-15	ONI	SWNI Board	Notes FY 2014-2015
Income					
Grant - BES	12,000.00	2,500.00		2,500.00	BES Grant ED supervision, grant management, coordination of open
Grants - ONI	268,139.00	285,787.00	285,787.00		Based 2.5% COLA/\$10,676 Sm Grants
Grants - Other	7,811.00	7,811.00		7,811.00	Plann & Sust. 5 yr Cleanup Grant
Other Program Service Fees	5,000.00	0.00		0.00	Corrected and moved to BES Budget (\$4,800 newspaper)
Contributions Income	4,000.00	5,000.00		5,000.00	Estimate. SWNI revd \$6,781 contribs in FY13/14
Advertising Sales	1,500.00	3,000.00		3,000.00	Other FY 13-14 3,500
SWNI Sales	250.00	150.00		150.00	Signs, ink cartridge recycling
Fiscal Administration	5,000.00	12,148.00		12,148.00	BES 5,000, WMSWCO 64.00, METRO 6524
Miscellaneous Income	3,000.00	3,500.00		3,500.00	Cleanup participant fees
TOTAL Income	\$ 306,700.00	\$ 319,896.00	\$ 285,787.00	\$ 34,109.00	
Expenses					
Bank Service Charge	300.00	146.91	146.91		Checks, misc. fees. Reduced \$200
Corporate Filing Fees	1,500.00	1,500.00		1,500.00	Annual Inc fees- \$900, CT12's = \$170, SWNI CT12- \$100 + misc.
Education/Training	500.00	500.00		500.00	100 per employee
Educational Stipends	1,000.00	0.00	0.00	0.00	Internship Stipends
Equipment Rental	5,000.00	5,286.00		5,286.00	Copy machine-3% increase-\$420 mo
Electronic Communication	1,246.00	2,000.00	2,000.00		Constant Contact, CyberLink (includes cloud storage & web hosting)
Food Entertainment	1,000.00	1,500.00		1,500.00	Retired \$200, Person \$500, Vol \$500, Orientation Training 100, SWNI Events 200
Insurance - D&O, Liab, Theft, Vol	10,200.00	10,700.00	10,700.00		5% increase expected
Insurance - Workers Comp	600.00	600.00	600.00		
Payroll - Wages	169,921.53	173,956.55	173,956.55		Estimated wages + 2.5% COLA
Payroll - Taxes	18,691.37	17,395.66	17,395.66		Reduced from 11% to 10% of total wages
Payroll - Benefits	6,120.36	6,302.76	6,302.76		Medical Benefits 525.23 mo
Payroll - Retirement	3,398.43	3,479.12	3,479.12		IRA Employer Match 2% of wages
Payroll Services	1,500.00	1,500.00	1,500.00		Prime Pay
Postage & Delivery	22,440.00	23,000.00	23,000.00		Newspaper - \$1500 p/30 mos-BES 2 mos, Office \$49 m/o mos-\$294 NA's - \$300 x 17 = \$5100
Postage/Printing - All Household	5,218.31	2,348.00		2,348.00	All Household mailing in June 2015 (corrected to reflect change in BES newspaper income)
Printing - Neighborhood Assoc.	5,100.00	5,100.00	5,100.00		\$300 x 17 NA's
Printing - Newspaper	24,000.00	24,000.00	24,000.00		\$2000 p/mo
Professional Fees	4,800.00	5,000.00	5,000.00		\$1,500 CPA 990 Annual Tax Reports, \$2,000 Financial Review, \$1,500 Facilitation, Legal Consultant
Rent	12,000.00	12,315.00		12,315.00	Office Rent \$913 per mo, \$3000 extra meeting space rentals for events, etc.
Small Equip/Software	1,375.00	1,000.00		1,000.00	Printer/Prn MS Office, Norton, Adobe, Mac/min software servs
Special Projects Expense	4,800.00	6,100.00		6,100.00	Fees for haulers, Tents, Port Potty, supplies
Storage for SWNI Equipment	1,200.00	1,560.00		1,560.00	Barbur Storage Unit 130 mo
Subscriptions/Memberships	225.00	280.00	280.00		NAO \$225, Cost co \$55
Supplies	2,000.00	2,000.00		2,000.00	
Telephone	2,414.00	1,500.00	1,500.00		Reduced to 125 mo based on FY 13-14 fees
Travel	150.00	150.00	150.00		
NA Small Grants	0.00	10,676.00	10,676.00	0.00	New NA Small Grant funds added to ongoing funds for ONI Budget
TOTAL Expenses	\$ 306,700.00	\$ 319,896.00	\$ 285,787.00	\$ 34,109.00	
Net Income	\$ -	\$ -	\$ -	\$ -	

Adopted May 28, 2014 - Amended July 2014



Fiscal Year 2015-2016

During the 2015-2016 fiscal year, SWNI spent 96% of the Civic Life grant, which was spending of \$281,163.00, and the grant was for \$291,839.00. There was a variance with the budget versus actuals where the funding for Civic Life had been spent differently than how it was budgeted.

- The *Postage and Delivery* line item showed a 79% decrease in the budget for Civic Life funds. The actual spending to USPS was \$2,825.09 during 2015-2016 fiscal year, which was under the \$13,000.00 budget for Civic Life funds for the *Postage and Delivery* line items. It appeared that SWNI had been under budget in the *Postage and Delivery* line item as a result of an increase of the line items for *Payroll Wages* of \$12,400.00 and *Payroll Taxes* of \$1,252.00 during the same period. Also the decrease in budget to the *Postage and Delivery* line item seemed to be the result of having a surplus balance of money on file with the USPS from prior periods. By the June 3, 2015, SWNI had a credit with the USPS of \$12,758.52.
- The *Professional Fees* line item reflected SWNI had budgeted \$5,000.00 for Civic Life funds during 2015-2016 fiscal year, which was a 148.439% increase from the prior fiscal year 2014-2015. SWNI had spent the entirety of the \$5,000.00 that was budgeted. SWNI had budgeted for \$2,000.00 to an accounting consultant, \$2,680.00 for the tax return, and \$1,500.00 for facilitation and legal consultants. However, SWNI had not appeared to expend any money for an accounting consultant during this period, even though it was budgeted. SWNI had overspent on the tax return preparation by 78%; the tax return preparation was budgeted as \$1,500.00 and SWNI paid \$2,680.00. SWNI spent the remainder of the *Professional Fees* line item budget on the Board Retreat in April 2015.
- The *Rent* line item reflected in the SWNI budget did not have an amount allocated to Civic Life; however on June 30, 2016, SWNI used grant funds for fiscal year 2016-2017 on room rentals totaled \$2,527.50. The room rental payments were not in the Civic Life budget, but were expended to Civic Life for reimbursement. The room rentals were issued on the last day of the fiscal year, June 30, and based on the memo, was a pre-payment for rent during the next fiscal year.

PORTLAND MAIN OFFICE
PORTLAND, Oregon
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06/03/2015 (800)275-8777 12:58:26 PM

Sales Receipt

Product Description	Sale Qty	Unit Price	Final Price
Account Number: 592253			
Permit Type: Permit Imprint			
Permit Number: 1348			
Customer Name: SOUTHWEST NEIGHBORHOODS INC			
Amount of Deposit:			\$1,500.00
New Balance:			\$21,758.52
Confirmation #:			201515414575488D
Total:			\$1,500.00
Paid by:			
Personal Check			\$1,500.00

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Rent	Date	Location	Description	Amount	Total
Bill	06/30/2016	Neighborhood House Senior Center	Room Rentals for 2016-2017	1,490.50	1,490.50
Bill	06/30/2016	Portland Parks & Recreation	2016-2017 Room Rentals at Multnomah Arts Center	1,037.00	2,527.50
Total Rent				2,527.50	2,527.50



ON/Civic Life Comparison Fund Account	SWNI Budget 2015-2016	Civic Life Actuals 2015-2016	Difference
Gross Wages	\$ 182,143.86	\$ 192,327.57	5.591%
Payroll Tax Expenses	\$ 18,214.39	\$ 19,090.92	4.812%
Benefits	\$ 6,302.76	\$ 6,500.46	3.137%
Retirement	\$ 3,642.88	\$ 3,841.44	5.451%
Total Employees	\$ 210,303.89	\$ 221,760.39	5.448%
Electronic Communication	\$ 2,000.00	\$ 1,955.58	-2.221%
Ins. D&O, Liab, Theft, Vol	\$ 11,235.00	\$ 10,305.00	-8.278%
Ins. Worker's Comp	\$ 600.00	\$ 369.02	-38.497%
Payroll Services	\$ 1,500.00	\$ 1,577.98	5.199%
Postage & Delivery	\$ 13,000.00	\$ 2,825.09	-78.269%
Printing- All	\$ 5,000.00		-100.000%
Printing- Neighborhood	\$ 8,500.00	\$ 4,996.87	-41.213%
Printing - Newspaper	\$ 20,300.00	\$ 27,472.86	35.334%
Prof Fees- Other	\$ 5,000.00	\$ 4,667.00	-6.660%
Rent	\$ -	\$ 2,527.50	100.000%
Subscription/Memberships	\$ 224.11	\$ 325.00	45.018%
Supplies	\$ 2,000.00	\$ 2,380.71	19.036%
Telephone	\$ 1,500.00		-100.000%
Total Materials & Svcs.	\$ 70,859.11	\$ 59,402.61	-16.168%

SWNI Approved Revised Operating Budget 2015-2016						
	Budget 15-16	Revised 15-16	Difference	ON	SWNI Board	Notes FY 2015-2016
Income						
Grant - BES	1,489.00	1,489.00	0.00		1,489.00	BES Grant ED supervision, grant management, coordination of open
Grants - ONI	291,839.00	291,839.00	0.00	291,839.00		Based 2.2% COLA/\$10,676 5m Grants
Grants - Other	7,811.00	7,811.00			7,811.00	
Fundraising Appeal	6,000.00	6,000.00	0.00		6,000.00	Estimate. SWNI rcvd \$8,551.22 contribs in FY13/14
Advertising Sales	3,500.00	3,500.00	0.00		3,500.00	To-date FY 14-15; 4,040
Merchandise Sales	150.00	150.00	0.00		150.00	Please Drive Slowly Signs
Fiscal Management	12,872.50	12,872.50	0.00		12,872.50	BESS,000, WMSWCO 900.00, WMSWCO-P 428.5 METRO 6,522
Fees & Services	3,500.00	3,500.00	0.00		3,500.00	Spring/Fall Cleanup participant fees
Board Reserve Funds		1,500.00			1,500.00	
TOTAL Income	327,161.50	328,661.50	1,500.00	291,839.00	36,822.50	
Expenses						
Bank Service Charge	150.00	150.00	0.00		150.00	Checks and deposit slips, misc. fees
Corporate Filing Fees	1,500.00	1,500.00	0.00		1,500.00	Annual Inc fees=\$900, CT12's = \$170, SWNI CT12 - \$100 + misc
Contracted Services	2,000.00	7,400.00	5,400.00		7,400.00	Equity; Translation, Interpretation, Childcare, Surveys - Clean up; Haulers, Port-Potties, Tent, Supplies
Education/Training	500.00	500.00	0.00		500.00	100 per employee
Equipment Rental/Lease	5,300.00	5,300.00	0.00		5,300.00	Copy machine-\$440 mo.
Electronic Communication	2,000.00	2,000.00	0.00	2,000.00		Constant Contact \$46 yr - CyberLink \$60 mo., Century Link \$40 mo., Spillhouse \$210 yr.
Food & Entertainment	2,000.00	2,700.00	700.00		2,700.00	Removal \$200, Pizza \$500, Vol \$600, Orientation Evening 100 \$200, Tavern 100
Insurance	11,235.00	11,235.00	0.00	11,235.00		5% increase expected
Insurance - Workers Comp	600.00	600.00	0.00	600.00		
Payroll - Wages	182,143.86	194,543.86	12,400.00	194,543.86		Estimated wages + 2.2% COLA
Payroll - Taxes	18,214.39	19,466.39	1,252.00	19,466.39		10% of total wages
Payroll - Benefits	6,302.76	6,302.76	0.00	6,302.76		Medical Benefits \$25.23 mo
Payroll - Retirement	3,642.88	3,890.88	248.00	3,890.88		IRA Employer Match 2% of wages
Payroll Services	1,500.00	1,500.00	0.00	1,500.00		Prime Pay
Postage & Delivery	13,000.00	1,500.00	11,500.00	1,500.00		Newspaper Reg \$4.12, \$28 - \$1600 p/10 mos BES 1 mo., Office \$10 e/mo-\$300 NA's - \$300 x 17 = \$5100
Printing - NAs	8,500.00	8,500.00	0.00	8,500.00		\$500 x 17 NA's
Printing - Newspaper+All House	25,300.00	24,400.00	900.00	24,400.00		2,100 x 9 mo.+ All Household 5,500
Professional Fees	5,000.00	5,000.00	0.00	5,000.00		\$1,500 CPA 990 Annual Tax Reports \$2,000 Acct Consultant, \$1,500 Facilitation, Legal Consultant
Rent	13,460.00	13,460.00	0.00		13,460.00	Office Rent \$830 per mo, \$3500 extra meeting space rentals for events, etc
Small Equip/Software	2,400.00	2,400.00	0.00		2,400.00	Norton, Adobe, Screen, Office Furniture (Chair)
Special Projects Expense	6,100.00	0.00	6,100.00			Fees for haulers, Tents, Port Potties, supplies
Storage for SWNI Equipment	1,620.00	1,620.00	0.00		1,620.00	Barbur Storage Unit 135 mo
Subscriptions/Memberships	366.61	366.61	0.00	224.11	142.50	NAO \$225, Costco \$55, MVB \$50
Supplies	2,000.00	2,000.00	0.00	2,000.00		office supplies
Telephone	1,500.00	1,500.00	0.00		1,500.00	\$125 per month
Travel	150.00	150.00	0.00		150.00	
NA Small Grants	10,676.00	10,676.00	0.00	10,676.00	0.00	ONI NA Small Grants
TOTAL Expenses	327,161.50	328,661.50	1,500.00	291,839.00	36,822.50	
Total ONI+ SWNI Board					328,661.50	

Approved Revised FY 15-16 Operating Budget: 9-23-15



Fiscal Year 2016-2017

During the 2016-2017 fiscal year, SWNI spent 100% of the Civic Life grant for \$289,598.00. There was a variance with the budget versus actuals where the funding for Civic Life had been spent differently than how it was budgeted.

- The *Postage and Delivery* line item budget showed SWNI would split the expense between Board funds and Civic Life funds. SWNI had spent \$4,255.22 of the Civic Life grant funding, and SWNI had spent \$11,944.78 of the Board funding toward the *Postage and Delivery* line item. The financial system showed that SWNI had spent a total of \$15,263.85 to USPS during the 2016-2017 fiscal year, of the \$16,000.00 total budget from Civic Life funding and Board funding. The budget appeared misleading as SWNI had carried a pre-paid balance at the USPS of \$31,461.57, as they had made an excessive payment at the end of the prior fiscal year. Individuals at SWNI had referred to the pre-paid balance on file at the USPS as a “slush fund,” which was substantiated based upon the amassed balance at the USPS. SWNI’s actual need for spending on postage based upon supporting documentation such as invoices for printing costs, reflected that the balance at the USPS appeared unreasonable and excessive.

1,658.92 August
Sept.

PORTLAND MAIN OFFICE
PORTLAND, Oregon
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07/02/2015 (800)275-8777 04:39:05 PM

Sales Receipt

Product Description	Sale Qty	Unit Price	Final Price
Account Number: 592253			
Permit Type: Permit Imprint			
Permit Number: 1348			
Customer Name: SOUTHWEST NEIGHBORHOODS INC			
Amount of Deposit:			\$11,058.40
New Balance:			\$31,461.57
Confirmation #:			2015183183846690
Total:			\$11,058.40
Paid by:			
Personal Check			\$11,058.40

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- The *Professional Fees* line item reflected SWNI had budgeted \$2,000.00 less in fiscal year 2016-2017 than the prior fiscal year. SWNI had budgeted for professional services for the tax return, facilitation and legal consultants. SWNI had budgeted \$1,500.00 of Civic Life funding for the tax return, but had overspent \$2,450.00 on the tax return. The other actual spending for the *Professional Fees* line item was for the Board Retreat in April 2016. SWNI had not budgeted or spent any Civic Life or Board funding on a financial review during this fiscal year.
- The *Rent* line item reflected in the SWNI budget did not have an amount allocated to Civic Life; however on June 30, 2017, SWNI used grant funds on room rentals totaled \$1,724.24. The room rental payments were not in the Civic Life budget, but were expended to Civic Life for reimbursement. The room rentals were issued on the last day of the fiscal year, June 30.



1:56 PM
07/13/17
Accrual Basis

Southwest Neighborhoods, Inc. (SWNI)
Transaction Detail By Account
July 2016 through June 2017

Type	Date	Num	Name	Memo	Class	Amount	Balance
Professional & Accty Fees							
Credit Card Charge	08/24/2016	240816A14		Open Records Background Check-Tappero	Nbrhd Svcs:ONI 16-17	-10.00	-10.00
Bill	12/20/2016			Preparation of 2016 SWNI 990 & Schedules	Nbrhd Svcs:ONI 16-17	-2,450.00	-2,460.00
Credit Card Charge	03/13/2017			Job Description for Communications Assistant	Nbrhd Svcs:ONI 16-17	-60.00	-2,520.00
Credit Card Charge	05/02/2017	18426		Open Records Background Check-Shelton	Nbrhd Svcs:ONI 16-17	-10.00	-2,530.00
Bill	05/11/2017			Job Description for Watershed Center Manager	Nbrhd Svcs:ONI 16-17	-60.00	-2,590.00
Credit Card Charge	06/23/2017	812213		Board Retreat Consulting Facilitation	Nbrhd Svcs:ONI 16-17	-2,560.00	-5,150.00
Bill				Open Records Background Check-Hunt	Nbrhd Svcs:ONI 16-17	-10.00	-5,160.00
Total Professional & Accty Fees						-5,118.00	-5,118.00
Rent							
Bill	06/30/2017		City of Portland	Room Rentals at Multnomah Arts Center	Nbrhd Svcs:ONI 16-17	-1,742.24	-1,742.24
Total Rent						-1,742.24	-1,742.24

ONI/Civic Life Comparison	SWNI Budget 2016-2017	Civic Life Actuals 2016-2017	Difference
Gross Wages	\$ 197,121.24	\$ 194,689.23	-1.234%
Payroll Tax Expenses	\$ 19,712.12	\$ 20,502.18	4.008%
Benefits	\$ 14,592.00	\$ 11,802.69	-19.115%
Retirement	\$ 3,942.42	\$ 3,839.59	-2.608%
Total Employees	\$ 235,367.78	\$ 230,833.69	-1.926%
Education/Training	\$ 600.00	\$ -	-100.000%
Electronic Communication	\$ 920.00	\$ 862.35	-6.266%
Ins. D&O, Liab, Theft, Vol	\$ 10,305.00	\$ 10,287.00	-0.175%
Ins. Worker's Comp	\$ 600.00	\$ 419.03	-30.162%
Payroll Services	\$ 1,500.00	\$ 1,656.54	10.436%
Postage & Delivery	\$ 4,255.22	\$ 4,255.22	0.000%
Printing - Newspaper	\$ 26,400.00	\$ 28,158.85	6.662%
Prof Fees- Other	\$ 3,000.00	\$ 5,118.00	70.600%
Rent	\$ -	\$ 1,742.24	100.000%
Small Equipment/Software	\$ 1,000.00	\$ 1,130.92	13.092%
SWNI Equipment Storage	\$ 1,620.00	\$ 1,812.00	11.852%
Subscription/Memberships	\$ 380.00	\$ 261.69	-31.134%
Supplies	\$ 2,000.00	\$ 1,733.52	-13.324%
Telephone	\$ 1,500.00	\$ 1,313.95	-12.403%
Travel	\$ 150.00	\$ 13.00	-91.333%
Total Materials & Svcs.	\$ 53,630.22	\$ 58,764.31	9.573%
Total--Main Grant	\$ 289,598.00	\$ 289,598.00	0.000%
ONI/Civic Life Grant Amount (from Budget)	\$ 289,598.00	\$ 289,598.00	

SWNI Adopted Operating Budget July 1, 2016- June 30, 2017

	Approved Revised 15-16	Proposed Budget 16-17	Difference	ONI	SWNI Board	Notes FY 2017
Income						
Grant - BES	1,489.00	1,489.00	0.00		1,489.00	BES Grant for management, coordinat
Grants - ONI	291,839.00	300,594.00	8,755.00	300,594.00		Base budget + 3% COLA/S
Grants - Other	7,811.00	7,811.00			7,811.00	BPS Grant for fa
Fundraising Appeal	6,000.00	7,000.00	1,000.00		7,000.00	
Advertising Sales	3,500.00	8,500.00	5,000.00		8,500.00	
Merchandise Sales	150.00	150.00	0.00		150.00	
Fiscal Management	12,872.50	13,072.50	200.00		13,072.50	Please BES:000, Watwob/9920
Fees & Services	3,500.00	3,500.00	0.00		3,500.00	Spring/Fall Cleanu
Board Reserve Funds	1,500.00				4,632.28	
TOTAL Income	328,661.50	342,116.50	13,455.00	300,594.00	46,154.78	
Expenses						
Bank Service Charge	150.00	150.00	0.00		150.00	Checks and de pos
Corporate Filing Fees	1,500.00	1,500.00	0.00		1,500.00	Annual Inc Fees= \$900, CT12's = \$170
Contracted Services	7,400.00	6,000.00	1,400.00		6,000.00	SWNI CT12 - \$100 + misc Equity: Translation, Interpretation, Childcare, Surveys - Cleanup: Haulers, Port Potties, Tent, Supplies 1.00 per employee
Education/Training	500.00	600.00	100.00	600.00		
Equipment Rental/Lease	5,300.00	5,300.00	0.00		5,300.00	Copy machine--\$440 mo
Electronic Communication	2,000.00	920.00	1,080.00	920.00		Constant Contact 560 yr., Cloud \$360 YR
Food & Entertainment	2,700.00	2,700.00	0.00		2,700.00	Menu \$300, Polio \$500, Vet \$600, Oritation
Insurance	11,235.00	10,305.00	930.00	10,305.00		Trainers 100, SWNI Events 600
Insurance - Workers Comp	600.00	600.00	0.00	600.00		5-17 Quote - Pending further review
Payroll - Wages	194,543.86	197,121.24	2,577.38	197,121.24		Estimated wages + 3% COLA
Payroll - Taxes	19,466.39	19,712.12	245.73	19,712.12		10% of total wages
Payroll - Benefits	6,302.76	14,592.00	8,289.24	14,592.00		Medical Benefits 608 mo/per employee
Payroll - Retirement	3,890.88	3,942.42	51.54	3,942.42		IRA Employer Match 2% of wages
Payroll Services	1,500.00	1,500.00	0.00	1,500.00		Prime Pay
Postage & Delivery	1,500.00	16,200.00	14,700.00	4,255.22	11,944.78	Newspaper: \$1,650 x 12 mo = \$19,800 + \$5100 (NA postage) = \$24,900 - \$8,700 bal = \$16,200
Printing - NAs.	8,500.00	5,100.00	3,400.00		5,100.00	\$300 x 17 NA's
Printing - Newspaper	24,400.00	26,400.00	2,000.00	26,400.00		2,200 x 12 mo (Does not include 2017 all household)
Professional Fees	5,000.00	3,000.00	2,000.00	3,000.00		\$1,500 CPA 990 Annual Tax Reports., \$1,500 Facilitation, Legal Consultant
Rent	13,460.00	13,460.00	0.00		13,460.00	Office Rent \$875 per mo, \$2960 extra meeting space rentals for events, etc
Small Equip/Software	2,400.00	1,000.00	1,400.00	1,000.00		Norton, Adobe, PC
Equipment	1,620.00	1,620.00	0.00	1,620.00		Barbur Storage Unit 135 mo
Subscriptions/Membershi	366.61	380.00	13.39	380.00		NAO \$225, Costco \$55, MVBA \$100
Supplies	2,000.00	2,000.00	0.00	2,000.00		office supplies
Telephone	1,500.00	1,500.00	0.00	1,500.00		\$125 per month
Travel	150.00	150.00	0.00	150.00		
NA Small Grants	10,676.00	10,996.00	320.00	10,996.00	0.00	Unknown = ONI NA Small Grants
TOTAL Expenses	328,661.50	346,748.78	18,087.28	300,594.00	46,154.78	
Total ONI+ SWNI Board		Total ONI+ SWNI Board			346,748.78	

SWNI Adoped Operating Budget: 5-27-16



Fiscal Year 2017-2018

During the 2017-2018 fiscal year, SWNI spent 96% of the Civic Life grant. SWNI had spent \$299,155.00 and the grant was for \$310,514.00. There was a variance with the budget versus actuals that lacked reasonable justification or documentation.

- The *Postage and Delivery* line item showed an increase in spending of Civic Life funds during fiscal year 2017-2018, up 65% from the prior fiscal year 2016-2017, and totaled \$7,047.00. The charges to the *Postage and Delivery* line item showed that there was a spike at end-of-year spending for postage from June 25th to 29th 2018.

Southwest Neighborhoods, Inc. (SWNI)							
Transaction Detail By Account -- ONI 2017-2018							
July 2017 through June 2018							
Type	Date	Num	Name	Memo	Class	Amount	Balance
Postage & Delivery							
Bill	07/20/2017		US Postal Service	Bulk Mailing August 2017 SW News	Nbrhd Svcs: ONI 17-18	297.76	297.76
Bill	08/22/2017		US Postal Service	Bulk Mailing Sept. 2017 SW News	Nbrhd Svcs: ONI 17-18	297.76	595.52
Check	09/28/2017	ACH	US Postal Service	October 2017 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	893.28
Check	10/24/2017	ACH	US Postal Service	November 2017 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	1,191.04
Check	11/28/2017	ACH	US Postal Service	December 2017 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	1,488.80
Check	12/28/2017	ACH	US Postal Service	January 2018 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	1,786.56
Check	01/29/2018	ACH	US Postal Service	February 2018 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	2,084.32
Check	02/23/2018	ACH	US Postal Service	March 2018 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	2,382.08
Check	03/29/2018	ACH	US Postal Service	April 2018 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	2,679.84
Check	04/25/2018	ACH	US Postal Service	May 2018 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	2,977.60
Check	05/29/2018	ACH	US Postal Service	June 2018 SW News Postage Debit	Nbrhd Svcs: ONI 17-18	297.76	3,275.36
Check	06/25/2018	ACH	US Postal Service	July 2018 SW News Postage Debit--Labels	Nbrhd Svcs: ONI 17-18	195.55	3,473.91
Check	06/25/2018	ACH	US Postal Service	July 2018 SW News Postage Debit--Saturation	Nbrhd Svcs: ONI 17-18	2,399.99	5,873.90
General Journal	06/29/2018	96292018 NB	US Postal Service	Transfer June 2018 SW News Postage to ONI	Nbrhd Svcs: ONI 17-18	1,173.10	7,047.00
Total Postage & Delivery						7,047.00	7,047.00

- The *Professional Fees* line item reflected a budget of \$4,000.00 for Board funds, of which \$2,500.00 was for a "Financial Review" that was never performed, even though SWNI reflected actual spending as \$4,000.00.
- The *Rent* line item reflected in the SWNI budget did not have an amount allocated to Civic Life; however on June 29, 2018, SWNI used grant funds for fiscal year 2018-2019 on room rentals totaled \$3,009.50. The room rental payments were not in the Civic Life budget, but were expend to Civic Life for reimbursement. The room rentals were issued on the last day of the fiscal year, June 30, and based on the memo, was a pre-payment for rent during the next fiscal year. SWNI paid a future expense of room rentals which seemed problematic with the grant agreement.

Rent	06/29/2018	Multnomah Arts Center	Room Rentals for SWNI 2018-2019	Nbrhd Svcs: ONI 17-18	3,009.50	3,009.50
Total Rent					3,009.50	3,009.50



ONI/Civic Life Comparison Fund Account	SWNI Budget 2017-2018	Civic Life Actuals 2017-2018	Difference
Gross Wages	\$ 208,981.60	\$ 206,888.87	-1.001%
Payroll Tax Expenses	\$ 22,152.05	\$ 18,646.59	-15.825%
Benefits	\$ 16,628.56	\$ 13,183.16	-20.720%
Retirement	\$ 4,179.64	\$ 4,137.63	-1.005%
Total Employees	\$ 251,941.85	\$ 242,856.25	-3.606%
Electronic Communication	\$ 920.00	\$ 988.80	7.478%
Ins. D&O, Liab, Theft, Vol	\$ 10,820.00	\$ 10,517.00	-2.800%
Ins. Worker's Comp	\$ 600.00	\$ 408.31	-31.948%
Payroll Services	\$ 1,600.00	\$ 1,750.04	9.378%
Postage & Delivery	\$ 3,573.15	\$ 7,047.00	97.221%
Printing - Newspaper	\$ 26,400.00	\$ 29,288.56	10.942%
Rent	\$ -	\$ 3,009.50	100.000%
SWNI Equipment Storage	\$ 1,920.00	\$ 2,007.00	4.531%
Telephone	\$ 1,380.00	\$ 1,282.54	-7.062%
Total Materials & Svcs.	\$ 47,213.15	\$ 56,298.75	19.244%
Total--Main Grant	\$ 310,514.00	\$ 299,155.00	-3.658%
ONI/Civic Life Grant Amount (from Budget)	\$ 299,155.00	\$ 299,155.00	

2017-2018 Final Approved SWNI Budget with Notes 6-28-2017

	Proposed Budget 17-18	ONI	SWNI Fundraising	SWNI Cleanup	SWNI	SWNI Board	Notes FY 2017-2018
Income							
Grant - BES	1,489.00				1,489.00	1,489.00	BES Grant ED staff supervision, coordination of open house event
Grants - ONI	310,514.00	310,514.00				0.00	Base budget + 3.3% COLA/1,359 Small Grants
Grants - Other	12,311.00			12,311.00		12,311.00	BPS Grant for fall/spring Cleanups w/waiver adj.
Fundraising Appeal	6,400.00		6,400.00			6,400.00	Estimate
Advertising Sales	11,000.00				11,000.00	11,000.00	
Merchandise Sales	150.00				150.00	150.00	Please Drive Slowly Signs
Fiscal Management	7,000.00				7,000.00	7,000.00	BES 5,000.00; WMSW CD-Pnc: 2,000.00
Fees & Services	5,000.00				5,000.00	5,000.00	Spring/Fall Cleanup participant fees
	353,864.00	310,514.00	6,400.00	12,311.00	24,639.00	43,350.00	
Board Reserve Funds	14,222.42					14,222.42	
TOTAL Income	368,086.42	310,514.00	6,400.00	12,311.00	24,639.00	57,572.42	
Expense							
Bank Service Charges	150.00				150.00	150.00	Checks and deposit slips, misc. fees.
Corporate Filing Fees	1,400.00				1,400.00	1,400.00	Annual inc fees= (18*50)=900, CT 12's = (17*20)=340, SWNI CT 12 - \$160
Contracted Services	11,000.00			11,000.00		11,000.00	Cleanup: Haulers, Porta-Potties, Tent, Supplies, Tipping Fees
Education/Training	600.00				600.00	600.00	\$100 per employee
Equipment Rental/Lease	5,250.00				5,250.00	5,250.00	Copier-(\$400.96 x 10 mos) + (\$418.18 x 2 mos) + (\$175 copier) + (\$120 coverage)
Electronic Communication	920.00	920.00				0.00	Constant Contact \$90 yr.; CLOUD \$360 yr.
Food & Entertainment	1,700.00			1,000.00	700.00	1,700.00	Cleanup-2 @ \$500 each; SWNI Events \$700
Insurance - Office	10,820.00	10,820.00				0.00	5-17 Quote - pending further review
Insurance - Workers Comp	600.00	600.00				0.00	SAIF
Payroll - Gross Wages	208,981.60	208,981.60				0.00	Estimated wages + 3.3% COLA
Payroll - Tax Expense	22,152.05	22,152.05				0.00	10.6% of total wages
Payroll - Benefits	16,628.56	16,628.56				0.00	Medical Benefits \$608/month/employee
Payroll - Retirement	4,179.64	4,179.64				0.00	IRA Employer Match 2% of gross wages
Payroll Services	1,600.00	1,600.00				0.00	Prime Pay
Postage & Delivery	19,800.00	3,573.15			16,226.85	16,226.85	Newspaper: \$1650 x 12 mos = \$19,800
Printing - Outside	725.00		725.00			725.00	\$725 for fundraising envelopes
Printing - Newspaper Monthly	26,400.00	26,400.00				0.00	2,200 x 12 mo (Does not include 2018 all-household)
Professional Fees	4,000.00				4,000.00	4,000.00	\$1,500 CPA 990 Annual Tax Reports, Financial Review 2,500
Rent	13,480.57				13,480.57	13,480.57	Office Rent \$870.61 per mo; \$3,033.25 reg. meeting space rentals
Small Equipment/Software	200.00				200.00	200.00	Veriton S10 + 3 Apple extended keyboards @ \$20/ea
Storage for SWNI	1,920.00	1,920.00				0.00	Extra Space Storage Unit \$160/mo
Subscriptions/Memberships	540.00				540.00	540.00	NAG \$225, Costco \$55, MWBA \$100, NTEN \$100, Inverline \$90.00
Supplies	2,000.00			131.00	1,869.00	2,000.00	Office Supplies
Telephone	1,380.00	1,380.00				0.00	\$115/month
Travel	300.00			180.00	120.00	300.00	
NA Small Grants	11,359.00	11,359.00				0.00	ONI NA Small Grants
TOTAL Expenses	368,086.42	310,514.00	725.00	12,311.00	44,536.42	57,572.42	
		Total ONI + SWNI Board				368,086.42	



Fiscal Year 2018-2019

During the 2018-2019 fiscal year, SWNI spent 100% of the Civic Life grant for \$297,414.00. There was a variance with the budget versus actuals where the funding for Civic Life had been spent differently than how it was budgeted.

- The *Postage and Delivery* line item showed a budget of \$18,300.00, of which \$18,063.07 was to come from Board funds and \$236.93 was to come from Civic Life funds. SWNI had overspent the budget for Civic Life Funds by 1355.286% in the *Postage and Delivery* line item, as the actuals expended to Civic Life was \$3,448.01. The largest transaction with the USPS occurred at the end of the fiscal year on June 24, 2019, just before the end of the fiscal year.

Postage & Delivery							
Check	07/27/2018	ACH	US Postal Service	August 2018 SW News Postage Debit	Civic Life 18-19	236.93	236.93
Check	08/24/2019	ACH	US Postal Service	July 2019 SW News Business & Misc. Postage Debit	Civic Life 18-19	166.54	433.27
Check	08/24/2019	ACH	US Postal Service	July 2019 SW News All-Household Saturation Postage Debit	Civic Life 18-19	3,014.74	3,448.01
Total Postage & Delivery						3,448.01	3,448.01

- The *Professional Fees* line item reflected a budget of \$4,000.00 for Board funds, of which \$2,500.00 was for a "Financial Review" that was never performed, even though SWNI reflected actual spending as \$4,000.00.
- The *Rent* line item reflected in the SWNI budget did not have an amount allocated to Civic Life; however on June 29, 2019, SWNI used grant funds on room rentals that totaled \$1,945.76. The room rental payments were not in the Civic Life budget, but were expended to Civic Life for reimbursement.

Southwest Neighborhoods, Inc. (SWNI)								
Profit & Loss Detail -- Civic Life 2018-2019								
July 2018 through June 2019								
Accrual Basis								
Type	Date	Num	Name	Memo	Class	Amount	Balance	
Rent	06/29/2019		Multnomah Arts Center	Room Rentals for SWNI Board & Committees	Civic Life 18-19	1,945.76	1,945.76	
Bill								
Total Rent						1,945.76	1,945.76	



ONI/Civic Life Fund Account	Comparison	SWNI Budget 2018-2019	Civic Life Actuals 2018-2019	Difference
Gross Wages	→	\$ 213,155.04	\$ 209,874.38	-1.539%
Payroll Tax Expenses	↓	\$ 22,594.43	\$ 19,497.53	-13.706%
Benefits		\$ 13,996.50	\$ 12,177.06	-12.999%
Retirement		\$ 4,263.10	\$ 4,197.59	-1.537%
Total Employees		\$ 254,009.07	\$ 245,746.56	-3.253%
Electronic Communication		\$ 920.00	\$ 770.75	-16.223%
Ins. D&O, Liab, Theft, Vol		\$ 11,145.00	\$ 10,742.00	-3.616%
Ins. Worker's Comp		\$ 600.00	\$ 429.54	-28.410%
Payroll Services		\$ 1,780.00	\$ 1,720.34	-3.352%
Postage & Delivery		\$ 236.93	\$ 3,448.01	1355.286%
Printing - Newspaper		\$ 25,255.00	\$ 29,038.62	14.982%
Rent		\$ -	\$ 1,945.76	100.000%
SWNI Equipment Storage		\$ 2,088.00	\$ 2,142.00	2.586%
Telephone		\$ 1,380.00	\$ 1,430.42	3.654%
Total Materials & Svcs.		\$ 43,404.93	\$ 51,667.44	19.036%
Total--Main Grant		\$ 297,414.00	\$ 297,414.00	
ONI/Civic Life Grant Amount (from Budget)		\$ 297,414.00	\$ 297,414.00	

2018-2019 Final SWNI Budget with Notes (Approved 6-25-2018)					
Category	2017-2018 Budget	2018-2019 Approved Budget	OC&CL	SWNI Board	Notes FY 2018-2019
INCOME					
Grant - BES	1,489.00				
Grants - ONI	299,155.00	297,414.00	297,414.00		Base Budget + 2% COLA - EPND Funds + 1 time funding
Grants - ONI Small Grants	11,359.00	13,598.00	13,598.00		NSG 13,598
Grants - Other	12,311.00	12,311.00		12,311.00	BPS Grant for fall/spring Clean ups w/waiver adj.
Fundraising Appeal	6,400.00	9,000.00		9,000.00	Estimate
Advertising Sales	11,000.00	12,000.00		12,000.00	Estimate
Merchandise Sales	150.00	150.00		150.00	Please Drive Slow Signs, Button Machine
Fiscal Management	7,000.00	7,000.00		7,000.00	BES 5000.00, WM 2000.00
Fees & Services	5,000.00	6,000.00		6,000.00	Spring/Fall Cleanup participant fees
Subtotal	353,864.00	357,473.00	311,012.00	46,461.00	
Board Reserve Funds	14,222.42	12,685.03		12,685.03	
TOTAL INCOME	\$ 368,086.42	\$ 370,158.03	\$ 311,012.00	\$ 59,146.03	
EXPENSE					
Bank Service Charges	150.00	225.00		225.00	Checks and deposit slips, mic. fees, \$175 Checks; \$50 Deposit Slips
Corporate Filing Fees	1,400.00	1,410.00		1,410.00	Annual Inc fees = (18*50)-\$900, CT 12's = (17*20)-\$340, SWNI CT12 - \$170
Contracted Services	11,000.00	11,000.00		11,000.00	Cleanup: Haulers, Porta-Potties, Tent, Supplies, Tipping fees
Education/Training	600.00	-		-	\$0 per employee
Equipment Rental/Lease	5,250.00	5,167.96		5,167.96	Copier - (\$410.96 x 10 mos. + 2% 2 mos.) + (\$100 property tax) + (\$120 overage)
Electronic Communication	920.00	920.00	920.00		Constant Contact \$580; CLOUD \$360 yr.
Food & Entertainment	1,700.00	1,700.00		1,700.00	Cleanup - 2 @ \$500 each; SWNI Events \$700
Insurance - Office	10,820.00	11,145.00	11,145.00		4-58 Quote - 3% increase
Insurance - Workers Comp	600.00	600.00	600.00		SAIP
Payroll - Gross Wages	208,981.60	213,155.04	213,155.04		2% increase
Payroll - Tax Expense	22,152.05	22,594.43	22,594.43		10.6% of Gross Wages
Payroll - Benefits	16,628.56	13,996.50	13,996.50		10% incr. start in Nov. - 2 people
Payroll - Retirement	4,179.64	4,263.10	4,263.10		2% of Payroll
Payroll Services	1,600.00	1,780.00	1,780.00		Prime Pay
Postage & Delivery	19,800.00	18,300.00	236.93	18,063.07	Newspaper - \$16.636 x 11 mos = \$18,300
Printing - Neighborhood	725.00	740.00		740.00	\$740 for fundraising envelopes
Printing - Newspaper Monthly	26,400.00	25,255.00	25,255.00	-	22.00 x 11 mo + 1,000 from Hubdy (Don not include 2018 all-household)
Professional Fees	4,000.00	4,000.00		4,000.00	\$1,500 CPA 990 Annual Tax Reports, Financial Review 2,500
Rent	13,480.57	13,800.00		13,800.00	Office Rent \$900.00 per mo; \$3,000.00 reg. meeting space rentals
Small Equipment/Software	200.00	200.00		200.00	Canon S60 + 3 Apple extended keyboard @ \$60 ea
Storage for SWNI Equipment	1,920.00	2,088.00	2,088.00		Extra Space Storage Unit \$174/mo
Subscriptions/Memberships	540.00	540.00		540.00	NAD \$225, Costco \$50, MYRA \$100, NTEN 70.00, Interline 90.00
Supplies	2,000.00	2,000.00		2,000.00	Office Supplies
Telephone	1,380.00	1,380.00	1,380.00		\$115/month
Travel	300.00	300.00		300.00	
NA Small Grants	11,359.00	13,598.00	13,598.00		
TOTAL Expenses	\$ 368,086.42	\$ 370,158.03	\$ 311,012.00	\$ 59,146.03	



Postage and Delivery Line Item Analysis

An analysis was conducted of the spending from the *Postage and Delivery* line item from fiscal year 2011 to 2019 to show the bulk postage payments and spike in expenses charged to the line item at the end of fiscal years. SWNI individuals had described that SWNI would allocate money at the end of the fiscal year as they wanted to maximize Civic Life grant funding. The Umpqua Operations account reconciliation packet included checks issued to the USPS and receipts from the USPS that showed the pre-paid balance on file for SWNI.

On a percentage basis, SWNI spent most of their budget during the last quarter of the grant on postage. As an example, in the 2014-2015 fiscal year fourth quarter SWNI spent \$17,122.27 and 2013-2014 fiscal year fourth quarter SWNI spent \$20,020.76, which represented over a 1200% difference compared to the \$1,325.09 spent in fiscal year 2015-2016. These amounts were submitted for reimbursement from the Civic Life grant for postage. The decrease in USPS spending in and after 2015-2016 fiscal year appeared to correlate with a USPS changed to direct billing, and it appeared that SWNI had to use the pre-paid carried balance at the USPS; as of July 2, 2015 SWNI had a balance with the post office of \$31,461.57 that needed to be spent.

Postal Receipt Date	New Account Balance at USPS	Amount of Check to USPS
7/16/2012	\$ 2,140.01	\$ 2,000.00
8/28/2012	\$ 2,606.34	\$ 1,600.00
9/24/2012	\$ 2,829.24	\$ 1,600.00
10/25/2012	\$ 4,101.85	\$ 1,600.00
11/27/2012	\$ 4,180.91	\$ 1,800.00
1/15/2013	\$ 2,696.81	\$ 1,400.00
2/8/2013	\$ 4,084.78	\$ 134.19
2/25/2013	\$ 2,719.85	\$ 1,400.00
3/25/2013	\$ 2,873.04	\$ 1,600.00
4/25/2013	\$ 3,017.51	\$ 1,600.00
5/1/2013	\$ 3,159.84	\$ 1,600.00
5/23/2013	\$ 4,759.84	\$ 1,600.00
7/2/2013	\$ 18,221.12	\$ 8,603.17
8/27/2013	\$ 14,793.76	\$ 1,450.00
10/2/2013	\$ 12,609.00	\$ 1,450.00
3/3/2014	\$ 12,041.96	\$ 1,400.00
3/25/2014	\$ 13,441.96	\$ 1,400.00
5/28/2014	\$ 10,190.58	\$ 1,400.00
5/29/2014	\$ 11,590.58	\$ 1,400.00
7/8/2014	\$ 26,474.11	\$ 1,400.00
1/28/2015	\$ 22,026.73	\$ 1,500.00
2/25/2015	\$ 21,960.46	\$ 1,500.00
3/25/2015	\$ 23,460.46	\$ 1,500.00
4/28/2015	\$ 21,828.02	\$ 1,500.00
6/3/2015	\$ 21,758.52	\$ 1,500.00
7/2/2015	\$ 31,461.57	\$ 11,058.40

Source of Numbers	Fund Account	City Grant July to June	1st Quarter July to September	2nd Quarter October to December	3rd Quarter January to March	4th Quarter April to June	Year to Date	Balance in Budget	Difference 4th and 3rd Quarters	Percentage 4Q of City Grant
2018-2019 Actuals	Postage & Delivery	\$ 236.93	\$ 236.93	\$ -	\$ -	\$ 3,211.08	\$ 3,448.01	\$ (3,211.08)	\$ 3,211.08	1355%
2018-2019 Actuals	Printing - Newspaper	\$ 25,255.00	\$ 6,339.39	\$ 6,620.28	\$ 6,442.30	\$ 9,636.65	\$ 29,038.62	\$ (3,783.62)	\$ 3,194.35	38%
2017-2018 Actuals	Postage & Delivery	\$ 3,573.15	\$ 893.28	\$ 893.28	\$ 893.28	\$ 4,367.16	\$ 7,047.00	\$ (3,473.85)	\$ 3,473.88	122%
2017-2018 Actuals	Printing - Newspaper	\$ 26,400.00	\$ 6,400.92	\$ 6,317.59	\$ 6,894.05	\$ 9,676.00	\$ 29,288.56	\$ (2,888.56)	\$ 2,781.95	37%
2016-2017 Actuals	Postage & Delivery	\$ 4,255.22	\$ -	\$ 4,156.40	\$ 98.82	\$ -	\$ 4,255.22	\$ 0.00	\$ (98.82)	0%
2016-2017 Actuals	Printing - Newspaper	\$ 26,400.00	\$ 6,167.62	\$ 6,317.00	\$ 6,310.15	\$ 9,364.08	\$ 28,158.85	\$ (1,758.85)	\$ 3,053.93	35%
2015-2016 Actuals	Postage & Delivery	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ 1,325.09	\$ 2,825.09	\$ (1,325.09)	\$ 1,325.09	88%
2015-2016 Actuals	Printing - Neighborhood	\$ 8,500.00	\$ 2,638.73	\$ 758.83	\$ 343.12	\$ 1,256.19	\$ 4,996.87	\$ 3,503.13	\$ 913.07	15%
2015-2016 Actuals	Printing - Newspaper	\$ 24,400.00	\$ 6,192.33	\$ 6,179.08	\$ 6,187.29	\$ 8,914.16	\$ 27,472.86	\$ (3,072.86)	\$ 2,726.87	37%
2014-2015 Actuals	Postage & Delivery	\$ 23,000.00	\$ 4,500.00	\$ 5,029.01	\$ 1,900.00	\$ 17,122.27	\$ 28,551.28	\$ (5,551.28)	\$ 15,222.27	74%
2014-2015 Actuals	Printing - Neighborhood	\$ 5,100.00	\$ 444.39	\$ 1,240.91	\$ 279.99	\$ 1,162.12	\$ 3,127.41	\$ 1,972.59	\$ 882.13	23%
2014-2015 Actuals	Printing - Newspaper	\$ 24,000.00	\$ 5,811.95	\$ 5,961.93	\$ 3,535.82	\$ 9,434.53	\$ 24,744.23	\$ (744.23)	\$ 5,898.71	39%
2013-2014 Actuals	Postage & Delivery	\$ 26,561.31	\$ 2,900.00	\$ 4,550.00	\$ 3,143.26	\$ 20,020.76	\$ 30,614.02	\$ (4,052.71)	\$ 16,877.50	75%
2013-2014 Actuals	Printing - Neighborhood	\$ 5,100.00	\$ 295.86	\$ 432.31	\$ 387.40	\$ 2,782.41	\$ 3,897.98	\$ 1,202.02	\$ 2,395.01	55%
2013-2014 Actuals	Printing - Newspaper	\$ 24,000.00	\$ 3,887.84	\$ 6,628.72	\$ 4,717.58	\$ 9,125.73	\$ 24,359.87	\$ (359.87)	\$ 4,408.15	38%



Unrecorded Transactions

It was problematic that the SWNI financial system appeared to be unrecorded transactions that had been processed through the Umpqua Operations account. For all of 2012, the financial system appeared to show that the USPS had received only \$3,200.00, but there was actually a total of \$8,600.00 that was issued in payments. Additionally, in 2013 the financial system appeared to show that the USPS had received \$9,050.00; however the actual spending was \$20,837.36 towards the USPS pre-paid balance. There was an out of sequence check issued to the USPS on July 2, 2013 for \$8,603.17 that cleared the Umpqua Operations account but was not reflected in the financial system. Unrecorded financial system transactions affected the documentation that SWNI provided to Civic Life and the Board, as the export reports from the financial system would have incomplete with the transaction activity that actually occurred in the Umpqua Operations account. This was evidence of financial mismanagement with financial reporting.



V. Internal Control Findings

The Internal Control Integrated Framework (“Framework”) is widely recognized as the definitive standard to evaluate the effectiveness of internal controls for organizations receiving public funds. This Framework is generally accepted by GAGAS auditors to assess an organizations ability to prevent and detect errors, fraud, waste and abuse. SWNI’s internal and management control measures were compared with this Framework and evaluated for presence, functionality, and effectiveness.

The Framework is designed to support success of organizational missions and objectives as it provides a foundation of sound internal controls through direct leadership, shared values, and a culture that emphasizes accountability. When the Framework of internal controls is integrated, functional and effective, there is confidence that the mission and purpose was carried out properly. The ideal result of a complete Framework consists of:

- Risks routinely identified at all levels and within all functions at the organization.
- Control activities that prevent, detect and mitigate risks.
- Critical information flows up, down and across the organization.
- The entire system of internal controls are monitored continuously for problems to be addressed timely.

The Framework consists of five control components and 17 relevant principles for controls. Each component and principle described by the Framework must be operating together in an integrated manner in order to be considered an effective system of internal and management controls capable to prevent and detect risks to the organizational objectives. A visual diagram of the Framework components and principles for internal controls can be found in the *Appendix* in this report.

The five control components of the Framework were compared to SWNI’s governing documents, including: By-Laws, policies, procedures and practices, the City of Portland code 3.96 and Civic Life Standards for district and non-profit coalitions. The Framework was also compared to the information gathered from SWNI, and activity that was demonstrated by SWNI during the scope period (*Reference Scope*). Additionally utilized for comparison was the Oregon Office of Attorney General’s *A Guide to Nonprofit Board Service in Oregon*.



Internal Control Findings & Results: Control Areas 1-5

<u>Control Component</u>		<u>Finding</u>
1	Control Environment	Dysfunctional and Ineffective Controls
2	Risk Assessment	Absent and Deficient Controls
3	Control Activities	Dysfunctional and Ineffective Controls
4	Information & Communication	Dysfunctional and Ineffective Controls
5	Control Monitoring	Dysfunctional and Ineffective Controls

There were deficiencies, dysfunction and ineffective internal control measures and management controls at SWNI. Opportunities were present for errors, mismanagement, waste, abuse and fraud of financials due to a lack of oversight, willful blindness to risks, and a breakdown of transparency and communications at SWNI. There was inadequate functionality of internal control measures and management controls, which resulted in a limited ability to prevent and detect unusual or concerning activity, and hindered SWNI’s ability to remediate problems. Without a fully present, functional and effective internal control framework operating in an integrated manner, SWNI had unmitigated risks that were not properly managed and controlled.

SWNI’s control deficiency and dysfunctions caused heightened risk vulnerabilities that led to the occurrence of financial mismanagement, financial misapplication and financial losses.



1. Control Environment

SWNI’s Board of Directors (“Board”) was the oversight body responsible for the control environment. SWNI’s Board consisted of Officers, Neighborhood and Business Chairs. The Board was required to maintain oversight of the organization and staff with “care, loyalty, and integrity”.

Equity Policy and Practices

There was dysfunction with the Board’s adoption of the *Racial Equity Policy* (“Equity Policy”) and mismanagement with the Board oversight to adopt the Equity Policy during a reasonable time period. The first draft of the Equity Policy appeared to have been reviewed by the Board in November 2015, which demonstrated that SWNI recognized the need for the Equity Policy. However, the Equity Policy was not adopted until September 25, 2019. The time period between when SWNI was evidenced to recognize the need for the Equity Policy in 2015, to when SWNI ultimately adopted the Equity Policy in 2019, was nearly a four year duration.

The Board’s delayed adoption of the Equity Policy demonstrated a perceived lack of commitment towards aligning organizational objectives towards equity and inclusion; particularly because both the 2015 and 2019 Equity Policy both had language that required SWNI to create Action Plans. SWNI demonstrated a lack of integrity and ethical values in the delay of implementation of the Equity Policy after having self-identified the need for its existence and Action Plans. The eventual motivation to adopt the Equity Policy appeared to have been compulsory related to equity and inclusion standards established by their primary funding source Civic Life. The Equity Policy adoption was closely followed with SWNI’s receipt of the *Grant Amendment No. 3 FY 2018-19* during April 2018 that added compulsory goals, including to “aggressively develop institutional practices for inclusion and transformational change within governance structures.” Until that time, SWNI had made slow progress towards adoption of the Equity Policy.

Control Environment

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity’s internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.



Southwest Neighborhoods, Inc. Adopted by SWNI Board 2019-09-25

Racial Equity Policy DRAFT November 16, 2015 4 year duration to adopt SWNI's Equity Policy & action plan Southwest Neighborhoods, Inc. Racial Equity Policy

Subject: Southwest Neighborhoods, Inc. (SWNI) Racial Equity Policy	Effective Date:
Subject: Southwest Neighborhoods, Inc. (SWNI) Racial Equity Policy	Effective Date: 9/25/2019

6. Action Plan
The Equity and Inclusion Action Team will lead SWNI through the attached Action Plan at all levels of our organization.

DRAFT 11/18/15

Adopted by SWNI Board 2019-09-25

6. Action Plan
The SWNI Equity and Inclusion Committee will lead the organization through the Action Plan at all levels of our organization.

DRAFT adopted at Equity Team meeting 2/26/2018

Southwest Neighborhoods, Inc.
Racial Equity Policy

Subject: Southwest Neighborhoods, Inc. (SWNI) Racial Equity Policy	Effective Date:
--	-----------------

Motion: Approval of ONI-SWNI Grant Amendment FY 18-19

Moved: _____

Second: _____

Yes: 21

No: 0

Abstain: 0

Discussion: The budget amount shown may change depending on the City's final approved budget. If changed, the funding allocation will be brought back to the board. The question was raised about the \$321,728 cost not to exceed (amount can go down not up).

APPROVED April 25, 2018 SWNI Board Minutes

AMENDMENT NO. 3

GRANT AGREEMENT NO. 32001238

GRANT AGREEMENT WITH SOUTHWEST NEIGHBORHOODS, INC.

The grant agreement is hereby amended as follows:

- Therefore, page 1, opening statement is amended to read: "in an amount not to exceed \$321,728 for FY 18-19."
- Therefore, page 1, after "To achieve this purpose, this Agreement seeks to:", the five existing bulleted goals are replaced with:
 - GOAL X: STRUCTURES FOR INCLUSION: Modeling the inclusive practices and processes we seek to promote, ONI will partner with diverse, self-identifying communities to:
 - Aggressively develop institutional practices for inclusion and transformational change within government structures
 - Increase community building and civic engagement opportunities for communities working toward equitable outcomes for all
 - GOAL Y: MORE REPRESENTATIVE GOVERNANCE: To realize more adaptive decision-making in community and government, ONI will:
 - Support inclusive cross-cultural, cross-issue organizing in community to reflect the ability of resilient communities to address complex, inter-connected issues
 - Lead internal capacity development within City government, particularly as it pertains to engaging community toward equitable outcomes
 - Create and hold shared space where community and government join together to identify opportunities and solve shared challenges
 - Support communities in pursuing forms of governance that reflect their lived experience, values, and aspirations
 - GOAL Z. FULFILLED AND EMPOWERED PORTLANDERS: A progressive change in

ONI/SWNI grant amendment No. 3 FY 2018-19 – April 25, 2018 Page 1 of 4

culture of civic engagement is foundational to long-term systemic community building and government change. ONI will:

- Prioritize resources that support communities in building resilience both with and without their government
- Ensure equitable sharing of resources
- Promote inclusive education, art and play
- Create an environment for respectful dialogue and problem solving that acknowledges our differences as we work toward shared goals

Between the Equity Policy draft in November 2015 and draft in February 2018, minimal changes had been made. A review of the April 25, 2018 Board meeting minutes identified that there was no discussion on the compulsory inclusion goals or on the draft of the Equity Policy; although the Board had discussed and approved the *Grant Amendment No. 3 FY 2018-19* with the new compulsory equity and inclusion goals. SWNI had documented that the draft Equity Policy had been shared with the SWNI Board, although the Equity Policy was never approved throughout fiscal year 2018-2019. There was no evidence found that demonstrated SWNI had made any progress with the Equity Policy for transformational change of SWNI's governance structure.



We advocate and work to improve the livability of SW Portland neighborhoods for people of every race and ethnicity.

Top Priority Goals	Expected Outcome	Lead + Other Committees and Partners	Actions 2017-2018	Actions 2018-2019
	C2. Encourage SWNI community to engage in activities outside of their traditional base of experience	Concerts Laura PP&R OHSU	Sponsored Willamette Park Concert with PP&R: Malea and the Tourists, Thurs., July 19, 2018. Secured local sponsor – OHSU. (Malea is a successful female musician in a male-dominated industry.) July 16, 2017 secured Northstar Painted Sky for Willamette Park concert series	Sponsor Summer free concert in the Park. Consider Willamette Park and Gabriel Parks as location for events.
D. Refine draft Equity Policy using suggestion and comments received to inform final document	SWNI Board vote to adopt Equity Policy	Equity & Inclusion Committee	Draft policy has been shared with the SWNI Board. Policy is posted on the website, but limited outside review.	Share draft policy with developed partner organizations

There was no movement on the draft Equity Policy until March 27, 2019, when the Board Meeting Minutes captured that because of “Code writing – The committee talked about getting the final language together... This is a racial equity policy.” During the April 2019 Board meeting minutes the Equity and Inclusion Committee reported that the Equity Policy would be mentioned in the May 2019 SWNI Newsletter encouraging that it be adopted by the Board.



Equity and Inclusion

swni.org/equity

Racial Equity Policy: Is SWNI ready to adopt the draft published on our website? This is [redacted] past chair of this committee, sharing my thoughts on why this policy should be adopted.

Our vision: "Racial equity only becomes possible when the policies, practices, attitudes and cultural messages that reinforce differential outcomes by race are eliminated." Much has been written regarding racial equity, and our vision is based upon the 2012 Portland Plan. The policy supports the vision by setting forth areas where SWNI will focus effort.

Why do we need this policy? "Our organization's actions and policies reflect the experiences of its members and leaders. We recognize that current participation does not proportionately reflect Southwest Portland (SWNI) demographics. According to 2010 U.S. Census data, approximately 15% of SW Portland residents identify themselves as non-White, Hispanic, or multiracial. As of 2015 very few people of color participate in SWNI events and activities." We are aware that it is not a numbers game, but a change in culture where we adjust our functioning, priorities and the outcomes of our organizations. We accomplish this by improving livability for people of color through inclusion of their values, skills, leadership and culture.

You may ask why we are leading our policies with race and resource allocation? "Portland's long-standing history of systemic racism drives our choice to address equity through

the lens of race first. SW Portland residents inhabit land taken from indigenous Multnomah Chinookan and Atfalati Kalapuyan people. The

APPROVED SWNI Board Meeting Minutes Wednesday, March 27, 2019 -7:00 pm Multnomah Center, Room 30 in Senior Center

- **Equity and Inclusion Committee:** [redacted]
Code writing- The committee talked about getting the final language together so that our neighborhoods know that we are open to all. This is a racial equity policy. Civic Life's community engagement survey had over a thousand responses. There was a lot of support for NAs. Language will be released for review in May. There will be a community meeting to release the information.
The "Listening to Young People" Event is on April 18th at Wilson High School Library. Schools Committee offered funding for translation. This is also in SWNI news.

Key partnerships with communities most impacted by racial inequities. Our partnerships are to be with citywide programs and also with groups located in our own communities, including communities of faith and social service organizations. Partnering as a way for growth in equity and inclusion will aid in the individual and community-wide efforts towards the vision. Our individual involvement in partnering and learning is very important.

Your Equity and Inclusion Committee will work toward the vision through action and accountability. An action plan is developed annually that addresses the larger community served by SWNI as well as people and programs administered by SWNI. Please take a look at the action plan posted on the SWNI Website and see if the plan makes sense to you.

Next Meeting:
Monday May 20, 7pm
Multnomah Arts Center, Rm 4
7688 SW Capitol Hwy



The Board meeting minutes from June 2019 indicated that the Equity and Inclusion Committee had been following the status of changes to the City of Portland Code 3.96 standards. Additionally in June 2019, the SWNI Equity & Inclusion Action Plan was updated for fiscal year 2019-2020, and which reflected there was no movement on the Equity Policy during the prior 2018-2019 fiscal year. The 2019-2020 Action Plan described SWNI would “Distribute updated draft Racial Equity Policy to the SWNI Board in July and vote to adopt in Aug/Sept 2019.”

6/24/19		SWNI Equity & Inclusion Action Plan 2019-20		Page 4 of 4
We advocate and work to improve the livability of SW Portland neighborhoods for people of every race and ethnicity.				
Top Priority Goals	Expected Outcome	Lead + Other Committees and Partners	Actions 2018-2019	Actions 2019-2020
	C4. Remove barriers of participation and provide welcoming environment at meetings, events, and trainings	Equity & Inclusion Committee		Request resources from Civic Life to provide food for events/trainings, childcare, and transportation assistance
	C5. Increased funding for NA Small Grants	Equity & Inclusion Committee		Advocate during the budget season for additional small grant funding
	C6. Influence Civic Life Code Revision 3.96 Proposal			Follow process of Code Change 3.96 Committee and proposals. Testify at City Council Hearing
D. Refine draft Equity Policy using suggestion and comments received to inform final document	SWNI Board vote to adopt Equity Policy	Equity & Inclusion Committee	Share draft policy with developed partner organizations	Distribute Updated Draft Racial Equity Policy to the SWNI Board in July and vote to adopt in Aug/Sept 2019

The Equity and Inclusion Committee report from July 22, 2019 indicated the SWNI Board would be presented with *Equity & Diversity Best Practices for Neighborhood Associations* (“Equity Best Practices”) for approval, in order to “influence testimony at the City Council hearing regarding the Civic Life Code 3.96 Revisions.” The Board meeting materials for the code input Summit in July 2019 contained a draft of the Equity Best Practices. There was an email exchange regarding the Board President and a Board Member that demonstrated dysfunction within SWNI’s culture and tone from the top, as it appeared SWNI had leaders who were resistive to making equity and inclusion changes and lacked a commitment to implement the drafted Equity Policy and Equity Best Practices. The Board President stated that:

“Equity is not really the issue. Survival of neighborhoods is the issue. Equity is the red herring to keep us focusing on what is the most important.”



SWNI Equity & Inclusion Committee

Meeting: Monday, July 22, 2019

Motion made by: [REDACTED]

Second: [REDACTED]

Internal SWNI Motion as approved unanimously by the Equity and Inclusion Committee

Present the Equity and Inclusion Committee's "Equity & Diversity Best Practices for Neighborhood Associations" to the SWNI Board for approval to present the document at the Neighborhood Summit (scheduled for Wednesday, July 31, 2019) to influence testimony at the City Council hearing regarding the Civic Life Code 3.96 Revisions



Wednesday, July 31, 2019 at 9:00 AM

[Show Details](#)

→ You forwarded this message on 7/31/19, 8:15 AM.

Show Forward

← You replied to this message on 7/31/19, 9:29 AM.

Show Reply

Hi [REDACTED]

Thanks for the work you are doing on behalf of [REDACTED]. I am sure she appreciates the skills you are bringing to her presentation.

I was surprised by your response to [REDACTED] and I agreeing on a point yesterday. I listen to [REDACTED] as often as I am with [REDACTED]. But if you are looking for us to agree on much it is unlikely to happen. So please do not set your heart on that. [REDACTED] is dramatic and disruptive, discerning and insightful but [REDACTED] emphasizes the dramatic. When we are crafting an agenda it is not helpful for [REDACTED] to attack someone [REDACTED] disagrees with telling them they are disrespectful. And it is not helpful for you to back her up. I did not see it the same way yesterday but I refrained from saying anything in the interests of finishing our tasks.

[REDACTED] reasons for not commenting on the Oregon Humanities discussions are not laudable.

But we all have weaknesses and make mistakes. Our goal tonight is to engender a conversation where people walk away with succinct ideas of how to interact with the city on the code revision agenda. Equity is not really the issue. Survival of neighborhoods is the issue. Equity is the red herring to keep us focusing on what is the most important. We probably disagree on this but I hope, the good person you are, will support the goal of this evening and we can come back to the role of equity at a later date. [We can talk at length.](#) I really have a full day as I am sure you do and we can take this up at another time. No need to respond today.

Best,

Brevity is the soul of wit





Wednesday, July 31, 2019 at 9:29 AM

Show Details

Hello,

The title of this email is apropos.

I have been doing work on behalf of the planning committee not just [redacted]. The emergency that the City Council voted on that has brought about this change is driven by the need for equity and inclusion and in light of our well-documented racist history, I believe there is merit. I also believe and have shared with the board before this began that I am concerned about representation and that our neighborhoods and board are not reflective of our resident demographics. I wrote a grant to beta-test bringing more to the table because I am a solutions-oriented leader, that grant was not funded.

I was asking the board and [redacted] for months if Civic Life had Best Practices for NA's to do outreach from and was told that was part of their marching orders and they would be forthcoming. I recognized the value of the work [redacted] committee have been doing after the May meeting and went to [redacted] to see if she had Best Practices to begin with and [redacted] shared with me they were in her head. I offered to write them down. We met, we crafted and distilled and created the Best Practices that the committee and board approved. Through the same lens and as you know, in reviewing the annual Committee Action Plans for our July Board Meeting I realized we have a better opportunity to do our work collaboratively and not silo'd. [redacted] suggested and the board approved of cross-pollinating each plan with one another where applicable and especially where the Equity Committee could be helpful.

After the meeting, [redacted] who is a LEADER as the VP of SWNI board, stated to me that members of the Land Use Committee would not view their work from an equity lens, that they have intentionally not done so and will not do so in the future. When I stated in return that we need to start somewhere and this is the place to end that behavior [redacted] shrugged. I brought this concern to both you and [redacted] directly after. This is coming from leadership, where does change begin? Look around, do you see the Neighborhood Associations truly representative? Do you think we don't have an opportunity for more equity and inclusion?

I believe in both. I believe in being more equitable and having Neighborhood Associations be the vehicle and I am dismayed that you as the leader of this organization do not. It is that belief that will undo Neighborhood Associations. I have stated and continue to state that there could be another vehicle but I believe in fixing something not completely broken. It needs leadership to fix the ship.

[redacted] an asset. The Equity Committee is an asset and an advantage in that no other Coalition has one or has the quality and relevant work by which to inform City Council and Civic Life. I am an asset. You undermine us all.

This is an all-volunteer led, passion-driven organization, do you think you can casually dismiss or throw away those who have differing opinions. Do you think when you devalue people they remain? Do you think you can do this on your own? Who else has shown up in those meetings that will remain if [redacted] and I are gone? [redacted] is paid to be there and [redacted] is all that remains and maybe I [redacted]

The comment made to [redacted] was offensive. I was offended. [redacted] apologized to us both. It is rare to offend me AND I stood up for positions for everyone in that room yesterday including you. Your fractured relationship with [redacted] affects us all. I do not need you to agree but the venom and disdain by which you two engage is palpable which warranted my exclamation of relief yesterday. I was in the middle taking cross-fire and it is hard.

As for the Humanities piece, I don't have a fight in that nuance. It is listed, the specifics asked to include was rejected by [redacted] as there were not the same specifics to other bullet points so [redacted] said 'no'. [redacted] said 'yes' to all [redacted] other proposed edits by [redacted] and they were included. Did you say 'yes' to all of [redacted] edits to your piece, she had a lot. I agreed with most of them. [redacted] offered great insight and I appreciated [redacted] being there and said so.

Do not assign my character 'good person' to roll up into your agenda - that is manipulative. I am a good person. I am a free-thinker. I will not be bullied or told what to do. I would like a leader who is consistent, honest, transparent and inspiring. I left the room yesterday believing you had come more to understanding the goal is both not one or another. I was sitting down to write you this morning a note of thanks for guiding the discussion for wordsmithing and holding a space for others. I sat down to this instead, so sad. Was yesterday a ruse?

I understood the importance the equity work that has been done needed to be a part of the Summit. It shows the progressive work being done that the city accuses us of not doing. It shows more cohesive approach than they have conceived. It is a road map for the future. I spent 12 hours (6 with [redacted] pulling all the materials to reference and capture and 6 building the ppt) over my weekend to ensure the community we 'get it and have a plan'. It is why I spent such a large piece of my time working on that as well as informing the agenda, capturing strategy and material for the fight at City Council, making connections with others in our city to collaborate with. I was also about to begin working on ppt for everyone else's work to be connected as a cohesive presentation for tonight and have it polished. [redacted] believe I may be missing leadership to continue.

I know you have worked hard and tirelessly as well - thank you. I am truly saddened to know this is your position because I know we could have been a force to be reckoned with.

The Equity and Inclusion Committee on July 22, 2019 determined they would present the Equity Practices to the Board for approval. The SWNI Board adopted the Equity Practices during the July 24, 2019 meeting. This appeared to have been compulsory based upon the updates made to City of Portland Code 3.96 also in July 2019, which had aggressive transformational change towards equity and inclusion goals.

In September 2019, the Equity and Inclusion Committee had obtained proposals and quotes for "Equity and Inclusion training and facilitation of Code of Conduct creation for future board adoption." Documentation reflected that there were multiple contacts made by the committee to solicit pricing to "Present to the SWNI board." The Request for Proposal had a statement of purpose that described SWNI was needing support to implement organizational culture change toward inclusivity, and that the training was to ensure SWNI had the tools to ensure their actions and decisions were aligned with the Equity Practices that were adopted and the draft Equity Policy.

When the proposals for equity and inclusion training were presented to the Board, the Board voted to decline the training. Training would have impacted the effectiveness and implementation of the Equity Practices and draft Equity Policy, and declining Board equity training contributed to the dysfunction in the Control Environment. The SWNI Equity Policy was adopted on September 25, 2019.



There was evidence SWNI had been noncompliant with the Actions and Accountability section of the *Racial Equity Policy*, which had committed to “... increase understanding of racial inequality throughout our organization... SWNI’s programs and actions will promote responsibility for learning and competency among people who identify as white.” SWNI did not have formal equity and inclusion training for the Board that corresponded with implementation of their Equity Practices and Equity Policy. Additionally, the Equity Practices were observed not to be followed, including the ground rules of conflict resolution, enhancing mutual trust and respect, inclusivity and constructiveness, and avoiding defensiveness and negative attitudes. This evidence demonstrates that SWNI had not effectively implemented the equity and inclusion goals.

Southwest Neighborhoods, Inc.
Equity & Inclusion Committee
SWNI Equity & Inclusion Training Request for Proposal
September 23, 2019

Statement of Purpose

The Southwest Neighborhoods, Inc. (SWNI) Equity & Inclusion Committee (E&I Committee) is seeking a partner to lead our efforts in an organizational culture change that fosters inclusivity and engagement. We recognize change begins with leadership building trust, doing outreach, creating opportunities for the disenfranchised to inform and sit in positions of power while also seeking active involvement from partners, stakeholders and residents within our community.

E&I Committee acknowledges activities within the SWNI organization and events in our community require an immediate response for board leadership training. This training will ensure SWNI officers, committee chairs, staff and board members are given the tools to ensure their actions and decisions are in line with the organizations bylaws, adopted Equity & Inclusion Best Practices and DRAFT Equity Policy Vision. Leadership will then be equipped to help expand equity support within the community ie Wilson High School Community Conversation and Hillsdale Farmer’s Market interest in equity staff training.

Specifically, the SWNI E&I Committee understands the imperative to ensure that we as leaders of the organization work daily to ensure our culture and behavior supports the following parts of SWNI Bylaws:

- **Article 2 Purpose Section 5** – To reflect the full diversity of all people found within its boundaries, including but not limited to communities of color, immigrant and refugee populations, renters, and individuals of all income levels.
- **Article 3 Membership Section 2** – SWNI does not discriminate against individuals or groups on the basis of race, religion, color, sex, sexual orientation, gender identity, age, disability, legal citizenship, national origin, income, or political affiliation in any of its policies, recommendations, or actions.



Conflicts of Interest

There were other organizational objectives that affected the control environment as well. The Board reviewed two sample policies at the March 2011 retreat, *Conflicts of Interest and Executive Compensation Policy* and *Whistleblowers Policy*. It appeared the sample policies were adopted as a revision to the By-Laws at SWNI. The retreat agenda indicated there were By-Law updates planned for later in 2011. SWNI's By-Laws contained language similar to the sample policies that the Board had reviewed during the retreat. During fiscal year 2012, SWNI's Board began an annual process to complete a *Conflict of Interest Questionnaire* and *Whistleblower & Retaliation Acknowledgement* forms. The questionnaire and acknowledgement forms make reference to SWNI's By-Laws sections X and XIII.

2011

Southwest Neighborhoods, Inc. (SWNI)
Policy Retreat
Saturday, March 26, 2011

Riversgate
3612 SW Troy Street (Multnomah Village)
(Parking is available)

Agenda

8:45 am	Continental Breakfast – Coffee, tea, bagels, cream cheese, and fresh fruit
9:00 am	Welcome and Introductions – [REDACTED]
9:10 am	Reflections of priorities set in FY 10-11 <ul style="list-style-type: none">• Review accomplishments• Note other priorities that occurred during the year• What items are still pending
9:30 am	SWNI Policy Review <ul style="list-style-type: none">• Financial Policy and Procedures• SWNI Fiscal Agent/Sponsorship Policy• Note: The SWNI Bylaw Committee is meeting to consider bylaws changes scheduled to be brought to the SWNI Board on April 27th.
11:00 am	[REDACTED], coauthor of The Oregon Nonprofit Corporation Handbook and attorney whose practice is restricted to nonprofits <ul style="list-style-type: none">• Conflict of Interest Policy• Whistleblower policy

Acknowledgment

I have received, read, understand and will comply with the SWNI Conflicts of Interest and Non Inurement Bylaw, Article X. I affirm that, other than the interests reported above, I am aware of no conflicts of interest that I have or may have within the meaning of the SWNI Conflicts of Interest and Non Inurement Bylaw. If any additional or new actual or potential conflicts arise during the year, I will file an amended form and disclose same in accordance with SWNI's Conflicts By Law.

**SWNI ANNUAL WHISTLEBLOWER AND RETALIATION
ACKNOWLEDGMENT**

Each SWNI Officer, Director, Committee Chair and Employee shall, within thirty (30) days of becoming an Officer, Director, Committee Chair, or Employee, complete and sign this form after reading Article XIII of the SWNI Bylaws, and also complete and sign a new copy of this Form annually. Completed Forms are to be submitted to the Executive Director.

I acknowledge that I have read Article XIII of the SWNI Bylaws dealing with Whistleblowers, understand same, and will abide by the provisions thereof.



There was dysfunction and ineffectiveness with the conflicts of interest standards at SWNI that were adopted in the By-Laws. During the October 23, 2019 Board meeting that was video recorded, the President stated:

“The whole executive group has been accused of not following the By-Laws.”

Additionally, another Board member stated that:

“There is a conflict of interest of the people running the Board.”

During the middle of this meeting the Board Treasurer resigned, stating:

“I quit... this is the stupidest thing I think I have ever seen, it is pointless and my blood pressure it is not healthy for me to deal with this... I’m sorry good luck.”

Then the resigned Treasurer left the Board meeting. SWNI demonstrated an unwillingness to initiate an internal probe, investigate, self-correct or remediate alleged non-compliance, misconduct and unethical activity.

It seemed suspicious that the former Treasurer would bid for and accept a \$2,000.00 paid contract from SWNI in December 2019, which was two months after resigning. The contract was to prepare SWNI’s tax return, which appeared to be a conflict of interest, as expressed by multiple Board members. The period for the tax return covered the same fiscal year as when the former Treasurer had presided. It was problematic that the former Treasurer had been volunteering for SWNI without compensation, and then became a paid contractor.

During the December 18, 2019 Board meeting, it seemed like an abuse of power that the Executive Committee had not provided the Board with all bids and proposals within the Board materials. There was at least one other reputable accounting firm that had submitted a proposal to SWNI, whose cost for services appeared to be 42.5% less than the former Treasurer’s proposed price. Additionally, the other reputable accounting firm not selected had received copies of SWNI’s prior tax documents, which indicated the bid would have been reasonably responsive. SWNI leadership had “expressed support” for the former Treasurer being awarded the contract, based on their knowledge of SWNI financials, and the Board approved the contract with the former Treasurer.



2. Recommendation Regarding CPA to Prepare Federal 990 Report.

President [REDACTED] reported bids were submitted for the completion of SWNI's 2018 federal 990 tax forms. [REDACTED] referred Board members to [REDACTED] Director's Report. [REDACTED] reported that [REDACTED] who has completed the 990 Reports for SWNI in the past, invoiced us last year for \$2,775 for her services. [REDACTED]'s bid was for the project an amount up to \$2,000. [REDACTED] of [REDACTED] Company in Tigard provided a bid of \$1,150.

[REDACTED] expressed support for [REDACTED]'s bid based on his knowledge and past experience with the SWNI organization. [REDACTED] closed by saying that the recommendation of the Finance Committee is to accept [REDACTED]'s bid.

Discussion took place. [REDACTED] and [REDACTED] questioned whether [REDACTED] would have a conflict of interest based on having served on the SWNI Board in the past. [REDACTED] responded that because [REDACTED] resigned from the Board in October, there would be no conflict. [REDACTED] clarified that [REDACTED] resigned from the Finance Committee when [REDACTED] resigned from the Board. President [REDACTED] stated that [REDACTED] provided [REDACTED] Company with copies of the SWNI's 2017 990 report documents.

[REDACTED] moved approval of contracting with the [REDACTED] for the preparation of the 990 Report. [REDACTED] seconded.

Discussion took place. [REDACTED] questioned the process for having the bidders prepare their bids. President [REDACTED] responded that the process was completed with the intent of having the work completed before accounting firms take on a heavier workload for 2020 tax season. [REDACTED] spoke in favor of choosing [REDACTED] and felt there wasn't that much of a difference in the bids.

Motion Approved to Contract with [REDACTED] CPA, to Complete 990 Report.

Vote to Approve: 16

Vote Against: 0

Abstentions: 4 ([REDACTED])

No Financial Statement Review or Audit by an Independent Accountant

It was problematic that SWNI had not received a financial statement audit or financial review by an independent accountant from fiscal years 2011 to 2020, even though SWNI had budgeted for those professional services most years, and had previously experienced a financial loss due to theft, *reference Examination #2 and #6, and Internal Control section #3 Control Activities*. SWNI had received an audit from the IRS once during those fiscal years, which would have been limited in scope to taxation, and would not have constituted a financial statement audit. Without a financial statement audit or financial review the SWNI Board lacked assurance and was unable to evidence that the financial statements were free of material misstatements.

There was evidence that reflected SWNI leadership may have exaggerated and was untruthful in communications to the Board regarding financial audits, by insinuating that the limited IRS audit on taxation was a reliable measurement that financials were in proper order. Without independent accountants performing audits or financial reviews, SWNI had no assurances that financial statements the Board was reliant upon were reasonably accurate. According to standards published by Oregon's



Office of the Attorney General, *A Guide to Nonprofit Board Service in Oregon* indicated the Board was responsible “to oversee the organization’s financial affairs, making sure that the organization has internal accounting systems and controls,” and that transactions between individual board members and business they own or operate “should be avoided”.

Duty of loyalty. Directors have a duty to give their undivided loyalty to the charitable corporation. Decisions regarding the organization’s funds and activities must promote the organization’s public purpose rather than private interest. Any potential conflict transactions should be scrutinized closely by the board with the realization that the public will predictably be skeptical of such arrangements. There are some general principles which will serve to guide boards faced with conflict of interest situations.

- **Conflicts in general.** While transactions between the charitable corporation and individual board members, their families and businesses they own or operate should be avoided, they are not absolutely prohibited. Under certain circumstances, a contract or transaction between a nonprofit corporation and its director or an organization in which the director has a material or financial interest is acceptable. However, if the transaction is challenged, the director will have the burden of establishing that the contract or transaction is fair and reasonable, that there was full disclosure of the conflict and that the contract or transaction was approved by members or other directors in good faith. ORS 65.361. The board should only approve the transaction if it is clearly in the best interest of the charity.

Adequate financial records and controls. One of the board’s responsibilities is to oversee the organization’s financial affairs, making sure that the organization has adequate internal accounting systems and controls. With embezzlement from nonprofit organizations on the rise, it is imperative that financial controls are in place before theft occurs. The board should be responsible for approving the organization’s annual budget. Board members should expect the CEO (or other designated staff) to produce timely and adequate income and expense statements, balance sheets and budget status reports, and should expect to receive these in advance of board meetings. With the advent of online banking, many small organizations neglect to retain copies of their bank statements. Board directors should ensure that appropriate accounting and banking records are being maintained. With large organizations, the board should employ, either directly or through an audit and finance committee, an independent auditor and review the auditor’s annual report at a face-to-face meeting.

**Forensic Audit
Information Request Checklist**

October 1, 2020

TO: Melissa Frick Minick [REDACTED]
Marsh Minick, P.C.

From: [REDACTED], Executive Director
Southwest Neighborhoods, Inc

RE: Information Request 1

#32 Provide the audited financial statements, report and accompanying supplementals

Please note: Southwest Neighborhoods, Inc.’s has not had its financial statements or reports audited.

We did provide Civic Life with a copy of [REDACTED]’s review of our 2012 Financial Management Policy and IRS Audit for fiscal year 2011-2012.



Whistleblowers

There was also dysfunction and ineffectiveness with the whistleblower standards at SWNI that were adopted in the By-Laws. There were seven individuals that expressed they were fearful of retaliation and declined to interview for this forensic audit. Additionally, there were five other individuals that described they had been pressured by others to not interview or had been discouraged from interviewing. Retaliation and pressure that was documented and observed by the forensic auditors included threats of personal lawsuits and removal of Board members that were deemed as detractors by others. Verbal and written communications were used to intimidate Board members, and there appeared to be unfair and inequitable treatment of Board member concerns when they were expressed.

In an email dated October 17, 2020, the SWNI President emailed the Board about changing the By-laws in order to “ultimately remove” a Board member and indicated the intent was to “take action...on November 18” board meeting. Additionally the President stated:

“...I think a bylaw change is a good idea because we may have more [detractors] in our future. We have been very restrained in ruling against [detractors] behavior.”

This seemed consistent with the video recording of the October 23, 2019 Board meeting approximately one year earlier where the President said that:

“...people can file lawsuits, they can file lawsuits of defamation...there is a lot of changes that can be done and be tied into the By-Laws.”

Another member of the Board asked the President:

“Can the Board file a lawsuit?”

To which the President replied:

“Yes, they can, because of some of the materials that have been sent to the Board... The Board has firm rights to file...”

This is evidence that the Board is not following their adopted whistleblower policy on retaliation. The whistleblower section of the By-Laws appeared to be not effective at protecting individuals that reported instances or raised concerns about wrongdoing.



ARTICLE XIII: WHISTLEBLOWERS

Section 1 Complaints

- a. If a SWNI officer, director, employee or volunteer should discover information leading her or him to believe that a wrongdoing or illegal or unethical behavior has occurred in SWNI, he or she shall report this information to the President. If the President is not available or is implicated in the alleged wrongdoing, he or she shall report the information to another Board officer.
- b. The President or Board officer shall conduct an investigation. Reports of alleged violations will be kept confidential to the extent possible, consistent with the need to conduct an investigation. Appropriate corrective action will be taken if warranted by the results of the investigation.

Section 2 Retaliation

- a. It is SWNI's policy to protect from retaliation and discrimination any person who in good faith:
 - 1. Refused to participate in any alleged civil or criminal violation of any federal or state law, or city ordinance; reported to law enforcement or other officials of federal, state or local government any information that the person believed to be evidence relating to the alleged commission of or possible commission of any civil or criminal violation; or initiated, testified or aided in proceedings related to the foregoing.
 - 2. Initiated or aided in civil and/or criminal proceedings;
 - 3. Refused to engage in a violation of a governmental administrative regulation; reported any information related to a violation of governmental administrative regulations; commenced, testified at, aided or participated in a governmental administrative proceeding;
 - 4. Refused to engage in or attempted to stop fraud against SWNI, or gross waste of SWNI's assets, or abuse of SWNI's authority; or

SWNI Bylaws Adopted 9-26-18

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- 5. Reported other information about wrongdoing, illegal or unethical behavior pursuant to this Whistleblower Policy.
- b. A SWNI officer, director, employee, or volunteer shall not, with intent to retaliate or discriminate, take any action harmful to any person described above, including interference with the lawful employment or livelihood of any person, or damage to the person's reputation.
- c. In the event that a SWNI officer, director, employee or volunteer intends, for any reason, to take any action harmful to any person who has acted as described above, the SWNI officer, director, employee, or volunteer must obtain approval from the Board prior to taking such action. Such approval must be obtained even if the officer, director, employee or volunteer believes that the person who provided information to the law enforcement authorities or other officials provided untruthful information.

From: [redacted] <[redacted]@gmail.com>
Subject: Re: [SWNI Board] Meeting Notice: SWNI Finance Committee 10-23-20 at 1:30 pm & SWNI Exec. Committee 10-23-20 at 5 pm; Sept 23 Draft Minurwa
Date: October 17, 2020 at 10:43:27 AM PDT
To: board@swni.org
Reply-To: board@swni.org

On a vote to change the bylaws and ultimately remove [redacted] and ask for another representative, timing is important. We have to read the motion on the change in bylaws in two meetings before we can vote on it. So October and November. We vote in November and then take action after that. I think our Board meeting will be on November 18th which will also let us know what has happened with donation which will keep our doors open.

The election is important. If [redacted] is not returned, I do expect [redacted] to try to discredit us on governance. Failure to produce all documents that [redacted] asked for even though they are confidential under the Standards in some circumstances. That will be her final swipe. However, whether the city council wants to defund us entirely is a different question. And I do think with a clean audit which we hope will be posted by the end of November we can get our funding restored either through a city council vote or by an automatic mechanism. Checking into that.

We can change our bylaws and do nothing. But we have the opportunity should we need it. And I agree when we do this, it is important in the context of the election. But I think a bylaw change is a good idea because we may have more [redacted] in our future. We have been very restrained in ruling against [redacted] behavior. 14 months of it. Only now are we considering what we might do because [redacted] filed a lawsuit. So we do not have to remove or replace until the audit is posted and the election is over. But we need to put the motion before the Board at two separate meetings and get their approval before we can move on anything.

Thanks so much for your comments and engagement. It takes all of us to right the ship.

Best,

Sent from my iPad

Brevity is the soul of wit



2. Risk Assessment

No Risk Management Policy

A major deficiency at SWNI was there was not a Risk Management Policy that appeared to have been drafted or considered for adoption. Without a Risk Management Policy, SWNI was unable to self-identify risks and establish critical controls to protect the organization from financial risks and loss. Without a Risk Management Policy, SWNI had not formally articulated and defined roles and responsibilities for risk management activities and had no formal plan for handling risks and improvement of controls.

Risk Assessment

6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

No Fraud Policy

Another major deficiency at SWNI was not having a Fraud Policy. Even after the financial loss to the organization from theft by embezzlement, *reference section Examination #2*, there was no Fraud Policy appeared to be drafted or considered for adoption. Without a Fraud Policy, SWNI had not committed to a zero tolerance for actions constituting fraud, such as dishonest and unethical acts, misappropriation of funds, impropriety in handling financials, money and reporting, and other similar improprieties. Without a Fraud Policy, SWNI had not formally articulated and defined roles and responsibilities for fraud monitoring activities and had no formal plan for handling fraud risks and actions to take to prevent, detect and respond to possible fraud instances.

No Audited Financial Statements by an Independent Accountant

There was another major deficiency identified with assessing risks and managing an effective and functional control system. There were not any audited financial statements by an independent accounting firm, as confirmed by SWNI's Executive Director, even though SWNI had budgeted money for this professional service. This demonstrated a lack of SWNI and Board commitment to identify, analyze and respond to financial risks.



**Forensic Audit
Information Request Checklist**

October 1, 2020

TO: Melissa Frick Minick
Marsh Minick, P.C.

From: [Redacted], Executive Director
Southwest Neighborhoods, Inc
503-823-4592

RE: Information Request 1

#32 Provide the audited financial statements, report and accompanying supplementals

Please note: Southwest Neighborhoods, Inc.'s has not had its financial statements or reports audited.

We did provide Civic Life with a copy of Smyth & Clark's review of our 2012 Financial Management Policy and IRS Audit for fiscal year 2011-2012.

2019-2020 Adopted SWNI Budget with Notes

Category	2018-2019 Budget	2019-2020 Adopted Budget	Proposed Capital Needs	Notes FY 2019-2020
Professional Fees	4,000.00	4,000.00		CPA 990 Annual Tax Reports, Financial Review

2018-2019 Final SWNI Budget with Notes (Approved 6-25-2018)

Category	2017-2018 Budget	2018-2019 Approved Budget	OC&CL	SWNI Board	Notes FY 2018-2019
Professional Fees	4,000.00	4,000.00		4,000.00	\$1,500 CPA 990 Annual Tax Reports., Financial Review 2,500

2017-2018 Final Approved SWNI Budget with Notes 6-28-2017

	Proposed Budget 17-18	ONI	SWNI Fundraising	SWNI Cleanup	SWNI	SWNI Board	Notes FY 2017-2018
Professional Fees	4,000.00				4,000.00	4,000.00	\$1,500 CPA 990 Annual Tax Reports., Financial Review 2,500

SWNI Adopted Operating Budget July 1, 2016- June 30, 2017

	Approved Revised 15-16	Proposed Budget 16-17	Difference	ONI	SWNI Board	Notes FY 2015-2016
Professional Fees	5,000.00	3,000.00	2,000.00	3,000.00		\$1,500 CPA 990 Annual Tax Reports., \$1,500 Facilitation, Legal Consultant

SWNI Approved Revised Operating Budget 2015-2016

	Budget 15-16	Revised 15-16	Difference	ONI	SWNI Board	Notes FY 2015-2016
Income						
Professional Fees	5,000.00	5,000.00	0.00	5,000.00		\$1,500 CPA 990 Annual Tax Reports., \$2,000 Acct Consultant., \$1,500 Facilitation, Legal Consultant

SWNI Adopted Operating Budget 2014-2015

	Budget 13-14	Budget 14-15	ONI	SWNI Board	Notes FY 2014-2015
Professional Fees	4,800.00	5,000.00	5,000.00		\$1,500 CPA 990 Annual Tax Reports., \$2,000 Financial Review, \$1,500 Facilitation, Legal Consultant

SWNI ADOPTED OPERATING Budget 2013-14

	Budget 12-13	Budget 13-14	ONI	SWNI Board	Notes
Prof Fees - Bookkeeping/Accounting	2,500.00	2,000.00		2,000.00	Contingency - Financial Review w/o year



When the forensic auditors inquired why there was not a financial review as budgeted, SWNI individuals communicated that due to the cost of the services, this was never ordered. This seemed unusual as after the fraud incident, the Board and the Executive Director had received training at a Board retreat where the trainer advised SWNI should be having audits of their financials. This advice was consistent with the guidance from the Oregon Office of Attorney General's *A Guide to Nonprofit Board Service in Oregon* that it is imperative the Board have adequate internal accounting systems and controls due to embezzlement being on the rise. This is evidence that SWNI mismanaged risks and controls.

According to the SWNI job descriptions the Executive Director was in charge of financial management and grant compliance. SWNI's By-Laws indicated that the Board Finance Committee was responsible for financial accountability of SWNI, preparing SWNI budget for board review and approval in compliance with the grant, and to perform financial audits. The Finance Committee is composed of Executive Officers. The Executive Director and the Finance and Executive Committee Officers were derelict in their duties for not having a financial review or audit performed after having budgeted for those, and due to SWNI having previously experienced a large loss from financial fraud. The lack of financial reviews and audits by an independent accountant of SWNI's financial reports was unreasonable and not prudent, and demonstrated financial mismanagement. SWNI's Board did not have assurance that the financial statements and reports were reliably accurate.



3. Control Activities

Failure to Fully Investigate

The decisions made by SWNI was evidence that the Executive Director and the Board had not designed or implemented effective policies or control activities to have reported, prevented, responded, or detected irregularities timely.

Control Activities

10. Management should design control activities to achieve objectives and respond to risks.

11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.

12. Management should implement control activities through policies.

There did not appear to be an investigation as to whether any other individuals at SWNI were culpable for the theft, or were negligent in their duties, that may have led to the opportunity for the employee theft, *reference section Examination #2*. The SWNI Staff Responsibility Chart showed the Job Description details for the Executive Director, which included the primary responsibilities for financial management, grant compliance, nonprofit compliance, and to supervise and evaluate all employees. SWNI's failure to investigate other individuals was evidence of dereliction of duties to safeguard assets and demonstrated there was not effective control activities to achieve and respond to risks. This control failure did not hold individuals accountable for their responsibilities or adherence with duties.

Southwest Neighborhoods, Inc. Staff Positions, Fiscal Year 2019-2020															
Executive Director	FTE 1.0 ONI	Program Coordinator	FTE 1.0 ONI	Technology	FTE .50 ONI	Newspaper	FTE .25 ONI	Office Specialist	FTE .75 ONI	Events Coordinator	FTE .50 ONI	Watershed Center Manager	FTE 1.0 BES	Watershed Program Specialist	FTE 50 WMSWCD
Responsibilities	% of Time	Responsibilities	% of Time	Responsibilities	% of Time	Responsibilities	% of Time	Responsibilities	% of Time	Responsibilities	% of Time	Responsibilities	% of Time	Responsibilities	% of Time
Administration: <ul style="list-style-type: none"> Financial Mgmt Insurance Grant Compliance Document Management Nonprofit compliance SWNI Board NAs 	30%	SWNI Standing Committee Support: <ul style="list-style-type: none"> Meeting prep. Write minutes & news articles Articulate public involvement processes Track Board Motions 	40%	Website: <ul style="list-style-type: none"> Serve as web administrator Provide website trainings Troubleshoot Internet connection problems Maintain hardware 	50%	Newspaper <ul style="list-style-type: none"> Work with ED to design/publish monthly newspaper Schedule printing and distribution of newspaper 	50%	Bookkeeping: <ul style="list-style-type: none"> Pay Bills Enter Payroll Financial reports Assist ED with 990 preparation Monthly/Qtr Invoices State&CT12 	60%	Event Coordination: <ul style="list-style-type: none"> Forums Cleanups Vol Rec NNO NA Movies Trainings Grant Projects Com Police Trick/Treat 	65%	Project Management: <ul style="list-style-type: none"> Stormwater Stars management Stewardship groups Specific Watershed Projects identified by BES in Scope of Work 	40%	Project Support: <ul style="list-style-type: none"> Stormwater Workshops publicity & logistics Site visits Grant reports Track volunteers Purchase materials 	75%
Personnel Management	25%	Committee website	10%	Office Technology: <ul style="list-style-type: none"> Troubleshoot Office 	50%	Graphic Design Projects as assigned	25%			Logistics <ul style="list-style-type: none"> Supplies Set-up/down 	5%	Program Administration & Staff Supervision	25%		



Not Investigated: \$19,570 Unauthorized Charges to SWNI's Credit Card or the Balance Transfer from SWNI Debt to Personal Debt of the Executive Director

SWNI was not totally transparent about the theft incidents with Board members and the Civic Life (ONI), and SWNI's failure to fully investigate the totality of culpable individuals was the root cause of renewed concerns about wrongdoing that spanned through to fiscal year 2020. During public comments made to the City in 2020, the concerns about wrongdoing included misuse of an American Express card and an alleged personal loan that was used to pay debts from theft.

Based on the 2010-2011 police investigation reports one of those allegations made in 2020 had been investigated and the other had not been investigated:

- Already investigated was a personal American Express card that was included in the 2011 investigation regarding the convicted theft incidents, reference *section Examination #2*.
- Uninvestigated was SWNI business credit card with unauthorized charges. The business credit card was paid off in 2005 by the Executive Director who had "opened her own personal credit card account... transferred the SWNI credit card balance to her personal credit card account and is paying off this credit card balance... the balance on 092105, the date of the transfer, was \$19,570". The Executive Director told the police investigator "that one reason she took personal responsibility for the \$19,000 is because she is the Executive Director of SWNI and it is her responsibility to know what is going on with the SWNI finances." The police report in 2011 indicated there was not an investigation of the unauthorized charges to SWNI's credit card or the balance transfer in 2005 to the Executive Director's personal credit card.



PORTLAND POLICE BUREAU		CONTINUATION REPORT				Page/Of	TLAND ICE BUREAU		CONTINUATION REPORT				Page/Of																						
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As revealed in the police report, there was over a five-year period from when the Executive Director discovered the unauthorized charges to the business credit card in 2005 to when the Executive Director reported the credit card to police in 2010. The subsequent delay in notifying authorities or the Board of this outstanding debt of the credit card allowed the former employee who was convicted of theft additional opportunity to embezzle, and there was no accountability for the Executive Director who had converted SWNI debt to personal debt.

While the theft was being committed, the former employee filed for personal bankruptcy and had walked away from their home. This information was known by the Executive Director as indicated in the police report. There was apparent personal financial pressures on the former employee that appeared to have contributed to the theft at SWNI.



Statistical/Administrative Information (Estimates only) <input type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input checked="" type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditor.		THIS SPACE IS FOR COURT USE ONLY CLERK, U.S. BANKRUPTCY COURT DISTRICT OF OREGON JUN 17 2004 LODGED REC'D PAID DOCKETED
Estimated Number of Creditors 1-15 <input type="checkbox"/> 16-49 <input checked="" type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input type="checkbox"/> 200-999 <input type="checkbox"/> 1000-over <input type="checkbox"/>		
Estimated Assets \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input checked="" type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> More than \$100 million <input type="checkbox"/>		
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PORTLAND POLICE BUREAU		CONTINUATION REPORT		Page Of 8/20
CASE NO 10-84189	CLASSIFICATION THEFT BY EMBEZZLEMENT	TYPE: <input type="checkbox"/> Incident <input type="checkbox"/> Traffic Accident <input type="checkbox"/> Custody <input checked="" type="checkbox"/> Special		
SUBJECT'S NAME [REDACTED]		SEX F	RACE W	DOB 051057
LOCATION OF OCCURRENCE 7688 SW CAPITOL HWY, #3, PORTLAND, OR				
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ITEM [REDACTED]	CODE [REDACTED]	told me that [REDACTED]'s old address is the one that is listed on SW [REDACTED]. She said [REDACTED] told them she just walked away from the house because it was too much for her to handle and she then moved into her present apartment on SW [REDACTED] also informed me that [REDACTED] has been through at least one bankruptcy.		

Additionally, there appeared to have been another instance where the Executive Director may have used personal resources on behalf of SWNI. In response to the information requested during this forensic audit on October 1, 2020, the Executive Director disclosed that “when SWNI opened the initial accounts in 2011 Umpqua Bank only had ‘Personal Accounts’ so my SS Number was used as instead of our Tax ID Number.” This disclosure by the Executive Director was conflicting with the internet archive from 2010 and 2011 showed that Umpqua Bank was offering business products, including business checking accounts to non-profits and government entities when SWNI’s accounts were opened. Forensic auditors observed that the bank account was in the name of SWNI, not the Executive Director. There was conflicting information provided by the Executive Director that was incorrect and untruthful as Umpqua Bank had offered business products in 2011 for non-profits and the opening deposit amount matched the check amounts SWNI used to open the Umpqua bank accounts.



**Forensic Audit
Information Request Checklist**

October 1, 2020

TO: Melissa Frick Minick (Melissa@MarshMinick.com)
Marsh Minick, P.C.

From: [REDACTED] Executive Director
Southwest Neighborhoods, Inc
503-823-4592

RE: Information Request 1

#5 Provide a list of all bank accounts and their purposes

- Attached from Umpqua Bank, Multnomah Village is a list of bank accounts – Note when SWNI opened the initial accounts in 2011 Umpqua Bank only had "Personal Accounts" so my SS Number was used as instead of our Tax ID Number – I have redacted my SS#, my ODL #, and personal answers to customer questions.

The screenshot shows the Umpqua Bank website's 'small business checking' page. At the top, there is a Wayback Machine header with the URL <http://umpquabank.com/1.0/pages/productCompare.aspx?prodCAT=bChecking> and a date of 18 Dec 2010. The Umpqua Bank logo is visible on the left. The main content area is titled 'small business checking' and features three columns of options: 'business checking', 'business interest checking', and 'business analyzed checking'. Each option includes an 'open account' button and a list of features and requirements. A sidebar on the left contains navigation links for 'Products', 'Get online banking and billpay', and 'Locations & ATMs'.

	business checking	business interest checking	business analyzed checking
Best if you are:	A business with low checking and deposited-item activity levels.	A sole proprietor, non-profit or government organization with a \$3,000 minimum balance. ¹	A business with high account transaction volumes, large quantities of coin or currency deposits and/or Treasury Management needs. ²
Minimum to open:	\$100	\$100	\$100
Earns interest:	No	Yes	No
Monthly service charge:	None	\$15. Waived with minimum balance of \$3,000	Varies by state. Call 1-877-511-3155 for details.
Online banking:	Free, with 15 free online billpayments per month ¹	Free, with 15 free online billpayments per month ²	Free, with 15 free online billpayments per month ¹
Extras:	<ul style="list-style-type: none"> Free combined statements Free business checking starter kit Freebie-loaded Benefit Banking checking account for your employees 	<ul style="list-style-type: none"> Free combined statements Freebie-loaded Benefit Banking checking account for your employees 	<ul style="list-style-type: none"> Freebie-loaded Benefit Banking checking account for your employees



4. Information and Communication

Organizational Conduct

There were repeat occurrences of personal conduct at SWNI that did not demonstrate integrity and ethical values, and was not commensurate with certain aspects of SWNI's mission, purpose and function, and was not compliant with certain aspects of the governing standards and documents.

Information and Communication

13. Management should use quality information to achieve the entity's objectives.
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.

There were 25 hours of interviews conducted with current and former SWNI Board members, employees and community members. Additionally, emails and other communications were reviewed as well as Board videos and minutes. Individuals from minority and majority viewpoints and power positions had reported a culture problem at SWNI. There was evidence that people involved with SWNI had been "bullied", "attacked", "dismissed", "shut down", "censored," "demeaned", had felt "unsafe" and "fearful", and that those instances were "pathological" and created a "hostile" and "toxic culture." These instances appeared to be not compliant with Civic Life Standards for inclusion, participation, and non-discrimination, and the City of Portland code 3.96.040(D) functions of a district coalition to promote, encourage and support participation of members of diverse communities. Additionally these instances appeared to violate the *Grant Amendment No. 3 FY 2018-19* that indicated SWNI was to "Create an environment for respectful dialogue and problem solving that acknowledges our differences as we work toward shared goals."

AMENDMENT NO. 3
GRANT AGREEMENT NO. 32001238
GRANT AGREEMENT WITH SOUTHWEST NEIGHBORHOODS, INC.

The grant agreement is hereby amended as follows:

GOAL Z: FULFILLED AND EMPOWERED PORTLANDERS: A progressive change in

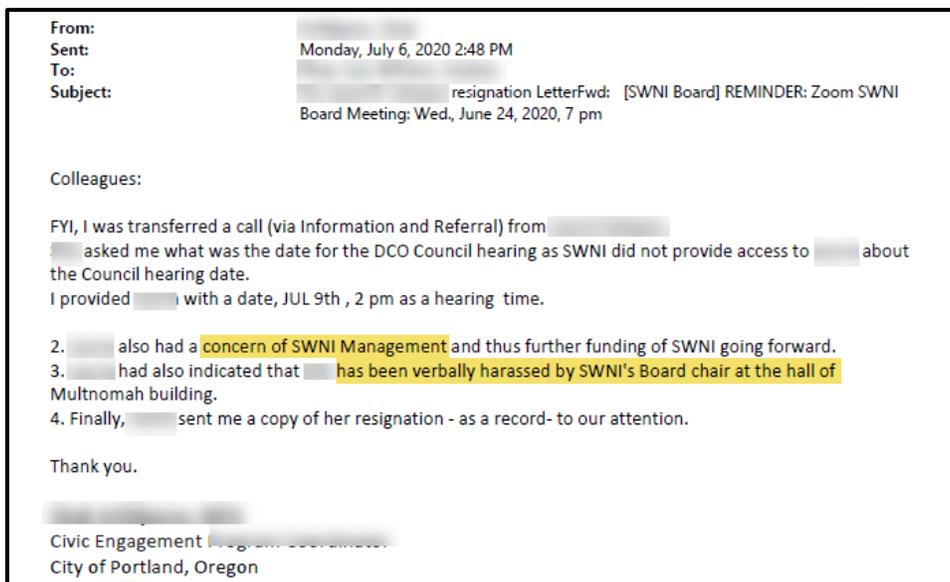
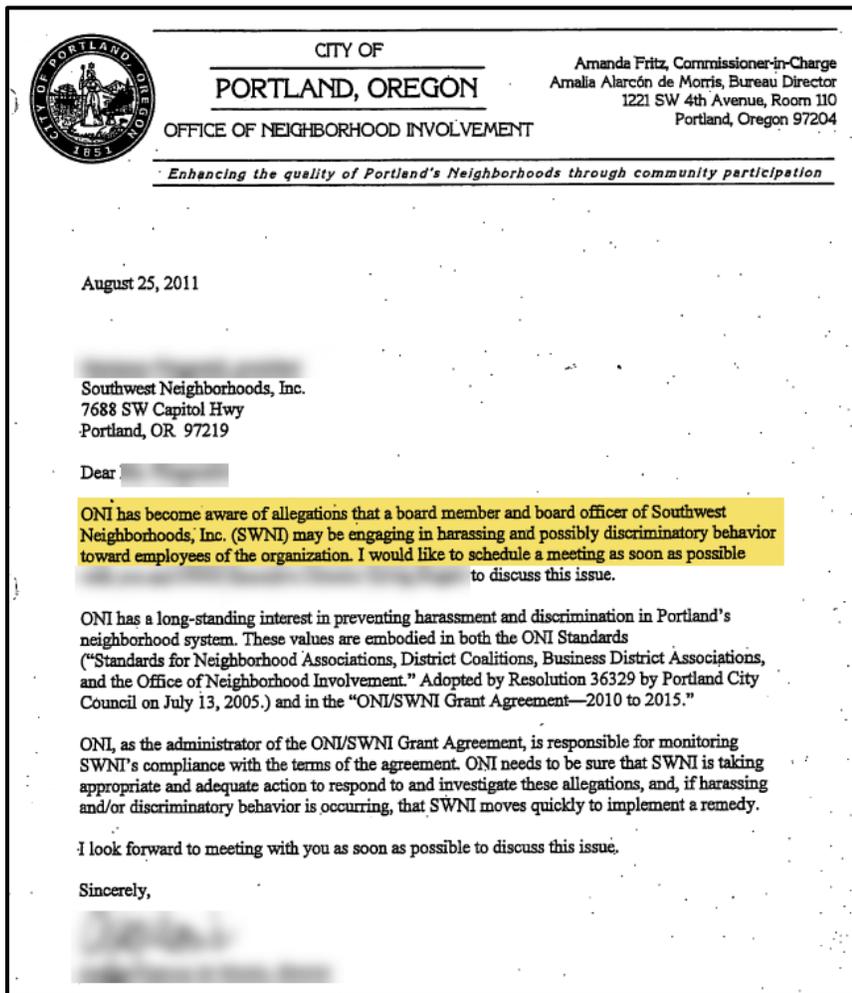
ONI/SWNI grant amendment No. 3 FY 2018-19 – April 25, 2018 Page 1 of 4

culture of civic engagement is foundational to long-term systemic community building and government change. ONI will:

- Prioritize resources that support communities in building resilience both with and without their government
- Ensure equitable sharing of resources
- Promote inclusive education, art and play
- Create an environment for respectful dialogue and problem solving that acknowledges our differences as we work toward shared goals



Two examples where harassment at SWNI was reported to City of Portland's Office of Civic Life was in August 2011 and July 2020:



The allegations of harassment, bullying, and feeling unsafe appeared to have been a problem over the last decade. The SWNI Board and Executive Director were supposed to set an example of proper communication, ethics and integrity for the whole organization to follow, including employees and volunteers on the Board. There were displays and acceptance of uncooperative communications, inconsistent messaging, perceived (or realized) favoritism, and the acceptance of poor personal conduct, which led to confusion, hostility, and discouraged good ethical behavior. As evident in the recorded Board meetings, the 'tone from the top' from the Board as a *collective whole* was not setting an example of a corporative working environment.

A hostile and negative tone from the top had discouraged openness from members of the Board and in the community, as people felt scared to express their opinions or concerns openly. It was evident by repeated Points of Order called by Board members that drew attention to violations of *Robert's Rules of Order* for a lack of decorum while the Board was engaged in critical organizational business. There were instances when the Points of Order raised to the Chairperson or Board for a decision was not well taken (failed), and this process devolved into a mechanism where people in power were dismissive of minority points. These dysfunctions impeded the Board in carrying out critical business, appeared to violate the creation of an environment for respectful dialogue and problem solving, and discouraged open flow of information and communication.



5. Monitoring

There was weakness discovered in Board monitoring of financial control environment at SWNI, predominantly because there was not a proactive approach at SWNI to self-identify emerging risks to financials and assets and there was not a recurring process to enhance the control environment.

Monitoring

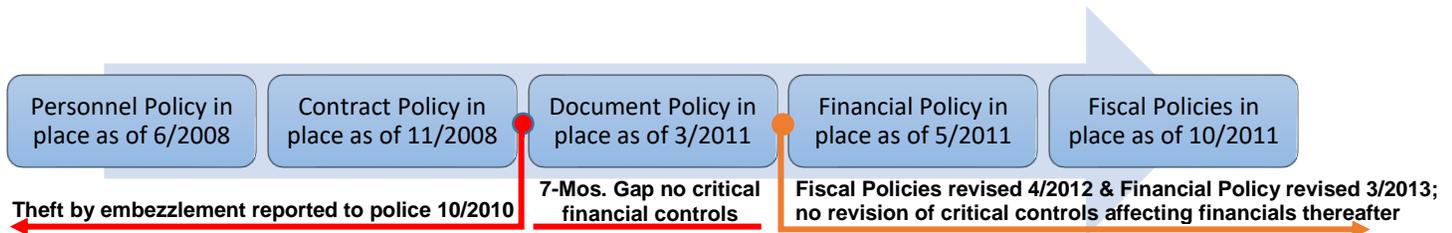
16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

17. Management should remediate identified internal control deficiencies on a timely basis.

Financial Management Policies

The critical financial controls at SWNI were detailed in the *Financial Management Policy and Procedures* ("Financial Policy"). However, the Financial Policy had not been revised in over seven-years. There were other controls over financials detailed in the *Fiscal Administration Policy* and *Fiscal Sponsorship Policy* ("Fiscal Policies"). Again, these Fiscal Policies had not been revised in about eight-years. SWNI's lack of a self-assessment and proactive process to enhance critical financial control policies demonstrated SWNI was not effectively monitoring the internal control system, and was not properly monitoring emerging risks to their control environment.

SWNI had a reactive approach to identifying and responding to risks affecting financials and assets. The reactive approach was demonstrated by the timeline of critical control policies affecting financials that were implemented following the theft by embezzlement that SWNI reported to police. SWNI was slow to react to risks and slow to implement critical controls resulting from the theft incident, as there was a seven month gap when SWNI did not have Financial Policy and Fiscal Policies in place following the reported theft.



The Board appeared to first review a draft of the Financial Policy in March 2011 during a Board retreat. The first version of the policy evidenced to have been put in place was on May 25, 2011; which was seven-months after SWNI reported theft by embezzlement to police in October 2010. SWNI appeared to have implemented and revised the policy in April 2012, and again in December 2012 after SWNI had



engaged an outside professional accounting firm. The accounting firm had a narrow scope of agreed-upon-procedures, and indicated their work did not constitute an examination and they did not express an opinion about the evaluation of the implementation of the Financial Policy. The current version of the Financial Policy in use by SWNI during this forensic audit was adopted by Board vote on March 27, 2013.

2011

Southwest Neighborhoods, Inc. (SWNI)
Policy Retreat
Saturday, March 26, 2011

Riversgate
 3612 SW Troy Street (Multnomah Village)
 (Parking is available)

Agenda

8:45 am Continental Breakfast – Coffee, tea, bagels, cream cheese, and fresh fruit

9:00 am Welcome and Introductions – I

9:10 am Reflections of priorities set in FY 10-11

- Review accomplishments
- Note other priorities that occurred during the year
- What items are still pending

9:30 am **SWNI Policy Review**

- Financial Policy and Procedures
- SWNI Fiscal Agent/Sponsorship Policy
- Note: The SWNI Bylaw Committee is meeting to consider bylaws changes scheduled to be brought to the SWNI Board on April 27th.

SWNI Financial Management Policy and Procedures	
Subject: Southwest Neighborhoods, Inc. (SWNI) Financial Management Policy and Procedures	Effective Date: May 25, 2011
	Supersedes:
	Revision Date: April 25-2012 March 18, 2013
Approved by SWNI Board (date): May 25, 2011	Pages: 184
Draft Revision March Revision March 18 April 19, 2013 Approved by SWNI Board April 25, 2012	

SWNI Financial Management Policy and Procedures	
Subject: Southwest Neighborhoods, Inc. (SWNI) Financial Management Policy and Procedures	Effective Date: March 27, 2013

CERTIFIED PUBLIC ACCOUNTANTS

December 28, 2012

To the Board of Directors
 Southwest Neighborhoods, Inc.

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Southwest Neighborhoods, Inc. in this updated engagement letter.

We will apply the agreed-upon procedures which Southwest Neighborhoods, Inc has specified, listed in the attached schedule, to evaluate the implementation of the April 25, 2012 Financial Management Policy and Procedures of Southwest Neighborhoods, Inc, for the selected period of the year ended September 24, 2012. This engagement is solely to assist Southwest Neighborhoods, Inc, in evaluating the implementation of the April 25, 2012 Financial Management Policy and Procedures. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

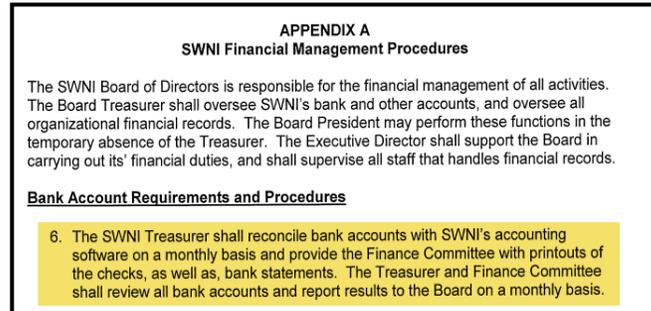
Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on evaluating the implementation of the April 25, 2012 Financial Management Policy and Procedures. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

CPA, CMA
 CPA, MT



Financial Management Procedure: Critical Control with a 97% Error Rate

There was evidence that the primary critical control to ensure that the financials were properly accounted for and reported to the Board was not being followed. The *Procedure 6* in the *Financial Policy's Appendix A* identified that the Treasurer shall reconcile the bank statements in the accounting software as required; however there were violations of this procedure when the bookkeeper would reconcile the bank accounts for the Treasurer.



According to SWNI's Financial Policy, there was a monthly review conducted on a *Month-End Checklist* ("Checklist") to document the monthly review of financials, including the accounting software and bank statements, which was to be used by the Finance Committee Treasurer and Executive Officers. The Checklists completed from January 2013 to May 2019 were observed to be not consistent or fully completed, and were missing vital information to determine if the Treasurer and Executive Officers actually properly accounted for SWNI finances. Of the 75 Checklists reviewed, 73 of the Checklists were not filled out completely; this is a 97% error rate, which is evidence that SWNI is not compliant with financial control. Some of the observations included:

- Missing initials/signature of the Executive Officers
- Missing initials/signature of the Treasurer
- Checklist only initialed/signed by the Bookkeeper
- Checklist only initialed/signed by Executive Director
- Checklists were entirely missing and were not available for review
- Checklists were merged were two months of financials were reviewed on one checklist



Fiscal Policies

Another control over financials was the Fiscal Policies, which appeared to also have been reviewed by the Board during the March 2011 retreat. The Fiscal Policies were first put in place on October 26, 2011, which was one-year after the theft by embezzlement was reported to police in October 2010. SWNI appeared to have last revised the Fiscal Policies as of April 2012. It is concerning that these policies have not been updated over an eight-year period.

Southwest Neighborhoods, Inc. (SWNI)
Policy Retreat
Saturday, March 26, 2011

Riversgate
3612 SW Troy Street (Maltomah Village)
(Parking is available)

Agenda

8:45 am Continental Breakfast – Coffee, tea, bagels, cream cheese, and fresh fruit

9:00 am Welcome and Introductions – [REDACTED]

9:10 am Reflections of priorities set in FY 10-11

- Review accomplishments
- Note other priorities that occurred during the year
- What items are still pending

9:30 am **SWNI Policy Review**

- Financial Policy and Procedures
- SWNI Fiscal Agent/Sponsorship Policy
- Note: The SWNI Bylaw Committee is meeting to consider bylaws changes scheduled to be brought to the SWNI Board on April 27th.

SWNI Fiscal Administration Services Policy and Procedures

Subject: Southwest Neighborhoods, Inc. (SWNI) Fiscal Administration Services Policy	Effective Date: October 26, 2011
	Supersedes: n/a
	Revision Date: 4/25/2012
Approved by SWNI Board: October 26, 2011	Page(s): 4
Draft Revision April 19, 2012 Approved by SWNI Board April 25, 2012	

SWNI Fiscal Sponsorship Policy and Instructions

Subject: Southwest Neighborhoods, Inc. (SWNI) Fiscal Sponsorship Policy	Effective Date: October 26, 2011
	Supersedes: October 26, 2011
	Revision Date: April 25, 2012
Approved by SWNI Board: October 26, 2011	Page(s): 7
Draft Revision April 19, 2012 Approved by SWNI Board April 25, 2012	

Additional Policies Affecting Financials

There were also other policies documented that affected financials that included the *Policy on Public Information Involvement Contracts* (“Contract Policy”) that put in place at least November 19, 2008, and does not appear to have been updated in 12-years, the *Document Management Policy* (“Document Policy”) that seemed to be put in place on March 1, 2011, and *Personnel Policy* (“Personnel Policy”) that looked to have been established at least by June 2008. The Document Policy has not been updated in over nine-years, and the Personnel Policy has not been updated in over six-years. The failure to be compliant with the approved policies, even though stale dated, resulted in internal control breakdowns and dysfunctional monitoring activities.



Summary of Identified Red Flags

During information gathering, red flags were tracked to determine the extent of problems. The summary of red flag problems should not be interpreted as the forensic auditor's findings. The red flags detail the problems that were raised during the information gathering, interviews, and in the examination of the documents, which appeared to be worthy of consideration for forensic analysis, testing, or investigative inquiry. The identified red flags of problems are illustrated below, in no order of importance:

Summary of Identified Red Flags	
Problem Area	Summary of Risks, Allegations, Grievances and Complaints
Culture problem/ inequitable treatment	<ul style="list-style-type: none"> • No turnover of executive staff after criminal embezzlement case while they were in charge • Culture habitually/pathologically toxic • Racial and social inequity and white privilege/supremacy • Overt/covert suppression/oppression of minority voices and concerns • Unwelcoming of minorities • Marginalizing individuals • Bullying/harassment • Bias • Personality conflicts • Belittling • Brushing off topics/ dismissing/ silencing • Refusal/withdrawal to hold diversity training • Racist planning of land use • Manipulation and pressure coming from people in power and that have influence • Board members rotate positions, retain power, can serve many terms • Aggressive posturing • Pressuring/dissuading/intimidating whistleblowers
Not fulfilling mission/ purpose /function	<ul style="list-style-type: none"> • Non-adherence with Civic Life (ONI) Standards • Non-compliance with By-laws/Policies/other Board adopted governing documents • Dysfunctional/ineffective functionality of policies and procedures • Limited support or engagement with BIPOC or other minorities or small businesses in need



	<ul style="list-style-type: none"> • Not aligned with City goals and objectives for community funding • Paycheck Protection Program/COVID relief was cycled away from the needs of the community/may have not needed COVID disruption funding • Community members requesting assistance receiving no support or resources
Lack of accountability/ oversight/ controls	<ul style="list-style-type: none"> • Not honoring contractual obligations • No internal probe or investigation performed for allegations/problems/concerns that were raised repeatedly • Failure to disclose final accounting and details of the fraud incident to the entire Board or Civic Life (ONI) • Voting inaccuracies/ voting may have been by a non-voting member • Obstruction of Board oversight and accountability duties • Lack of clearly defined metrics and goals and tracking • Abuse of authority and intimidation by Officers and others with influence and powers • No financial statement audits / no financial statement reviews by an accounting firm
Lack of transparency/ records/ retention	<ul style="list-style-type: none"> • Denial of records/delay and impeding records requested by parties with seemingly legitimate authority to obtain records • Unreasonable cost to access/provide records • Non-compliance with record retention policy/document management policy • Excuses and mistruths why records cannot be produced timely • Not retaining financial documentation/possibly destroyed records • Inaccurate and untimely meeting minutes/failed to correct minute inaccuracies • Intentional omission of discussion, points of order, motions and decisions from meeting minutes • Not capturing Executive Session minutes • Forced muting during online meetings • Not allowed to speak during meetings • Lack of advanced notice to meetings • Not adhering to posted agendas • Disregard for open meetings • Sources of funding for organizational reserves/restricted account • One person with access to the financial system



Financial irregularities/
suspicious financial
activity

- Bounced paychecks
- Paycheck Protection Program received during period where there was already public funding/expenses budgeted/available for payroll
- Paycheck Protection Program application with incorrect financial information/filled out with personal information
- Paycheck Protection Program employees were reassigned/didn't qualify for loan or debt forgiveness
- Paycheck Protection Program grant commitments made to the community that were/are unfulfilled
- Forced/pressured to make a Board decision for Paycheck Protection Program/improper time for review and consideration/rushed decision
- Failed motion to return Paycheck Protection Program money if unused
- Conflicting information about a budget shortfall/sufficient cash on hand
- Undisclosed credit cards and loans
- Claims there have been a series of embezzlements
- Obfuscation of source of funds or reason for spending
- Under-recording or misrepresentation of revenue/donations
- Waste of the funding on activities that are not relevant to the organization mission/purpose
- Board Officers conflicts of interest/financial conflicts/business conflicts
- Board Members mixing organizational and personal interests
- Board Officers too heavily reliant on past Officers knowledge/know-how/experience
- Failure to properly account for restitution paid as a result of the past fraud incident
- Failure to return any portion of restitution paid to public funding sources
- Failure to recognize expenses invoiced for public funding would have been wrongly inflated due to the past fraud incident
- Pre-paid postage fund used as a slush fund



VI. Approach

Forensic Audit Team

Brandi Marsh, MS, CFE, CAMS, CFCI

Melissa Frick Minick, MS, CFE, CFCI

Referred to in this report collectively as: “Forensic Auditors,” “Auditors,” “Examiners”

Procedure

The forensic audit was conducted in four phases performed consecutively and simultaneously:

1. Planning and Information Gathering
2. Internal Controls Assessment and Red Flags
3. Financial Analysis and Forensic Testing (*reference* Standards section)
4. Evaluate Results and Report of Findings

Planning

Forensic auditors performed a pre-audit planning session to identify inherent risks for community and neighborhood non-profits and district coalitions receiving public funding. Additionally, pre-audit planning included a cursory review of the information found on the swni.org website.

Information Gathering

Information gathering occurred throughout the scope period (*reference* Scope) with extensive and targeted information requested.

Forensic audit findings were derived from the information that was gathered during the examination, which was collected from SWNI, Civic Life, the community, and publicly available sources. The information consisted of records, files, documents, emails, and other data gathered during the forensic audit, along with information garnered from interviews of current and former SWNI employees, Board Members, and community members that have engaged with SWNI.

There were two formal Information Requests submitted to SWNI and one formal Follow-up Inquiry, in addition to the records provided by other individuals. A summary of the information gathered includes, but was not limited to:



- Collected and received over 3,553 documents and information packets totaling over 21 GB of data.
- Revenue and sources of income, including grant applications and contracts, donations and contributions, receipt book, and Deposit Fiscal Tracking Sheets with images of bank deposits
- Financial records, financial system, financial accounts and checks
 - 2011-2020 Yearly Financial summary packets for QuickBooks (“financial system”) reconciliation reports and supporting data for the calendar year.
 - Umpqua Bank Credit Card statements, receipts/invoices and financial system reconciliations
 - Checking account statements from Key Bank and Umpqua Bank for both the Operational and Restricted accounts, with images of deposits, checks, invoices, Fiscal Tracking Sheets, and financial system reconciliation summary
 - PayPal and Umpqua Square statements and transaction history, and financial system reconciliation summary
 - Petty Cash receipt book and financial system reconciliation summary
 - Financial system export reports for the following class funds:
 - Sales Receipts Transactions
 - Sales Orders Transactions
 - Refunds Transactions
 - Received Payments Transactions
 - Item List Transactions
 - Invoice Transactions
 - Customer List Transactions
 - Credit Memos Transactions
 - Credit Card Activities Transactions
 - Checks Transactions
 - Bills Transactions
 - Bill Payments Transactions
 - Vendor List
 - Sales by Customer Details
 - Copies of voided checks
 - Donor letters for amounts contributed to neighborhood association, business association, and SWNI Board contributions.
 - Grant invoiced expenses and reimbursements, supplies invoices, and change orders
 - Financial Review logs
 - Balance Sheet Previous Year Comparison reports
- Umpqua and KeyBank checking accounts Umpqua credit card signatory authorities
- Vendor contracts and agreements, including bids, estimates over \$1,000, invoices and payments
- Community event records, advertisements, and performance reports



- Payroll Protection Program (“PPP”) application for funds, loan forgiveness, and supporting documentation
- Storage Agreement and content list
- Governance records, including signed Whistleblower and Retaliation forms and Conflicts of Interest acknowledgement forms, list of previous grievances and investigations, and list of current and former Treasurers and Bookkeepers
- IRS Tax Returns and the 2011 IRS Audit information
- Employee payroll records and stipend payments, mileage reimbursement records
- Civic Life grant contracts, filed quarterly reports, financial statement itemized reimbursed expenses, Budget and Actual reports, and funding requests
- SWNI’s website www.swni.org
 - Board and committee meeting minutes and video (digital) recordings, and supporting meeting materials, such as financial reports, Officer and Committee reports
 - Articles of Incorporation
 - Equity Best Practices and Racial Equity Policy
 - Bylaws
 - Fiscal Administration Policy
 - Financial Management Policy
 - Personnel Policy
 - Document Retention Policy
 - Standing Committee Rules, Standing Committee Roles and Responsibilities
 - Staff Roles and Responsibilities
 - Operating Budgets
 - IRS 990 filings
 - Newsletters
- Other Board meeting materials, agendas, notes, and self-evaluation forms
- Restitution and repayment records and agreement, and insurance claim and declarations
- Written statement explanation from SWNI Executive Director regarding declarations recorded in police case #10-84189
- Publicly available records, including the Portland Police Bureau Special Report for case #10-84189, court records from PACER and OCJIN, and background information from TRACERS
- Statements and other records provided from the community that included emails, documented timelines, and other collected materials to support concerns, grievances, and allegations
- Interviews with individuals that had firsthand knowledge and experience with SWNI
 - 25 hours of interviews were performed



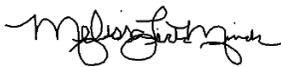
VII. Deliverables

Civic Life will receive one external device containing this Forensic Audit Findings Report, digital video, and evidence scanned onsite at the Office of Civic Life at 4747 E. Burnside, Portland, Oregon 97215.

Thank you,



Brandi Marsh, MS, CAMS, CFE, CFCI



Melissa Frick Minick, MS, CFE, CFCI

Marsh Minick, P.C.

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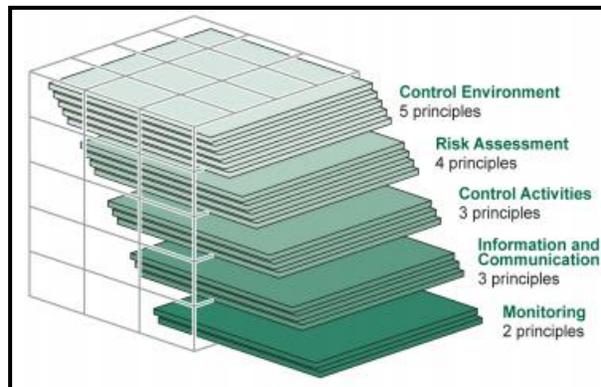
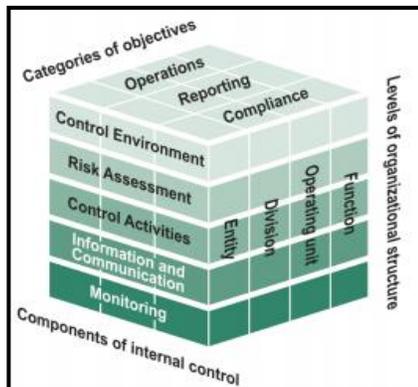
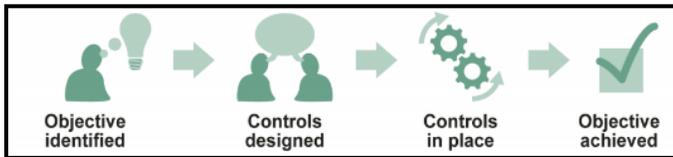
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VII. Appendix

Internal Controls Integrated Framework

Below is a visual diagram of the Framework components and principles for internal controls:



Control Environment

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Risk Assessment

6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Control Activities

10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.

Information and Communication

13. Management should use quality information to achieve the entity's objectives.
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.

Monitoring

16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
17. Management should remediate identified internal control deficiencies on a timely basis.



First Information Requested from SWNI – September 18, 2020

Revenue/Incomes	
1	Information about all SWNI incomes sources besides City of Portland Office of Civic Life, including donations, fundraising, grants, sales, and any other income sources. Please disclose the following – <ul style="list-style-type: none"> • Any income sources not reported on the IRS 990 • Acknowledgement of donations and contributions (cash, check, item or service) • Grant application, spending reports and supporting information
2	Provide Deposit Fiscal Tracking Sheet, bank deposit receipts, deposit slips, copies of checks deposited, and the Receipt Book.
Financial Records - Bank/Financial Accounts and Checks	
3	Provide a chart of accounts and any special accounting codes for the financial system.
4	QuickBooks and any other Financial System export of all financial accounts and all transactions in an Excel or CSV file.
5	Provide a list of all bank accounts and their purposes.
6	Bank statements including cleared check images.
7	Provide investment account statements.
8	Umpqua Bank credit card statements.
9	American Express statements.
10	Other credit card statements.
11	Provide money transmission account statements such as virtual currency or exchange like PayPal, Square, Venmo, Zelle, Cash App, Bitcoin, Virtual Wallet or other platform.
12	Voided deposits or checks, or reversals of transactions, along with any explanation that was documented or supporting information.
13	Provide information about the Paycheck Protection Program (PPP) application, loan award, including PPP spending reports and supporting information for PPP spending
14	Information about any loans, trade lines and credit cards used to pay SWNI expenses, creditors or debts. Please disclose the following – <ul style="list-style-type: none"> • Lender name • Amount of loan • Date loan originated • Date loan matures • Interest rate • Statements of charges and payment history • Personal or business loan • Personal or business trade line/credit card account



15	Provide Electronic Banking Fiscal Tracking Sheets for online bill payments and fund transfers.
16	Provide Merchant Accounts/On-Line Contributions notifications and Fiscal Tracking Sheets.
17	Provide financial ledgers for all accounts and transactions that may be occurring outside of the financial system.
18	Provide any supporting information that evidences approvals and justification of contingency fund or other sundry like expenses.
19	Signature Log and names of all current and former bank account signers, debit card holders, and credit card holders and users, including dates of when added or removed and Debit/Credit Card Member Agreements.
20	Petty cash report and supporting information.
Vendors	
21	Provide a master vendor list including vendor names and addresses.
22	Provide bids and evaluation forms for items and services costing in excess of \$1,000.
23	Provide copies of contracts and change orders.
24	Provide copies of storage locker agreement and contents.
Governance	
25	“Annual Questionnaires” for Conflicts of Interest and Executive Compensation Policy Disclose and Acknowledgement Statement for all SWNI Officers, Directors, Committee Chairs and Employees (signed).
26	Conflicts of Interest Acknowledgement Forms since adoption (signed).
27	Whistleblower and Retaliation Acknowledgement Forms since adoption (signed).
28	Standards of Conduct and Ethics Acknowledgement Forms since adoption (signed).
29	Provide information about any grievances or allegations of misconduct, fraud, theft or unethical activity by any person part of the SWNI organization
30	Provide the names of current and former SWNI Treasurers, including interim Treasurers if there were any.
Taxes and Financial Statements	
31	Provide the 2019 IRS tax return.
32	Provide the audited financial statements, report and accompanying supplemental.
Payroll	
33	Provide payroll, stipend, advance, and bonuses for all people that have been paid.
Financial Management	
34	Provide Executive Director notifications to the Treasurer or President upon the discovery of variances in the overall approved budget.
35	Provide Fiscal Tracking Sheets for all check disbursements and purchases, including advanced authorizations, accompanying invoices, bills, and other supporting information regarding the request for a check or purchase.



36	Provide expense reimbursement reports, advanced authorization, receipts and other supporting information accompanying the expense or travel that was reimbursed.
37	Provide declarations for insurance against theft and claims made that were paid or denied for theft or other fraud or financial loss.
38	Provide information about restitution and repayment of theft and/or fraud incidents.
39	Provide a list of fixed assets, including vehicles, equipment and technology.
40	Provide the names of current and former bookkeepers internal and external to SWNI.
41	Provide information about the periodic review of check files and financial transactions.



Second Information Requested from SWNI- October 22, 2020

Requested Information – Round 2	
1	Accounting firm quote, proposal or bid for professional services on the 990 Tax Return
2	November 2011 and December 2011: Balance sheet, previous year-end comparison report, and Restricted Funds Tracking sheet
3	Bank Statement packet for July, August and September 2020 (including bank statement, reconciliation, fiscal/disbursement tracking sheets, and supporting records for deposits and expenses)
4	2020-2021 West Multnomah Soil and Water Conservation (WMSWCD) contract
5	Detailed financial report that itemizes SWNI expenses that were invoiced to the City of Portland for fiscal years 2011 to current date 2020 incidents.
6	<p>Written explanation about the origination and uses for SWNI's float of restricted funds (approx. ~\$10,000) from 2010 to 2020. Also provide documentation of</p> <ul style="list-style-type: none"> • Research that was conducted by SWNI to determine the source of funding for the float of the restricted financial balances • Supporting documentation for the expenses/when the float was leveraged as a buffer for restricted financial balances • Supporting documentation of any approvals for the use or disbursement of float funds



PPP Transactions Corresponding to Debt Forgiveness Application (Page 1 of 2)

2:31 PM		Southwest Neighborhoods, Inc. (SWNI)						
09/31/20		PPP Transaction Detail By Account						
Accrual Basis		May through August 2020						
Type	Date	Num	Name	Memo	Class	Amount	Balance	
Umpqua PPP Fees & Charges								
General Journal	08/30/2020	20-08-13	City of Portland, Oregon	Adjust May Rent from SWNI to PPP	PPP 20-21	536.73	536.73	
General Journal	08/30/2020	20-08-13	City of Portland, Oregon	Adjust June Rent from SWNI to PPP	PPP 20-21	924.36	1,461.09	
General Journal	08/30/2020	20-08-13	City of Portland, Oregon	Adjust May Copier from SWNI to PPP	PPP 20-21	233.94	1,695.03	
General Journal	08/30/2020	20-08-13	City of Portland, Oregon	Adjust June Copier from SWNI to PPP	PPP 20-21	410.98	2,105.99	
General Journal	08/30/2020	20-08-13	City of Portland, Oregon	Adjust July Copier from SWNI to PPP	PPP 20-21	410.98	2,516.95	
Total Umpqua PPP Fees & Charges						2,516.95	2,516.95 <i>Line 3</i>	
Equipment Rental/Lease								
Bill	07/24/2020	35850088	CIT	Ricoh Copier, August 2020, inv. #35850088	PPP 20-21	410.98	410.98	
Total Equipment Rental/Lease						410.98	410.98 <i>Line 3</i>	
Payroll - Benefits								
Bill	07/24/2020	1241342	Kaiser Foundation Health Plan	August 2020 Health Insurance Premium (2)	PPP 20-21	1,082.00	1,082.00	
Bill	07/24/2020	1241342	Kaiser Foundation Health Plan	August 2020 Health Insurance Premium (1)	PPP 20-21	531.00	1,593.00	
Total Payroll - Benefits						1,593.00	1,593.00 <i>Line 1</i>	
Payroll - Gross Wages								
General Journal	07/15/2020	20-07-03		SWNI Payroll -- 7/1 to 7/15/2020	PPP 20-21	8,991.67	8,991.67	
General Journal	07/15/2020	20-07-03		BES Payroll -- 7/1 to 7/15/2020	PPP 20-21	2,066.75	11,058.42	
General Journal	07/15/2020	20-07-03		WRC Payroll -- 7/1 to 7/15/2020	PPP 20-21	540.00	11,598.42	
General Journal	07/15/2020	20-07-03		Def Comp SWNI -- 7/1 to 7/15/2020	PPP 20-21	151.99	11,750.41	
General Journal	07/15/2020	20-07-03		Def Comp BES -- 7/1 to 7/15/2020	PPP 20-21	100.00	11,850.41	
General Journal	07/31/2020	20-07-09		SWNI Payroll -- 7/16 to 7/31/2020	PPP 20-21	9,443.69	21,294.10	
General Journal	07/31/2020	20-07-09		BES Payroll -- 7/16 to 7/31/2020	PPP 20-21	2,066.75	23,360.85	
General Journal	07/31/2020	20-07-09		WRC Payroll -- 7/16 to 7/31/2020	PPP 20-21	540.00	23,900.85	
General Journal	07/31/2020	20-07-09		Def Comp SWNI -- 7/16 to 7/31/2020	PPP 20-21	161.26	24,062.11	
General Journal	07/31/2020	20-07-09		Def Comp BES -- 7/16 to 7/31/2020	PPP 20-21	100.00	24,162.11	
General Journal	08/15/2020	20-08-03		SWNI Payroll -- 8/1 to 8/15/2020	PPP 20-21	8,313.98	32,476.09	
General Journal	08/15/2020	20-08-03		BES Payroll -- 8/1 to 8/15/2020	PPP 20-21	1,826.00	34,302.09	
General Journal	08/15/2020	20-08-03		WRC Payroll -- 8/1 to 8/15/2020	PPP 20-21	1,309.50	35,611.59	
General Journal	08/15/2020	20-08-03		Def Comp SWNI -- 8/1 to 8/15/2020	PPP 20-21	142.72	35,754.31	
General Journal	08/15/2020	20-08-03		Def Comp BES -- 8/1 to 8/15/2020	PPP 20-21	100.00	35,854.31	
General Journal	08/31/2020	20-08-04		SWNI Payroll -- 8/16 to 8/31/2020	PPP 20-21	10,184.20	46,038.51	
General Journal	08/31/2020	20-08-04		BES Payroll -- 8/16 to 8/31/2020	PPP 20-21	4,375.81	50,414.32	
General Journal	08/31/2020	20-08-04		WRC Payroll -- 8/16 to 8/31/2020	PPP 20-21	2,160.00	52,574.32	
General Journal	08/31/2020	20-08-04		Def Comp SWNI -- 8/16 to 8/31/2020	PPP 20-21	151.99	52,726.31	
General Journal	08/31/2020	20-08-04		Def Comp BES -- 8/16 to 8/31/2020	PPP 20-21	100.00	52,826.31	
General Journal	08/31/2020	20-08-07		SWNI Payroll -- 8/16 to 8/31/2020 (vacation buyout)	PPP 20-21	4,382.70	57,209.01	
Total Payroll - Gross Wages						57,219.01	57,219.01 <i>Line 1</i>	
Payroll - Retirement								
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	249.15	249.15	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	160.24	409.39	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	85.98	495.37	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	65.34	560.71	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	26.98	587.69	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	163.20	750.89	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	214.72	965.61	
General Journal	08/31/2020	20-08-07		July-August Payroll Employer Contribution	PPP 20-21	90.99	1,056.60	
General Journal	08/31/2020	20-08-07		August Vacation Buyout Payroll Employer Contribution	PPP 20-21	87.85	1,144.45	
Total Payroll - Retirement						1,144.45	1,144.45 <i>Line 1</i>	



PPP Transactions Corresponding to Debt Forgiveness Application (Page 2 of 2)

2:31 PM		Southwest Neighborhoods, Inc. (SWNI)						
08/31/20		PPP Transaction Detail By Account						
Accrual Basis		May through August 2020						
Type	Date	Num	Name	Memo	Class	Amount	Balance	
Payroll - Tax Expense								
General Journal	07/15/2020	20-07-03		SWNI Payroll Taxes -- 7/1 to 7/15/2020	PPP 20-21	204.65	204.65	
General Journal	07/15/2020	20-07-03		BES Payroll Taxes -- 7/1 to 7/15/2020	PPP 20-21	48.47	253.12	
General Journal	07/15/2020	20-07-03		WRC Payroll Taxes -- 7/1 to 7/15/2020	PPP 20-21	12.10	265.22	
General Journal	07/31/2020	20-07-09		SWNI Payroll Taxes -- 7/16 to 7/31/2020	PPP 20-21	175.18	440.40	
General Journal	07/31/2020	20-07-09		BES Payroll Taxes -- 7/16 to 7/31/2020	PPP 20-21	48.55	488.95	
General Journal	07/31/2020	20-07-09		WRC Payroll Taxes -- 7/16 to 7/31/2020	PPP 20-21	12.10	501.05	
General Journal	08/15/2020	20-08-03		SWNI Payroll Taxes -- 8/1 to 8/15/2020	PPP 20-21	124.89	625.95	
General Journal	08/15/2020	20-08-03		BES Payroll Taxes -- 8/1 to 8/15/2020	PPP 20-21	43.16	669.11	
General Journal	08/15/2020	20-08-03		WRC Payroll Taxes -- 8/1 to 8/15/2020	PPP 20-21	29.34	698.45	
General Journal	08/31/2020	20-08-04		SWNI Payroll Taxes -- 8/16 to 8/31/2020	PPP 20-21	150.32	848.77	
General Journal	08/31/2020	20-08-04		BES Payroll Taxes -- 8/16 to 8/31/2020	PPP 20-21	96.38	945.13	
General Journal	08/31/2020	20-08-04		WRC Payroll Taxes -- 8/16 to 8/31/2020	PPP 20-21	46.40	996.53	
General Journal	08/31/2020	20-08-07		SWNI Payroll Taxes -- 8/16 to 8/31/2020 (Vacation buyout)	PPP 20-21	0.00	996.53	
Total Payroll - Tax Expense						996.53	996.53	
Rent								
General Journal	07/01/2020	20-07-01	City of Portland, Oregon	July 2020 Lease	PPP 20-21	931.85	931.85	
General Journal	07/01/2020	20-07-01	City of Portland, Oregon	July 2020 Lease -- Extra Storage	PPP 20-21	25.05	956.70	
General Journal	08/01/2020	20-08-01	City of Portland, Oregon	August 2020 Lease	PPP 20-21	931.85	1,888.35	
General Journal	08/01/2020	20-08-01	City of Portland, Oregon	August 2020 Lease -- Extra Storage	PPP 20-21	25.05	1,913.40	
Total Rent						1,913.40	1,913.40	
Storage for SWNI Equipment								
General Journal	07/01/2020	20-07-02	Extra Space Storage	July 2020 Rent -- Locker #2032	PPP 20-21	161.00	161.00	
General Journal	08/01/2020	20-08-02	Extra Space Storage	August 2020 Rent -- Locker #2032	PPP 20-21	161.00	322.00	
Total Storage for SWNI Equipment						322.00	322.00	
Telephone								
Bill	07/30/2020	10350556	CITY OF PORTLAND	July 2020 Telephone, Inv. #10349268	PPP 20-21	110.97	110.97	
Bill	07/30/2020	10350556	CITY OF PORTLAND	July 2020 Telephone, BES, Inv. #10349268	PPP 20-21	35.00	145.97	
Bill	08/25/2020	M8PCX6L3	CITY OF PORTLAND	August 2020 Telephone, Inv. #10353046	PPP 20-21	111.81	257.78	
Bill	08/25/2020	M8PCX6L3	CITY OF PORTLAND	August 2020 Telephone, BES, Inv. #10353046	PPP 20-21	35.00	292.78	
Total Telephone						292.78	292.78	
TOTAL						66,469.08	66,469.08	

Line 1

Line 2

Line 3

Line 4

Line 5



Grant Contract Actuals Year over Year Comparison

ONI/Civic Life Fund Account	Contract Actuals	Actuals 2013-2014	Actuals 2014-2015	Actuals 2015-2016	% Change from 14/15 to 15/16	Actuals 2016-2017	% Change from 15/16 to 16/17	Actuals 2017-2018	% Change from 16/17 to 17/18	Actuals 2018-2019	% Change from 17/18 to 18/19	Actuals 2019-2020	% Change from 18/19 to 19/20
Gross Wages	\$	169,156.70	173,218.63	192,327.57	11.032%	194,689.23	1.228%	206,888.87	6.266%	209,874.38	1.443%	212,897.90	1.441%
Payroll Tax Expenses	\$	15,777.29	16,436.23	19,090.92	16.151%	20,502.18	7.392%	18,646.59	-9.051%	19,497.53	4.564%	20,405.08	4.655%
Benefits	\$	6,241.96	6,279.18	6,500.46	3.524%	11,802.69	81.567%	13,183.16	11.696%	12,177.06	-7.632%	12,532.02	2.915%
Retirement	\$	3,398.43	3,479.12	3,841.44	10.414%	3,839.59	-0.048%	4,137.63	7.762%	4,197.59	1.449%	4,258.15	1.443%
Total Employees	\$	194,574.38	199,413.16	221,760.39	11.206%	230,833.69	4.091%	242,856.25	5.208%	245,746.56	1.190%	250,093.15	1.769%
Bank Service Charge	\$		167.22		-100.000%								
Education/Training													
Electronic Communication	\$	2,159.56	2,109.12	1,955.58	-7.280%	862.35	-55.903%	988.80	14.663%	770.75	-22.052%	296.27	-61.561%
Ins. D&O, Liab, Theft, Vol	\$	9,901.00	11,564.00	10,305.00	-10.887%	10,287.00	-0.175%	10,517.00	2.236%	10,742.00	2.139%	10,538.51	-1.894%
Ins. Worker's Comp	\$	572.59	309.34	369.02	19.293%	419.03	13.552%	408.31	-2.558%	429.54	5.199%	479.67	11.671%
Payroll Services	\$	1,259.60	1,420.74	1,577.98	11.067%	1,656.54	4.979%	1,750.04	5.644%	1,720.34	-1.697%	1,653.54	-3.883%
Postage & Delivery	\$	30,614.02	28,551.28	2,825.09	-90.105%	4,255.22	50.622%	7,047.00	65.608%	3,448.01	-51.071%	2,717.24	-21.194%
Printing - Neighborhood	\$	3,897.98	3,127.41	4,996.87	59.777%		-100.000%						
Printing - Newspaper	\$	24,359.87	24,744.23	27,472.86	11.027%	28,158.85	2.497%	29,288.56	4.012%	29,038.62	-0.853%	28,026.61	-3.485%
Prof Fees - Other	\$	800.00	2,043.00	4,667.00	128.439%	5,118.00	9.664%		-100.000%				
Rent				2,527.50	100.000%	1,742.24	-31.069%	3,009.50	72.737%	1,945.76	-35.346%		
Small Equipment/Software						1,130.92	100.000%		-100.000%				
SWNI Equipment Storage						1,812.00	100.000%	2,007.00	10.762%	2,142.00	6.726%	2,268.00	5.882%
Subscriptions/Memberships	\$		355.00	325.00	-8.451%	261.69	-19.480%		-100.000%				
Supplies				2,380.71	100.000%	1,733.52	-27.185%		-100.000%				
Telephone	\$		1,270.18		-100.000%	1,313.95	100.000%	1,282.54	-2.391%	1,430.42	11.530%	1,341.01	-6.251%
Travel	\$		36.32		-100.000%	13.00	100.000%		-100.000%				
Total Materials & Svcs.	\$	73,564.62	75,697.84	59,402.61	-21.527%	58,764.31	-1.075%	56,298.75	-4.196%	51,667.44	-8.226%	47,320.85	-8.413%
Total--Main Grant	\$	268,139.00	275,111.00	281,163.00	2.200%	289,598.00	3.000%	299,155.00	3.300%	297,414.00	-0.582%	297,414.00	0.000%
ONI/Civic Life Grant Amount (from Budget)	\$	268,139.00	285,787.00	291,839.00	2.118%	300,594.00	3.000%	310,514.00	3.300%	297,414.00	-4.219%	297,414.00	0.000%



Association Restricted Funds Chart Month over Month Comparison

RS Fund	Date	30-Jun-19	31-Jul-19	Difference Jun and July	30-Aug-19	Difference July and Aug	30-Sep-19	Difference Aug and Sept	31-Oct-19	Difference Sept and Oct	30-Nov-19	Difference Oct and Nov	31-Dec-19	Difference Nov and Dec	31-Jan-20	Difference Dec and Jan	28-Feb-20	Difference	31-Mar-20	Difference Feb and Mar	30-Apr-20	Difference Mar and Apr	31-May-20	Difference Apr and May	30-Jun-20	Difference May and Jun
RS-Restricted Interest		\$ 100.65	\$ 100.65		\$ 101.31	\$ 0.66	\$ 101.96	\$ 0.65	\$ 102.70	\$ 0.74	\$ 103.41	\$ 0.71	\$ 104.15	\$ 0.74	\$ 104.15		\$ 105.65	\$ 1.50	\$ 106.42	\$ 0.77	\$ 107.22	\$ 0.80	\$ 108.04	\$ 0.82	\$ 108.83	\$ 0.79
RS-Board		\$ 10,377.57	\$ 10,377.57		\$ 10,377.57		\$ 10,377.57		\$ 10,377.57		\$ 10,377.57		\$ 10,377.57		#####		\$ 10,377.57		\$ 10,377.57		\$ 10,377.57		\$ 10,377.57		\$ 10,377.57	
RS-ACNA Community Events		\$ 2,105.85	\$ 1,905.85	\$ (200.00)	\$ 2,782.98	\$ 877.13	\$ 2,882.98	\$ 100.00	\$ 2,882.98		\$ 2,882.98		\$ 2,882.98		\$ 2,882.98		\$ 2,903.28	\$ 20.30	\$ 2,903.28		\$ 2,903.28		\$ 2,903.28		\$ 2,903.28	
RS-ANA General		\$ 1,403.12	\$ 1,403.12		\$ 1,426.12	\$ 23.00	\$ 1,426.12		\$ 1,426.12		\$ 1,426.12		\$ 1,439.12	\$ 13.00	\$ 1,450.12	\$ 11.00	\$ 1,450.12		\$ 1,471.12	\$ 21.00	\$ 1,471.12		\$ 1,471.12		\$ 1,471.12	
RS-ANA Community Bldg. & Safety		\$ 861.44	\$ 1,598.89	\$ 737.45	\$ 1,368.10	\$ (230.79)	\$ 1,476.00	\$ 107.90	\$ 1,691.00	\$ 215.00	\$ 1,797.98	\$ 106.98	\$ 2,780.08	\$ 982.10	\$ 2,928.00	\$ 147.92	\$ 2,978.00	\$ 50.00	\$ 2,978.00		\$ 3,028.00	\$ 50.00	\$ 986.46	\$ (2,041.54)	\$ 986.46	
RS-ANA AshCrest CEP		\$ 1,778.26	\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26		\$ 1,778.26	
RS-SWNI Patty Lee Project		\$ 3,177.16	\$ 3,177.16		\$ 3,177.16		\$ 3,177.16		\$ 3,177.16		\$ 3,177.16		\$ 3,227.16	\$ 50.00	\$ 3,227.16		\$ 3,227.16		\$ 3,227.16		\$ 3,227.16		\$ 3,227.16		\$ 3,227.16	
RS-BNA Community Events		\$ 3,167.93	\$ 2,347.93	\$ (820.00)	\$ 2,170.04	\$ (177.89)	\$ 2,170.04		\$ 2,170.04		\$ 2,170.04		\$ 2,170.04		\$ 2,170.04		\$ 2,170.04		\$ 2,195.04	\$ 25.00	\$ 2,195.04		\$ 2,195.04		\$ 2,195.04	
RS-CNA Community Events		\$ 0.45	\$ 0.45		\$ 40.45	\$ 40.00	\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45		\$ 40.45	
RS-CNA Dickinson Park Playgrnd		\$ 7,377.37	\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37		\$ 7,377.37	
RS-CNA Friends of Woods Park		\$ 9,154.94	\$ 9,154.94		\$ 9,154.94		\$ 9,154.94		\$ 9,154.94		\$ 9,154.94		\$ 10,654.94	\$ 1,500.00	#####		\$ 10,654.94		\$ 10,654.94		\$ 10,654.94		\$ 10,654.94		\$ 10,654.94	
RS-Taylor Woods		\$ 4,700.00	\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00		\$ 4,700.00	
RS-CVNA General		\$ 915.95	\$ 915.95		\$ 983.44	\$ 73.49	\$ 550.44	\$ (433.00)	\$ 263.20	\$ (287.24)	\$ 263.20		\$ 332.68	\$ 69.48	\$ 202.68	\$ (130.00)	\$ 262.78	\$ 60.10	\$ 262.78		\$ 262.78		\$ 262.78		\$ 321.90	\$ 59.12
RS-CVNA Nature & Science Series																		\$ 118.96	\$ 118.96	\$ 118.96		\$ 118.96		\$ 118.96		
RS-FSNA General		\$ 339.61	\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61		\$ 339.61	
RS-HANA General		\$ 397.74	\$ 497.74	\$ 100.00	\$ 437.74	\$ (60.00)	\$ 10,437.74	\$ 10,000.00	\$ 10,437.74		\$ 10,437.74		\$ 10,437.74		#####		\$ 10,437.74		\$ 10,437.74		\$ 10,437.74		\$ 10,437.74		\$ 10,437.74	
RS-HANA Sign Topper Project		\$ 1,204.92	\$ 1,204.92		\$ 1,254.92	\$ 50.00	\$ 1,254.92		\$ 1,254.92		\$ 1,254.92		\$ 1,279.07	\$ 24.15	\$ 633.74	\$ (645.33)	\$ 633.74		\$ 633.74		\$ 633.74		\$ 633.74		\$ 633.74	
RS-HCNA General		\$ 730.86	\$ 548.36	\$ (182.50)	\$ 548.36		\$ 548.36		\$ 866.36	\$ 318.00	\$ 589.26	\$ (277.10)	\$ 686.76	\$ 97.50	\$ 686.76		\$ 686.76		\$ 686.76		\$ 686.76		\$ 686.76		\$ 686.76	
RS-HCNA Sign Caps		\$ 90.00	\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00		\$ 90.00	
RS-MANA General		\$ 2,923.37	\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37		\$ 2,923.37	
RS-MANA Community Events		\$ 1,338.59	\$ 1,348.07	\$ 9.48	\$ 1,354.62	\$ 6.55	\$ 1,354.62		\$ 651.33	\$ (703.29)	\$ 705.48	\$ 54.15	\$ 330.48	\$ (375.00)	\$ 330.48		\$ 330.48		\$ 330.48		\$ 330.48		\$ 330.48		\$ 330.48	
RS-April Hill Park		\$ 5,469.00	\$ 5,469.95	\$ 0.95	\$ 5,557.95	\$ 88.00	\$ 5,572.96	\$ 15.01	\$ 5,572.95	\$ (0.01)	\$ 5,572.95		\$ 5,670.45	\$ 97.50	\$ 5,670.45		\$ 5,670.45		\$ 5,670.45		\$ 5,670.45		\$ 5,670.45		\$ 5,670.45	
RS-MKNA Community Events		\$ 1,053.61	\$ 1,053.61		\$ 953.96	\$ (99.65)	\$ 953.96		\$ 953.96		\$ 953.96		\$ 953.96		\$ 1,353.96	\$ 400.00	\$ 1,402.78	\$ 48.82	\$ 1,402.78		\$ 1,402.78		\$ 1,428.22	\$ 25.44	\$ 1,428.22	
RS-MPNA Nat'l Night Out		\$ 346.09	\$ 346.09		\$ 195.98	\$ (150.11)	\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98		\$ 195.98	
RS-MPNA Sign Caps		\$ 736.54	\$ 882.94	\$ 146.40	\$ 882.94		\$ 902.94	\$ 20.00	\$ 1,024.53	\$ 121.65	\$ 1,024.53		\$ 564.24	\$ (460.35)	\$ 1,444.14	\$ 879.90	\$ 1,444.14		\$ 1,444.14		\$ 1,444.14		\$ 1,444.14		\$ 1,444.14	
RS-MPNA Marshall Park Playgrnd		\$ 5,552.68	\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68		\$ 5,552.68	
RS-MUNA General		\$ 97.63	\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63		\$ 97.63	
RS-MUNA Community Events		\$ 362.28	\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28		\$ 362.28	
RS-MUNA Land Use		\$ 304.23	\$ (96.89)	\$ (401.12)	\$ 160.78	\$ 257.67	\$ 824.02	\$ 663.24	\$ 148.17	\$ (675.65)	\$ 343.17	\$ 195.00	\$ 255.72	\$ (87.45)	\$ 102.08	\$ (153.64)	\$ 147.88	\$ 45.80	\$ 147.88		\$ 5,469.53	\$ 5,321.65	\$ 5,670.21	\$ 200.68	\$ 6,753.98	\$ 1,083.77
RS-MUNA NA Study Guide		\$ 1,000.00	\$ 1,000.00		\$ 1,000.00		\$ 1,000.00		\$ 1,000.00		\$ 1,000.00		\$ 1,000.00		\$ (1,000.00)											
RS-Friends Spring Garden Park		\$ 2,532.55	\$ 2,532.55		\$ 2,532.55		\$ 2,532.55		\$ 2,532.55		\$ 2,532.55		\$ 2,532.55		\$ 2,532.55		\$ 2,541.06	\$ 8.51	\$ 2,541.06		\$ 2,541.06		\$ 2,541.06		\$ 2,541.06	
RS-SBNA General		\$ 647.86	\$ 747.86	\$ 100.00	\$ 1,061.41	\$ 313.55	\$ 861.41	\$ (200.00)	\$ 893.42	\$ 32.01	\$ 893.42		\$ 893.42		\$ 925.84	\$ 32.42	\$ 925.84		\$ 925.84		\$ 925.84		\$ 960.71	\$ 34.87	\$ 960.71	
RS-SBNA Land Use Review Fund		\$ 1,286.06	\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06		\$ 1,286.06	
RS-SPNA Community Events		\$ 950.18	\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18		\$ 950.18	
RS-SWHL General-(Comm Ever		\$ 1,639.43	\$ 1,639.43		\$ 1,573.80	\$ (65.63)	\$ 2,121.30	\$ 547.50	\$ 1,221.30	\$ (900.00)	\$ 1,221.30		\$ 2,831.03	\$ 1,609.73	\$ 2,881.03	\$ 50.00	\$ 5,181.03	\$ 2,300.00	\$ 4,318.48	\$ (862.55)	\$ 4,338.48	\$ 20.00	\$ 4,338.48		\$ 4,338.48	
RS-SWHL Old Orchard Trail		\$ 225.00	\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00		\$ 225.00	
RS-SWHL Save Our Elms		\$ 1,050.00	\$ 1,050.00		\$ 1,050.00		\$ 1,050.00		\$ 1,050.00		\$ 1,050.00		\$ 1,050.00		\$ (1,050.00)											
RS-SWHL Council Crest		\$ 559.73	\$ 559.73		\$ 559.73		\$ 559.73		\$ 559.73		\$ 559.73		\$ 559.73		\$ (559.73)											
RS-SWHL Vista-Spring Project		\$ 441.00	\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00		\$ 441.00	
RS-WPPNA General		\$ 365.71	\$ 365.71		\$ 403.58	\$ 37.87	\$ 403.58		\$ 403.58		\$ 403.58		\$ 403.58		\$ 403.58		\$ 431.55	\$ 27.97	\$ 431.55		\$ 431.55		\$ 431.55		\$ 431.55	

