



**DRAFT**

**Neighborhood Reinvestment  
Corporation  
(d.b.a. NeighborWorks<sup>®</sup> America)**

**Financial Statements, Supplemental Material,  
Schedule of Expenditures of Federal  
Awards, and Independent Auditors' Reports  
Required by Government Auditing Standards  
and OMB Circular A-133**

**Years Ended September 30, 2007 and 2006**

**DRAFT**

**Neighborhood Reinvestment  
Corporation  
(d.b.a. NeighborWorks<sup>®</sup> America)**

---

**Financial Statements, Supplemental Material,  
Schedule of Expenditures of Federal  
Awards, and Independent Auditors' Reports  
Required by Government Auditing Standards  
and OMB Circular A-133**

**Years Ended September 30, 2007 and 2006**

Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)

**DRAFT**

**Contents**

<b>Independent Auditors' Report</b>	3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7-17
<b>Supplemental Material</b>	
Statements of Functional Expenses	18-19
<b>Schedule of Expenditures of Federal Awards</b>	20
<b>Independent Auditors' Reports Required by Government Auditing Standards and OMB Circular A-133</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	23-24
Schedule of Findings and Questioned Costs	25-26

## Independent Auditors' Report

**DRAFT**

To the Board of Directors  
Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)  
Washington, DC

We have audited the accompanying statements of financial position of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) as of September 30, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated Date: TBD on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** taken as a whole. The accompanying statements of functional expenses are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Date: TBD

Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)  
Statements of Financial Position

DRAFT

September 30,

2007 2006

**Assets**

**Current assets**

Cash and cash equivalents	\$ 7,840,593	\$ 7,042,617
Receivables:		
Contributions receivable, net	1,379,762	1,848,420
Grant and contract receivables	1,151,709	1,752,083
Other receivables - net of allowance for doubtful accounts of \$22,122 in 2007 and \$32,737 in 2006	325,090	365,797
Travel advances	3,601	5,704
Prepaid expenses and other assets	348,838	442,706
<b>Total current assets</b>	<b>11,049,593</b>	<b>11,457,327</b>

**Noncurrent assets**

Contributions receivable, net of current portion	50,000	277,759
Endowment investments	3,500,000	3,500,000
Property and equipment, net	4,497,982	4,214,707
<b>Total noncurrent assets</b>	<b>8,047,982</b>	<b>7,992,466</b>

<b>Total assets</b>	<b>\$ 19,097,575</b>	<b>\$ 19,449,793</b>
---------------------	----------------------	----------------------

**Liabilities and Net Assets**

**Current liabilities**

Accounts payable and accrued expenses	\$ 4,660,537	\$ 5,728,065
Deferred revenue	199,578	115,740
<b>Total current liabilities</b>	<b>4,860,115</b>	<b>5,843,805</b>

**Noncurrent liabilities**

Accounts payable and accrued expenses	500,000	500,000
Deferred rent liability	1,925,542	2,064,705
<b>Total noncurrent liabilities</b>	<b>2,425,542</b>	<b>2,564,705</b>

<b>Total liabilities</b>	<b>7,285,657</b>	<b>8,408,510</b>
--------------------------	------------------	------------------

**Commitments and contingencies**

**Net assets**

Unrestricted net assets	3,502,686	3,122,344
Temporarily restricted net assets	4,809,232	4,418,939
Permanently restricted net assets	3,500,000	3,500,000
<b>Total net assets</b>	<b>11,811,918</b>	<b>11,041,283</b>

<b>Total liabilities and net assets</b>	<b>\$ 19,097,575</b>	<b>\$ 19,449,793</b>
---	----------------------	----------------------

*The accompanying notes are an integral part of these financial statements.*

**DRAFT**

Year ended September 30,

2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains, and Other Support</b>				
Congressional appropriation	\$ 116,820,000	\$ -	\$ -	\$ 116,820,000
Contributions	1,088,958	5,004,848	-	6,093,806
Grants and contracts	6,800,130	-	-	6,800,130
Training registration fees	2,331,400	-	-	2,331,400
Interest income	1,409,203	185,537	-	1,594,740
Other income	664,037	-	-	664,037
Net assets released from restrictions:				
Satisfaction of program and time restrictions	4,800,092	(4,800,092)	-	-
<b>Total revenue, gains, and other support</b>	<b>133,913,820</b>	<b>390,293</b>	<b>-</b>	<b>134,304,113</b>
<b>Expenses</b>				
Grants and grant commitments	77,638,030	-	-	77,638,030
Personnel	28,255,821	-	-	28,255,821
Professional services	10,457,073	-	-	10,457,073
Other operating costs	6,821,744	-	-	6,821,744
Occupancy	4,481,126	-	-	4,481,126
Travel	2,627,896	-	-	2,627,896
Conferences and workshops	2,249,546	-	-	2,249,546
Depreciation and amortization	1,002,242	-	-	1,002,242
<b>Total expenses</b>	<b>133,533,478</b>	<b>-</b>	<b>-</b>	<b>133,533,478</b>
<b>Change in net assets</b>	<b>380,342</b>	<b>390,293</b>	<b>-</b>	<b>770,635</b>
<b>Net assets, beginning of year</b>	<b>3,122,344</b>	<b>4,418,939</b>	<b>3,500,000</b>	<b>11,041,283</b>
<b>Net assets, end of year</b>	<b>\$ 3,502,686</b>	<b>\$ 4,809,232</b>	<b>\$ 3,500,000</b>	<b>\$ 11,811,918</b>

Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)  
Statements of Activities

DRAFT

Year ended September 30,

2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains, and Other Support</b>				
Congressional appropriation	\$ 116,820,000	\$ -	\$ -	\$ 116,820,000
Contributions	828,229	6,352,327	-	7,180,556
Grants and contracts	6,060,723	-	-	6,060,723
Training registration fees	2,659,046	-	-	2,659,046
Interest income	1,872,633	126,822	-	1,999,455
Other income	1,072,755	-	-	1,072,755
Net assets released from restrictions:				
Satisfaction of program and time restrictions	4,620,116	(4,620,116)	-	-
<b>Total revenue, gains, and other support</b>	<b>133,933,502</b>	<b>1,859,033</b>	<b>-</b>	<b>135,792,535</b>
<b>Expenses</b>				
Grants and grant commitments	80,404,153	-	-	80,404,153
Personnel	27,396,200	-	-	27,396,200
Professional services	9,806,307	-	-	9,806,307
Other operating costs	7,213,758	-	-	7,213,758
Occupancy	3,884,453	-	-	3,884,453
Travel	3,057,774	-	-	3,057,774
Conferences and workshops	2,302,667	-	-	2,302,667
Depreciation and amortization	843,752	-	-	843,752
<b>Total expenses</b>	<b>134,909,064</b>	<b>-</b>	<b>-</b>	<b>134,909,064</b>
<b>Change in net assets</b>	<b>(975,562)</b>	<b>1,859,033</b>	<b>-</b>	<b>883,471</b>
<b>Net assets, beginning of year</b>	<b>4,097,906</b>	<b>2,559,906</b>	<b>3,500,000</b>	<b>10,157,812</b>
<b>Net assets, end of year</b>	<b>\$ 3,122,344</b>	<b>\$ 4,418,939</b>	<b>\$ 3,500,000</b>	<b>\$ 11,041,283</b>

*The accompanying notes are an integral part of these financial statements.*

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Statements of Cash Flows**

DRAFT

*Years ended September 30,*

2007

2006

	2007	2006
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 770,635	\$ 883,471
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Amortization of discount on contributions receivable	(32,928)	(32,099)
Depreciation and amortization	1,002,242	843,752
Loss on disposal of property and equipment	7,148	9,662
<b>(Increase) decrease in assets</b>		
Receivables	1,370,426	(1,392,928)
Travel advances	2,103	48,912
Prepaid expenses and other assets	93,868	17,505
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	(1,067,528)	1,946,220
Deferred revenue	83,838	10,068
Deferred rent liability	(139,163)	47,994
<b>Net cash provided by operating activities</b>	<b>2,090,641</b>	<b>2,382,557</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	53,915,196	117,131,397
Purchases of investments	(53,915,196)	(114,564,093)
Purchases of property and equipment	(1,292,665)	(1,707,645)
<b>Net cash (used in) provided by investing activities</b>	<b>(1,292,665)</b>	<b>859,659</b>
<b>Increase in cash and cash equivalents</b>	<b>797,976</b>	<b>3,242,216</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,042,617</b>	<b>3,800,401</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,840,593</b>	<b>\$ 7,042,617</b>

*The accompanying notes are an integral part of these financial statements.*

**Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements  
September 30, 2007 and 2006**

**Note 1. Organization**

Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America) (the Corporation) was established by Congress in 1978, by the Neighborhood Reinvestment Corporation Act. The purpose of the Corporation is to continue the joint efforts of the federal financial supervisory agencies and the Department of Housing and Urban Development (HUD) in promoting reinvestment in older neighborhoods by local financial institutions in cooperation with the community, residents and local governments. These efforts were previously conducted by the Urban Reinvestment Task Force, which the Corporation succeeded.

The Corporation is exempt from federal income tax under the provisions of the Neighborhood Reinvestment Corporation Act and is recognized by the Internal Revenue Service as a tax-exempt organization as described in Section 501(c)(3) of the U.S. Internal Revenue Code. The Internal Revenue Service has also determined that the Corporation is not a private foundation.

The Corporation strengthens communities and transforms lives across America by supporting innovative local partnerships of residents, business, and government, collectively known as the NeighborWorks® network. The NeighborWorks® network is a national network of 240 community-based organizations that helps low and moderate income families rent, purchase and maintain affordable homes. The NeighborWorks® network also revitalizes communities through resident leadership and private and public partnerships.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash in excess of amounts required to fund current operations is invested in overnight investments and other short-term investments. Such short-term investments are stated at cost, which approximates market. Cash equivalents include investments with original maturities of three months or less, except for the repurchase agreements managed as part of the permanently restricted net assets, which are classified as endowment investments in the statements of financial position.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 2. Summary of Significant Accounting Policies - (continued)**

An allowance for uncollectible contributions receivable is provided based on management's evaluation of potential uncollectible contributions receivable at year-end. Management believes that all contributions receivable as of September 30, 2007 and 2006 are fully collectible, accordingly no allowance for doubtful accounts has been established.

**Grant and Contract Receivables**

Receivables on grants and contracts consist of amounts due from federal agencies resulting from allowable expenditures incurred which have not been recovered from the relevant federal agencies as of the end of the fiscal year. The allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collections. Management believes that all grant and contract receivables as of September 30, 2007 and 2006 are fully collectible, accordingly no allowance for doubtful accounts has been established.

**Other Receivables**

Other receivables consist of contracts and other small miscellaneous receivables from sources other than federal agencies. The allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collections.

**Endowment Investments**

Investments are carried at fair market value. At September 30, 2007 and 2006, the permanently restricted funds are held in a cash account. As permitted, these funds are presented in the financial statement as endowment investments based on the intended use of these funds.

**Property and Equipment**

Property and equipment are recorded at cost. The Corporation capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 8 years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. When assets are sold or otherwise disposed of, the asset and the related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Certain costs of internally developed software are capitalized in accordance with Statement of Position 98-1 "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use". These costs are being amortized over the estimated useful lives of the software.

**Financial Instruments and Credit Risk**

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and endowment investments held at creditworthy financial institutions. Credit risk with respect to contributions receivable is limited because the Corporation deals with a large number of donors over a wide geographic area.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**DRAFT**

**Note 2. Summary of Significant Accounting Policies - (continued)**

**Deferred Revenue**

Deferred revenue consists of training registration fees. Training registration fees received in advance and not yet earned are deferred to the applicable period.

**Unrestricted Net Assets**

Unrestricted net assets are available for use in general operations. The use of this fund is at the discretion of the board of directors and management.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of amounts that are subject to donor restrictions and income earned on permanently restricted net assets. The Corporation is permitted to use up or expend the donated assets in accordance with the donor restriction.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Permanently Restricted Net Assets**

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Corporation. The restrictions stipulate that resources be maintained permanently but permit the Corporation to expend the income generated in accordance with the provisions of the agreements. The permanently restricted net assets are established to provide a permanent source of income for awarding Training Institute scholarships through investment earnings.

**Revenue Recognition**

The Corporation's primary funding is through a federal appropriation. Unrestricted federal appropriations are recognized as unrestricted revenue when the legislation is enacted. Federal appropriations restricted for specific purposes or programs are recognized as temporarily or permanently restricted revenue when the funds are promised based on the nature of the restrictions outlined in the appropriation.

**Functional Allocation of Expenses**

Costs of program activities and supporting services are presented on a functional basis in Note 11 of the financial statements. Accordingly, certain direct and indirect expenses have been allocated among the programs and supporting services benefited.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 2. Summary of Significant Accounting Policies - (continued)**

Use of Estimates

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

Major Source of Funding

The Corporation receives a substantial portion, 87% in 2007 and 2006, of its unrestricted revenue from the congressional appropriation. The continued receipt of the appropriation may be dependent upon future overall economic conditions. While the Corporation's management believes the Corporation has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* (FIN 48), which is a change in accounting for income taxes. FIN 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured, and recognized in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the statement of financial position; and provides transition and interim period guidance, among other provisions. FIN 48 is effective for fiscal years beginning after December 15, 2006. FASB has issued for exposure a proposed FASB Staff Position (FSP) FIN 48-b, *Effective Date of FASB Interpretation No. 48 for Nonpublic Enterprises* to defer FIN 48 for one year. Management is currently evaluating the impact of FIN 48, but does not anticipate the adoption of FIN 48 to have a material impact on its financial position, change in net assets, or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. SFAS 157, *Fair Value Measurement*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosures regarding fair value measurement. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted. Management is currently evaluating the impact of SFAS 157, but does not expect the adoption of SFAS 157 to have a material impact on the Corporation's financial position, change in net assets or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*. This statement allows the Federation to irrevocably elect fair value as a measurement attribute for certain financial assets and financial liabilities with changes in fair value recognized in the statement of changes in net assets. The statement also establishes presentation and disclosure requirements designed to facilitate comparisons between organizations that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact of SFAS 159, but does not expect the adoption of SFAS 159 to have a material impact on the Corporation's financial position, change in net assets or cash flows.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

<b>DRAFT</b>
--------------

**Note 3. Contributions Receivable**

Contributions receivable consist of the following:

<i>September 30,</i>	<b>2007</b>	<b>2006</b>
Unconditional contributions receivable		
before unamortized discount	\$ 1,447,086	\$ 2,192,701
Less: unamortized discount	(17,324)	(66,522)
	<b>\$ 1,429,762</b>	<b>\$ 2,126,179</b>
<i>September 30,</i>	<b>2007</b>	
Amounts due in:		
Less than one year	\$ 1,397,086	
One to five years	50,000	
Less: unamortized discount	(17,324)	
Total unconditioned contributions receivable	1,429,762	
Less: current unconditional contributions receivable	1,379,762	
Noncurrent unconditional contributions receivable	<b>\$ 50,000</b>	

Discount rates ranged from 2.63% to 5.04%. There were no conditional promises to give at September 30, 2007 and 2006.

**Note 4. Neighborhood Housing Services of America, Inc. (NHSA)**

NHSA is a private non-profit corporation which provides financial and fundraising services to the NeighborWorks® network. The Corporation is the principal source of funding for NHSA. Grants made by the Corporation to NHSA for the years ended September 30, 2007 and 2006 amounted to \$8,000,000 and \$8,250,000, respectively.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

<b>DRAFT</b>
--------------

**Note 5. Property and Equipment**

Property and equipment consists of the following:

<i>September 30,</i>	2007	2006
Computer and software equipment	\$ 6,125,732	\$ 4,939,266
Furniture and fixtures	3,804,095	3,762,202
Leasehold improvements	3,211,530	3,188,424
	13,141,357	11,889,892
Less: accumulated depreciation and amortization	(8,643,375)	(7,675,185)
	\$ 4,497,982	\$ 4,214,707

Depreciation and amortization expense for the years ended September 30, 2007 and 2006 was \$1,002,242 and \$843,752, respectively.

**Note 6. Commitments and Contingencies**

*Operating Leases*

The Corporation has commitments under operating leases for office space and equipment expiring at various times through the year 2015. Minimum lease payments under non-cancelable operating leases are as follows:

<i>Years ending September 30,</i>	
2008	\$ 3,581,603
2009	3,468,819
2010	3,310,999
2011	2,998,623
2012	2,708,981
Thereafter	2,595,487
	\$ 18,664,512

Rent expense for the years ended September 30, 2007 and 2006 amounted to \$4,481,126 and \$3,884,453, respectively.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 6. Commitments and Contingencies - (continued)**

During the year ended September 30, 2003, the Corporation amended their headquarters office space lease. As part of this amendment the landlord provided the Corporation with an allowance for tenant improvements. The value of these improvements completed through September 30, 2003 was \$1,244,903 based on information from the landlord. In 2004, the improvements were completed at an additional value of \$337,412. These improvements have been recorded as an asset and deferred rent liability. In addition, the amended lease has stated escalations in rent and the effect of this has been recorded as a deferred rent liability.

During the year ended September 30, 2005, the Corporation again amended their headquarters office space lease. As part of this amendment the landlord provided the Corporation with an allowance for tenant improvements. The value of these improvements completed through September 30, 2005 was \$139,790 based on the agreement.

*Other Commitments*

Under the terms of an agreement between the Mortgage Guaranty Insurance Corporation (MGIC) and the Corporation, MGIC insured some mortgage loans that did not meet all of MGIC's standard underwriting guidelines. The purpose of this agreement was to create a loan product with FreddieMac and MGIC that would allow for special underwriting guidelines to make mortgages to low- and moderate-income borrowers. Under this agreement, which was amended December 23, 1997, the Corporation shares a portion of this higher financial risk. In December 1998, both parties agreed that no new loans would be executed under the terms of this agreement but the Corporation will continue to carry the risk for the maximum liability for the remaining mortgages executed prior to this date. The first claim to this loan loss reserve was reported June 30, 2002 and the second was reported in July 2003. The Corporation's share, 25% of the first loan loss of \$16,048, was \$4,012, and the Corporation's share of the second loan loss of \$22,999 was \$5,750. To date, the Corporation has paid a total of \$9,762 for these two claims. As of September 30, 2007, MGIC had 43 original mortgages which it had insured under the agreement totaling \$4,031,060. The Corporation's maximum liability under this agreement is the lesser of \$162,000 or 25% of the claims paid by MGIC.

*Contingencies*

The Corporation receives funds from Federal sources that are subject to audit by the various awarding agencies. The Corporation has not been informed of any intent to conduct an audit. In the event of such an audit, management does not believe that any material adjustments will be necessary.

In the ordinary course of activities, the Corporation is party to various legal and administrative actions, mainly involving employment matters. In the opinion of management, the potential adverse impact of these legal and administrative actions is insignificant to the financial statements of the Corporation.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 7. Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of the following:

<i>September 30,</i>	<b>2007</b>	<b>2006</b>
Center for Foreclosure Solutions	\$ 1,566,851	\$ -
NeighborWorks® Center for Homeownership Education and Counseling (NCHEC)	859,366	1,031,480
Campaign for Homeownership	560,863	1,662,597
Technology Initiative (CMX)	400,000	-
Endowment fund scholarships	391,273	228,346
Native American Community Development Program	340,895	638,429
Multi Family Initiative	221,568	30,239
Healthy Homes Training	185,421	230,629
Success Measures	158,212	331,904
Rural Initiative	80,599	-
Gulf Rebuilding	40,052	-
National Insurance Services	4,132	16,979
Achieving Excellence	-	211,649
Predatory Lending Initiative	-	36,687
	<b>\$ 4,809,232</b>	<b>\$ 4,418,939</b>

**Note 8. Permanently Restricted Net Assets**

The Corporation received \$2.5 million as part of the 2001 Congressional Appropriation for the purpose of establishing The George Knight Scholarship Endowment. In addition, the Corporation received \$500,000 in 2001 from Washington Mutual Bank to establish an endowment fund. In February 2002, the Corporation received an additional \$500,000 from Washington Mutual Bank increasing the total principal balance of the endowment fund to \$3.5 million. No permanently restricted contributions were received during fiscal years 2007 and 2006. Both endowment funds were established for the purpose of funding Training Institute scholarships. The Endowment funds' principal balances will remain in perpetuity, while interest income from the endowments will be used to fund Training Institute scholarships.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 9. Program and Supporting Services Descriptions**

The following is a breakdown of the Corporation's program and supporting services for the years ended September 30, 2007 and 2006:

<i>September 30,</i>	<b>2007</b>	<b>2006</b>
<b>Program Services:</b>		
Capacity building	\$ 56,615,268	\$ 58,205,463
Preserving affordable housing	33,902,000	33,596,936
Organizational assessment	5,800,827	5,947,670
Training and informing	26,709,120	24,935,877
Secondary market	8,000,000	8,250,000
<b>Total program services</b>	<b>131,027,215</b>	<b>130,935,946</b>
<b>Supporting Services:</b>		
General and administrative	2,192,012	3,403,650
Resource development	314,251	569,468
<b>Total supporting services</b>	<b>2,506,263</b>	<b>3,973,118</b>
<b>Total expenses</b>	<b>\$ 133,533,478</b>	<b>\$ 134,909,064</b>

*Capacity Building*

Capacity building refers to the practical assistance the Corporation provides to strengthen the performance of NeighborWorks® organizations to respond most effectively and efficiently to the needs of their communities. The Corporation expands the capacity of network members by providing onsite technical assistance and limited funding.

*Preserving Affordable Housing*

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

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**DRAFT**

**Note 9. Program and Supporting Services Descriptions - (continued)**

*Organizational Assessment*

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

*Training and Informing*

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

*Secondary Market*

Neighborhood Housing Services of America, Inc. (NHSA) and its affiliates play a critical role in meeting the NeighborWorks® network's capital needs by bringing low-cost, flexible private-sector capital and innovative loan products to network members. Flexible loan products help meet the financing needs for housing rehabilitation, homeownership and real-estate development.

*General and Administrative*

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

*Resource Development*

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

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**

**DRAFT**

**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 10. Pension Plan**

The Corporation has a defined contribution pension plan which meets the requirements of Section 401(k) of the U.S. Internal Revenue Code. The Corporation contributes an amount equal to 8% of the social security integration level in effect and 13.7% of each active participant's compensation in excess of the social security integration level. In addition, each active participant may enter into a salary deferral agreement with the Corporation in an amount equal to not less than 1% or more than 75% of his or her compensation for the contribution period. The Corporation matches each participant's pre-tax contributions up to 100% of the first 6% of the employee's compensation. Employer contributions to employee accounts vest 33% after three years of employment and 100% after five years. Employees may also borrow against their vested benefits.

Total pension expense for fiscal years 2007 and 2006 amounted to \$2,528,195 and \$2,122,379, respectively.

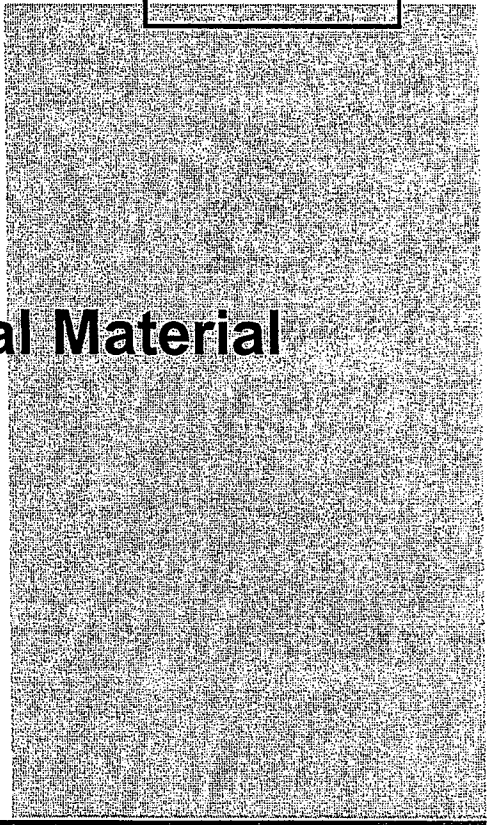
**Note 11. Subsequent Event**

Pursuant to the FY2008 Consolidated Appropriations Act signed into law on December 26, 2007 and as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101-8107), an additional amount of \$180,000,000 has been provided until expended to the Corporation for mortgage foreclosure mitigation activities, with the following terms and conditions:

- (1) The Corporation shall make grants to counseling intermediaries approved by the Department of Housing and Urban Development (HUD) or the Corporation to provide mortgage foreclosure mitigation assistance.
- (2) Assistance shall only be made available to homeowners of owner-occupied homes with mortgages in default or in danger of default.
- (3) The use of Mortgage Foreclosure Mitigation Assistance by approved counseling intermediaries and State Housing Finance Agencies shall involve a reasonable analysis of the borrower's financial situation and other economic factors.
- (4) The Corporation shall award \$50,000,000 in mortgage foreclosure mitigation grants within 60 days of enactment.
- (5) Recipients of these funds under this paragraph shall have demonstrated experience in successfully working with financial institutions as well as borrowers facing default, delinquency and foreclosure.
- (6) Up to \$5,000,000 of the total amount may be made available to build the mortgage foreclosure and default mitigation counseling capacity of counseling intermediaries through the Corporation's training courses.
- (7) Of the total amount made available under this paragraph, up to 4 percent may be used for associated administrative expenses for the Corporation.

**DRAFT**

**Supplemental Material**



**Neighborhood Reinvestment Corporation**  
 (d.b.a. NeighborWorks® America)  
**Statement of Functional Expenses**  
**Year ended September 30, 2007**

	Program Services							Supporting Services			2007 Total
	Capacity Building	Preserving Affordable Housing	Organizational Assessment	Training and Informing	Secondary Market	Total Program Services	General and Administrative	Resource Development	Total Supporting Services		
Grants and grant commitments	\$ 31,719,951	\$ 33,902,000	\$ -	\$ 4,016,979	\$ 8,000,000	\$ 77,638,030	\$ -	\$ -	\$ -	\$ 77,638,030	
Personnel	12,263,677	-	3,377,022	7,124,786	-	22,765,485	5,326,631	163,705	5,490,336	28,255,821	
Professional services	3,890,212	-	311,369	5,192,469	-	9,394,050	1,039,088	23,935	1,063,023	10,457,073	
Other operating costs	943,822	-	130,569	3,184,254	-	4,258,645	2,536,640	26,459	2,563,099	6,821,744	
Occupancy	1,341,138	-	338,220	1,457,046	-	3,136,404	1,344,722	-	1,344,722	4,481,126	
Travel	1,134,727	-	237,400	963,310	-	2,335,437	276,514	15,945	292,459	2,627,896	
Conferences and workshops	275,000	-	16,537	1,839,189	-	2,130,726	101,980	16,840	118,820	2,249,546	
Depreciation and amortization	-	-	-	-	-	-	1,002,242	-	1,002,242	1,002,242	
<b>Total expenses</b>	<b>51,568,527</b>	<b>33,902,000</b>	<b>4,411,117</b>	<b>23,777,133</b>	<b>8,000,000</b>	<b>121,658,777</b>	<b>11,627,817</b>	<b>246,884</b>	<b>11,874,701</b>	<b>133,533,478</b>	
Overhead allocation	5,046,741	-	1,389,710	2,931,987	-	9,368,438	(9,435,805)	67,367	(9,368,438)	-	
<b>Total expenses, after overhead allocation</b>	<b>\$ 56,615,268</b>	<b>\$ 33,902,000</b>	<b>\$ 5,800,827</b>	<b>\$ 26,709,120</b>	<b>\$ 8,000,000</b>	<b>\$ 131,027,215</b>	<b>\$ 2,192,012</b>	<b>\$ 314,251</b>	<b>\$ 2,506,263</b>	<b>\$ 133,533,478</b>	

DRAFT

**Neighborhood Reinvestment Corporation**  
(d.b.a. NeighborWorks® America)  
**Statement of Functional Expenses**  
Year ended September 30, 2006

	Program Services							Supporting Services			2006 Total
	Capacity Building	Preserving Affordable Housing	Organizational Assessment	Training and Informing	Secondary Market	Total Program Services	General and Administrative	Resource Development	Total Supporting Services		
Grants and grant commitments	\$ 35,531,295	\$ 33,596,936	\$ -	\$ 3,025,922	\$ 8,250,000	\$ 80,404,153	\$ -	\$ -	\$ -	\$ 80,404,153	
Personnel	10,552,385	-	3,232,386	6,519,723	-	20,304,494	6,775,167	316,539	7,091,706	27,396,200	
Professional services	2,942,892	-	323,899	5,162,848	-	8,429,639	1,348,598	28,070	1,376,668	9,806,307	
Other operating costs	968,020	-	151,770	2,966,347	-	4,086,137	3,101,804	25,817	3,127,621	7,213,758	
Occupancy	1,235,919	-	323,864	1,276,124	-	2,835,907	1,048,546	-	1,048,546	3,884,453	
Travel	1,327,865	-	278,885	942,640	-	2,549,390	480,397	27,987	508,384	3,057,774	
Conferences and workshops	345,871	-	13,007	1,766,950	-	2,125,828	164,804	12,035	176,839	2,302,667	
Depreciation and amortization	-	-	-	-	-	-	843,752	-	843,752	843,752	
<b>Total expenses</b>	<b>52,904,247</b>	<b>33,596,936</b>	<b>4,323,811</b>	<b>21,660,554</b>	<b>8,250,000</b>	<b>120,735,548</b>	<b>13,763,068</b>	<b>410,448</b>	<b>14,173,516</b>	<b>134,909,064</b>	
Overhead allocation	5,301,216	-	1,623,859	3,275,323	-	10,200,398	(10,359,418)	159,020	(10,200,398)	-	
<b>Total expenses, after overhead allocation</b>	<b>\$ 58,205,463</b>	<b>\$ 33,596,936</b>	<b>\$ 5,947,670</b>	<b>\$ 24,935,877</b>	<b>\$ 8,250,000</b>	<b>\$ 130,935,946</b>	<b>\$ 3,403,650</b>	<b>\$ 569,468</b>	<b>\$ 3,973,118</b>	<b>\$ 134,909,064</b>	

**DRAFT**

**DRAFT**

**Schedule of Expenditures  
of Federal Awards**

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)** **DRAFT**  
**Schedule of Expenditures of Federal Awards**

*Year ended September 30, 2007*

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA/ Public Law Number</i>	<i>Federal Expenditures</i>
Congressional Appropriation		
NeighborWorks® System Program	99.95-557	\$ 116,820,000
U.S. Department of Housing and Urban Development		
Housing Counseling Program	14.169	4,113,785
U.S. Department of Justice		
NeighborWorks® Weed and Seed Training and Technical Assistance	16.595	465,901
U.S. Department of Agriculture		
NeighborWorks® Rural Community Development	10.000	261,067
<b>Total Expenditures of Federal Awards</b>		<b>\$ 121,660,753</b>

**Notes to Schedule of Expenditures of Federal Awards**

1. **Basis of Presentation**      The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
  
2. **Subrecipients**      Of the federal expenditures presented in the schedule, the Corporation provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA/ Public Law Number</u>	<u>Amount Provided to Subrecipients</u>
NeighborWorks® System Program	99.95-557	\$ 74,496,927
Housing Counseling Program	14.169	\$ 2,492,292

**DRAFT**

**Independent Auditors'  
Reports Required by  
Government Auditing  
Standards and  
OMB Circular A-133**

---

**DRAFT**

**Independent Auditors' Report  
on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
Washington, DC

We have audited the financial statements of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) as of and for the year ended September 30, 2007, and have issued our report thereon dated Date TBD. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Corporation's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

**DRAFT**

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Bethesda, Maryland

Date: TBD

Certified Public Accountants

**DRAFT**

**Independent Auditors' Report  
on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control Over Compliance  
in Accordance with OMB Circular A-133**

To the Board of Directors  
**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
Washington, DC

Compliance

We have audited the compliance of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2007. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

Internal Control Over Compliance

**DRAFT**

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on its major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Bethesda, Maryland

Date TBD

Certified Public Accountants

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)** **DRAFT**  
**Schedule of Findings and Questioned Costs**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ yes <u>  X  </u> No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>  X  </u> none reported
• Noncompliance material to financial statements noted?	_____ yes <u>  X  </u> no

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u>  X  </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>  X  </u> none reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____ yes <u>  X  </u> no

Identification of major program:

<u>CFDA/Public Law Number</u>	<u>Name of Federal Program or Cluster</u>
99.95-557	NeighborWorks® System Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes    _____ No

**Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)  
Schedule of Findings and Questioned Costs**

**DRAFT**

**Section II - Financial Statement Findings**

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

**Section III - Federal Award Findings and Questioned Costs**

There were no findings and questioned costs for Federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

**Section IV - Prior Year Audit Findings**

There were no findings and questioned costs for Federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

