



November 29, 2020

Mayor Ted Wheeler  
Commissioner Fritz  
Commissioner Eudaly  
Commissioner Jo Ann Hardesty  
Commissioner Dan Ryan

Dear Mayor and Commissioners,

Southwest Neighborhoods, Inc. (SWNI) continues to work to deliver on the mission of our organization and the commitment we have made in our partnership with the City of Portland. The Office of Community and Civic Life (Civic Life)'s recent forensic audit of SWNI pointed to a previously known issue that took place nearly a decade ago and was prosecuted by the appropriate state authority. It's important to note the discovery and prosecution of this incident was driven by SWNI's discovery, not an external third party. Following this incident, SWNI implemented many new procedures which were reviewed by the City of Portland, and the IRS. The reviews resulted in the approval of new procedures and processes.

At issue now is the revival of previous problems/litigation as a concern of the current organization. There were no substantiated allegations of problems with the SWNI organization today. Certainly, there are places where the SWNI organization could improve as we strive for continuous improvement. We accept that more work can be done by our organization to drive equity and inclusion within SWNI, SW Portland, and the City of Portland. Recent events have made it clear that we need to do more.

Another accusation made within the review was concerning the PPP loan, Restricted Bank Account, and the Board Operating Account. Without specifics, there is a blanket accusation against the organization concerning possible misuse of these funds. This accusation appears to be driven by a misunderstanding of the full scope of SWNI's funding.

1. While SWNI obtains the majority of its funding from ONI/Civic Life, this funding does not cover all of SWNI's costs. SWNI's funding from ONI/Civic Life is covered by a grant agreement and reviewed annually by the City. These reviews have consistently found SWNI in compliance with the grant agreement, resulting in renewed funding each year.
2. Over the years, SWNI and the SWNI Board have worked hard to develop additional sources of funding to cover operations not covered by the ONI/Civic Life grant and providing additional support to its member neighborhood organizations. This work has resulted in an operating fund of \$80K+. This success is a result of goal setting by the Board and execution by the organization leadership. The Board takes its role seriously and works to put SWNI in a

position to weather periods of uncertainty, a responsibility of all corporate boards, for-profit, non-profit, and not-for-profit.

3. SWNI's Board restricted account was created for a specific purpose, the needs for the funds placed in the account never fully materialized. The account remained in place to maintain transparency and reviewed regularly like all other accounts.
4. As concerns surrounding the COVID-19 situation worsened, the Board began reviewing options to mitigate potential funding risks. Without certainty on Civic Life funding levels, we pursued the PPP program created by the US Treasury. SWNI's PPP application was reviewed by both Umpqua Bank and the Small Business Administration and approved. SWNI has applied for forgiveness with accompanying documents proving compliance with program rules.

We believe much of the misunderstanding in this "audit" may be a product of a lack of familiarity with organizations like SWNI. A review by a CPA firm familiar with neighborhood organizations would be more suited to accessing SWNI's finances and processes. The work by Charlie Van Rossen (former Treasurer and current Board Member) an Oregon CPA and certified auditor places SWNI in a position of financial leadership when compared to non-profits across the city and the state.

It is important to note that despite having every financial document requested and available from 2010 - 2020, Marsh Minick found no new issues. The concern about "potential issues" contains no detail or examples, meaning there was no specific issue or examples cited. We have to assume if there were specifics to highlight, it would have been addressed at some point within the 100+ page report unless we are to assume they ran out of space or funding for the review. We hope to continue our relationship with the City of Portland and helping the City of Portland in service to the people and the residents of South West Portland. Please provide SWNI with bridge/grant funding as soon as possible and an opportunity to discuss the forensic audit findings and our response with you further.

Thanks,

SWNI's Current and Former Finance Leadership:  
Teddy Okonokhua, SWNI Treasurer  
Charlie VanRossen, Former SWNI Treasurer  
Lee Buhler, Former SWNI Treasurer

cc: Auditor Mary Hull Caballero

