NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
National Community Reinvestment Coalition, Inc.
and Affiliates
Washington, DC

Opinion

We have audited the accompanying consolidated financial statements of National Community Reinvestment Coalition, Inc. (NCRC), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NCRC as of December 31, 2023 and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the 2022 financial statements of NCRC Community Development Fund, Inc. (NCRC CDFI), a related entity of which NCRC is the sole member, and whose statements reflect total assets of $60,523,252 as of December 31, 2022, and total revenues of $1,445,810 for the year then ended. Those statements were audited by other auditors, whose report for 2022 was furnished to us, and our opinion, insofar as it relates to the amounts included for NCRC CDFI as of December 31, 2022.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of NCRC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2023, NCRC adopted new accounting guidance for the measurement of credit losses on financial instruments through a cumulative-effect adjustment to beginning net assets without donor restrictions. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NCRC's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCRC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NCRC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Other Information – Consolidating Statements

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenbelt, Maryland
May 15, 2024

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 15,759,326	$ 8,652,722
Investments	2,838,332	2,548,782
Pledges and Other Receivables, Current Portion, Net	5,758,968	5,712,831
Small Business Loans Receivable, Current Portion, Net	25,910	778,297
Notes Receivable, Current Portion, Net	12,050,000	1,550,000
Prepaid Expenses and Other Assets	156,826	129,724
Total Current Assets	36,589,362	19,372,356
PROPERTY AND EQUIPMENT		
Land	29,078,582	29,078,582
Building	57,358,804	57,358,804
In-Place Leases	5,660,916	5,660,916
Building Improvements	3,096,588	2,983,146
Tenant Improvements	8,257,424	10,098,757
Furniture, Equipment, and Software	742,509	750,371
Total	104,194,823	105,930,576
Less: Accumulated Depreciation	22,906,167	22,083,710
Property and Equipment, Net	81,288,656	83,846,866
OTHER ASSETS		
Escrow Deposits	3,324,507	3,008,648
Pledges and Other Receivables, Less Current Portion, Net	1,900,000	4,096,398
Small Business Loans Receivable, Less Current Portion, Net	3,327,244	2,445,884
Notes Receivable, Less Current Portion	33,439,313	43,500,000
NY Forward Loan Fund Trust Receivable	3,428,403	6,180,083
Other Investments	1,459,073	1,188,391
Interest Rate Swap	2,266,245	3,180,152
Deferred Rent Assets	7,688,843	7,668,174
Deferred Leasing Costs	1,307,868	1,153,855
Total Other Assets	58,141,496	72,421,585
Total Assets	$ 176,019,514	$ 175,640,807
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 4,007,418	$ 2,410,129
Deferred Revenue and Prepaid Rent	1,097,759	760,671
Lines of Credit	1,029,338	338,417
Due to Affiliates	13,892	845,140
Refundable Advance	4,052,225	-
Notes Payable, Current Portion and Lines of Credit	3,500,000	1,500,000
Mortgages and Bonds Payable, Current Portion	2,225,912	2,134,879
Total Current Liabilities	15,926,544	7,989,236
LONG-TERM LIABILITIES		
Tenant Security Deposits and Refunds	351,261	308,098
Other Secured Borrowing	858,988	-
Notes Payable, Less Current Portion	36,290,000	34,500,000
Mortgage and Bonds Payable, Less Current Portion	96,352,844	98,246,004
Total Long-Term Liabilities	133,853,093	133,054,102
Total Liabilities	149,779,637	141,043,338
NET ASSETS		
Without Donor Restrictions	18,238,831	22,783,437
With Donor Restrictions	8,001,046	11,814,032
Total Net Assets	26,239,877	34,597,469
Total Liabilities and Net Assets	$ 176,019,514	$ 175,640,807

See Accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions and Grants	$ 2,572,607	$ 2,250,000	$ 4,822,607	$ 997,798	$ 8,956,794	$ 9,954,592
Federal Awards	164,097,809	-	164,097,809	3,133,561	-	3,133,561
Membership and Corporate Dues	248,051	-	248,051	247,072	-	247,072
Conferences	5,063,548	-	5,063,548	4,737,770	-	4,737,770
Interest Income	2,879,650	-	2,879,650	1,511,620	-	1,511,620
Rental Income	9,471,206	-	9,471,206	10,013,309	-	10,013,309
Other Income	396,528	-	396,528	352,808	-	352,808
Investment Income (Loss), Net	217,538	-	217,538	(343,867)	-	(343,867)
Net Assets Released from Restrictions:						
Satisfaction of Time and Program Restrictions	6,062,986	(6,062,986)	-	7,852,057	(7,852,057)	-
Total Revenue	191,009,923	(3,812,986)	187,196,937	28,502,128	1,104,737	29,606,865
EXPENSES						
Program Expenses:						
Coalition Building	4,123,342	-	4,123,342	4,122,993	-	4,122,993
Member Capacity Building	6,700,224	-	6,700,224	3,105,431	-	3,105,431
Accountability and Enforcement	1,540,917	-	1,540,917	2,030,341	-	2,030,341
Subject Matter Expertise	1,612,566	-	1,612,566	1,865,104	-	1,865,104
NCRC Community Development Fund	161,669,028	-	161,669,028	1,638,765	-	1,638,765
Total Program Expenses	175,646,077	-	175,646,077	12,762,634	-	12,762,634
Support Services Expenses:						
General Administration	3,019,142	-	3,019,142	2,111,516	-	2,111,516
Building Expenses	8,072,479	-	8,072,479	8,590,943	-	8,590,943
Policy and Government Affairs	1,009,070	-	1,009,070	859,737	-	859,737
Fundraising	365,123	-	365,123	299,083	-	299,083
Total Supporting Services Expenses	12,465,814	-	12,465,814	11,861,279	-	11,861,279
Total Expenses	188,111,891	-	188,111,891	24,623,913	-	24,623,913
CHANGE IN NET ASSETS BEFORE OTHER INCOME (EXPENSE)	2,898,032	(3,812,986)	(914,954)	3,878,215	1,104,737	4,982,952
OTHER INCOME (EXPENSE)						
Net Income (Loss) From Affiliates	(39,641)	-	(39,641)	(338,662)	-	(338,662)
Non-Operating Expense	(1,141,498)	-	(1,141,498)	-	-	-
Unrealized Gain (Loss) on Interest Rate Swaps	(914,098)	-	(914,098)	9,093,883	-	9,093,883
Depreciation and Amortization	(2,952,401)	-	(2,952,401)	(3,257,917)	-	(3,257,917)
CHANGE IN NET ASSETS	(2,149,606)	(3,812,986)	(5,962,592)	9,375,519	1,104,737	10,480,256
Net Assets - Beginning of Year	22,783,437	11,814,032	34,597,469	13,407,918	10,709,295	24,117,213
Cumulative Effect - Change in Accounting Principle	(2,395,000)	-	(2,395,000)	-	-	-
Adjusted Net Assets - Beginning of Year	20,388,437	11,814,032	32,202,469	13,407,918	10,709,295	24,117,213
NET ASSETS - END OF YEAR	$ 18,238,831	$ 8,001,046	$ 26,239,877	$ 22,783,437	$ 11,814,032	$ 34,597,469

See Accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Expenses						Supporting Services						
								Building Expenses					
	Coalition Building	Member Capacity Building	Accountability and Enforcement	Subject Matter Expertise	NCRC CDFI	Total Program Services	General and Administrative	NCRC 727	NCRC 740	Policy and Government Affairs	Fundraising	Total Supporting Services	2023
Salaries	$ 1,986,944	$ 761,881	$ 829,143	$ 1,125,942	$ 288,126	$ 4,992,036	$ 1,309,417	$ -	$ -	$ 729,760	$ 248,710	$ 2,287,887	$ 7,279,923
Fringe Benefits	428,048	163,607	178,425	243,702	54,596	1,068,378	279,318	-	-	167,257	53,428	500,003	1,568,381
Total Salaries and Benefits	2,414,992	925,488	1,007,568	1,369,644	342,722	6,060,414	1,588,735	-	-	897,017	302,138	2,787,890	8,848,304
Advertising	21,932	4,656	98,822	9,167	293,050	427,627	32,709	-	-	825	593	34,127	461,754
Building Operating Expenses	9,617	6,353	3,446	3,607	-	23,023	20,367	456,626	1,751,104	1,163	837	2,230,097	2,253,120
Conferences and Meetings	1,082,219	22,945	5,074	8,193	8,225	1,126,656	15,031	-	-	4,872	617	20,520	1,147,176
Grant Processing	-	-	-	-	3,225,884	3,225,884	-	-	-	-	-	-	3,225,884
Insurance	19,422	12,831	6,960	7,285	-	46,498	41,132	22,190	88,745	2,349	1,689	156,105	202,603
Interest and Bank Fees	31,743	3,411	1,659	1,736	1,171,887	1,210,436	9,803	548,892	4,054,891	560	403	4,614,549	5,824,985
IT Support and Maintenance	50,384	21,318	13,600	18,840	43,595	147,737	66,568	-	-	8,374	3,580	78,522	226,259
Management Fees	-	-	-	-	-	-	-	22,614	172,381	-	-	194,995	194,995
Miscellaneous Expense	-	-	-	-	89,113	89,113	73,730	-	-	-	-	73,730	162,843
Office Expense	64,862	18,837	25,103	12,325	860	121,987	38,848	-	20,703	4,714	2,434	66,699	188,686
Professional Fees	254,051	420,526	277,847	112,799	619,686	1,684,909	993,532	34,402	43,449	55,971	46,626	1,173,980	2,858,889
Provision for Credit Loss	-	-	-	-	196,373	196,373	(112,172)	-	-	-	-	(112,172)	84,201
Repairs and Maintenance	-	-	-	-	-	-	-	26,519	288,920	-	-	315,439	315,439
Stipends and Travel	124,392	228,799	59,063	36,408	8,202	456,864	186,031	-	-	19,116	3,345	208,492	665,356
Subgrants	-	4,936,678	-	5,000	155,669,431	160,611,109	-		-	-	-	-	160,611,109
Subscriptions	49,728	98,382	41,775	27,562	-	217,447	64,828	-	2,548	14,109	2,861	84,346	301,793
Taxes	-	-	-	-	-	-	-	77,916	460,579	-	-	538,495	538,495
Subtotal	4,123,342	6,700,224	1,540,917	1,612,566	161,669,028	175,646,077	3,019,142	1,189,159	6,883,320	1,009,070	365,123	12,465,814	188,111,891
Depreciation and Amortization	13,024	8,604	4,667	4,885	-	31,180	27,584	348,605	2,542,324	1,575	1,133	2,921,221	2,952,401
Non-Operating Expense	-	-	-	-	-	-	1,141,498	-	-	-	-	1,141,498	1,141,498
Total	$ 4,136,366	$ 6,708,828	$ 1,545,584	$ 1,617,451	$ 161,669,028	$ 175,677,257	$ 4,188,224	$ 1,537,764	$ 9,425,644	$ 1,010,645	$ 366,256	$ 16,528,533	$ 192,205,790

See Accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Expenses						Supporting Services						
								Building Expenses					
	Coalition Building	Member Capacity Building	Accountability and Enforcement	Subject Matter Expertise	NCRC CDFI	Total Program Services	General and Administrative	NCRC 727	NCRC 740	Policy and Government Affairs	Fundraising	Total Supporting Services	2022
Salaries	$ 2,098,106	$ 763,982	$1,338,075	$ 988,344	$ 444,747	$ 5,633,254	$ 900,889	$ -	$ -	$ 625,456	$ 213,888	$ 1,740,233	$ 7,373,487
Fringe Benefits	465,931	175,094	304,070	219,960	45,368	1,210,423	248,039	-	-	136,120	47,710	431,869	1,642,292
Total Salaries and Benefits	2,564,037	939,076	1,642,145	1,208,304	490,115	6,843,677	1,148,928	-	-	761,576	261,598	2,172,102	9,015,779
Advertising	49,927	2,055	36,126	5,020	654	93,782	51,856	-	-	817	302	52,975	146,757
Building Operating Expenses	2,991	1,652	1,374	1,006	-	7,023	3,412	497,275	1,881,833	657	243	2,383,420	2,390,443
Conferences and Meetings	992,060	9,144	12,884	6,260	-	1,020,348	-	-	-	3,647	1,366	5,013	1,025,361
Insurance	44,713	11,433	9,506	6,963	-	72,615	23,608	21,091	84,362	4,548	1,681	135,290	207,905
Interest and Bank Fees	21,281	-	454	-	930,598	952,333	44,834	550,748	4,131,673	-	220	4,727,475	5,679,808
IT Support and Maintenance	4,858	2,684	2,232	1,635	3,318	14,727	99,942	-	-	1,068	395	101,405	116,132
Management Fees	-	-	-	-	-	-	-	21,470	158,708	-	-	180,178	180,178
Miscellaneous Expense	-	-	-	-	9,368	9,368	60,106	-	-	-	-	60,106	69,474
Office Expense	67,517	27,829	25,779	19,347	-	140,472	72,620	-	28,380	11,051	4,086	116,137	256,609
Professional Fees	250,315	358,600	187,839	550,485	204,712	1,551,951	476,344	84,623	32,323	37,837	20,778	651,905	2,203,856
Provision for Credit Loss	-	-	1,115	-	-	1,115	-	186,476	-	-	-	186,476	187,591
Repairs and Maintenance	-	-	-	-	-	-	-	149,404	269,079	-	-	418,483	418,483
Stipends and Travel	72,761	38,635	47,584	27,093	-	186,073	90,988	-	-	13,495	5,720	110,203	296,276
Subgrants	5,250	1,582,204	-	15,689	-	1,603,143	1,050		-	-	-	1,050	1,604,193
Subscriptions	47,283	132,119	63,303	23,302	-	266,007	37,828	-	3,504	25,041	2,694	69,067	335,074
Taxes	-	-	-	-	-	-	-	69,275	420,719	-	-	489,994	489,994
Subtotal	4,122,993	3,105,431	2,030,341	1,865,104	1,638,765	12,762,634	2,111,516	1,580,362	7,010,581	859,737	299,083	11,861,279	24,623,913
Depreciation and Amortization	19,723	10,896	9,060	6,636	-	46,315	22,500	373,235	2,809,931	4,334	1,602	3,211,602	3,257,917
Total	$ 4,142,716	$ 3,116,327	$2,039,401	$ 1,871,740	$ 1,638,765	$ 12,808,949	$ 2,134,016	$ 1,953,597	$ 9,820,512	$ 864,071	$ 300,685	$ 15,072,881	$ 27,881,830

See Accompanying Notes to Consolidated Financial Statements.

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (5,962,592)	$ 10,480,256
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,952,401	3,257,917
Provision for Credit Loss	84,201	11,421
Unrealized (Gain) Loss on Investments	(153,673)	334,504
Realized (Gain) Loss on Sale of Investments	(63,865)	9,363
Change in Investment in Affiliate	(270,682)	338,663
Amortization of Finance Cost Included in Interest Expense	332,752	332,752
Loan Forgiveness	500,000	-
Changes in Interest Rate Swaps	914,098	(9,093,883)
Changes in Assets and Liabilities:		
Accounts Receivable	2,262,433	(5,583,148)
Due to Affiliates	(500,561)	279,441
Prepaid Expenses and Other Assets	(27,102)	119,471
Deferred Rent Assets	(20,669)	232,424
Accounts Payable and Accrued Expenses	1,597,289	199,495
Deferred Revenue and Prepaid Rent	337,088	84,577
Refundable Advance	4,052,225	-
Net Cash Provided by Operating Activities	6,033,343	1,003,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Securities	192,786	86,848
Purchases of Securities	(264,798)	(157,818)
Proceeds from Tenant Security Deposits	43,163	(117,509)
Deferred Leasing Costs	(368,997)	(50,179)
Proceeds from Repayments of Small Business Loans Receivable	1,395,743	1,007,136
Issuance of Small Business Loans Receivable	(1,596,089)	(652,200)
Proceeds from Repayments of Loan Advances to Affiliates and Others	-	3,032,071
Issuance of Loan Advances to Affiliates and Others	(1,038,320)	(4,500,000)
Payments for Property and Equipment	(179,398)	(165,473)
Investment in Affiliate	-	(1,300,000)
Net Cash Used by Investing Activities	(1,815,910)	(2,817,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Lines of Credit	690,921	(795,424)
Proceeds from Other Secured Borrowing	858,988	-
Proceeds from Notes Payable	3,790,000	3,000,000
Payments on Mortgage Payable	(2,134,879)	(2,047,599)
Net Cash Provided by Financing Activities	3,205,030	156,977
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,422,463	(1,656,894)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	11,661,370	13,318,264
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 19,083,833	$ 11,661,370
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	$ 15,278,122	$ 8,218,359
Cash and Cash Equivalents - Tenant Security Deposits	481,204	434,363
Total Cash and Cash Equivalents	15,759,326	8,652,722
Escrow Deposits	3,324,507	3,008,648
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	$ 19,083,833	$ 11,661,370
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 5,782,765	$ 5,638,398
Cumulative Change in Accounting Principle	$ 2,395,000	$ -

NOTE 1 ORGANIZATION

National Community Reinvestment Coalition, Inc.

National Community Reinvestment Coalition, Inc. (NCRC or Organization) is a nonprofit organization that was incorporated in 1990 in the District of Columbia. Its mission is to make a just economy a national priority and local reality. The organization works to promote greater access to capital in low-income, minority communities through effective use of the Community Reinvestment Act. NCRC seeks to support, create, and implement long-term solutions which include providing tools and strategies for building community and individual economic well-being.

NCRC pursues its work through a variety of programs and partnerships. Through its Coalition Building program, NCRC provides a broad set of benefits and special services for its member organizations including data analysis, trainings, technical assistance, and legislative and regulatory updates. NCRC's annual Just Economy Conference is one of the largest gatherings of community nonprofits, policymakers, government officials, small businesses, financial institutions and academia.

NCRC is a HUD National Housing Counseling Intermediary. As an intermediary, NCRC provides capacity building to its members through its National Training Academy and Housing Counseling Program. NCRC's Training Academy provides training and technical assistance to build capacities of community-based organization to serve their constituents on topics such as homeownerships, foreclosure prevention, the Community Reinvestment Act and other fair housing, fair lending laws. The Housing Counseling Network leverages the expertise of a national network of housing counselors and mortgage finance advisors to provide comprehensive housing counseling directly to consumers.

NCRC's Accountability and Enforcement program conducts testing and investigations, pursues independent enforcement actions, provides training, and produces analysis to ensure equitable access to affordable housing choices. Additionally, NCRC's research analysis provides tools for advocates and organizations seeking to understand and address patterns of lending and investment in their communities.

NCRC wholly owns NCRC 740 LLC (NCRC 740) a Delaware limited liability organization formed on June 1, 2016. NCRC 740 owns and operates the rental of a commercial office building known as 740 Fifteenth Street.

NCRC Community Development Fund, Inc.

The NCRC Community Development Fund, Inc. ("NCRC CDFI") is a nonprofit corporation formed in 2007, organized under the laws of the District of Columbia and operates within the meaning of Section 501(c)(3) of the Internal Revenue Code ("IRC"). NCRC CDFI's mission is to help bridge the racial wealth divide by supporting entrepreneurship and affordable homeownership in America's underserved communities. NCRC CDFI provides access to capital not available through traditional financial institutions as well as access to business training services. NCRC CDFI also accelerates creation of affordable housing by providing developers with financial incentives to build in neighborhoods historically underserved. NCRC CDFI is a US Treasury-certified Community Development Financial Institution.

NOTE 1 ORGANIZATION (CONTINUED)

NCRC Equivico Corporation

NCRC Equivico Corporation (NCRC Equivico Corp) is a controlled C-Corporation formed in 2021, organized in the state of Delaware. NCRC Equivico Corp is a holding Company formed as the result of an initiative that expands access to low-cost capital to small business owners from underrepresented communities through a dedicated limited partnership fund NCRC Equivico Fund LP, which was formed in 2022. NCRC Equivico Corp is owned by NCRC and NCRC CDFI, who own 100% of the Class A voting stock and 100% of the Class B nonvoting stock, respectively. In addition, NCRC Equivico Corp is the majority member (65%) of NCRC Equivico GP LLC, and in turn NCRC Equivico GP LLC is the general partner of NCRC Equivico Fund LP.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation and Presentation

The accompanying consolidated financial statements include the activities of NCRC and its Subsidiary NCRC 740, collectively referred to as NCRC; and consolidated entities NCRC Equivico Corp and NCRC CDFI. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis. Under the accrual basis of accounting, income is recognized in the period it is earned, and expenses are recognized when incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. NCRC is also required to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

Financial instruments include unrestricted and restricted cash and cash equivalents, escrow deposits, pledges and other receivables, notes receivable, loan advances to affiliates, deferred rent assets, deferred leasing costs, security deposits, accounts payable and accrued expenses, deferred revenue and prepaid rent, due to affiliates, notes payable, tenant security deposits and refunds, and mortgage and bonds payable. The carrying amount of financial instruments approximates fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, NCRC considers cash on hand and cash in the bank with less than three months' maturity to be cash equivalents. Cash received from tenants for security deposits is included in cash and cash equivalents. Cash held for investment is recorded and classified as investments.

Investments

Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Cash classified as investments is recorded at cost. Unrealized and realized gains and losses on these investments are reported in the consolidated statements of activities.

Fair Value Hierarchy

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Observable inputs, such as quoted prices in active markets;

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

Level 3 – Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement.

Rent Receivable

Rent receivable is included in pledges and other receivables on the consolidated statements of financial position and is stated at the amount NCRC expects to collect. NCRC determines the allowance for credit losses based on historical write-off experience and review of aged receivables. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2023 and 2022, the allowance for credit losses was $159,291 and $515,891, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

On January 1, 2023, NCRC CDFI adopted ASU 2016-03, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended (ASC 326), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (CECL). The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables and held to maturity securities.

NCRC CDFI adopted the standard using the modified retrospective method for all financial assets measured at amortized cost and for off-statement financial position credit exposures. Results for annual periods beginning after January 1, 2023 are presented under the new CECL model while prior reporting periods continue to be reported in accordance with previously applicable U.S. GAAP. NCRC CDFI recorded a net decrease to net assets without donor restrictions in the amount of $2,395,000 as of January 1, 2023 representing the cumulative effect of adopting this standard.

On March 31, 2022, FASB issued ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the troubled debt restructuring (TDR), accounting model for creditors that have adopted Topic 326, *Financial Instruments – Credit Losses*. In addition, on a prospective basis, entities will be subject to new disclosure requirements covering modifications of receivables to borrowers experiencing financial difficulty. Upon adoption of this guidance, NCRC CDFI no longer establishes a specific reserve for modifications made on or after January 1, 2023 to borrowers experiencing financial difficulty. Instead, these modifications are included in their respective loan segment in the allowance for credit losses on loans. NCRC CDFI has adopted ASU 2022-02 effective January 1, 2023. The adoption of this standard did not have a material effect on the operating results or financial condition.

Small Business Loans Receivable

Small business loans receivable are stated at the amount of unpaid principal, net of the allowance for credit loss. Interest on loans is recognized over the terms of the loans and is calculated on outstanding principal. The allowance for credit loss is maintained at an amount that represents management's estimate for losses that may occur during the life of the small business loans through the provision for loan loss charged to changes in net assets.

The allowance for credit losses is an estimate that could change if there are significant changes in the small business loan portfolio and/or economic conditions.

Management uses internally assigned risk classifications as the best indicator of credit quality. Each small business loan's internal risk classification is reviewed quarterly and may be updated more frequently if circumstances warrant a change in risk classification.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Small Business Loans Receivable (Continued)

NCRC CDFI assigns a risk rating to member business loans and periodically performs internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectability of the portfolio. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan.

The risk ratings can be grouped into the following major categories, defined as follows:

Collectible – The small business loan is a strong credit, and sound in every major respect. The prospect for repayment is high.

Satisfactory – The small business loan is sound in every major respect and there are no major concerns regarding an inability to repay the debt.

Monitored– The small business loan requires an increased degree of monitoring, servicing, or technical assistance as result of internal or external changes that, while not affecting collectability of the loan, if not reversed would result in impairment of the asset.

Delinquent – The small business loan is inadequately protected by the current paying capacity of the obligor and a workout plan for repayment is being negotiated.

Default – The small business loan, or a portion thereof, is considered uncollectible and has been written off against the allowance for credit loss.

Allowance for Credit Losses

Effective, January 1, 2023, NCRC has established an allowance for credit losses, which is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the statement of financial position date. Loan losses are charged off against the allowance for credit losses when NCRC CDFI determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses.

Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as current market conditions.

Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by NCRC CDFI.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses (Continued)

The allowance for credit losses estimate incorporates a reasonable and supportable economic forecast. The length of the reasonable and supportable forecast period is evaluated at each reporting period and adjusted if deemed necessary.

Loans are charged off against the allowance for credit losses in the period in which they are deemed uncollectible and recoveries are credited to the allowance for credit losses when received. Expected recoveries on loans previously charged off and expected to be charged-off are included in the allowance for credit losses estimate.

NCRC CDFI's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. NCRC CDFI's historical look–back period includes January 2020 through the current period, on an annual basis. When historical credit loss experience is not sufficient for a specific portfolio, NCRC CDFI may supplement its own portfolio data with external models or data.

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the organization, such as enterprise and concentration management, along with other credit–related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible.

The CECL methodology applied focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses.

NCRC CDFI's CECL estimate applies a forecast that incorporates macroeconomic trends and other environmental factors. The historical loss rate was utilized as the base rate, and qualitative adjustments were utilized to reflect the forecast and other relevant factors.

Although management believes the allowance for credit losses to be adequate, ultimate losses may vary from its estimates. At least quarterly, management reviews the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors.

Prior to the adoption of ASC 326, NCRC CDFI used an incurred loss model to measure an allowance for loan losses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers of Financial Assets and Participating Interests

Transfers of an entire financial asset or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Organization, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Organization does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Property and Equipment

Property and equipment is stated at cost and consists of land, buildings and related improvements, and tenant improvements. All major acquisitions, improvements, and replacements are capitalized and depreciated on the straight-line method over their estimated useful lives, which range from 5 to 39 years. Tenant improvements are capitalized and depreciated on the straight-line method over the lesser of the useful life of the asset or the term of the related tenant lease. Maintenance and repairs that do not improve or extend the lives of property are charged to expense as incurred. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and the resulting gain or loss is included in revenue or expense. NCRC capitalizes property and equipment asset purchases of amounts in excess of $1,500.

Depreciation expense for the years ended December 31, 2023 and 2022, was $2,344,138 and $2,621,592, respectively.

In-Place Lease Value and Amortization

NCRC allocated a portion of the purchase price of the 740 15th Street building to intangible assets. The allocated value of the “in-place” leases is being amortized over the remaining respective lease terms of the acquired leases. Total amortization expense was $393,279 for each of the years ended December 31, 2023 and 2022. As of December 31, 2023, amortization for each of the next five years is $393,279.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Management reviews its long-lived assets, including property, construction in progress and definite lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When recovery is reviewed, management determines whether impairment has occurred by comparing the estimated future undiscounted cash flows of the real estate, including its residual value, to its carrying value. If impairment is indicated, the assets are adjusted to fair value. No impairment loss has been recognized for the years ended December 31, 2023 and 2022.

Escrow Deposits

Escrow deposits represent amounts required by the lenders to be held for tenant improvements. These amounts are held as cash and included in cash, cash equivalents, and restricted cash for purposes of the consolidated statements of cash flows.

Notes Receivable

NCRC CDFI issues notes to affiliates to benefit affordable housing projects. Interest rates on these notes range from 0.25% to 7.25% and repayment terms range from six months to eight years. During the years ended December 31, 2023 and 2022, there were no delinquent notes, measured as those loans whose payment is 90 days past due.

In assessing the risk profile of the notes receivable, the measurement of expected credit losses includes information about historical events, current conditions, and reasonable forecasts. Additionally, NCRC CDFI considers uncertainties regarding potential challenges associated with refinancing the notes payable used to fund the notes. NCRC CDFI has provided a reserve of 5.25% for notes receivable. This reserve allocation reflects NCRC CDFI's commitment to maintaining adequate provisions for potential credit losses while navigating the evolving dynamics of the lending environment.

NY Forward Loan Fund Trust

NCRC CDFI executed a joinder agreement with NY Forward Loan Fund Trust, admitting NCRC CDFI as a Class A lender to a previously established loan and security agreement dated June 19, 2020, for the NY Forward Loan Fund. The joinder agreement provides for NCRC CDFI to loan up to $9,000,000 as funds are requested. All funds requested under this agreement bear interest at a rate of 2% per annum with interest only payments due monthly. The loan fund principal and any unpaid accrued interest is due in full on or before the maturity date of December 18, 2026. NCRC CDFI's participation in the New York Loan Fund did not incur any losses during the years ended December 31, 2023 and 2022. The fund has consistently met its obligations, including the timely payment of principal and interest. In addition, NCRC CDFI considers potential market volatilities and regulatory changes that may impact loan performance. Management believes the notes are fully collectible.

As of December 31, 2023 and 2022, NCRC CDFI's investment in the NY Forward Loan Fund Trust was $3,428,403 and $6,180,083, respectively. Total interest earned was approximately $97,500 and $149,500 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, accrued interest receivable was approximately $6,600 and $7,300, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Investments

NCRC has equity method investments that are recorded under the equity method of accounting in accordance with U.S. GAAP. Equity-method investments are recorded utilizing the carrying value of all stock purchased plus additional paid-in-capital, reduced by dividends and distributions received, and inclusive of any income or loss assigned to the investment.

NCRC assesses the recoverability of its equity investments whenever events or changes in circumstances indicate NCRC may not be able to recover the carrying amount the investment.

Interest Rate Swap Contracts

NCRC utilizes interest rate swaps to reduce interest rate risk on certain notes payable. NCRC does not hold or issue derivative financial instruments for trading purposes. NCRC recognizes the derivative financial instruments as either assets or liabilities in the consolidated statements of financial position and measures those instruments at fair value.

Changes in the fair value of those instruments are reported in the consolidated statement of activities. The accounting for gains and losses associated with changes in the fair value of the derivative and the effect on the consolidated financial statements will depend on its hedge destination and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows of the asset or liability hedged. NCRC does not apply hedge accounting to the interest rate swap.

The components of the interest rate swaps are as follows as of December 31:

	2023	2022
Line of Credit	$ -	$ 248
Building 727 Mortgage Payable	548,322	697,162
Series A Bonds Payable - Taxable	(21,627)	6,172,629
Series B Bonds Payable - Nontaxable	1,739,550	(3,689,887)
Net Swap Asset	$ 2,266,245	$ 3,180,152

Deferred Leasing Costs

Deferred leasing costs, commissions and other direct costs associated with the acquisition of tenants are capitalized and amortized on a straight-line basis over the term of the related leases. Deferred leasing costs as of December 31, 2023 and 2022, were $2,243,543 and $2,368,987, respectively. Amortization expense of deferred leasing costs was $214,984 and $243,046 for the years ended December 31, 2023 and 2022, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Financing Costs

In conjunction with the issuance of the Series A and Series B District of Columbia Revenue Bonds, NCRC incurred financing costs of $2,405,012. Amortization expense for deferred financing costs was $332,752 for the years ended December 31, 2023 and 2022 and is included in interest expense on the accompanying consolidated statements of activities.

Deferred Revenue

Deferred revenue represents advance payments on grants and contracts and cash receipts received for membership dues and conference sponsorship underwriting in advance of the revenue being earned.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions and Grants

Contributions and grants are recognized as without donor restrictions or with donor restrictions support depending on existence and/or nature of donor restrictions and recorded when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received. NCRC reports contributions restricted by donors, that were initially conditional, as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) simultaneous to conditions being met.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (when stipulated time restriction ends or the purpose of the restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. When restrictions expire in the year in which the contributions are recognized, contributions are reported as increases in net assets without donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Federal Awards

The Organization receives grants and contracts from federal, state, and other agencies to be used for specific programs, the majority of which are cost-reimbursable grants. Revenue, including approved indirect cost recovery, is recognized when allowable costs have been incurred. The excess of reimbursable expenditures over cash receipts is included in grants receivable and any excess of cash receipts over reimbursable expenditures is included as refundable advance.

NCRC incurred qualifying direct and indirect costs of $2,780,094 that are recorded with grants receivable as of December 31, 2023. NCRC received cash in excess of qualified subgrant expenses totaling $4,052,225 that are recorded as refundable advance as of December 31, 2023. The total amount remaining on cost reimbursable grants of $13,998,689 has not been recognized as revenue as of December 31, 2023 because qualifying expenditures have not yet been incurred.

Conference Revenue

Conference revenue consists of sponsorship fees and sponsorship revenue. Conference revenues, including sponsorships, are recognized in the period in which the conference is held. The performance obligation for conference registration is admission to the event. Deferred revenue related to the conference was approximately $664,000, $496,000, and $360,000 as of December 31, 2023, 2022, and 2021, respectively.

Rental Revenue

Revenue from lease payments is recognized monthly under the accrual method on a straight-line basis. Lease payments are included in income as rents become due. As of December 31, 2023 and 2022, straight-line base rents in excess of actual tenant billings were classified as deferred rent assets of $7,688,843 and $7,668,174, respectively. Percentage rents are recognized when tenants' sales exceed the applicable threshold stipulated in their lease agreement. Receivables from troubled leases are removed from the portfolio by recording a reduction in revenue.

Operating expense reimbursements are charged to tenants for operating expenses incurred, including common area maintenance, direct billed utilities and maintenance, real estate taxes, and other recoverable costs. These revenues are recognized once the service is performed, utilities are incurred, or the real estate taxes are assessed. Reimbursements for these operating expenses are billed monthly to the tenants with an annual adjustment made in accordance with the respective tenant leases.

The Organization has elected to apply the practical expedient to combine lease and non-lease components identified in lease contracts. Revenue from lease payments includes consideration received for common area maintenance services provided by the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are charged to program services and management and general functions based on direct expenditures incurred. Expenses not directly chargeable to these functional categories are allocated based upon estimates of the resources used in each area. Employee benefits are allocated proportionally based on share of salary expense. Other indirect costs such as rent, telephone, and certain technology, are allocated on a fulltime equivalent basis.

Income Taxes

NCRC and NCRC CDFI have been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The IRS has classified NCRC and NCRC CDFI as other than a private foundation. NCRC and NCRC CDFI have a tax liability relating to unrelated business income activities, primarily from rental income from debt-financed property.

The Organization’s subsidiary, NCRC 740, has elected to be treated as pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its members on their respective income tax returns. The subsidiary’s federal tax status as a pass-through entity is based on its legal status as a limited liability company (LLC) and, as a single-member LLC, is disregarded for income tax purposes.

The Organization’s controlled entity, NCRC Equivico Corp, is a for profit corporation subject to federal and state income taxes. Deferred taxes are provided on a temporary basis arising from assets and liabilities whose bases are different for financial reporting and income tax purposes. NCRC Equivico Corp does not have any significant temporary differences and, therefore, has not recorded any deferred taxes.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

NCRC evaluated its December 31, 2023, consolidated financial statements for subsequent events through May 15, 2024, the date the consolidated financial statements were available to be issued.

NOTE 3 LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and Cash Equivalents	$ 15,759,326	$ 8,652,722
Pledges and Other Receivables, Current Portion	5,758,968	5,712,831
Small Business Loans Receivable, Current Portion	25,910	778,297
Notes Receivable, Current Portion	12,050,000	1,550,000
Investments (Cash and Cash Equivalent)	195,086	351,870
Subtotal	33,789,290	17,045,720
Less: Refundable Advance	4,052,225	-
Less: Notes Payable, Current Portion	3,500,000	1,500,000
Less: Net Assets with Donor Restrictions	8,001,046	11,814,032
Total	$ 18,236,019	$ 3,731,688

As part of NCRC's liquidity management, cash in excess of daily requirements may be held in interest-bearing accounts, short-term investments, CDs, and money market funds. NCRC has two lines of credit secured by investments. One line of credit is secured by investments with a value of $1,213,860, and the second line of credit is secured by investments with a value of $280,245 as of December 31, 2023, which could be drawn upon in the event of an unanticipated liquidity need.

NOTE 4 INVESTMENTS

Investments consist of the following at December 31:

	2023	2022
Cash and Cash Equivalents	$ 195,086	$ 351,870
Certificates of Deposit	42,504	42,504
Common Stock, Options, and EFTs	2,584,094	2,140,557
Mutual Funds	16,648	13,851
Total Investments	$ 2,838,332	$ 2,548,782

NOTE 5 FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of December 31, 2023:

	2023			
Asset Category	Level 1	Level 2	Level 3	Total
Investments:				
Cash	$ -	$ -	$ -	$ 195,086
Stocks, Options, and EFTs	2,584,094	-	-	2,584,094
Mutual Funds - Fixed Income	16,648	-	-	16,648
Certificates of Deposit	-	42,504	-	42,504
Total Investments	$ 2,600,742	$ 42,504	$ -	$ 2,838,332
Interest Rate Swap Assets	$ -	$ 2,266,245	$ -	$ 2,266,245

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of December 31, 2022:

	2022			
Asset Category	Level 1	Level 2	Level 3	Total
Investments:				
Cash	$ -	$ -	$ -	$ 351,870
Stocks, Options, and EFTs	2,140,557	-	-	2,140,557
Mutual Funds - Fixed Income	13,851	-	-	13,851
Certificates of Deposit	-	42,504	-	42,504
Total Investments	$ 2,154,408	$ 42,504	$ -	$ 2,548,782
Interest Rate Swap Assets	$ -	$ 3,180,152	$ -	$ 3,180,152

On a recurring basis, NCRC measures its interest rate swaps (derivative instruments) at their estimated fair value. In determining the fair value of the derivative instruments, NCRC uses the present value of expected cash flows based on the market observable interest rate yield curve commensurate with the term of the instrument. NCRC incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and that of the respective counterparty in the fair value measurement.

The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or NCRC. However, the impact of the credit valuation adjustments was not significant to the overall valuation of the derivative instruments. As a result, the fair value of the derivative instruments are considered to be based primarily on Level 2 inputs.

NOTE 6 PLEDGES AND OTHER RECEIVABLES

Total pledges and other receivables consist as follows:

	2023	2022
Accounts Receivable	$ 713,165	$ 1,391,093
Grants Receivable	7,180,094	9,135,699
Pledges Receivable	-	200,000
Discount on Long-Term Pledges Receivable	(75,000)	(289,172)
Allowance for Bad Debts	(159,291)	(628,391)
Total Pledges and Other Receivables, Net	7,658,968	9,809,229
Less: Current Portion	5,758,968	5,712,831
Long-Term Portion	$ 1,900,000	$ 4,096,398

Accounts receivable are expected to be collected within one year. Pledges and grants receivable are expected to be collected as follows:

Due Within One Year	$ 5,280,094
Due Within Five Years	1,900,000
Total	$ 7,180,094

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE

Small business loans receivable consist of the following at December 31:

	2023	2022
Beginning Balance	$ 3,464,853	$ 3,819,789
New Business Loans	1,596,089	652,200
Principal Payments	(1,395,743)	(1,007,136)
Total Principal Outstanding	3,665,199	3,464,853
Allowance for Loan Losses	(312,045)	(240,672)
Total Principal Outstanding	$ 3,353,154	$ 3,224,181

Loans are collateralized by a variety of business assets, future revenue streams, and other guarantees of the borrowers. Interest rates on the small business loans range from 3.00% to 7.75%. NCRC CDFI elected to exclude accrued interest receivable from the amortized cost basis of loans. Total interest earned on the outstanding small business loans was approximately $243,500 and $106,000 for the years ended December 31, 2023 and 2022, respectively. Accrued interest receivable on the outstanding small business loans was approximately $32,700 and $17,400 for the years ended December 31, 2023 and 2022, respectively.

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE (CONTINUED)

A summary of the activity in the allowance for credit losses and credit losses for the years ended December 31, 2023 and 2022, respectively, are as follows. NCRC CDFI adopted CECL as of January 1, 2023. The prior year amounts presented are calculated under the prior accounting standard.

	2023	2022
Beginning Balance	$ 240,672	$ 240,746
Write-Offs	-	-
Adoption of CECL	76,000	-
Provision for Credit Losses	(4,627)	(74)
Ending Balance	$ 312,045	$ 240,672

The provision for credit losses is determined by NCRC CDFI as the amount to be added to the allowance for credit losses for loans after net charge-offs have been deducted to bring the allowance to a level that, in management's judgment, is necessary to absorb expected credit losses over the lives of the respective financial instruments.

Annual maturities of the small business loans receivable are as follows:

Year Ending December 31,	Amount
2024	$ 23,686
2025	8,896
2026	1,318,841
2027	1,154,123
2028	465,204
Thereafter	694,449
Total	$ 3,665,199

The following table provides an analysis of the aging of small business loans receivable as of December 31, 2023 and 2022:

	2023	2022
Current	$ 2,786,222	$ 3,464,853
31-60 days	135,400	-
61-90 days	387,143	-
Greater than 90 days	356,434	-
Total	$ 3,665,199	$ 3,464,853

Small business loans receivable by risk classification is as follows as of December 31:

	2023	2022
Collectible	$ -	$ -
Satisfactory	2,634,234	3,459,853
Monitored	619,264	-
Delinquent	407,685	5,000
Default	4,016	-
Total	$ 3,665,199	$ 3,464,853

NOTE 8 NOTES RECEIVABLE

Notes receivable consist of the following as of December 31:

	Maturity Date	Interest Rate	2023	2022
Note Receivable from Affiliates:				
NCRC Housing Rehab Fund LLC	** 12/31/27	0.5%-6.75%	$ 36,550,000	$ 36,550,000
NCRC Development Corp.	** 12/31/27	0.5%	5,500,000	5,500,000
NCRC Development Corp.	12/24/32	0.95%	493,501	800,000
NCRC Holding, LLC	12/31/27	0.5%	1,700,000	1,700,000
Growth Briarwood Atlanta	10/10/25	6.0%	2,000,000	-
Growth Briarwood Dallas	12/30/29	SOFR+3.75%	1,790,000	-
Equivico, LLC	3/31/28	7.5%	-	500,000
Subtotal			48,033,501	45,050,000
Loan Loss Reserve			(2,544,188)	-
Total Notes Receivable			$ 45,489,313	$ 45,050,000

** Notes receivables have varying maturity dates through December 31, 2027.

Interest earned on the notes receivable totaled approximately $1,440,000 and $1,163,000 for the years ended December 31, 2023 and 2022, respectively. Accrued interest receivable totaled approximately $152,000 and $96,000 as of December 31, 2023 and 2022, respectively.

Annual maturities of the notes receivable are as follows:

Year Ending December 31,	Amount
2024	$ 12,050,000
2025	18,840,000
2026	9,550,000
2027	7,300,000
2028	50,000
Thereafter	243,501
Total	$ 48,033,501

Subsequent to year-end, $1,500,000 of notes maturing in 2024 were extended to 2025.

NOTE 9 OTHER INVESTMENTS

Other investments consist of the following at December 31:

	2023	2022
NCRC Equivico Fund LP	$ 1,148,750	$ 1,188,391
NCRC Equivico GP LLC	65,000	-
NCRC Development Corporation	-	-
5X-CDF, LLC	245,323	-
Total	$ 1,459,073	$ 1,188,391

<u>NCRC Development Corporation</u>

NCRC invested $2,500,000 in NCRC Development Corporation (Development Corp) in 2014. NCRC is the sole member of Development Corp but does not exercise control over the entity. The net loss in Development Corp for the years ended December 31, 2023 and 2022 was $582,051 and $237,086, respectively. NCRC is not required to fund ongoing losses in Development Corp, and as such the net investment balance is $-0- as of December 31, 2023 and 2022.

<u>NCRC Equivico Fund LP</u>

NCRC Equivico Corp invested $1,300,000 in NCRC Equivico Fund LP during the year ended December 31, 2022. During 2023 and 2022, NCRC Equivico Fund LP experienced losses which were fully allocated to its limited partners. NCRC Equivico Corp's share of this loss was $39,639 and $111,609 for the years ended December 31, 2023 and 2022, respectively. The total investment in NCRC Equivico Fund LP as of December 31, 2023 and 2022 was $1,148,752 and 1,188,391, respectively. Subsequent to year-end, NCRC Equivico Fund LP dissolved. The distribution of any remaining assets has yet to be completed.

<u>NCRC Equivico GP LLC</u>

NCRC Equivico GP LLC, a Delaware limited partnership, was created in 2021 as the general partner in NCRC Equivico Fund LP. NCRC Equivico Corp invested $65,000 in NCRC Equivico GP LLC during the year ended December 31, 2023. There has been minimal activity in NCRC Equivico GP LLC since inception and no gain or loss has been recorded for the years ended December 31, 2023 and 2022. The total investment in NCRC Equivico Fund GP LLC as of December 31, 2023 and 2022 was $65,000 and $-0-, respectively.

<u>5X-CDF LLC</u>

5X-CDF LLC, a Delaware limited liability Organization, was created in 2023 for the purpose of creating a technology platform for the CDF lending process. NCRC CDFI invested $245,323 in 5X-CDF, LLC during the year ended December 31, 2023. Subsequent to year-end, NCRC CDFI received additional capital calls from 5X-CDF, LLC totaling $65,286. NCRC CDFI also utilizes the loan processing services of 5X-CDF, LLC. Amounts paid for loan processing services totaled $30,000 and $-0- for the years ended December 2023 and 2022.

NOTE 10 DEFERRED REVENUE AND PREPAID RENT

As of December 31, deferred revenue and prepaid rent consists of the following:

	2023	2022
Conference Sponsorship	$ 664,094	$ 495,770
Membership	96,688	107,113
Prepaid Tenant Rent	336,977	111,312
Other	-	46,476
Total	$ 1,097,759	$ 760,671

NOTE 11 LINES OF CREDIT

Wells Fargo

NCRC has two lines of credit from Wells Fargo Financial Institution for general working capital, which are collateralized by certain investment accounts. The lines have variable interest rates per the terms of the agreements (3.00% as of December 31, 2023). The maximum amount available to draw upon varies depending on the current balance in the collateral accounts. The balance in the collateral accounts as of December 31, 2023, was $1,494,105. The lines renew annually until terminated by either party. Interest expense in 2023 and 2022 was approximately $22,500 and $34,000, respectively.

Huntington Bank

NCRC had a commercial revolving note from Huntington National Bank for $1,000,000 that matured on March 31, 2023. Interest accrued on the unpaid principal sum until paid at a variable rate of interest per annum equal to 3.25% in excess of the LIBOR rate. The outstanding principal balance of the loan and all accrued unpaid interest and other charges was paid in full on the maturity date. Interest expense in 2023 and 2022 was approximately $11,500 and $25,000, respectively.

NOTE 12 OTHER SECURED BORROWING

During the year ended December 31, 2023, NCRC CDFI entered into a secured borrowing agreement with a financial institution. The agreement allows the financial institution to share in the principal and interest payments of certain small business loans receivable, except in the event of default. The secured borrowing is collateralized by the underlying business assets of each individual small business loan receivable. NCRC CDFI continues to perform all loan servicing functions on the small business loans. Total small business loans subject to the secured borrowing totaled $1,664,006 and the secured borrowing related to these loans totaled $858,988 as of December 31, 2023. Both the secured borrowing and related small business loans mature at various dates through 2029.

NOTE 13 NOTES PAYABLE

As of December 31, notes payable consists of the following:

	2023	2022
Cathay Bank	$ 1,500,000	$ 1,500,000
Citizens Bank	3,000,000	3,000,000
Compass Bank	1,500,000	1,500,000
Fifth Third	3,500,000	3,500,000
First Financial	1,500,000	1,500,000
Iberia Bank	10,000,000	10,000,000
PNC Bank	1,790,000	-
Regions Bank	10,000,000	10,000,000
Sunflower Bank	3,000,000	3,000,000
Truist Bank	2,000,000	-
Valley National Bank	2,000,000	2,000,000
Total	$ 39,790,000	$ 36,000,000

Cathay Bank

NCRC CDFI received an equity equivalent investment in the form of a $1,500,000 unsecured loan from Cathay Bank. The purpose of the investment is to provide financing for the NCRC Housing Rehab Fund LLC to acquire, renovate, and lease or sell affordable single-family housing to low- and moderate-income families and/or in low and moderate income neighborhoods in Cathay Bank's service area. The loan is due on December 22, 2027, with the option at Cathay Bank's discretion to extend for one-year (or more) terms subsequent to the initial term. Interest is payable quarterly on the outstanding principal balance at a 2% fixed rate. Interest expense was approximately $30,000 for the years ended December 31, 2023 and 2022.

Citizens Bank

NCRC CDFI received an equity equivalent investment in the form of a $3,000,000 unsecured loan from Citizens Bank. The purpose of the investment is to provide financing to NCRC Housing Rehab Fund to acquire, renovate, and lease or sell affordable single-family housing to low- and moderate-income families and/or in low and moderate income neighborhoods in Citizens Bank's service area. The loan is due on August 20, 2026, with three one-year automatic renewals with an option for either party to opt out of the renewals. Interest is payable semi-annually on the outstanding principal balance at a 2% fixed rate. Interest expense was approximately $60,000 for the years ended December 31, 2023 and 2022.

Compass Bank

NCRC CDFI received an equity equivalent investment in the form of a $1,500,000 unsecured loan from Compass Bank/BBVA (PNC Bank). The objective of this loan is to provide funding to promote public welfare in certain targeted neighborhoods. The loan is due on September 30, 2026, with automatic annual extensions thereafter provided the requirements of the agreement are met. Interest is payable quarterly on the outstanding principal balance at a 2% fixed rate. Interest expense was approximately $30,000 for the years ended December 31, 2023 and 2022.

NOTE 13 NOTES PAYABLE (CONTINUED)

Fifth Third Community Development Organization

NCRC CDFI received an equity equivalent investment agreement with Fifth Third Community Development Organization for $3,500,000. The principal is due on February 1, 2029. Interest is payable quarterly on the outstanding balance at a fixed rate of 3%. Interest expense was approximately $105,000 for the years ended December 31, 2023 and 2022.

First Financial Bank

NCRC CDFI entered into a loan agreement and revolving note with First Financial Bank for an unsecured revolving line of credit with a maximum borrowing of $1,500,000. NCRC CDFI shall use the loan funds as specified in the loan agreement for acquisition and renovation of affordable single-family housing for lease or sale. The loan is due on June 1, 2024, with the option to extend for an additional one-year term. Interest is payable quarterly on the outstanding loan balance at a fixed rate of 2.50%. Interest expense was approximately $38,000 for the years ended December 31, 2023 and 2022.

Iberia Bank

NCRC CDFI obtained an unsecured promissory note with Iberia Bank for a nonrevolving line of credit of $5,000,000 that was increased to $10,000,000 on September 29, 2017. The purpose of the promissory note was to provide capital to NCRC Housing Rehab Fund LLC to support the acquisition, renovation and lease and/or sale of affordable single-family housing that will be targeted to and benefit low to moderate residents located in Iberia Bank's assessment areas in the states of Florida, Georgia, Louisiana, and Alabama. The loan is due on September 25, 2025, with interest payable quarterly on the outstanding principal balance at a 3% fixed rate. Subsequent to year-end, the loan's maturity was extended to September 25, 2027. Interest expense was approximately $300,000 for the years ended December 31, 2023 and 2022, respectively.

PNC Bank – Convertible Note

On October 10, 2023 NCRC CDFI signed a loan agreement and revolving note with PNC Bank for an unsecured revolving line of credit of $3,000,000. During the year ended December 31, 2023, NCRC CDFI withdrew $1,790,000 on this line of credit. The balance outstanding on the line will convert to a term note in October 2025, at a fixed rate as defined in the note agreement at the time of the conversion. The principal is due on October 10, 2028. Interest through October 2025 is payable monthly on the outstanding balance at a floating rate of SOFR +0.75% per annum. Interest expense was approximately $10,000 and $-0- for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 NOTES PAYABLE (CONTINUED)

Regions Bank

NCRC CDFI signed a promissory note with Regions Bank for a revolving line of credit of $5,000,000. This promissory note was accompanied by a security agreement, which secured the promissory note with all inventory, accounts, equipment, general intangibles and fixtures on NCRC CDFI. The security agreement was terminated during the year ended December 31, 2023. The loan is due on demand, or, if no demand is made prior, on the maturity date of April 1, 2024. Subsequent to year-end, the maturity date was extended to June 18, 2026. Interest is payable monthly on the outstanding loan balance. The interest rate is based on the "Prime Rate of the Lender," (as defined in the promissory note, the "Index"), less 2.25%. The interest rate in effect at December 31, 2023, was 6.25%.

NCRC CDFI obtained a second promissory note with Regions Bank for a revolving line of credit of $5,000,000 secured by all inventory, accounts equipment, general intangibles, and fixtures. The loan is due on demand or if no demand is made prior, on the extended maturity date of June 18, 2026. Interest is payable monthly on the outstanding loan balance at a fixed rate of 2.25%.

Interest expense was approximately $425,000 and $246,500 for the years ended December 31, 2023 and 2022, respectively.

Sunflower Bank

NCRC CDFI signed a loan agreement and revolving note with Sunflower Bank for an unsecured revolving line of credit of $3,000,000. The loan is due on July 29, 2027, with two options to extend for a one-year period each extension. Interest is payable quarterly on the outstanding loan balance at a 3% fixed rate. During the year ended December 31, 2022, NCRC CDFI withdrew the entire $3,000,000 on this revolving line of credit. Interest expense was approximately $90,000 and $39,000 for the years ended December 31, 2023 and 2022, respectively.

Truist Bank

NCRC CDFI signed a loan agreement and revolving note with Truist Bank for an unsecured revolving line of credit of $5,000,000. The loan is due on December 30, 2029. Interest is payable monthly on the outstanding loan balance at a 4% fixed rate. During the year ended December 31, 2023, NCRC CDFI withdrew $2,000,000 on this line of credit. Interest expense was approximately $2,800 and $-0- for the years ended December 31, 2023 and 2022, respectively.

Valley National

NCRC CDFI signed a loan agreement and revolving note with Valley National Bank for an unsecured revolving line of credit of $2,000,000. The loan is due on July 30, 2025, with the option to extend to July 30, 2026. Interest is payable monthly on the outstanding loan balance at a 3% fixed rate. During the year ended December 31, 2021, NCRC CDFI withdrew the entire $2,000,000 on this revolving line of credit. Interest expense was approximately $60,000 for the years ended December 31, 2023 and 2022. Subsequent to December 31, 2023, the outstanding loan balance was repaid in full and has been included with annual maturities due in 2024.

NOTE 13 NOTES PAYABLE (CONTINUED)

Valley National (Continued)

Annual maturities of notes payable are as follows:

Year Ending December 31,	Amount
2024	$ 3,500,000
2025	-
2026	14,500,000
2027	14,500,000
2028	1,790,000
Thereafter	5,500,000
Total	$ 39,790,000

NOTE 14 MORTGAGE AND BONDS PAYABLE

The balance of the mortgage and bonds payable are as follows as of December 31:

	2023	2022
Series 2018A	$ 66,051,033	$ 67,501,683
Series 2018B	21,574,609	21,978,246
Huntington Bank	11,551,968	11,832,560
Less: Deferred Financing Costs, Net	598,854	931,606
Total	$ 98,578,756	$ 100,380,883

Building 727 15th Street, NW, Washington, DC

NCRC entered into a loan agreement with Huntington National Bank in the amount of $13,180,000. The loan matures on June 1, 2027. The principal balance is due and payable in 120 consecutive monthly installments, beginning July 1, 2017. The unrepaid advances of the principal sum bear interest at a rate of 1.85% per annum plus SOFR rate (5.97% as of December 31, 2023). Accrued interest is due and payable on the same dates as installments of the principal balance. Interest expense for the years ended December 31, 2023 and 2022 was $501,931 and $513,721, respectively.

The credit agreement contains financial covenants requiring the Organization to achieve certain minimum performance levels. As of December 31, 2023, the Organization was in compliance with these covenants.

Building 740 15th Street, NW, Washington, DC

NCRC and NCRC 740 jointly entered into a credit agreement with Huntington National Bank as the agent for a consortium of lenders. The lenders consist of Huntington National Bank, EagleBank, First National Bank of Pennsylvania, Fifth Third Bank, Fifth Third Commercial Funding, Inc., and TD Bank. Under the credit agreement, the lenders commit to a purchase of $95,000,000 in District of Columbia revenue bonds consisting of $71,840,000 in Series 2018A tax-exempt bonds and $23,160,000 in Series 2018B taxable bonds.

NOTE 14 MORTGAGE AND BONDS PAYABLE (CONTINUED)

Building 740 15th Street, NW, Washington, DC (Continued)

The Series 2018A bond bears interest at a rate of SOFR plus 2.0%, multiplied by 79%, per annum. The interest rate at December 31, 2023, was approximately 5.93%. The Series 2018B bond bears interest at a rate of SOFR plus 2.0% per annum. The interest rate at December 31, 2023, was approximately 7.5%. The bonds mature on August 30, 2025 and are secured by substantially all assets of NCRC 740 and its parent, NCRC. Interest expense for the years ended December 31, 2023 and 2022 was $3,727,204 and $3,804,434, respectively.

The credit agreement contains financial covenants requiring the Organization to achieve certain minimum performance levels. As of December 31, 2023, the Organization was in compliance with these covenants.

Below is the schedule of future principal payments:

Year Ending December 31,	2018A	2018B	Huntington	Total
2024	$ 1,508,999	$ 424,161	$ 292,752	$ 2,225,912
2025	64,542,034	21,150,448	305,440	85,997,922
2026	-	-	318,677	318,677
2027	-	-	10,635,099	10,635,099
Total	$ 66,051,033	$ 21,574,609	$ 11,551,968	$ 99,177,610

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2023	2022
Coalition Building	$ 7,004,876	$ 7,192,217
Member Capacity Building	996,170	3,838,250
Small Business Lending	-	131,632
Time Restricted Operating Support	-	651,933
Total	$ 8,001,046	$ 11,814,032

The following net assets were released from donor restrictions by incurring expenses or through the passage of time, which satisfied the restricted purposes specified by the donors during the years ended December 31:

	2023	2022
Coalition Building	$ 1,687,341	$ 1,878,696
Member Capacity Building	3,592,080	1,131,212
Small Business Lending and Support	131,632	3,329,015
Time Restricted Operating Support	651,933	1,513,134
Total	$ 6,062,986	$ 7,852,057

NOTE 16 EMPLOYEE BENEFITS

NCRC has a defined-contribution plan covering substantially all employees. Contributions are made by NCRC at the rate of 7% of an employee's salary. In order to participate in the plan, an employee must have 90 days of service beginning on the date of hire and have at least 1,000 hours of service. Total pension expense, net of forfeitures, was $422,033 and $382,218 for the years ended December 31, 2023 and 2022, respectively.

NCRC also maintains a nonqualified Section 457(b) deferred compensation plan allowing certain executives to elect to defer compensation up to the maximum allowed under IRS regulations. Contributions are made by NCRC at the rate of 3% of an employee's salary. Total contributions to the plan for the years ended December 31, 2023 and 2022 were $39,851 and $20,500, respectively.

NOTE 17 COMMITMENTS

Operating Leases

NCRC and Affiliates lease office space to unrelated businesses and other nonprofit organizations with initial expiration dates ranging through 2032. The lease agreements range from 5 to 15 years depending on the tenants. The minimum future cash rents receivable under noncancellable operating leases (excluding tenant reimbursements) in each of the next five years and thereafter are as follows:

Year Ending December 31,	NCRC	740	Total
2024	$ 1,098,241	$ 6,840,347	$ 7,938,588
2025	963,209	6,539,949	7,503,158
2026	765,757	6,674,122	7,439,879
2027	499,948	6,832,457	7,332,405
2028	359,636	6,967,837	7,327,473
Thereafter	150,763	26,220,701	26,371,464
Total	$ 3,837,554	$ 60,075,413	$ 63,912,967

Property Management Services

The Organization engages a third-party property manager to perform property management services and accounting services. The property management fees are based on a percentage of revenue earned by the Organization. The agreement renews automatically for successive periods of one year through August 31, 2026.

Hotel Contracts

NCRC has entered into hotel contracts and event planning services related to its annual conference through 2025. Hotel and event planning costs are recorded as expenses in the year in which the conference occurs. If the conference is cancelled before the event occurs, NCRC may be liable for certain amounts depending on the timing of the cancellation. The maximum liability under these contracts as of December 31, 2023 was approximately $896,000.

NOTE 17 COMMITMENTS (CONTINUED)

Consulting Agreement

The Organization has a consulting agreement with the former President and CEO. The agreement includes retaining the former President and CEO as a nonemployee consultant for a fixed cost of $170,000 annually, over a 36-month period which began in August 2021. As of December 31, 2023 and 2022, the amount payable to the individual for services rendered was $56,667 and $-0-, respectively, and has been included with accounts payable and accrued expenses on the accompanying consolidated statement of financial position.

NOTE 18 CONCENTRATIONS

Concentration of Cash

NCRC maintains its cash in financial institutions. At times, these balances may exceed the federal insurance limits; however, NCRC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2023.

Concentration of Credit Risk

NCRC generally does not require collateral or other security from tenants, other than security deposits or letters of credit. However, since concentration of rental revenue from certain tenants exists, the inability of those tenants to make their payments could have an adverse effect on NCRC.

Concentration of Major Tenants – Building at 740 15th Street

Three tenants occupied approximately 55% of the square footage of the building at 740 15th Street, which accounts for approximately 50% of the building's base rental income for the years ended December 31, 2023. Four tenants occupied approximately 79% of the square footage of the building at 740 15th Street, which accounts for approximately 82% of the building's base rental income for the year ended December 31, 2022.

Concentration of Revenue

Three grantors contributed a total of $2,000,000 representing 50% of total contributions and grants revenue as of December 31, 2023. Two grantors contributed a total of $6,250,000 representing 63% of total contributions and grants revenue as of December 31, 2022.

Concentration of Receivables

Four grantors with grants receivable totaling $3,800,000 represent 86% of total pledges and other receivables as of December 31, 2023. Two grantors with grants receivable totaling $5,000,000 represent 54% of total pledges and other receivables as of December 31, 2022.

Two small business loan recipients comprised $752,429 or 22% of total small business loans receivable principal outstanding as of December 31, 2023. Three small business loan recipients comprised $1,225,889 or 35% of total small business loans receivable principal outstanding as of December 31, 2022.

NOTE 18 CONCENTRATIONS (CONTINUED)

Economic Dependency

NCRC's principal assets are property located in Washington, D.C. Future operations could be affected by changes in the economy or other conditions in that geographic area.

NOTE 19 RELATED PARTY TRANSACTIONS

Entities related to NCRC include the following:

NCRC Development Corporation – NCRC Development Corporation is wholly owned but not controlled by NCRC. NCRC and NCRC CDFI have provided promissory notes to NCRC Development Corporation to support the operations of NCRC Housing Rehab Fund LLC as disclosed in Note 8 – Notes Receivable.

NCRC Holding LLC – NCRC Holding LLC is a wholly owned subsidiary of NCRC Development Corporation. NCRC CDFI has provided promissory notes to NCRC Holding LLC supporting low- and moderate-income housing in Washington DC as disclosed in Note 8 – Notes Receivable.

NCRC Housing Rehab Fund LLC – The General Partner of this fund is NCRC Development Corp (which currently owns 10.3% of the fund). NCRC Housing Rehab Fund LLC (NCRC HRF) is an investment fund that acquires, owns, manages, renovates, and sells investments in single family residential houses in low- and moderate-income neighborhoods. NCRC CDFI has provided promissory notes to NCRC Housing Rehab Fund LLC supporting program activities as disclosed in Note 8 – Notes Receivable.

727 Management Organization, LLC – 727 Management Organization, LLC is the Fund Manager for NCRC Housing Rehab Fund LLC and previously provided management services for NCRC's buildings. Its sole member and President holds the position of Executive Director of NCRC Development Corporation and Manager of NCRC Housing Rehab Fund, LLC, pursuant to administrative service agreements regulating those relationships.

Growth Builders, L.L.C. – Growth Builders, L.L.C. is a wholly owned subsidiary of NCRC Housing Rehab Fund LLC that provided professional staffing to NCRC CDFI on a cost reimbursement basis through December 31, 2023.

Growth Briarwood Atlanta and Growth Briarwood Dallas – Growth Briarwood Atlanta and Growth Briarwood Dallas are wholly owned special project subsidiaries of NCRC Housing Rehab Fund, LLC. NCRC CDFI has provided promissory notes to these entities to support low and moderate income housing in Atlanta, GA and Dallas, TX as disclosed in Note 8.

Americans for a Fair Deal –Americans for a Fair Deal (AFD), is a nonprofit corporation that operates exclusively as a social welfare organization. Its sole member is also the board chair for NCRC Development Corporation and board chair for NCRC Equivico Fund LP.

NOTE 19 RELATED PARTY TRANSACTIONS (CONTINUED)

Excluding amounts disclosed in Note 8 – Notes Receivable, below is a summary of transactions with and balances (due from) or owed to NCRC from related parties as of December 31:

	2023	2022
727 Management Company, LLC	$ (29,500)	$ (343,350)
NCRC Development Corporation	80,053	468,547
Growth Builders L.L.C.	(64,445)	(64,468)
Housing Rehab Fund LLC	-	(905,869)
Net Due to Affiliates	$ (13,892)	$ (845,140)

727 Management Organization, LLC

727 Management Organization, LLC provided services in years prior to 2022. At December 31, 2023 and 2022, amounts due to 727 Management Organization, LLC totaled $29,500 and 343,350, respectively.

NCRC Development Corp.

During the years ended December 31, 2023 and 2022, NCRC incurred operating expenses on behalf of NCRC Development Corp. amounting to $89,313 and $133,539, respectively. As of December 31, 2023 and 2022, the net amount owed from NCRC Development Corp. was $-0- and $388,494, respectively.

As of December 31, 2023 and 2022, NCRC Development Corp. owed NCRC CDFI $80,053 for interest accrued on funding made and repaid in years prior to 2019.

Growth Builders, L.L.C.

During the years ended December 31, 2023 and 2022, Growth Builders, L.L.C. provided professional staffing to NCRC CDFI, on a cost reimbursement basis, amounting to $25,177 and $20,187, respectively. The total balance owed to Growth Builders, L.L.C. was $64,445 and $64,468 as of December 31, 2023 and 2022, respectively.

Housing Rehab Fund LLC

NCRC Housing Rehab Fund LLC (HRF) incurred operating expenses on behalf of NCRC and NCRC CDFI for a total amount of $-0- and $290,927 during the years ended December 31, 2023 and 2022, respectively. NCRC and NCRC CDFI reimburse these expenses to HRF. As of December 31, 2023 and 2022, there was an outstanding balance of $-0- and $905,869, respectively.

Americans for a Fair Deal

During the years ended December 31, 2023 and 2022, NCRC awarded a grant to Americans for a Fair Deal amounting to $1,000,000 and $-0-, respectively.

NOTE 20 CONTINGENCIES

Grants and Contributions

NCRC receives substantial funding from corporation, private foundations and federal government grants and contracts. These grants and contracts are subject to audits by the respective grantors. NCRC's management does not expect any significant adjustments to the financial statements as a result of such audits, should they occur.

Legal Issues

The Organization may, from time to time, be involved in various legal and administrative proceedings and claims arising in the ordinary course of business. The ultimate resolution of such claims, if any, would not, in the opinion of management, have a material effect on the Organization's consolidated financial position or the consolidated statement of activities.

Real Estate Tax Exemption

NCRC 740 is exempt from certain real estate taxes beginning July 1, 2016, pursuant to Chapter 10 of Title 47 of the District of Columbia Official Code contingent on NCRC, its subsidiaries, and its affiliates investing over a 10-year period $10,000,000 in affordable housing and $1,500,000 in the development of entrepreneurship. Management has determined the likelihood of satisfying these achievements is probable and as such no contingent liability for exempt real estate taxes has been recorded in the consolidated financial statements.

Risks and Uncertainties

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of the financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects.

As disclosed in Note 14, NCRC and NCRC CDFI maintains cash deposits in excess of federally insured limits. In addition, NCRC CDFI has a concentration of small business loans among three loan recipients as of December 31, 2022. As a result, NCRC and NCRC CDFI are exposed to the risk of loss if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2022)
(SEE INDEPENDENT AUDITORS' REPORT)

	NCRC				Affiliates			Consolidated
	NCRC	NCRC 740	Eliminations	Consolidated	NCRC CDFI	NCRC Equivico	Eliminations	2023
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	$ 2,327,603	$ 1,528,235	$ -	$ 3,855,838	$ 11,902,659	$ 829	$ -	$ 15,759,326
Investments	2,838,332	-	-	2,838,332	-	-	-	2,838,332
Pledges and Other Receivables, Current Portion, Net	3,653,225	59,051	-	3,712,276	2,046,692	-	-	5,758,968
Small Business Loans Receivable, Current Portion, Net	-	-	-	-	25,910	-	-	25,910
Notes Receivable, Current Portion, Net	50,000	-	-	50,000	12,000,000	-	-	12,050,000
Due from Affiliates	415,248	1,092,974	(1,092,974)	415,248	-	-	(415,248)	-
Prepaid Expenses and Other Assets	117,650	38,623	-	156,273	553	-	-	156,826
Total Current Assets	9,402,058	2,718,883	(1,092,974)	11,027,967	25,975,814	829	(415,248)	36,589,362
PROPERTY AND EQUIPMENT								
Land	1,337,306	27,741,276	-	29,078,582	-	-	-	29,078,582
Building	8,456,922	48,901,882	-	57,358,804	-	-	-	57,358,804
In-Place Leases	-	5,660,916	-	5,660,916	-	-	-	5,660,916
Building Improvements	1,807,598	1,288,990	-	3,096,588	-	-	-	3,096,588
Tenant Improvements	588,375	7,669,049	-	8,257,424	-	-	-	8,257,424
Furniture, Equipment and Software	742,509	-	-	742,509	-	-	-	742,509
Total	12,932,710	91,262,113	-	104,194,823	-	-	-	104,194,823
Less: Accumulated Depreciation	(6,300,655)	(16,605,512)	-	(22,906,167)	-	-	-	(22,906,167)
Property and Equipment, Net	6,632,055	74,656,601	-	81,288,656	-	-	-	81,288,656
OTHER ASSETS								
Escrow Deposits	1,230,860	2,093,647	-	3,324,507	-	-	-	3,324,507
Pledges and Other Receivables, Less Current Portion, Net	1,900,000	-	-	1,900,000	-	-	-	1,900,000
Small Business Loans Receivable, Less Current Portion, Net	-	-	-	-	3,327,244			3,327,244
Notes Receivable, Less Current Portion	418,813	-	-	418,813	33,020,500	-	-	33,439,313
NY Forward Loan Fund Trust Receivable	-	-	-	-	3,428,403	-	-	3,428,403
Other Investments	1,918,386	-	(2,068,807)	(150,421)	1,545,573	1,213,752	(1,149,831)	1,459,073
Interest Rate Swap	548,322	1,717,923	-	2,266,245	-	-	-	2,266,245
Right of Use Asset	16,496,321	-	(16,496,321)	-			-	-
Deferred Rent Assets	388,489	8,211,780	(911,426)	7,688,843	-	-	-	7,688,843
Deferred Leasing Costs, Net	175,110	1,132,758	-	1,307,868	-	-	-	1,307,868
Total Other Assets	23,076,301	13,156,108	(19,476,554)	16,755,855	41,321,720	1,213,752	(1,149,831)	58,141,496
Total Assets	$ 39,110,414	$ 90,531,592	$ (20,569,528)	$ 109,072,478	$ 67,297,534	$ 1,214,581	$ (1,565,079)	$ 176,019,514
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Expenses	$ 3,059,763	$ 867,954	$ -	$ 3,927,717	$ 79,701	$ -	$ -	$ 4,007,418
Deferred Revenue and Prepaid Rent	850,607	247,152	-	1,097,759	-	-	-	1,097,759
Lines of Credit	1,029,338	-	-	1,029,338	-	-	-	1,029,338
Due to Affiliates	1,122,474	-	(1,092,974)	29,500	334,890	64,750	(415,248)	13,892
Refundable Advance	103,410	-	-	103,410	3,948,815	-	-	4,052,225
Notes Payable, Current Portion and Lines of Credit	-	-	-	-	3,500,000	-	-	3,500,000
Mortgages and Bonds Payable, Current Portion	292,752	1,933,160	-	2,225,912	-	-	-	2,225,912
Total Current Liabilities	6,458,344	3,048,266	(1,092,974)	8,413,636	7,863,406	64,750	(415,248)	15,926,544
LONG-TERM LIABILITIES								
Right of Use Liability	17,407,747	-	(17,407,747)	-	-	-	-	-
Tenant Security Deposits and Refunds	116,798	234,463	-	351,261	-	-	-	351,261
Other Secured Borrowing	-	-	-	-	858,988	-	-	858,988
Notes Payable, Less Current Portion	-	-	-	-	36,290,000	-	-	36,290,000
Mortgage and Bonds Payable, Less Current Portion	11,172,788	85,180,056	-	96,352,844	-	-	-	96,352,844
Total Long-Term Liabilities	28,697,333	85,414,519	(17,407,747)	96,704,105	37,148,988	-	-	133,853,093
Total Liabilities	35,155,677	88,462,785	(18,500,721)	105,117,741	45,012,394	64,750	(415,248)	149,779,637
NET ASSETS								
Without Donor Restrictions	(4,046,309)	2,068,807	(2,068,807)	(4,046,309)	22,285,140	1,149,831	(1,149,831)	18,238,831
With Donor Restrictions	8,001,046	-	-	8,001,046	-	-	-	8,001,046
Total Net Assets	3,954,737	2,068,807	(2,068,807)	3,954,737	22,285,140	1,149,831	(1,149,831)	26,239,877
Total Liabilities and Net Assets	$ 39,110,414	$ 90,531,592	$ (20,569,528)	$ 109,072,478	$ 67,297,534	$ 1,214,581	$ (1,565,079)	$ 176,019,514

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2022)
(SEE INDEPENDENT AUDITORS' REPORT)

	NCRC					Affiliates				
	NCRC Without Donor Restrictions	NCRC With Donor Restrictions	NCRC 740	Eliminations	NCRC Consolidated	NCRC CDFI Without Donor Restrictions	NCRC CDFI With Donor Restrictions	NCRC Equivico Without Donor Restrictions	Eliminations	Consolidated 2023
REVENUE										
Contributions and Grants	$ 3,557,607	$ 2,250,000	$ -	$ -	$ 5,807,607	$ 15,000	$ -	$ -	$ (1,000,000)	$ 4,822,607
Federal Awards	2,142,891	-	-	-	2,142,891	161,954,918	-	-	-	164,097,809
Membership and Corporate Dues	248,051	-	-	-	248,051	-	-	-	-	248,051
Conferences	5,063,548	-	-	-	5,063,548	-	-	-	-	5,063,548
Interest Income	119,207	-	67,104	-	186,311	2,655,839	-	37,500	-	2,879,650
Rental Income	1,535,642	-	9,382,499	(1,446,935)	9,471,206	-	-	-	-	9,471,206
Other Income	345,270	-	2,908	-	348,178	48,350	-	-	-	396,528
Investment Income (Loss), Net	217,538	-	-	-	217,538	-	-	-	-	217,538
Intercompany Income	1,092,438	-	-	(1,092,438)	-	-	-	-	-	-
Net Assets Released from Restrictions	5,931,354	(5,931,354)	-	-	-	131,632	(131,632)	-	-	-
Total Revenue	20,253,546	(3,681,354)	9,452,511	(2,539,373)	23,485,330	164,805,739	(131,632)	37,500	(1,000,000)	187,196,937
EXPENSES										
Program Expenses:										
Coalition Building	4,718,756	-	-	(595,414)	4,123,342	-	-	-	-	4,123,342
Member Capacity Building	7,047,573	-	-	(347,349)	6,700,224	-	-	-	-	6,700,224
Accountability and Enforcement	1,767,213	-	-	(226,296)	1,540,917	-	-	-	-	1,540,917
Subject Matter Expertise	1,912,132	-	-	(299,566)	1,612,566	-	-	-	-	1,612,566
NCRC Community Development Fund	-	-	-	-	-	162,669,028	-	-	(1,000,000)	161,669,028
Total Programs	15,445,674	-	-	(1,468,625)	13,977,049	162,669,028	-	-	(1,000,000)	175,646,077
Support Services Expenses:										
General Administration	2,355,666	-	-	(748,366)	1,607,300	1,412,033	-	(191)	-	3,019,142
Building Expenses	1,189,159	-	7,015,320	(132,000)	8,072,479	-	-	-	-	8,072,479
Policy and Government Affairs	1,140,243	-	-	(131,173)	1,009,070	-	-	-	-	1,009,070
Fundraising	424,332	-	-	(59,209)	365,123	-	-	-	-	365,123
Total Supporting Services	5,109,400	-	7,015,320	(1,070,748)	11,053,972	1,412,033	-	(191)	-	12,465,814
Total Expenses	20,555,074	-	7,015,320	(2,539,373)	25,031,021	164,081,061	-	(191)	(1,000,000)	188,111,891
CHANGE IN NET ASSETS BEFORE OTHER INCOME (EXPENSE)	(301,528)	(3,681,354)	2,437,191	-	(1,545,691)	724,678	(131,632)	37,691	-	(914,954)
OTHER INCOME (EXPENSE)										
Net Income (Loss) in Affiliates	(1,430,393)	-	-	869,953	(560,440)	-	-	(39,639)	560,438	(39,641)
Non-Operating Expense	(583,008)	-	-	-	(583,008)	-	-	(558,490)	-	(1,141,498)
Unrealized Gain (Loss) on Interest Rate Swaps	(149,278)	-	(764,820)	-	(914,098)	-	-	-	-	(914,098)
Depreciation and Amortization	(410,077)	-	(2,542,324)	-	(2,952,401)	-	-	-	-	(2,952,401)
CHANGE IN NET ASSETS	(2,874,284)	(3,681,354)	(869,953)	869,953	(6,555,638)	724,678	(131,632)	(560,438)	560,438	(5,962,592)
Net Assets - Beginning of Year	(1,172,025)	11,682,400	2,938,760	(2,938,760)	10,510,375	23,955,462	131,632	1,710,269	(1,710,269)	34,597,469
Cumulative Effect - Change in Accounting Principle	-	-	-	-	-	(2,395,000)	-	-	-	(2,395,000)
NET ASSETS - END OF YEAR	$ (4,046,309)	$ 8,001,046	$ 2,068,807	$ (2,068,807)	$ 3,954,737	$ 22,285,140	$ -	$ 1,149,831	$ (1,149,831)	$ 26,239,877