

**NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION, AND
UNIFORM GUIDANCE REPORTS**

YEARS ENDED DECEMBER 31, 2020 AND 2019



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of The National Community Reinvestment Coalition Community Development Fund, Inc. (NCRC CDFI), a related entity of which NCRC is the sole member, and whose statements reflect total assets of \$45,804,965 and \$31,221,884 as of December 31, 2020 and 2019, respectively, and total revenues of \$15,226,406 and \$550,285, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NCRC CDFI as of December 31, 2020 and 2019, and for the years then ended, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of NCRC CDFI were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Other Information – Schedule of Expenditures of Federal Awards

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of NCRC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NCRC’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCRC’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenbelt, Maryland
June 29, 2021

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,705,995	\$ 9,043,101
Investments	2,526,879	2,337,847
Pledges and Other Receivables, Current Portion, Net	3,747,917	3,509,650
Prepaid Expenses and Other Assets	161,270	123,985
Total Current Assets	23,142,061	15,014,583
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	2,846,626	3,709,828
Tenant Improvements	10,076,257	10,269,383
Furniture, Equipment, and Software	1,242,210	1,238,823
Total	106,263,395	107,316,336
Less: Accumulated Depreciation	16,545,897	14,564,428
Property and Equipment, Net	89,717,498	92,751,908
OTHER ASSETS		
Escrow Deposits	1,524,904	1,288,629
Notes Receivable	31,811,787	26,320,400
Construction in Process	-	67,886
Pledges and Other Receivables, Less Current Portion, Net	529,455	207,282
Investment in Affiliate	365,692	1,056,975
Loan Advances to Affiliates	800,000	800,000
Deferred Rent Assets	8,098,742	7,267,076
Deferred Leasing Costs	1,443,913	1,667,512
Security Deposit	157,391	157,391
Total Other Assets	44,731,884	38,833,151
Total Assets	\$ 157,591,443	\$ 146,599,642
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,314,991	\$ 1,458,889
Deferred Revenue and Prepaid Rent	1,327,731	1,768,657
Due to Affiliates	309,600	582,322
Refundable Advance - Payroll Protection Program	1,172,500	-
Notes Payable, Current Portion and Lines of Credit	1,020,638	976,723
Mortgages and Bonds Payable, Current Portion	1,963,918	1,883,685
Total Current Liabilities	7,109,378	6,670,276
LONG-TERM LIABILITIES		
Tenant Security Deposits and Refunds	540,901	540,901
Notes Payable, Less Current Portion	23,305,191	23,011,716
Interest Rate Swap Obligations	11,001,763	6,262,957
Mortgage and Bonds Payable, Less Current Portion	101,762,978	103,399,485
Total Long-Term Liabilities	136,610,833	133,215,059
Total Liabilities	143,720,211	139,885,335
NET ASSETS		
Without Donor Restrictions	(2,390,286)	633,126
With Donor Restrictions	16,261,518	6,081,181
Total Net Assets	13,871,232	6,714,307
Total Liabilities and Net Assets	\$ 157,591,443	\$ 146,599,642

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions and Grants	\$ 5,386,468	\$ 18,227,500	\$ 23,613,968	\$ 1,479,965	\$ 2,469,382	\$ 3,949,347
Federal Awards	2,430,686	-	2,430,686	2,673,579	-	2,673,579
Membership and Corporate Dues	151,219	-	151,219	143,088	-	143,088
Conferences	-	-	-	4,039,325	-	4,039,325
Interest Income	723,852	-	723,852	550,285	-	550,285
Rental Income	10,096,994	-	10,096,994	10,411,785	-	10,411,785
Other Income	507,935	-	507,935	352,886	-	352,886
Investment Return, Net	195,115	-	195,115	344,142	-	344,142
Net Assets Released from Restrictions:						
Satisfaction of Time and Program Restrictions	8,047,163	(8,047,163)	-	4,808,193	(4,808,193)	-
Total Revenue	<u>27,539,432</u>	<u>10,180,337</u>	<u>37,719,769</u>	<u>24,803,248</u>	<u>(2,338,811)</u>	<u>22,464,437</u>
EXPENSES						
Nonfederal Program Expenses:						
Conferences	426,108	-	426,108	1,763,135	-	1,763,135
Research and Publications	335,488	-	335,488	373,874	-	373,874
Housing Counseling Network	717,793	-	717,793	668,484	-	668,484
Membership	1,372,682	-	1,372,682	1,311,056	-	1,311,056
National Neighbor Silver	148,921	-	148,921	164,866	-	164,866
Workforce/GROWTH	601,676	-	601,676	938,024	-	938,024
Communications	602,934	-	602,934	727,514	-	727,514
Business Development	170,431	-	170,431	107,540	-	107,540
Race, Wealth, and Community	1,027,019	-	1,027,019	711,289	-	711,289
Capital Markets	1,009,713	-	1,009,713	656,403	-	656,403
Other Programs	931,766	-	931,766	783,317	-	783,317
Total Nonfederal Program Expenses	<u>7,344,531</u>	<u>-</u>	<u>7,344,531</u>	<u>8,205,502</u>	<u>-</u>	<u>8,205,502</u>
Federal Program Expenses:						
FHIP	454,281	-	454,281	396,253	-	396,253
SBA/WBC	423,865	-	423,865	419,645	-	419,645
Private Enforcement Initiatives	269,173	-	269,173	292,703	-	292,703
Housing Counseling Network	1,847,974	-	1,847,974	2,149,438	-	2,149,438
Total Federal Program Expenses	<u>2,995,293</u>	<u>-</u>	<u>2,995,293</u>	<u>3,258,039</u>	<u>-</u>	<u>3,258,039</u>
Support Services Expenses:						
Legislative Affairs	662,016	-	662,016	468,008	-	468,008
General Administration	2,238,127	-	2,238,127	1,821,291	-	1,821,291
Building Expenses	8,214,639	-	8,214,639	8,962,765	-	8,962,765
Fundraising	305,954	-	305,954	335,550	-	335,550
Total Supporting Services Expenses	<u>11,420,736</u>	<u>-</u>	<u>11,420,736</u>	<u>11,587,614</u>	<u>-</u>	<u>11,587,614</u>
Total Expenses	<u>21,760,560</u>	<u>-</u>	<u>21,760,560</u>	<u>23,051,155</u>	<u>-</u>	<u>23,051,155</u>
CHANGE IN NET ASSETS BEFORE OTHER EXPENSES	5,778,872	10,180,337	15,959,209	1,752,093	(2,338,811)	(586,718)
OTHER EXPENSES						
Net Gain (Loss) From Affiliates	(691,283)	-	(691,283)	697,616	-	697,616
Unrealized Loss on Interest Rate Swaps	(4,738,806)	-	(4,738,806)	(4,021,800)	-	(4,021,800)
Depreciation and Amortization	(3,372,195)	-	(3,372,195)	(3,659,990)	-	(3,659,990)
CHANGE IN NET ASSETS	(3,023,412)	10,180,337	7,156,925	(5,232,081)	(2,338,811)	(7,570,892)
Net Assets - Beginning of Year	633,126	6,081,181	6,714,307	5,865,207	8,419,992	14,285,199
NET ASSETS - END OF YEAR	<u>\$ (2,390,286)</u>	<u>\$ 16,261,518</u>	<u>\$ 13,871,232</u>	<u>\$ 633,126</u>	<u>\$ 6,081,181</u>	<u>\$ 6,714,307</u>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – NONFEDERAL PROGRAMS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR 2019)

	Conferences	Research and	Housing	National Neighbor Silver	Workforce/ GROWTH	Communications	Business Development	Race,	Capital Markets	Other Programs			2020	2019	
		Counseling Network	Membership					Wealth, and Community		NCRC CDFI	AFD	Other			
Salaries	\$ 178,145	\$ 200,759	\$ 168,038	\$ 720,274	\$ 93,159	\$ 232,119	\$ 371,633	\$ 44,103	\$ 380,753	\$ 479,314	\$ -	\$ -	\$ 23,460	\$ 2,891,757	\$ 2,963,451
Fringe Benefits	37,595	41,720	32,609	151,681	27,468	45,509	71,483	10,360	80,278	92,920	-	-	5,100	596,723	600,002
Advertising Expense	55	30	998	20,000	-	-	19,164	1,258	3,865	4,700	-	-	-	50,070	52,268
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,471
Bank Service Fees	9,150	-	-	10,508	-	-	-	-	-	-	-	41	-	19,699	30,267
Conference Expense	27,745	-	-	5,000	-	-	-	-	5,049	1,735	-	-	-	39,529	782,377
Dues and Subscriptions	-	-	50,826	7,473	-	-	8,643	-	-	6,899	-	-	-	73,841	12,322
Information Technology	9,429	2,825	2,421	8,595	-	739	4,629	218	16,175	1,500	-	-	-	46,531	75,106
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,584
Interest Expense	-	-	-	-	-	-	-	-	-	-	569,181	-	-	569,181	419,000
Materials and Publications	3,706	-	-	-	-	-	-	-	1,835	-	-	-	-	5,541	8,726
Meeting Expenses	2,900	-	-	815	-	-	195	96	8,687	1,378	-	-	-	14,071	128,529
Miscellaneous Expense	207	-	-	-	-	-	-	-	912	665	-	-	-	1,784	473
Postage and Delivery	11	-	11	-	-	-	-	-	32	85	-	-	-	139	3,055
Printing and Reproduction	-	-	-	-	-	-	-	-	-	2,236	-	-	-	2,236	18,624
Professional Development	-	-	-	292	500	-	152	-	2,898	2,395	-	-	-	6,237	6,370
Professional Fees	64,246	20,324	545	74,083	-	223,281	-	75,579	321,098	219,627	209,210	30,555	40,759	1,279,307	1,129,396
Program Exp - PassThrough	-	-	250,600	35,000	-	-	-	-	-	-	-	-	-	285,600	264,702
Rent and Storage	2,244	6,750	8,975	22,438	-	2,244	8,975	-	15,707	1,892	12,121	-	6,731	88,077	79,346
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	1,160	-	-	-	1,160	5,947
Supplies, Office Expense	3,021	-	352	-	-	-	344	-	3,511	1,119	-	-	-	8,347	66,651
Taxes	-	-	-	-	-	-	-	-	6	739	-	-	-	745	3,722
Telephone	667	1,796	3,728	8,926	-	921	2,394	31	5,092	969	-	-	-	24,524	20,750
Temp Help, Interns, Volunteer	975	544	14,244	-	675	-	2,616	-	2,061	-	-	-	-	21,115	19,462
Travel	2,269	-	-	27,730	-	1,438	-	1,744	3,952	19,110	-	-	3,025	59,268	234,926
Overhead	83,743	60,740	184,446	279,867	27,119	95,425	112,706	37,042	175,108	171,270	-	-	31,583	1,259,049	1,259,975
Total	\$ 426,108	\$ 335,488	\$ 717,793	\$ 1,372,682	\$ 148,921	\$ 601,676	\$ 602,934	\$ 170,431	\$ 1,027,019	\$ 1,009,713	\$ 790,512	\$ 30,596	\$ 110,658	\$ 7,344,531	\$ 8,205,502

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – FEDERAL PROGRAMS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR 2019)

	FHIP	SBA/WBC	Private Enforcement Initiatives	Housing Counseling Network	2020	2019
Salaries	\$ 241,319	\$ 138,380	\$ 156,213	\$ 237,340	\$ 773,252	\$ 779,426
Fringe Benefits	43,233	29,890	26,957	52,443	152,523	172,233
Advertising Expense	3,166	5,672	64	179	9,081	4,558
Bank Service Fees	-	93	-	1,290	1,383	340
Conference Expense	-	-	-	-	-	1,376
Dues and Subscriptions	24,154	10,081	24,123	14,268	72,626	69,257
Information Technology	-	28,300	-	17,581	45,881	3,180
Materials and Publications	-	20	-	-	20	832
Meeting Expenses	1,077	47	-	21,362	22,486	88,040
Miscellaneous Expense	-	-	-	-	-	464
Postage and Delivery	994	34	636	982	2,646	8,114
Printing and Reproduction	-	-	-	11,819	11,819	35,767
Professional Development	1,927	1,000	-	545	3,472	3,086
Professional Fees	47,104	93,320	4,027	140,432	284,883	172,517
Program Exp - PassThrough	-	-	-	912,939	912,939	866,316
Rent and Storage	-	4,631	-	-	4,631	5,157
Repairs and Maintenance	673	30	673	-	1,376	3,009
Supplies, Office Expense	350	5,795	350	6,289	12,784	14,091
Telephone	53	-	53	6,111	6,217	2,311
Temp Help, Interns, Volunteer	-	-	-	95,912	95,912	15,396
Travel	7,172	43,560	5,123	45,712	101,567	445,517
Overhead	83,059	63,012	50,954	282,770	479,795	567,052
Total	\$ 454,281	\$ 423,865	\$ 269,173	\$ 1,847,974	\$ 2,995,293	\$ 3,258,039

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – SUPPORT SERVICES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR 2019)

	Legislative	General	Building Expenses		Fundraising	2020	2019
	Affairs	Administration	NCRC 740	Building 727			
Salaries	\$ 415,407	\$ 2,149,470	\$ -	\$ -	\$ 188,820	\$ 2,753,697	\$ 2,344,272
Fringe Benefits	88,283	425,955	-	-	32,682	546,920	365,737
Advertising Expense	-	5,467	-	-	-	5,467	15,638
Bad Debt	-	240,000	-	-	-	240,000	260,000
Bank Service Fees	-	14,026	22,299	-	186	36,511	28,222
Building Operating Expenses	-	42,988	1,217,253	404,327	-	1,664,568	2,183,049
Conference Expense	-	500	-	-	-	500	8,078
Dues and Subscriptions	9,591	52,255	4,239	-	-	66,085	89,197
Loss on Disposal of							
Property and Equipment	-	-	-	-	-	-	390,115
Information Technology	2,217	28,384	-	-	1,478	32,079	34,757
Insurance	-	43,290	74,953	18,737	-	136,980	164,410
Interest Expense	-	58,351	4,298,498	579,899	-	4,936,748	4,988,054
Management Fees	-	-	136,348	36,336	-	172,684	311,940
Materials and Publications	-	333	-	-	-	333	1,100
Meeting Expenses	-	20,661	-	-	-	20,661	58,623
Miscellaneous Expense	-	7,073	-	-	-	7,073	6,250
Postage and Delivery	-	6,590	-	-	-	6,590	5,653
Printing and Reproduction	-	4,613	-	-	-	4,613	22,034
Professional Development	247	9,459	-	-	378	10,084	11,435
Professional Fees	2,400	568,981	189,698	1,785	1,375	764,239	628,695
Rent and Storage	6,731	351,173	291,027	-	4,488	653,419	358,013
Repairs and Maintenance	-	969	285,906	82,579	-	369,454	405,020
Supplies, Office Expense	-	34,504	8,290	-	-	42,794	31,319
Taxes	-	300	474,659	82,728	-	557,687	418,573
Telephone	1,796	48,418	5,078	-	1,197	56,489	38,460
Temp Help, Interns, Volunteer	450	35,556	-	-	1,240	37,246	68,540
Travel	1,311	35,007	-	-	341	36,659	177,457
Overhead	133,583	(1,946,196)	-	-	73,769	(1,738,844)	(1,827,027)
Subtotal	662,016	2,238,127	7,008,248	1,206,391	305,954	11,420,736	11,587,614
Depreciation and Amortization	-	100,851	2,810,101	461,243	-	3,372,195	3,659,990
Total	\$ 662,016	\$ 2,338,978	\$ 9,818,349	\$ 1,667,634	\$ 305,954	\$ 14,792,931	\$ 15,247,604

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES – COMBINED PROGRAMS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Nonfederal Programs		Federal Programs		Support Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Salaries	\$ 2,891,757	\$ 2,963,451	\$ 773,252	\$ 779,426	\$ 2,753,697	\$ 2,344,272	\$ 6,418,706	\$ 6,087,149
Fringe Benefits	596,723	600,002	152,523	172,233	546,920	365,737	1,296,166	1,137,972
Advertising Expense	50,070	52,268	9,081	4,558	5,467	15,638	64,618	72,464
Bad Debt	-	11,471	-	-	240,000	260,000	240,000	271,471
Bank Service Fees	19,699	30,267	1,383	340	36,511	28,222	57,593	58,829
Building Operating Expenses	-	-	-	-	1,664,568	2,183,049	1,664,568	2,183,049
Conference Expense	39,529	782,377	-	1,376	500	8,078	40,029	791,831
Dues and Subscriptions	73,841	12,322	72,626	69,257	66,085	89,197	212,552	170,776
Loss on Disposal of								
Property and Equipment	-	-	-	-	-	390,115	-	390,115
Information Technology	46,531	75,106	45,881	3,180	32,079	34,757	124,491	113,043
Insurance	-	8,584	-	-	136,980	164,410	136,980	172,994
Interest Expense	569,181	419,000	-	-	4,936,748	4,988,054	5,505,929	5,407,054
Management Fees	-	-	-	-	172,684	311,940	172,684	311,940
Materials and Publications	5,541	8,726	20	832	333	1,100	5,894	10,658
Meeting Expenses	14,071	128,529	22,486	88,040	20,661	58,623	57,218	275,192
Miscellaneous Expense	1,784	473	-	464	7,073	6,250	8,857	7,187
Postage and Delivery	139	3,055	2,646	8,114	6,590	5,653	9,375	16,822
Printing and Reproduction	2,236	18,624	11,819	35,767	4,613	22,034	18,668	76,425
Professional Development	6,237	6,370	3,472	3,086	10,084	11,435	19,793	20,891
Professional Fees	1,279,307	1,129,396	284,883	172,517	764,239	628,695	2,328,429	1,930,608
Program Exp - PassThrough	285,600	264,702	912,939	866,316	-	-	1,198,539	1,131,018
Rent and Storage	88,077	79,346	4,631	5,157	653,419	358,013	746,127	442,516
Repairs and Maintenance	1,160	5,947	1,376	3,009	369,454	405,020	371,990	413,976
Supplies, Office Expense	8,347	66,651	12,784	14,091	42,794	31,319	63,925	112,061
Taxes	745	3,722	-	-	557,687	418,573	558,432	422,295
Telephone	24,524	20,750	6,217	2,311	56,489	38,460	87,230	61,521
Temp Help, Interns, Volunteer	21,115	19,462	95,912	15,396	37,246	68,540	154,273	103,398
Travel	59,268	234,926	101,567	445,517	36,659	177,457	197,494	857,900
Overhead	1,259,049	1,259,975	479,795	567,052	(1,738,844)	(1,827,027)	-	-
Subtotal	7,344,531	8,205,502	2,995,293	3,258,039	11,420,736	11,587,614	21,760,560	23,051,155
Depreciation and Amortization	-	-	-	-	3,372,195	3,659,990	3,372,195	3,659,990
Total	\$ 7,344,531	\$ 8,205,502	\$ 2,995,293	\$ 3,258,039	\$ 14,792,931	\$ 15,247,604	\$ 25,132,755	\$ 26,711,145

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,156,925	\$ (7,570,892)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	3,372,195	3,659,990
Loss on Disposals of Property and Equipment	-	390,115
Bad Debt	240,000	271,471
Unrealized Gain on Investments	(78,206)	(249,785)
Realized Gain on Sale of Investments	(63,260)	(20,710)
Change in Investment in Affiliate	691,283	(697,616)
Amortization of Finance Cost Included in Interest Expense	332,751	338,496
Changes in Interest Rate Swaps	4,738,806	4,021,800
Changes in Assets and Liabilities:		
Accounts Receivable	(821,034)	1,917,876
Due to Affiliates	(272,722)	(290,876)
Prepaid Expenses and Other Assets	(37,285)	84,741
Deferred Rent Assets	(831,666)	(1,312,678)
Accounts Payable and Accrued Expenses	(143,898)	(45,791)
Deferred Revenue and Prepaid Rent	(440,926)	(234,725)
Refundable Advance - Payroll Protection Program	1,172,500	-
Net Cash Provided by Operating Activities	15,015,463	261,416
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Securities	556,870	(52,554)
Purchases of Securities	(604,436)	-
Proceeds from Tenant Security Deposits	-	39,750
Deferred Leasing Costs	(41,879)	(26,642)
Proceeds from Repayments of Small Business Loans Receivable	20,594	46,430
Issuance of Loan Advances to Affiliates and Others	(5,491,387)	(13,570,400)
Payments for Property and Equipment	(4,421)	(97,645)
Net Cash Used by Investing Activities	(5,564,659)	(13,661,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Mortgage and Notes Payable	500,000	12,538,612
Payments on Mortgage and Notes Payable	(2,051,635)	(817,076)
Refund of Deferred Financing Costs	-	166,409
Net Cash Provided (Used) by Financing Activities	(1,551,635)	11,887,945
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,899,169	(1,511,700)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,331,730	11,843,430
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 18,230,899	\$ 10,331,730
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 16,166,552	\$ 8,503,714
Cash and Cash Equivalents - Tenant Security Deposits	539,443	539,387
Total Cash and Cash Equivalents	16,705,995	9,043,101
Escrow Deposits	1,524,904	1,288,629
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	\$ 18,230,899	\$ 10,331,730
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 4,706,176	\$ 5,416,102

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 ORGANIZATION

National Community Reinvestment Coalition, Inc.

National Community Reinvestment Coalition, Inc. (NCRC or Company) is a nonprofit organization that was incorporated in 1990 in the District of Columbia. The purpose of the organization is to promote greater access to credit by 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 partnerships and programs. The Housing Counseling Network leverages the expertise of a national network of mortgage finance advisors. They work with servicers and lenders, on behalf of homeowners, to keep working families from losing their homes to foreclosure.

NCRC's National Training Academy provides training and technical assistance on topics such as understanding how to use the Community Reinvestment Act (CRA), fair lending laws, Home Mortgage Disclosure Act (HMDA), Truth in Lending Act (TILA), Real Estate Settlement Procedures Act (RESPA), Homeownership and Equity Protection Act (HOEPA), fair housing and foreclosure prevention. Their Economic Justice Campaign sites pilot innovative community partnerships to enhance the delivery of financial, technical, and social services to individual consumers, homeowners, and small business.

NCRC is the sole member of Americans for a Fair Deal (NCRC AFD), a nonprofit corporation formed on November 29, 2016, and organized under the laws of the District of Columbia and shall be operated exclusively as a social welfare organization within the meaning of Section 501(c)(4) of the Internal Revenue Code.

The consolidated financial statements for the year ended December 31, 2019 included the accounts of 740 Fifteenth Street JV LLC and its wholly owned subsidiary, NCRC 740 Holding LLC, and Holding's wholly owned subsidiary, NCRC 740 LLC. During the year ended December 31, 2020, both 740 Fifteenth Street JV LLC and NCRC 740 Holding LLC were dissolved and the surviving entity, NCRC 740 LLC, is now wholly owned by NCRC. The reorganization had no impact on the consolidated balance sheet and consolidated statement of operations as presented for the year ended December 31, 2019. NCRC 740 owns and operates the rental of a commercial office building known as 740 Fifteenth Street.

National Community Reinvestment Coalition Community Development Fund, Inc.

NCRC is the sole member of The National Community Reinvestment Coalition Community Development Fund, Inc. (NCRC CDFI), a nonprofit corporation formed in 2007 and organized under the laws of the District of Columbia. NCRC CDFI is operated exclusively for educational, scientific, and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The mission of NCRC CDFI is to promote homeownership among low and moderate income families through its support of the NCRC Housing Rehab Fund, LLC and NCRC Holding, LLC. The NCRC Housing Rehab Fund program not only promotes homeownership but improves community investment and creates jobs. NCRC CDFI also increases access to credit and other financial services for low and moderate income individuals, families, and communities.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation and Presentation

The accompanying consolidated financial statements include the activities of NCRC and its Subsidiaries NCRC AFD and NCRC 740, all noted as NCRC; 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 accounting principles generally accepted in the United States of America (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 affiliate, notes payable, tenant security deposits and refunds, and mortgage and bonds payable. The carrying amount of financial instruments approximates fair value.

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.

Escrow Deposits

Escrow deposits represent amounts required by the current lender 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.

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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Affiliate

NCRC invested \$2,500,000 in NCRC Development Corporation (Development Corporation) in 2014. NCRC is the sole member of Development Corporation but does not exercise control over the entity. Development Corporation is presented as an investment in affiliate net of cumulative gains and losses, in the accompanying consolidated statements of financial position.

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 doubtful accounts 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. In the opinion of management, all rent receivable at December 31, 2020 and 2019, is fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

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, 2020 and 2019, was \$2,713,438 and \$3,000,403, respectively.

In-Place Lease Value and Amortization

NCRC allocated a portion of the purchase price of the 740 15th Street 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, 2020 and 2019. At December 31, 2020, amortization for each of the next five years is \$393.279.

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, 2020 and 2019, were \$2,237,497 and \$2,258,626, respectively. Amortization expense of deferred leasing costs was \$265,478 and \$266,308 for the years ended December 31, 2020 and 2019, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019.

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.

Interest Rate Swap Contracts

NCRC utilizes an interest rate swaps, a derivative financial instrument, to reduce interest rate risk. NCRC does not hold or issue derivative financial instruments for trading purposes. Accounting and reporting standards for derivative instruments and hedging activities require NCRC to recognize all derivatives as either assets or liabilities in the consolidated statements of financial position and measure 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swap Contract (Continued)

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

	2020	2019
Line of Credit	\$ 17,206	\$ 15,442
Building 727 Mortgage Payable	1,450,929	614,310
Series A Bonds Payable - Taxable	2,752,230	1,605,840
Series B Bonds Payable - Nontaxable	6,781,398	4,027,365
Net Swap Obligation	<u>\$ 11,001,763</u>	<u>\$ 6,262,957</u>

Deferred Financing Costs

Financing costs totaling \$2,405,012 were incurred in conjunction with the issuance of District of Columbia Revenue Bonds, Series 2018A and 2018B. Amortization expense of deferred financing costs was \$332,751 and \$338,496 for the years ended December 31, 2020 and 2019, respectively, 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Contributed services, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

Federal Awards

Grants and contracts are received from federal, state, and legal agencies to be used for specific programs or land purchase, 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 expenditure over cash receipts is included in government grants receivable and any excess of cash receipts over reimbursable expenditure is included in deferred revenue. NCRC received cost reimbursable grants of \$2,159,226 that have not been recognized at December 31, 2020, because qualifying expenditures have not yet been incurred.

Conference Revenue

Conference revenue consists of registration fees and sponsorship revenue. The performance obligation for conference registration is admission to the event. Conference revenues, including sponsorships, are recognized in the period in which the conference is held. During the year ended December 31, 2020, the conference was cancelled due to the COVID-19 pandemic. Sponsors were notified and many sponsors released the performance obligations and allowed NCRC to repurpose the sponsorship to general operations or other program support. The total amount of sponsorships included in contributions for the year ended December 31, 2020 was \$3,855,087. Deferred revenue related to amounts carried over from the 2020 conference, in addition to amounts paid in advance of the 2021 conference was approximately \$512,000 and \$845,000 as of December 31, 2020 and 2019, respectively.

Due to the timing of the conference cancellation, the organization did incur costs associated with the conference to plan the event, line up speakers, in addition to other pre-event costs. These expenses are included as conference program expense on the accompanying consolidated statement of functional expenses.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Rental Revenue

Rental revenue is recognized monthly using the straight-line method. Rental payments received in advance are deferred until earned. As of December 31, 2020 and 2019, straight-line base rents in excess of actual tenant billings were classified as deferred rent assets of \$8,098,742 and \$7,267,076, respectively. Operating expense reimbursements are charged to tenants for operating expenses incurred by NCRC. Reimbursements for these operating expenses are billed monthly to the tenants with an annual adjustment made in accordance with the respective tenant leases. Percentage rents are recognized when tenants' sales exceed the applicable threshold stipulated in their lease agreement.

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, technology, and supplies, are allocated on a fulltime equivalent basis.

Income Taxes

NCRC and its subsidiary, NCRC CDFI, have been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service 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 Company's subsidiary, NCRC AFD, has been granted an exemption from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Internal Revenue Service has classified NCRC AFD as social welfare organization. NCRC AFD would be liable for taxes on any unrelated business income.

The Company'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.

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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Account Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases* (ASU 2016-02). This update requires all leases with a term greater than 12 months to be recognized by lessees on the consolidated balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2022, with early adoption permitted. The Company is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures but has not yet determined the timing of adoption.

Subsequent Events

NCRC evaluated its December 31, 2020, consolidated financial statements for subsequent events through June 29, 2021, 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:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 16,705,995	\$ 9,043,101
Pledges and Other Receivables	3,747,917	3,509,650
Investments (Money Market)	155,319	169,176
Subtotal	<u>20,609,231</u>	<u>12,721,927</u>
Less: Net Assets with Donor Restrictions	<u>16,261,518</u>	<u>6,081,181</u>
Total	<u>\$ 4,347,713</u>	<u>\$ 6,640,746</u>

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 \$634,437, and the second line of credit is secured by investments with a value of \$299,238 as of December 31, 2020, which could be drawn upon in the event of an unanticipated liquidity need.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 INVESTMENTS

Investments consist of the following at December 31:

	2020	2019
Cash and Cash Equivalents	\$ 155,319	\$ 169,176
Certificates of Deposit	42,419	41,958
Common Stock, Options, and EFTs	2,315,305	2,099,094
Mutual Funds	13,836	27,619
Total Investments	<u>\$ 2,526,879</u>	<u>\$ 2,337,847</u>

NOTE 5 PLEDGES AND OTHER RECEIVABLES

Total pledges and other receivables consist as follows:

	2020	2019
Accounts Receivable	\$ 2,834,595	\$ 1,482,573
Grants Receivable	1,241,932	1,674,860
Pledges Receivable	600,000	900,000
Small Business Loans Receivable	72,940	105,007
Allowance for Bad Debts and Loan Loss Reserve	(472,095)	(445,508)
Total Pledges and Other Receivables, Net	<u>4,277,372</u>	<u>3,716,932</u>
Less: Current Portion	3,747,917	3,509,650
Long-Term Portion	<u>\$ 529,455</u>	<u>\$ 207,282</u>

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	\$ 1,341,932
Due Two to Three Years	500,000
Total	<u>\$ 1,841,932</u>

Small business loans receivable at December 31 are as follows:

	2020	2019
Principal Outstanding	\$ 78,458	\$ 113,078
Loan Loss Reserve	(5,518)	(8,071)
Principal Outstanding, Net	72,940	105,007
Less: Current Portion	43,485	47,725
Long-Term Portion	<u>\$ 29,455</u>	<u>\$ 57,282</u>

NCRC CDFI reserves approximately 7.00% of the total outstanding small business loan receivable balance as a loan loss reserve. Loans are collateralized by a variety of business assets of the borrowers.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 PLEDGES AND OTHER RECEIVABLES (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 43,485
2022	19,311
2023	8,300
2024	7,362
Total	<u>\$ 78,458</u>

Subsequent to December 31, 2020, NCRC CDFI issued 10 additional loans totaling \$310,874 to small businesses through the U.S. Small Business Administration's Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid Relief and Economic Security Act. Such loans through PPP provide qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll and benefits, rent, mortgage interest and utilities, and maintains its payroll level as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP. The PPP loans mature five year from the date of the first disbursement of proceeds to the borrowers and accrue interest at a fixed rate of 1.0%.

NOTE 6 NOTES RECEIVABLE

Notes receivable consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Note Receivable from Affiliates:		
NCRC Rehab Housing Fund LLC	\$ 23,550,000	\$ 23,050,000
NCRC Development Corp.	3,970,400	1,570,400
NCRC Holding, LLC	<u>1,700,000</u>	<u>1,700,000</u>
Total Notes Receivable from Affiliates	29,220,400	26,320,400
NY Forward Loan Fund	<u>2,591,387</u>	-
Total Notes Receivable	<u>\$ 31,811,787</u>	<u>\$ 26,320,400</u>

NCRC Housing Rehab Fund LLC

From 2015 through December 31, 2020, NCRC CDFI made multiple loans to NCRC Housing Rehab Fund LLC totaling \$32,600,000. During the years ended December 31, 2020 and 2019, NCRC Housing Rehab Fund LLC has made installment payments on these loans of \$-0- and \$9,050,000, respectively. All loans are governed by promissory notes that define the interest rates and payment terms with maturity dates ranging from April 19, 2019 through December 22, 2027. Interest rate on the promissory notes is 0.5%.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 NOTES RECEIVABLE (CONTINUED)

NCRC Housing Rehab Fund LLC (Continued)

Total interest earned was \$690,833 and \$473,073 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, interest receivable of \$57,708 and \$87,368, respectively, related to these loans was included in pledges and other receivables in the consolidated statements of financial position.

NCRC Development Corp.

NCRC CDFI signed a promissory note with its affiliate NCRC Development Corp. for \$500,000 to be paid in full on or before October 27, 2020, with interest at a rate of 0.25% per annum. During December 2019, NCRC CDFI extended the note to May 31, 2022, with interest at a rate of 0.5% per annum.

On March 9, 2018, NCRC CDFI issued a promissory note to NCRC Development Corp. for \$5,000,000. In accordance with the underlying grant agreement, the note does not bear interest. Payments on the note are due at maturity on February 1, 2025. Total funds advanced under this note totaled \$3,470,400 and \$1,070,400 at December 31, 2020 and 2019, respectively.

Total interest earned was \$2,500 and \$1,354 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, interest receivable of \$2,707 and \$207, respectively, related to this loan was included in pledges and other receivables in the consolidated statements of financial position.

NCRC Holding, LLC

On October 20, 2015, NCRC-CDFI signed a promissory note with its affiliate NCRC Holding, LLC for \$200,000 to be paid in full on or before October 20, 2020, with interest at a rate of 0.25% per annum. Monthly interest only payments due until maturity.

On November 9, 2015, NCRC CDFI signed a promissory note with its affiliate NCRC Holding, LLC for \$1,500,000 to be paid in full on or before November 9, 2020, with interest at a rate of 0.25% per annum. Monthly interest only payments due until maturity.

During the year ended December 31, 2019 both promissory notes were amended, increasing the interest rate to 0.5% per annum and extending maturity date to May 31, 2022. Monthly interest only payments due until maturity. The note principal and any unpaid interest is to be paid in full on or before the maturity date.

Total interest earned was \$8,500 and \$4,604 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, interest receivable of \$9,207 and \$707, respectively, related to these loans was included in pledges and other receivables in the consolidated statements of financial position.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
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NOTE 6 NOTES RECEIVABLE (CONTINUED)

NY Forward Loan Fund Trust (Continued)

On September 14, 2020, 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. As of December 31, 2020, NCRC CDFI has funded \$2,591,387 to NY Forward Loan Fund Trust.

Total interest earned was \$3,297 for the year ended December 31, 2020. As of December 31, 2020, interest receivable of \$3,297 related to the loan fund was included in pledges and other receivables in the consolidated statements of financial position.

Annual maturities of the notes receivable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ -
2022	12,750,000
2023	1,500,000
2024	8,500,000
2025	3,470,400
Thereafter	5,591,387
Total	<u>\$ 31,811,787</u>

NOTE 7 FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of December 31, 2020:

<u>Asset Category</u>	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash	\$ -	\$ -	\$ -	\$ 155,319
Stocks, Options, and EFTs	2,315,305	-	-	2,315,305
Mutual Funds - Fixed Income	13,836	-	-	13,836
Certificates of Deposit	-	42,419	-	42,419
Total Investments	<u>\$ 2,329,141</u>	<u>\$ 42,419</u>	<u>\$ -</u>	<u>\$ 2,526,879</u>
Interest Rate Swap Obligation	<u>\$ -</u>	<u>\$ (11,001,763)</u>	<u>\$ -</u>	<u>\$ (11,001,763)</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of December 31, 2019:

<u>Asset Category</u>	2019			Total
	Level 1	Level 2	Level 3	
Investments:				
Cash	\$ -	\$ -	\$ -	\$ 169,176
Stocks, Options, and EFTs	2,099,094	-	-	2,099,094
Mutual Funds - Fixed Income	27,619	-	-	27,619
Certificates of Deposit	-	41,958	-	41,958
Total Investments	<u>\$ 2,126,713</u>	<u>\$ 41,958</u>	<u>\$ -</u>	<u>\$ 2,337,847</u>
Interest Rate Swap Obligation	<u>\$ -</u>	<u>\$ (6,262,957)</u>	<u>\$ -</u>	<u>\$ (6,262,957)</u>

On a recurring basis, NCRC measures its interest rate swap (derivative instrument) at the estimated fair value. In determining the fair value of the derivative instrument, NCRC uses the present value of expected cash flows based on 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 but either the respective counterparty or NCRC. However, the impact of the credit valuation adjustments was not significant to the overall valuation of the derivative instrument. As a result, the fair value of the derivative instrument is considered to be based primarily on Level 2 inputs.

NOTE 8 DEFERRED REVENUE AND PREPAID RENT

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

	2020	2019
Conference Sponsorship	\$ 512,459	\$ 844,874
Membership	75,231	70,399
Prepaid Rent (Subtenant)	641,480	853,384
Federal Awards	98,561	-
Total	<u>\$ 1,327,731</u>	<u>\$ 1,768,657</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
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NOTE 9 REFUNDABLE ADVANCE – PAYROLL PROTECTION PLAN

In April 2020, NCRC received proceeds from Huntington Bank of \$1,172,500 to fund payroll, rent, and utilities through the Payroll Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, NCRC has classified this loan as a conditional contribution for accounting purposes. As of December 31, 2020, NCRC has not satisfied the performance barriers attributable to the PPP Loan proceeds, and this amount is classified as a refundable advance in the accompanying consolidated statements of financial position. Subsequent to December 31, 2020, the SBA formally forgave the full amount of NCRC’s obligation under this PPP loan. Full satisfaction of the performance barriers have been met in 2021 and revenue will be recognized related to this agreement during 2021.

NOTE 10 NOTES PAYABLE

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

	2020	2019
Wells Fargo Lines of Credit	\$ 810,150	\$ 778,600
Huntington Bank Line of Credit	515,679	709,839
Iberia Bank	10,000,000	10,000,000
Compass Bank	1,500,000	1,500,000
Cathay Bank	1,500,000	1,500,000
First Financial	1,500,000	1,000,000
Fifth Third	3,500,000	3,500,000
Regions Bank	5,000,000	5,000,000
Total	\$ 24,325,829	\$ 23,988,439

Wells Fargo

On December 21, 2017, NCRC obtained two lines of credit from Wells Fargo Financial Institution for general working capital, which are collateralized by certain investment accounts. The lines have a variable interest rate per the terms of the agreement (3.00% as of December 31, 2020). The maximum amount available to draw upon is variable depending on the current balance in collateral accounts. The balance in the collateral accounts as of December 31, 2020, is \$933,675. The lines renew annually until terminated by either party. Interest expense in 2020 and 2019 was approximately \$33,000 and \$37,000, respectively.

Huntington Bank

On June 23, 2016, NCRC obtained a commercial revolving note from Huntington National Bank for a total amount of \$1,000,000. The loan matures on March 31, 2023. Interest accrues 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 interest rate in effect at December 31, 2020, was 3.41%. The outstanding principal balance of the loan and all accrued unpaid interest and other charges shall be due and payable in full on the maturity date. Interest expense in 2020 and 2019 was approximately \$37,000 and \$48,750, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 NOTES PAYABLE (CONTINUED)

Iberia Bank

On July 24, 2015, NCRC CDFI entered into 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 29, 2022, with interest payable quarterly on the outstanding principal balance at a 3.0% fixed rate. Interest expense was approximately \$305,000 and \$202,000 for the years ended December 31, 2020 and 2019, respectively.

Compass Bank

On September 5, 2016, NCRC CDFI received an equity equivalent investment in the form of a \$1,500,000 unsecured loan from Compass Bank (BBVA). 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 2.0% fixed rate. Interest expense was approximately \$30,000 for each of the years ended December 31, 2020 and 2019.

Cathay Bank

On December 22, 2017, 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 \$30,500 for each of the years ended December 31, 2020 and 2019.

First Financial Bank

On June 28, 2018, CDFI signed 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, 2023, with the option to extend for two one-year terms. Interest is payable quarterly on the outstanding loan balance at a fixed rate of 2.50%. Interest expense was approximately \$33,000 and \$9,500 for the years ended December 31, 2020 and 2019, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 NOTES PAYABLE (CONTINUED)

Fifth Third Community Development Company

On January 18, 2019, NCRC CDFI signed an equity equivalent investment agreement with Fifth Third Community Development Company 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 3.0%. Interest expense was approximately \$105,000 and \$41,500 for the years ended December 31, 2020 and 2019, respectively.

Regions Bank

On April 29, 2016, NCRC CDFI signed a 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 April 1, 2024. Interest is payable monthly on the outstanding loan balance. The interest rate is subject to change based on changes in the "Prime Rate of the Lender" (index) less 2.25%. The interest rate in effect at December 31, 2020, was 1.00%. Interest expense was approximately \$65,750 and \$105,500 for the years ended December 31, 2020 and 2019, respectively.

Valley National

On July 30, 2020 NCRC CDFI signed a loan agreement and revolving note with Valley National Bank for an unsecured revolving line of credit of up to \$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 3.0% fixed rate per annum. As of December 31, 2020, no funds had been drawn on the revolving loan and no interest paid or accrued. Subsequent to year-end, NCRC CDFI withdrew \$2,000,000 of the available balance.

Annual maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 1,020,638
2022	10,223,626
2023	1,581,565
2024	5,000,000
2025	-
Thereafter	6,500,000
Total	<u><u>\$ 24,325,829</u></u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
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NOTE 11 MORTGAGE AND BONDS PAYABLE

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

	2020	2019
Series 2018A	\$ 70,236,872	\$ 71,525,665
Series 2018B	22,727,871	23,075,704
Huntington Bank	12,359,263	12,611,662
Less: Deferred Financing Costs, Net	1,597,110	1,929,861
Total	\$ 103,726,896	\$ 105,283,170

Building 727 15th Street, NW, Washington, DC

On June 16, 2017, NCRC signed a “Loan Agreement” with Huntington National Bank for an amount of \$13,180,000. The loan matures on June 1, 2027. The principal balance shall be due and payable in 120 consecutive monthly installments, beginning July 1, 2017. The unrepaid advances of the principal sum shall bear interest at a rate of 1.85% per annum plus LIBOR rate (2.00% as of December 31, 2020). Accrued interest shall be due and payable on the same dates as installments of the principal balance. Interest expense in 2020 and 2019 was approximately \$542,000 and \$548,000, respectively.

The Borrower shall maintain a “Debt Service Coverage Ratio” (DSCR) of not less than 1.20 to 1.0 as of each Test Date. If DSCR is not satisfied, the Borrower has the option to either repay the principal of the loan subject to the terms of any Hedging Contracts or make cash deposit in an amount necessary to satisfy DSCR. The organization was out of compliance with this covenant during 2020 and the loan agreement was amended to waive default relating to failure to achieve the DSCR ratio as of December 31, 2020.

Building 740 15th Street, NW, Washington, DC

On August 30, 2018, NCRC and NCRC 740 jointly entered into a Credit Agreement with Huntington National Bank as the Agent for the 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, N.A. 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.

The Series 2018A bond bears interest at a rate of LIBOR plus 2.0%, multiplied by 79%, per annum. The interest rate at December 31, 2020, was approximately 1.70%. The Series 2018B bond bears interest at a rate of LIBOR plus 2.0% per annum. The interest rate at December 31, 2020, was approximately 2.15%. The bonds mature on August 30, 2025 and are secured by substantially all assets of the Company and its parent, NCRC.

Interest expense on notes payable was \$3,991,043 and \$4,009,138 for the years ended December 31, 2020 and 2019, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 MORTGAGE AND BONDS PAYABLE (CONTINUED)

The Credit Agreement contains financial covenants requiring the Company to achieve certain minimum performance levels. As of December 31, 2020, the Company was in compliance with these covenants.

Below is the schedule of future principal payments, net of annual amortization of deferred financing costs:

<u>Year Ending December 31,</u>	<u>2018A</u>	<u>2018B</u>	<u>Huntington</u>	<u>TOTAL</u>
2021	\$ 1,340,632	\$ 365,520	\$ 257,766	\$ 1,963,918
2022	1,394,557	384,106	268,937	2,047,600
2023	1,450,650	403,637	280,592	2,134,879
2024	1,508,999	424,161	292,752	2,225,912
2025	64,542,034	21,150,447	305,440	85,997,921
Thereafter	-	-	10,953,776	10,953,776
Total	<u>\$ 70,236,872</u>	<u>\$ 22,727,871</u>	<u>\$ 12,359,263</u>	<u>\$ 105,324,006</u>

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Membership	\$ 47,917	\$ 583,334
National Neighbor Silver	125,000	250,000
Training Academy	100,667	150,000
GROWTH	1,854,544	3,947,836
Fair Housing / Lending	300,000	565,000
Housing Counseling Network	50,000	-
Business Development	1,353,832	258,126
PLACE	6,885	6,885
Research	159,060	-
Small Business Lending	5,500,000	-
Participation in the NY Forward Loan Fund	6,408,613	-
Time Restricted Capital Campaign	200,000	250,000
Time Restricted Council Dues	155,000	70,000
Total	<u>\$ 16,261,518</u>	<u>\$ 6,081,181</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
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NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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:

	2020	2019
Membership	\$ 943,751	\$ 1,136,518
National Neighbor Silver	125,000	278,000
Other Program Support	-	200,000
Training Academy	372,833	100,000
GROWTH	2,638,267	1,926,746
Fair Housing / Lending	265,000	649,997
Housing Counseling Network	619,025	200,000
Business Development	370,959	66,932
Research	941	-
Participation in the NY Forward Loan Fund	2,591,387	-
Time Restricted Capital Campaign	50,000	250,000
Time Restricted Council Dues	70,000	-
Total	<u>\$ 8,047,163</u>	<u>\$ 4,808,193</u>

NOTE 13 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:

<u>Year Ending December 31,</u>	NCRC	740	TOTAL
2021	\$ 1,780,590	\$ 7,254,938	\$ 9,035,528
2022	1,297,528	7,401,901	8,699,429
2023	894,273	6,840,906	7,735,179
2024	790,431	6,540,522	7,330,953
2025	609,805	6,674,710	7,284,515
Thereafter	761,125	40,025,097	40,786,222
Total	<u>\$ 6,133,752</u>	<u>\$ 74,738,074</u>	<u>\$ 80,871,826</u>

NCRC leases office space and has entered into an operating lease agreement that expires December 2021. The minimum future rent payments due in 2021 are \$488,891.

Property Management Services

The Company 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 Company. The Agreement is set to expire on August 31, 2021, with a maximum of five automatic one-year renewals.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
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NOTE 14 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, were \$324,820 and \$259,522 for the years ended December 31, 2020 and 2019, respectively.

NOTE 15 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, 2020.

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

Four tenants occupy 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 years ended December 31, 2020 and 2019, respectively.

Concentration of Revenue

Two grantors contributed a total of \$14,500,000 representing 62% of total contributions and grants revenue as of December 31, 2020.

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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 RELATED PARTY TRANSACTIONS

Entities related to NCRC include the following:

NCRC Development Corp. – NCRC Development Corp. is wholly owned but not controlled by NCRC. Promissory notes used by NCRC Development Corp. to support the operations of NCRC Housing Rehab Fund LLC have been provided by NCRC CDFI as disclosed in Note 6 – Notes Receivable.

NCRC Holding LLC – NCRC Holding LLC is a wholly owned subsidiary of NCRC Development Corp. Promissory notes supporting low and moderate income housing in Washington DC have been provided by NCRC CDFI as disclosed in Note 6 – 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 is an investment fund that acquires, owns, manages, renovates, and sells investments in single family residential houses in low and moderate income neighborhoods. Promissory notes supporting that program have been provided by NCRC CDFI as disclosed in Note 6 – Notes Receivable.

727 Management Company, LLC – 727 Management Company, LLC is the Fund Manager for NCRC Housing Rehab Fund LLC and provides management services for NCRC’s buildings. Its sole member and President holds the position of Executive Director of NCRC Development Corp., Manager of NCRC Housing Rehab Fund, LLC, and Chief, Community Development of NCRC 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.

Excluding amounts disclosed in Note 6 – Notes Receivable, below is a summary of transactions with and balances (due from) or owed to NCRC from related parties as of December 31:

	2020	2019
727 Management Company, LLC	\$ 333,311	\$ 525,538
NCRC Development Corp.	(448,864)	(265,778)
Growth Builders L.L.C.	24,310	-
Housing Rehab Fund LLC	400,843	322,562
Net Due to Affiliates	<u>\$ 309,600</u>	<u>\$ 582,322</u>
 Loan Advances to Affiliates - NCRC Development Corp.	 <u>\$ 800,000</u>	 <u>\$ 800,000</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
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NOTE 16 RELATED PARTY TRANSACTIONS (CONTINUED)

NCRC Development Corp.

During the years ended December 31, 2020 and 2019, NCRC Development Corp. provided staffing to NCRC and NCRC CDFI, on a cost reimbursement basis, amounting to \$-0- and \$193,916, respectively. During the years ended December 31, 2020 and 2019, NCRC incurred operating expenses on behalf of NCRC Development Corp. amounting to \$-0- and \$379,475, respectively. As of December 31, 2020 and 2019, the net amount owed from NCRC Development Corp. was \$368,651 and \$185,565, respectively.

As of December 31, 2020 and 2019, NCRC Development Corp. owed NCRC CDFI \$80,213 for interest accrued on funding made and repaid in years prior to 2019.

NCRC provided a loan advance to NCRC Development Corp of \$800,000 that was outstanding at December 31, 2020 and 2019.

NCRC 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 \$78,281 and \$325,592 during the years ended December 31, 2020 and 2019, respectively. NCRC and NCRC CDFI reimburse these expenses to HRF. As of December 31, 2020 and 2019, there was an outstanding balance of \$400,843 and \$322,562, respectively.

727 Management Company, LLC

Certain loan agreements entered into by NCRC CDFI facilitate investment of funds managed by 727-Management Company LLC. Some of these noteholders pay the company management fees in consideration for responsibilities as fund manager. In addition, during the years ended December 31, 2020 and 2019, 727 Management Company, LLC provided staffing to NCRC CDFI, on a cost reimbursement basis, amounting to \$16,094 and \$7,156, respectively. As of December 31, 2020 and 2019, the net amount owed to 727 Management Company, LLC was \$17,740 and \$4,967, respectively.

NCRC entered into a management agreement with 727 Management Company, LLC for management services of the buildings at 727 Fifteenth Street NW and 740 Fifteenth Street. During the year ended December 31, 2020, the management services of the buildings is being performed by NCRC and eliminated in consolidation. Total management fee expense to 727 Management Company, LLC was \$150,000 for the year ended December 31, 2019. At December 31, 2020 and 2019, amounts due to 727 Management Company totaled \$315,571 and \$520,571, respectively.

Growth Builders, L.L.C.

During the years ended December 31, 2020 and 2019, Growth Builders, L.L.C. provided professional staffing to NCRC CDFI, on a cost reimbursement basis, amounting to \$24,310 and \$-0-, respectively. Amounts due to Growth Builders, L.L.C. totaled \$24,310 and \$-0- at December 31, 2020 and 2019, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 17 CONTINGENCIES

Grants and Contributions

NCRC receives substantial funding from 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 Company 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 Company'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

During the year ended December 31, 2020, the World Health Organization declared the spread of coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenue due to cancellation of certain events, tenant occupancy and collectability, and reductions in certain revenue streams. Management believes the Company is taking appropriate actions to mitigate the negative impact. As of June 29, 2021, the amount and likelihood of loss relating to these events is not determined and cannot be reasonably estimated as these events are still developing.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2019)
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	NCRC				Affiliates		Consolidated 2020	Consolidated 2019	
	NCRC	NCRC 740	NCRC AFD	Eliminations	Consolidated	NCRC CDFI			Eliminations
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 752,784	\$ 1,290,629	\$ 851,243	\$ -	\$ 2,894,656	\$ 13,811,339	\$ -	\$ 16,705,995	\$ 9,043,101
Investments	2,526,879	-	-	-	2,526,879	-	-	2,526,879	2,337,847
Pledges and Other Receivables, Current Portion, Net	3,420,565	177,968	-	-	3,598,533	149,384	-	3,747,917	3,509,650
Due from Affiliates	1,292,285	-	-	(1,176,682)	115,603	-	(115,603)	-	-
Prepaid Expenses and Other Assets	123,949	34,321	-	-	158,270	3,000	-	161,270	123,985
Total Current Assets	8,116,462	1,502,918	851,243	(1,176,682)	9,293,941	13,963,723	(115,603)	23,142,061	15,014,583
PROPERTY AND EQUIPMENT									
Land	1,337,306	27,741,276	-	-	29,078,582	-	-	29,078,582	29,078,582
Building	8,456,922	48,901,882	-	-	57,358,804	-	-	57,358,804	57,358,804
In-Place Leases	-	5,660,916	-	-	5,660,916	-	-	5,660,916	5,660,916
Building Improvements	1,607,636	1,238,990	-	-	2,846,626	-	-	2,846,626	3,709,828
Tenant Improvements	535,074	9,541,183	-	-	10,076,257	-	-	10,076,257	10,269,823
Furniture, Equipment and Software	1,242,210	-	-	-	1,242,210	-	-	1,242,210	1,238,823
Total	13,179,148	93,084,247	-	-	106,263,395	-	-	106,263,395	107,316,336
Less: Accumulated Depreciation	(5,664,977)	(10,880,920)	-	-	(16,545,897)	-	-	(16,545,897)	(14,564,428)
Property and Equipment, Net	7,514,171	82,203,327	-	-	89,717,498	-	-	89,717,498	92,751,908
OTHER ASSETS									
Escrow Deposits	500,034	1,024,870	-	-	1,524,904	-	-	1,524,904	1,288,629
Notes Receivable	-	-	-	-	-	31,811,787	-	31,811,787	26,320,400
Construction in Process	-	-	-	-	-	-	-	-	67,886
Pledges and Other Receivables,									
Less Current Portion, Net	500,000	-	-	-	500,000	29,455	-	529,455	207,282
Investment (Loss) in Affiliate	(8,180,852)	-	-	8,546,544	365,692	-	-	365,692	1,056,975
Loan Advances to Affiliates	800,000	-	-	-	800,000	-	-	800,000	800,000
Deferred Rent Assets	392,237	8,395,995	-	-	8,788,232	-	(689,490)	8,098,742	7,267,076
Interest Rate Swap	-	-	-	-	-	-	-	-	-
Deferred Leasing Costs, Net	242,235	1,201,678	-	-	1,443,913	-	-	1,443,913	1,667,512
Security Deposit	157,391	-	-	-	157,391	-	-	157,391	157,391
Total Other Assets	(5,588,955)	10,622,543	-	8,546,544	13,580,132	31,841,242	(689,490)	44,731,884	38,833,151
Total Assets	\$ 10,041,678	\$ 94,328,788	\$ 851,243	\$ 7,369,862	\$ 112,591,571	\$ 45,804,965	\$ (805,093)	\$ 157,591,443	\$ 146,599,642
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Expenses	\$ 650,787	\$ 646,239	\$ -	\$ -	\$ 1,297,026	\$ 17,965	\$ -	\$ 1,314,991	\$ 1,458,889
Deferred Revenue and Prepaid Rent	1,549,141	468,080	-	-	2,017,221	-	(689,490)	1,327,731	1,768,657
Due to Affiliates	1,030,872	404,435	89,138	(1,176,682)	347,763	77,440	(115,603)	309,600	582,322
Refundable Advance - Payroll Protection Program	1,172,500	-	-	-	1,172,500	-	-	1,172,500	-
Notes Payable, Current Portion and Lines of Credit	1,020,638	-	-	-	1,020,638	-	-	1,020,638	976,723
Mortgages and Bonds Payable, Current Portion	257,766	1,706,152	-	-	1,963,918	-	-	1,963,918	1,883,685
Total Current Liabilities	5,681,704	3,224,906	89,138	(1,176,682)	7,819,066	95,405	(805,093)	7,109,378	6,670,276
LONG-TERM LIABILITIES									
Tenant Security Deposits and Refunds	247,901	293,000	-	-	540,901	-	-	540,901	540,901
Notes Payable, Less Current Portion	305,191	-	-	-	305,191	23,000,000	-	23,305,191	23,011,716
Interest Rate Swap Obligations	1,468,135	9,533,628	-	-	11,001,763	-	-	11,001,763	6,262,957
Mortgage and Bonds Payable, Less Current Portion	11,939,180	89,823,798	-	-	101,762,978	-	-	101,762,978	103,399,485
Total Long-Term Liabilities	13,960,407	99,650,426	-	-	113,610,833	23,000,000	-	136,610,833	133,215,059
Total Liabilities	19,642,111	102,875,332	89,138	(1,176,682)	121,429,899	23,095,405	(805,093)	143,720,211	139,885,335
NET ASSETS									
Without Donor Restrictions	(12,423,738)	(8,546,544)	762,105	8,546,544	(11,661,633)	9,271,347	-	(2,390,286)	633,126
With Donor Restrictions	2,823,305	-	-	-	2,823,305	13,438,213	-	16,261,518	6,081,181
Total Net Assets	(9,600,433)	(8,546,544)	762,105	8,546,544	(8,838,328)	22,709,560	-	13,871,232	6,714,307
Total Liabilities and Net Assets	\$ 10,041,678	\$ 94,328,788	\$ 851,243	\$ 7,369,862	\$ 112,591,571	\$ 45,804,965	\$ (805,093)	\$ 157,591,443	\$ 146,599,642

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2019)
(SEE INDEPENDENT AUDITORS' REPORT)

	NCRC					Affiliates			Consolidated 2020	Consolidated 2019	
	NCRC Without Donor Restrictions	NCRC With Donor Restrictions	NCRC 740	NCRC AFD Without Donor Restrictions	Eliminations	NCRC Consolidated	NCRC CDFI Without Donor Restrictions	NCRC CDFI With Donor Restrictions			Eliminations
REVENUE											
Contributions and Grants	\$ 5,386,468	\$ 3,727,500	\$ -	\$ -	\$ -	\$ 9,113,968	\$ -	\$ 14,500,000	\$ -	\$ 23,613,968	\$ 3,949,347
Federal Awards	2,430,686	-	-	-	-	2,430,686	-	-	-	2,430,686	2,673,579
Membership and Corporate Dues	151,219	-	-	-	-	151,219	-	-	-	151,219	143,088
Conferences	-	-	-	-	-	-	-	-	-	-	4,039,325
Interest Income	-	-	-	-	-	-	723,852	-	-	723,852	550,285
Rental Income	2,455,288	-	9,211,916	-	(1,570,210)	10,096,994	-	-	-	10,096,994	10,411,785
Other Income	1,630,775	-	-	-	(1,125,394)	505,381	2,554	-	-	507,935	352,886
Investment Income, Net	190,885	-	4,230	-	-	195,115	-	-	-	195,115	344,142
Net Assets Released from Restrictions	3,055,376	(3,055,376)	-	-	-	-	4,991,787	(4,991,787)	-	-	-
Total Revenue	15,300,697	672,124	9,216,146	-	(2,695,604)	22,493,363	5,718,193	9,508,213	-	37,719,769	22,464,437
EXPENSES											
Nonfederal Program Expense:											
Conferences	437,619	-	-	-	(11,511)	426,108	-	-	-	426,108	1,763,135
Research and Publications	370,116	-	-	-	(34,628)	335,488	-	-	-	335,488	373,874
Housing Counseling Network	763,838	-	-	-	(46,045)	717,793	-	-	-	717,793	668,484
Membership	1,487,795	-	-	-	(115,113)	1,372,682	-	-	-	1,372,682	1,311,056
National Neighbor Silver	148,921	-	-	-	-	148,921	-	-	-	148,921	164,866
Workforce/Growth	613,187	-	-	-	(11,511)	601,676	-	-	-	601,676	938,024
Communications	648,979	-	-	-	(46,045)	602,934	-	-	-	602,934	727,514
Business Development	170,431	-	-	-	-	170,431	-	-	-	170,431	107,540
Race, Wealth and Community	1,107,598	-	-	-	(80,579)	1,027,019	-	-	-	1,027,019	711,289
Capital Markets	1,019,421	-	-	-	(9,708)	1,009,713	-	-	-	1,009,713	656,403
Other Programs	145,191	-	-	30,596	(34,533)	141,254	790,512	-	-	931,766	783,317
Total Nonfederal Programs	6,913,096	-	-	30,596	(389,673)	6,554,019	790,512	-	-	7,344,531	8,205,502
Federal Program Expenses:											
FHIP	454,281	-	-	-	-	454,281	-	-	-	454,281	396,253
SBA/WBC	447,626	-	-	-	(23,761)	423,865	-	-	-	423,865	419,645
Private Enforcement Initiatives	269,173	-	-	-	-	269,173	-	-	-	269,173	292,703
Housing Counseling Network	1,847,974	-	-	-	-	1,847,974	-	-	-	1,847,974	2,149,438
Total Federal Programs	3,019,054	-	-	-	(23,761)	2,995,293	-	-	-	2,995,293	3,258,039
Support Services Expenses:											
Legislative Affairs	696,550	-	-	-	(34,534)	662,016	-	-	-	662,016	468,008
General Administration	4,039,714	-	-	-	(1,801,587)	2,238,127	-	-	-	2,238,127	1,821,291
Building Expenses	1,206,391	-	7,431,275	-	(423,027)	8,214,639	-	-	-	8,214,639	8,962,765
Fundraising	328,976	-	-	-	(23,022)	305,954	-	-	-	305,954	335,550
Total Supporting Services	6,271,631	-	7,431,275	-	(2,282,170)	11,420,736	-	-	-	11,420,736	11,587,614
Total Expenses	16,203,781	-	7,431,275	30,596	(2,695,604)	20,970,048	790,512	-	-	21,760,560	23,051,155
CHANGE IN NET ASSETS BEFORE OTHER EXPENSES	(903,084)	672,124	1,784,871	(30,596)	-	1,523,315	4,927,681	9,508,213	-	15,959,209	(586,718)
OTHER EXPENSES											
Net Gain (Loss) in Affiliates	(5,616,936)	-	-	-	4,925,653	(691,283)	-	-	-	(691,283)	697,616
Unrealized Loss on Interest Rate Swaps	(838,383)	-	(3,900,423)	-	-	(4,738,806)	-	-	-	(4,738,806)	(4,021,800)
Depreciation and Amortization	(562,094)	-	(2,810,101)	-	-	(3,372,195)	-	-	-	(3,372,195)	(3,659,990)
CHANGE IN NET ASSETS	(7,920,497)	672,124	(4,925,653)	(30,596)	4,925,653	(7,278,969)	4,927,681	9,508,213	-	7,156,925	(7,570,892)
Net Assets - Beginning of Year	(4,503,241)	2,151,181	(3,620,891)	792,701	3,620,891	(1,559,359)	4,343,666	3,930,000	-	6,714,307	14,285,199
NET ASSETS - END OF YEAR	\$ (12,423,738)	\$ 2,823,305	\$ (8,546,544)	\$ 762,105	\$ 8,546,544	\$ (8,838,328)	\$ 9,271,347	\$ 13,438,213	\$ -	\$ 13,871,232	\$ 6,714,307



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Community Reinvestment Coalition, Inc. (NCRC), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCRC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCRC's internal control. Accordingly, we do not express an opinion on the effectiveness of NCRC's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

NCRC’s Response to Findings

NCRC’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. NCRC’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Greenbelt, Maryland
June 29, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited National Community Reinvestment Coalition, Inc.'s (NCRC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NCRC's major federal programs for the year ended December 31, 2020. NCRC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of NCRC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NCRC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NCRC's compliance.

Opinion on Each Major Federal Program

In our opinion, NCRC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of NCRC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NCRC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NCRC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Greenbelt, Maryland
June 29, 2021

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Passthrough Entity	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Fair Housing Organization Initiatives	14.417	N/A	\$ -	\$ 109,485
Private Enforcement Initiatives	14.418	N/A	-	269,173
Comprehensive Housing Counseling	14.169	N/A	912,939	1,167,773
Housing Counseling Training	14.316	N/A	-	491,068
Housing Counseling Training	14.316	N/A	-	168,011
			<u>912,939</u>	<u>2,205,510</u>
U.S. Small Business Administration				
Women's Business Center	59.043	N/A	-	84,006
Women's Business Center	59.043	N/A	-	46,290
SBA Cares Grant	59.043	N/A	-	94,880
			<u>-</u>	<u>225,176</u>
Total Expenditures of Federal Awards			<u>\$ 912,939</u>	<u>\$ 2,430,686</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the Federal grant activity of NCRC under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of the 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NCRC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of NCRC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

NCRC has a federally negotiated indirect cost rate and as a result does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.169	Comprehensive Housing Counseling
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 750,000 </u>
Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no

**NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section II – Financial Statement Findings

2019-001– Financial Reporting

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: During the course of our audit we discovered fewer misstatements than in the prior year’s audit; however, these misstatements collectively had a significant impact on NCRC’s consolidated financial statements. These misstatements occurred as a result of the accounts not being rigorously analyzed, evaluated, and adjusted prior to the audit. The most significant adjustment related to recording the impact to NCRC of the tax abatement credit received from NCRC 740 LLC. The impact of this adjustment was eliminated in consolidation.

Criteria or specific requirement: Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct misstatements.

The internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations, and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Context: We noted accounts were ultimately reconciled at year-end but that it required significant effort from the finance team. Timely reconciliations that are performed throughout the year are a primary means of preventing and detecting errors in account balances.

Effect: Inadequate controls over financial reporting can result in misstatement of balances and activities within the financial statements and/or loss of assets.

Cause: Improvements in the monthly and year-end closing processes as well as processes associated with revenue recognition were noted to be improved but corrective actions in these areas are not complete.

Repeat Finding: The finding is a modified repeat of a finding in the immediately prior year. Prior year finding number was 2019-001.

Recommendation: We recommend continued evaluation of the current monthly and year-end closing process. In addition, we also recommend further improvement of processes to apply revenue accounting standards implemented in the prior year, in order to ensure procedures result in accurate, and complete financial reporting in a timely manner.

Views of Responsible Officials: There is no disagreement with the audit finding. The adjustment for the tax abatement credit was delayed due to the timing of the contract which took effect at the end of the year. Management completed all analyses and updates in agreement with Auditors. Procedures have been updated to advance the month-end and year-end closing processes.

**NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

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