

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

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

YEARS ENDED DECEMBER 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](https://www.CLAconnect.com)

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – NONFEDERAL PROGRAMS	7
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – FEDERAL PROGRAMS	8
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – SUPPORT SERVICES	9
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES – COMBINED PROGRAMS	10
CONSOLIDATED STATEMENTS OF CASH FLOWS	11
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	12
SUPPLEMENTARY INFORMATION	
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF FINANCIAL POSITION	39
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF ACTIVITIES	40
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	41
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	43
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	48



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of National Community Reinvestment Coalition, Inc. (NCRC), which comprise the consolidated statements of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NCRC as of December 31, 2021, and change in operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 \$59,265,863 as of December 31, 2021, and total revenues of \$6,859,194 for the year 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, 2021, and for the year then ended, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCRC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NCRC's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information – Consolidating Statements

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating statements of financial position and activities is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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 Information – Comparative Financial Information

We have previously audited NCRC's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022, 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
May 19, 2022

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,151,967	\$ 16,705,995
Investments	2,821,679	2,526,879
Pledges and Other Receivables, Current Portion, Net	1,903,636	3,674,977
Small Business Loans Receivable, Current Portion, Net	1,013,338	43,485
Prepaid Expenses and Other Assets	91,804	161,270
Total Current Assets	17,982,424	23,112,606
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	2,846,626
Tenant Improvements	10,076,257	10,076,257
Furniture, Equipment, and Software	1,243,545	1,242,210
Total	106,264,730	106,263,395
Less: Accumulated Depreciation	19,568,539	16,545,897
Property and Equipment, Net	86,696,191	89,717,498
OTHER ASSETS		
Escrow Deposits	2,015,040	1,524,904
Notes Receivable	48,962,154	31,811,787
Pledges and Other Receivables, Less Current Portion	2,333,940	529,455
Small Business Loans Receivable, Less Current Portion	2,565,705	29,455
Investment in Affiliate	39,999	365,692
Loan Advances to Affiliates	800,000	800,000
Deferred Rent Assets	7,900,598	8,098,742
Deferred Leasing Costs	1,346,722	1,443,913
Security Deposit	157,391	157,391
Total Other Assets	66,121,549	44,761,339
Total Assets	\$ 170,800,164	\$ 157,591,443
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,210,634	\$ 1,314,991
Deferred Revenue and Prepaid Rent	676,094	1,327,731
Due to Affiliates	480,511	309,600
Refundable Advance - Payroll Protection Program	-	1,172,500
Notes Payable, Current Portion and Lines of Credit	1,056,239	1,020,638
Mortgages and Bonds Payable, Current Portion	2,047,600	1,963,918
Total Current Liabilities	6,471,078	7,109,378
LONG-TERM LIABILITIES		
Tenant Security Deposits and Refunds	425,607	540,901
Notes Payable, Less Current Portion	33,077,602	23,305,191
Interest Rate Swap Obligations	5,913,658	11,001,763
Mortgage and Bonds Payable, Less Current Portion	100,048,130	101,762,978
Total Long-Term Liabilities	139,464,997	136,610,833
Total Liabilities	145,936,075	143,720,211
NET ASSETS		
Without Donor Restrictions	14,154,794	(2,390,286)
With Donor Restrictions	10,709,295	16,261,518
Total Net Assets	24,864,089	13,871,232
Total Liabilities and Net Assets	\$ 170,800,164	\$ 157,591,443

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions and Grants	\$ 2,731,459	\$ 14,903,765	\$ 17,635,224	\$ 5,386,468	\$ 18,227,500	\$ 23,613,968
Federal Awards	2,491,332	-	2,491,332	2,430,686	-	2,430,686
Membership and Corporate Dues	219,448	-	219,448	151,219	-	151,219
Conferences	3,935,348	-	3,935,348	-	-	-
Interest Income	975,706	-	975,706	723,852	-	723,852
Rental Income	9,941,058	-	9,941,058	10,096,994	-	10,096,994
Other Income	349,616	-	349,616	507,935	-	507,935
Investment Return, Net	295,001	-	295,001	195,115	-	195,115
Net Assets Released from Restrictions:						
Satisfaction of Time and Program Restrictions	20,455,988	(20,455,988)	-	8,047,163	(8,047,163)	-
Total Revenue	<u>41,394,956</u>	<u>(5,552,223)</u>	<u>35,842,733</u>	<u>27,539,432</u>	<u>10,180,337</u>	<u>37,719,769</u>
EXPENSES						
Nonfederal Program Expenses:						
Conference	537,949	-	537,949	426,108	-	426,108
Research and Publications	423,483	-	423,483	335,488	-	335,488
Housing Counseling Network	422,333	-	422,333	717,793	-	717,793
Membership	1,358,368	-	1,358,368	1,372,682	-	1,372,682
Special initiatives	77,232	-	77,232	148,921	-	148,921
Workforce/GROWTH	687,684	-	687,684	601,676	-	601,676
Communications	629,932	-	629,932	602,934	-	602,934
Business Development	128,125	-	128,125	170,431	-	170,431
Racial Economic Equity	886,109	-	886,109	1,027,019	-	1,027,019
Capital Markets	1,349,682	-	1,349,682	1,009,713	-	1,009,713
Field Empowerment Fund	2,369,231	-	2,369,231	-	-	-
Other Programs	3,333,924	-	3,333,924	931,766	-	931,766
Total Nonfederal Program Expenses	<u>12,204,052</u>	<u>-</u>	<u>12,204,052</u>	<u>7,344,531</u>	<u>-</u>	<u>7,344,531</u>
Federal Program Expenses:						
FHIP / PEI	530,831	-	530,831	723,454	-	723,454
SBA / WBC	520,039	-	520,039	423,865	-	423,865
Housing Counseling Network	946,278	-	946,278	1,176,073	-	1,176,073
Housing Counseling Training	695,610	-	695,610	671,901	-	671,901
Total Federal Program Expenses	<u>2,692,758</u>	<u>-</u>	<u>2,692,758</u>	<u>2,995,293</u>	<u>-</u>	<u>2,995,293</u>
Support Services Expenses:						
Legislative Affairs	789,315	-	789,315	662,016	-	662,016
General Administration	2,213,342	-	2,213,342	2,238,127	-	2,238,127
Building Expenses	8,104,210	-	8,104,210	8,214,639	-	8,214,639
Fundraising	327,549	-	327,549	305,954	-	305,954
Total Supporting Services Expenses	<u>11,434,416</u>	<u>-</u>	<u>11,434,416</u>	<u>11,420,736</u>	<u>-</u>	<u>11,420,736</u>
Total Expenses	<u>26,331,226</u>	<u>-</u>	<u>26,331,226</u>	<u>21,760,560</u>	<u>-</u>	<u>21,760,560</u>
CHANGE IN NET ASSETS BEFORE OTHER EXPENSES	15,063,730	(5,552,223)	9,511,507	5,778,872	10,180,337	15,959,209

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OTHER EXPENSES						
Net Gain (Loss) From Affiliates	\$ (325,695)	\$ -	\$ (325,695)	\$ (691,283)	\$ -	\$ (691,283)
Unrealized Gain (Loss) on Interest Rate Swaps	5,088,105	-	5,088,105	(4,738,806)	-	(4,738,806)
Depreciation and Amortization	(3,281,060)	-	(3,281,060)	(3,372,195)	-	(3,372,195)
CHANGE IN NET ASSETS	16,545,080	(5,552,223)	10,992,857	(3,023,412)	10,180,337	7,156,925
Net Assets - Beginning of Year	(2,390,286)	16,261,518	13,871,232	633,126	6,081,181	6,714,307
NET ASSETS - END OF YEAR	<u>\$ 14,154,794</u>	<u>\$ 10,709,295</u>	<u>\$ 24,864,089</u>	<u>\$ (2,390,286)</u>	<u>\$ 16,261,518</u>	<u>\$ 13,871,232</u>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – NONFEDERAL PROGRAMS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED INFORMATION FOR 2020)

	Conference	Research and Publications	Housing Counseling Network	Special Membership	Special Initiatives	Workforce/ GROWTH	Communications	Business Development	Racial Economic Equity	Capital Markets	Field Empowerment Fund	Other Programs				2021	2020
												NCRC	Equivico Corp.	AFD	Other		
Salaries	\$ 216,088	\$ 236,732	\$ 164,090	\$ 788,602	\$ 49,912	\$ 206,060	\$ 367,588	\$ 58,126	\$ 521,277	\$ 370,875	\$ -	\$ -	\$ -	\$ -	\$ 28,719	\$ 3,008,069	\$ 2,891,757
Fringe Benefits	45,914	50,087	30,442	155,515	10,030	44,454	76,268	12,950	94,739	75,746	-	-	-	-	6,066	602,211	596,723
Advertising Expense	-	-	-	13,318	-	-	20,586	-	2,930	51,954	-	-	-	-	-	88,788	50,070
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	23,615	-	-	-	23,615	-
Bank Service Fees	6,045	-	-	14,506	-	-	-	-	-	508	-	-	-	-	-	21,059	19,699
Conference Expense	35,741	-	-	296	-	-	1,770	-	35	602	-	-	-	-	-	38,444	39,529
Dues and Subscriptions	350	6,006	58,514	9,574	-	-	12,828	-	2,790	9,845	-	-	-	-	-	99,907	73,841
Grants Awarded	-	-	-	-	-	-	-	-	-	-	-	1,300,000	-	-	-	1,300,000	-
Information Technology	38,590	2,441	2,430	7,920	-	432	4,682	80	5,089	6,679	-	-	-	-	972	69,315	46,531
Insurance	-	-	-	2,770	-	-	-	-	-	-	-	-	-	-	-	2,770	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	655,779	-	-	-	655,779	569,181
Materials and Publications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,541
Meeting Expenses	591	-	-	-	-	-	-	-	-	-	-	-	-	-	-	591	14,071
Miscellaneous Expense	-	-	-	-	-	-	-	-	-	-	-	28,783	-	160	-	28,943	1,784
Postage and Delivery	-	-	-	4,133	-	-	-	-	16	-	-	-	-	-	-	4,149	139
Printing and Reproduction	-	-	-	78	-	-	-	-	-	52	-	-	-	-	-	130	2,236
Professional Development	-	-	203	1,769	500	-	971	-	6,039	995	-	-	-	-	-	10,477	6,237
Professional Fees	91,240	33,500	-	40,000	-	324,704	-	32,650	92,110	594,884	-	703,536	225,803	15,069	32,802	2,186,298	1,279,307
Program Exp - Pass Through	-	-	62,400	-	-	-	-	-	-	-	2,300,000	-	-	-	-	2,362,400	285,600
Provision for Loan Loss	-	-	-	-	-	-	-	-	-	-	-	255,502	-	-	-	255,502	-
Rent and Storage	861	7,780	7,748	28,410	-	17,072	10,331	-	10,331	714	-	12,121	-	-	7,748	103,116	88,077
Repairs and Maintenance	-	-	-	2,731	-	-	-	-	-	380	-	8,812	-	-	-	11,923	1,160
Supplies, Office Expense	-	-	-	463	-	-	34	-	-	2,445	-	-	-	-	-	2,942	8,347
Taxes	-	-	-	-	-	-	-	-	-	1,249	-	-	-	-	-	1,249	745
Telephone	16	1,339	1,425	4,755	-	480	2,056	-	3,340	950	-	-	-	-	349	14,710	24,524
Temp Help, Interns, Volunteer	-	-	25,521	1,500	900	150	1,950	-	750	-	-	-	-	-	840	31,611	21,115
Travel	165	-	-	6,235	-	1,833	110	-	1,280	-	-	-	-	-	-	9,623	59,268
Overhead	102,348	85,598	69,560	275,793	15,890	92,499	130,758	24,319	145,383	231,804	69,231	-	-	-	27,248	1,270,431	1,259,049
Total	\$ 537,949	\$ 423,483	\$ 422,333	\$ 1,358,368	\$ 77,232	\$ 687,684	\$ 629,932	\$ 128,125	\$ 886,109	\$ 1,349,682	\$ 2,369,231	\$ 2,988,148	\$ 225,803	\$ 15,229	\$ 104,744	\$ 12,204,052	\$ 7,344,531

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, 2021
(WITH SUMMARIZED INFORMATION FOR 2020)

	FHIP / PEI	SBA / WBC	Housing Counseling Network	Housing Counseling Training	2021	2020
Salaries	\$ 242,121	\$ 305,899	\$ 81,170	\$ 153,577	\$ 782,767	\$ 773,252
Fringe Benefits	61,312	64,356	19,481	32,943	178,092	152,523
Advertising Expense	46,018	9,697	-	-	55,715	9,081
Bank Service Fees	-	-	-	412	412	1,383
Dues and Subscriptions	17,885	9,986	21,425	65,654	114,950	72,626
Information Technology	-	-	-	29,460	29,460	45,881
Materials and Publications	-	-	-	-	-	20
Meeting Expenses	-	-	-	4,704	4,704	22,486
Postage and Delivery	-	-	-	-	-	2,646
Printing and Reproduction	-	-	-	6,500	6,500	11,819
Professional Development	1,978	2,039	-	-	4,017	3,472
Professional Fees	60,664	51,824	-	228,618	341,106	284,883
Program Exp - PassThrough	-	-	709,731	-	709,731	912,939
Rent and Storage	-	7,748	-	-	7,748	4,631
Repairs and Maintenance	-	-	-	-	-	1,376
Supplies, Office Expense	65	652	-	1,540	2,257	12,784
Telephone	-	1,648	-	1,848	3,496	6,217
Temp Help, Interns, Volunteer	-	5,040	3,958	38,809	47,807	95,912
Travel	-	498	-	-	498	101,567
Overhead	100,788	60,652	110,513	131,545	403,498	479,795
Total	\$ 530,831	\$ 520,039	\$ 946,278	\$ 695,610	\$ 2,692,758	\$ 2,995,293

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, 2021
(WITH SUMMARIZED INFORMATION FOR 2020)

	Legislative	General	Building Expenses		Fundraising	2021	2020
	Affairs	Administration	NCRC 740	Building 727			
Salaries	\$ 488,478	\$ 2,163,165	\$ -	\$ -	\$ 208,207	\$ 2,859,850	\$ 2,753,697
Fringe Benefits	103,192	510,236	-	-	42,915	656,343	546,920
Advertising Expense	-	9,594	-	-	-	9,594	5,467
Bad Debt	-	240,000	-	-	-	240,000	240,000
Bank Service Fees	-	19,454	19,372	-	213	39,039	36,511
Building Operating Expenses	-	12,919	1,429,468	598,056	-	2,040,443	1,955,595
Conference Expense	75	395	-	-	-	470	500
Dues and Subscriptions	8,734	96,647	2,687	-	1,499	109,567	66,085
Information Technology	4,713	26,951	-	-	1,620	33,284	32,079
Insurance	-	32,994	78,932	20,131	-	132,057	136,980
Interest Expense	-	40,595	4,195,470	554,513	-	4,790,578	4,936,748
Management Fees	-	-	166,426	37,233	-	203,659	172,684
Materials and Publications	-	-	-	-	-	-	333
Meeting Expenses	-	240	-	-	-	240	20,661
Miscellaneous Expense	-	6,334	-	-	-	6,334	7,073
Postage and Delivery	-	5,728	-	-	-	5,728	6,590
Printing and Reproduction	-	600	-	-	-	600	4,613
Professional Development	-	3,735	-	-	-	3,735	10,084
Professional Fees	9,308	444,710	82,283	62,361	-	598,662	764,239
Rent and Storage	12,914	417,285	-	-	5,165	435,364	362,392
Repairs and Maintenance	-	19,940	181,124	95,010	-	296,074	369,454
Supplies, Office Expense	-	25,075	9,321	-	-	34,396	42,794
Taxes	-	87	480,003	85,720	-	565,810	557,687
Telephone	1,832	31,306	6,100	-	793	40,031	56,489
Temp Help, Interns, Volunteer	-	675	-	-	1,200	1,875	37,246
Travel	747	3,865	-	-	-	4,612	36,659
Overhead	159,322	(1,899,188)	-	-	65,937	(1,673,929)	(1,738,844)
Subtotal	789,315	2,213,342	6,651,186	1,453,024	327,549	11,434,416	11,420,736
Depreciation and Amortization	-	91,577	2,810,214	379,269	-	3,281,060	3,372,195
Total	\$ 789,315	\$ 2,304,919	\$ 9,461,400	\$ 1,832,293	\$ 327,549	\$ 14,715,476	\$ 14,792,931

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, 2021 AND 2020

	Nonfederal Programs		Federal Programs		Support Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Salaries	\$ 3,008,069	\$ 2,891,757	\$ 782,767	\$ 773,252	\$ 2,859,850	\$ 2,753,697	\$ 6,650,686	\$ 6,418,706
Fringe Benefits	602,211	596,723	178,092	152,523	656,343	546,920	1,436,646	1,296,166
Advertising Expense	88,788	50,070	55,715	9,081	9,594	5,467	154,097	64,618
Bad Debt	23,615	-	-	-	240,000	240,000	263,615	240,000
Bank Service Fees	21,059	19,699	412	1,383	39,039	36,511	60,510	57,593
Building Operating Expenses	-	-	-	-	2,040,443	1,955,595	2,040,443	1,955,595
Conference Expense	38,444	39,529	-	-	470	500	38,914	40,029
Dues and Subscriptions	99,907	73,841	114,950	72,626	109,567	66,085	324,424	212,552
Grants Awarded	1,300,000	-	-	-	-	-	1,300,000	-
Information Technology	69,315	46,531	29,460	45,881	33,284	32,079	132,059	124,491
Insurance	2,770	-	-	-	132,057	136,980	134,827	136,980
Interest Expense	655,779	569,181	-	-	4,790,578	4,936,748	5,446,357	5,505,929
Management Fees	-	-	-	-	203,659	172,684	203,659	172,684
Materials and Publications	-	5,541	-	20	-	333	-	5,894
Meeting Expenses	591	14,071	4,704	22,486	240	20,661	5,535	57,218
Miscellaneous Expense	28,943	1,784	-	-	6,334	7,073	35,277	8,857
Postage and Delivery	4,149	139	-	2,646	5,728	6,590	9,877	9,375
Printing and Reproduction	130	2,236	6,500	11,819	600	4,613	7,230	18,668
Professional Development	10,477	6,237	4,017	3,472	3,735	10,084	18,229	19,793
Professional Fees	2,186,298	1,279,307	341,106	284,883	598,662	764,239	3,126,066	2,328,429
Program Exp - Pass Through	2,362,400	285,600	709,731	912,939	-	-	3,072,131	1,198,539
Provision for Loan Loss	255,502	-	-	-	-	-	255,502	-
Rent and Storage	103,116	88,077	7,748	4,631	435,364	362,392	546,228	455,100
Repairs and Maintenance	11,923	1,160	-	1,376	296,074	369,454	307,997	371,990
Supplies, Office Expense	2,942	8,347	2,257	12,784	34,396	42,794	39,595	63,925
Taxes	1,249	745	-	-	565,810	557,687	567,059	558,432
Telephone	14,710	24,524	3,496	6,217	40,031	56,489	58,237	87,230
Temp Help, Interns, Volunteer	31,611	21,115	47,807	95,912	1,875	37,246	81,293	154,273
Travel	9,623	59,268	498	101,567	4,612	36,659	14,733	197,494
Overhead	1,270,431	1,259,049	403,498	479,795	(1,673,929)	(1,738,844)	-	-
Subtotal	12,204,052	7,344,531	2,692,758	2,995,293	11,434,416	11,420,736	26,331,226	21,760,560
Depreciation and Amortization	-	-	-	-	3,281,060	3,372,195	3,281,060	3,372,195
Total	\$ 12,204,052	\$ 7,344,531	\$ 2,692,758	\$ 2,995,293	\$ 14,715,476	\$ 14,792,931	\$ 29,612,286	\$ 25,132,755

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 10,992,857	\$ 7,156,925
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	3,281,060	3,372,195
Bad Debt	263,615	240,000
Provision for Loan Loss	255,502	-
Unrealized Gain on Investments	(179,976)	(78,206)
Realized Gain on Sale of Investments	(58,790)	(63,260)
Change in Investment in Affiliate	325,693	691,283
Amortization of Finance Cost Included in Interest Expense	332,751	332,751
Changes in Interest Rate Swaps	(5,088,105)	4,738,806
Changes in Assets and Liabilities:		
Accounts Receivable	(296,759)	(821,034)
Due to Affiliates	170,911	(272,722)
Prepaid Expenses and Other Assets	69,466	(37,285)
Deferred Rent Assets	198,144	(831,666)
Accounts Payable and Accrued Expenses	895,643	(143,898)
Deferred Revenue and Prepaid Rent	(651,637)	(440,926)
Refundable Advance - Payroll Protection Program	(1,172,500)	1,172,500
Net Cash Provided by Operating Activities	9,337,875	15,015,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Securities	143,445	556,870
Purchases of Securities	(199,479)	(604,436)
Proceeds from Tenant Security Deposits	(115,294)	-
Deferred Leasing Costs	(161,229)	(41,879)
Proceeds from Repayments of Small Business Loans Receivable	778,169	20,594
Issuance of Small Business Loans Receivable	(4,539,774)	-
Proceeds from Repayments of Loan Advances to Affiliates and Others	262,226	-
Issuance of Loan Advances to Affiliates and Others	(17,412,593)	(5,491,387)
Payments for Property and Equipment	(1,333)	(4,421)
Net Cash Used by Investing Activities	(21,245,862)	(5,564,659)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Mortgage and Notes Payable	10,000,000	500,000
Payments on Mortgage and Notes Payable	(2,155,905)	(2,051,635)
Net Cash Provided (Used) by Financing Activities	7,844,095	(1,551,635)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(4,063,892)	7,899,169
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	18,230,899	10,331,730
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 14,167,007	\$ 18,230,899
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 11,722,657	\$ 16,166,552
Cash and Cash Equivalents - Tenant Security Deposits	429,310	539,443
Total Cash and Cash Equivalents	12,151,967	16,705,995
Escrow Deposits	2,015,040	1,524,904
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	\$ 14,167,007	\$ 18,230,899
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 5,438,657	\$ 5,474,830

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

NCRC wholly owns NCRC 740 LLC (NCRC 740) a Delaware limited liability company formed on June 1, 2016. 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, 2021 AND 2020

NOTE 1 ORGANIZATION (CONTINUED)

NCRC Equivico Corporation

On March 15, 2021, NCRC formed the NCRC Equivico Corporation (NCRC Equivico Corp), a controlled C-Corporation established in the state of Delaware. NCRC Equivico Corp is a holding company formed as the result of a major initiative that expands access to low-cost capital to small business owners from underrepresented communities through a dedicated limited partnership fund (NCRC Equivico Fund LP). NCRC Equivico Corp is owned by NCRC and NCRC CDFI, who own 100% of the Class A voting stock and 100% of the Class B nonvoting stock, respectively.

Subsequent to year-end, NCRC purchased 50 shares of Class A common stock in NCRC Equivico Corp for \$10 per share and NCRC CDFI purchased 50 shares of Class B common stock in NCRC Equivico Corp for \$5 per share. In addition, NCRC and NCRC CDFI contributed capital in the amount of \$500,000 and \$1,300,000 under a subscription support agreement.

Also in 2021, NCRC formed NCRC Equivico GP LLC, a Delaware limited liability company created to invest directly in the NCRC Equivico Fund LP. NCRC Equivico owns a 65% interest in the LLC.

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 consolidated entities NCRC Equivico 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.

Comparative Financial Information

The accompanying consolidated statement of functional expenses includes certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our consolidated audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Financial Instruments

Financial instruments include unrestricted and restricted cash and cash equivalents, escrow deposits, pledges and other receivables, notes receivable, loan advances to affiliates, deferred rent assets, deferred leasing costs, security deposits, accounts payable and accrued expenses, deferred revenue and prepaid rent, due to 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.

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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. As of December 31, 2021 and 2020, the allowance for doubtful accounts was \$169,781 and \$-0-, respectively.

Small Business Loans Receivable

Small business loans receivable are stated at the amount of unpaid principal, net of a loan loss reserve. Interest on loans is recognized over the terms of the loans and is calculated on outstanding principal. The loan loss reserve is maintained at an amount that represents management's estimate for losses that may occur during the life of the small business loans through the provision for loan loss charged to changes in net assets. Additionally, losses on a loan or portion thereof are charged against the loan loss reserve when the loan is determined by management to be uncollectible. Subsequent recoveries, if any, are recognized as a reduction to the loan loss reserve.

Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Accordingly, the loan loss reserve is maintained at a level which, in management's judgment, is adequate to cover all losses inherent in its small business loan portfolio. The loan loss reserve includes losses on specifically identified loans, as well as probable losses that cannot yet be associated with specific loans. Loans are written off when repayment is not expected to occur. The loan loss reserve is an estimate that could change if there are significant changes in the small business loan portfolio and/or economic conditions.

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

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

Satisfactory – The small business loan does not meet the criteria for any other risk classification.

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

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

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020, was \$2,629,361 and \$2,713,438, 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, 2021 and 2020. As of December 31, 2021, 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, 2021 and 2020, were \$2,398,725 and \$2,237,497, respectively. Amortization expense of deferred leasing costs was \$258,420 and \$265,478 for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

	2021	2020
Line of Credit	\$ 5,387	\$ 17,206
Building 727 Mortgage Payable	729,455	1,450,929
Series A Bonds Payable - Taxable	1,488,929	2,752,230
Series B Bonds Payable - Nontaxable	3,689,887	6,781,398
Net Swap Obligation	<u>\$ 5,913,658</u>	<u>\$ 11,001,763</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 for the years ended December 31, 2021 and 2020 and is included in interest expense on the accompanying consolidated statements of activities.

Deferred Revenue

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

Net Assets

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

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

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

Revenue Recognition

Contributions and Grants

Contributions and grants are recognized as without donor restrictions or with donor restrictions support depending on existence and/or nature of donor restrictions and recorded when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received. NCRC reports contributions restricted by donors, that were initially conditional, as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) simultaneous to conditions being met. As of December 31, 2021 contributions and grants totaling \$1,000,000 have not been recognized in the accompanying consolidated statements of activities and changes in net assets because the condition on which they depend has not yet been 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions and Grants (Continued)

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 \$542,873 that have not been recognized at December 31, 2021, 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 the conference was approximately \$360,000 and \$512,000 as of December 31, 2021 and 2020, respectively.

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, 2021 and 2020, straight-line base rents in excess of actual tenant billings were classified as deferred rent assets of \$7,900,638 and \$8,098,742, 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

NCRC and its subsidiaries, and 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.

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

Reclassification

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

Upcoming Account Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Account Pronouncements (Continued)

In June 2016, the FASB approved ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. In November 2018, the FASB approved ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. The main objective of the ASUs is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASUs replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In November 2019, the FASB approved ASU 2019-10, *Financial Instruments- Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*. The main objective of this ASU was to delay the effective date for the referenced standards. Based upon the new effective dates instituted by ASU 2019-10, ASU 2016-13 is effective for the institution for the fiscal year and all interim periods beginning after December 15, 2022. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within this fiscal year. NCRC CDFI is currently evaluating the impact of ASU 2016-13 and ASU 2018-19 on the financial statements.

Subsequent Events

NCRC evaluated its December 31, 2021, consolidated financial statements for subsequent events through May 19, 2022, 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 12,151,967	\$ 16,705,995
Pledges and Other Receivables, Current Portion	1,903,636	3,674,977
Small Business Loans Receivable, Current Portion	1,013,338	43,485
Investments (Money Market)	<u>219,127</u>	<u>155,319</u>
Subtotal	15,288,068	20,579,776
Less: Net Assets with Donor Restrictions	<u>10,709,295</u>	<u>16,261,518</u>
Total	<u>\$ 4,578,773</u>	<u>\$ 4,318,258</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 \$763,045, and the second line of credit is secured by investments with a value of \$352,121 as of December 31, 2021, 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, 2021 AND 2020

NOTE 4 INVESTMENTS

Investments consist of the following at December 31:

	2021	2020
Cash and Cash Equivalents	\$ 219,127	\$ 155,319
Certificates of Deposit	42,462	42,419
Common Stock, Options, and EFTs	2,543,421	2,315,305
Mutual Funds	16,669	13,836
Total Investments	<u>\$ 2,821,679</u>	<u>\$ 2,526,879</u>

NOTE 5 FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of December 31, 2021:

Asset Category	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash	\$ -	\$ -	\$ -	\$ 219,127
Stocks, Options, and EFTs	2,543,421	-	-	2,543,421
Mutual Funds - Fixed Income	16,669	-	-	16,669
Certificates of Deposit	-	42,462	-	42,462
Total Investments	<u>\$ 2,560,090</u>	<u>\$ 42,462</u>	<u>\$ -</u>	<u>\$ 2,821,679</u>
Interest Rate Swap Obligation	<u>\$ -</u>	<u>\$ (5,913,658)</u>	<u>\$ -</u>	<u>\$ (5,913,658)</u>

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

Asset Category	2020			
	Level 1	Level 2	Level 3	Total
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>

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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

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 6 PLEDGES AND OTHER RECEIVABLES

Total pledges and other receivables consist as follows:

	<u>2021</u>	<u>2020</u>
Accounts Receivable	\$ 1,627,451	\$ 1,834,595
Grants Receivable	2,766,909	2,241,932
Pledges Receivable	300,000	600,000
Allowance for Bad Debts	(456,784)	(472,095)
Total Pledges and Other Receivables, Net	<u>4,237,576</u>	<u>4,204,432</u>
Less: Current Portion	<u>1,903,636</u>	<u>3,674,977</u>
Long-Term Portion	<u>\$ 2,333,940</u>	<u>\$ 529,455</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	\$ 1,933,560
Due Within Two Years	1,133,349
Total	<u>\$ 3,066,909</u>

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Principal Outstanding	\$ 3,819,789	\$ 78,458
Loan Loss Reserve	(240,746)	(5,518)
Principal Outstanding, Net	<u>3,579,043</u>	<u>72,940</u>
Less: Current Portion	<u>1,013,338</u>	<u>43,485</u>
Long-Term Portion	<u>\$ 2,565,705</u>	<u>\$ 29,455</u>

Loans are collateralized by a variety of business assets of the borrowers, future revenue streams, and other guarantees by the borrowers. Interest rates on the small business loans range from 3.00% to 8.78%. Total interest earned on the outstanding small business loans was \$13,374 and \$5,185 for the years ended December 31, 2021 and 2020, respectively. Accrued interest receivable on the outstanding small business loans was \$7,325 and \$26,436 for the years ended December 31, 2021 and 2020, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,013,338
2023	650,861
2024	669,705
2025	671,216
2026	646,008
Thereafter	168,661
Total	<u>\$ 3,819,789</u>

Paycheck Protection Program

During the year ended December 31, 2021, NCRC CDFI participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP provided funds to guarantee forgivable loans originated by depository institutions to eligible small businesses through the SBA's 7(a) loan guaranty program. These loans are 100% federally guaranteed (principal and interest) and currently not subject to any allocation of allowance for loan losses. The proceeds of the loan are to be used for payroll, interest, rent, insurance, utilities and other qualifying expenses. The PPP was extended through May 31, 2021 and NCRC CDFI participated in the extended PPP and originated loans under the extended program. Loans originated under the extended PPP have substantially the same terms as loans originated under the original PPP, with a five-year loan term.

The PPP loans bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, have a term of two years, and are unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the borrower fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

As of December 31, 2021, NCRC CDFI had one PPP loan receivable outstanding with a balance totaling \$380,565. NCRC CDFI earned and received interest income of \$3,466 during the year ended December 31, 2021. During the year ended December 31, 2021, the SBA paid PPP loan processing fees of \$88,526 to NCRC CDFI which were deferred and amortized over the estimate life of the loans using the effective interest method and fully amortized when the underlying loan was repaid in full.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE (CONTINUED)

Loan Loss Reserve

As of December 31, 2021, all small business loans receivable are current.

The activity in the loan loss reserve is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Loan Loss Reserve, Beginning Balance	\$ 5,518	\$ 8,072
Write-offs	(20,274)	-
Recoveries	-	(2,554)
Loan Loss Provision	255,502	-
Loan Loss Reserve, Ending Balance	<u>\$ 240,746</u>	<u>\$ 5,518</u>

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

	<u>2021</u>	<u>2020</u>
Collectible	\$ 380,565	\$ 58,184
Satisfactory	3,439,224	-
Delinquent	-	20,274
Total	<u>\$ 3,819,789</u>	<u>\$ 78,458</u>

NOTE 8 NOTES RECEIVABLE

Notes receivable consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Note Receivable from Affiliates:		
NCRC Housing Rehab Fund LLC	\$ 33,550,000	\$ 23,550,000
NCRC Development Corp.	5,500,000	3,970,400
NCRC Holding, LLC	1,700,000	1,700,000
Total Notes Receivable from Affiliates	<u>40,750,000</u>	<u>29,220,400</u>
NY Forward Loan Fund	8,212,154	2,591,387
Total Notes Receivable	<u>\$ 48,962,154</u>	<u>\$ 31,811,787</u>

NCRC Housing Rehab Fund LLC

From 2015 through December 31, 2021, NCRC CDFI made multiple loans to NCRC Housing Rehab Fund LLC totaling \$33,550,000. All loans are governed by promissory notes that define the interest rates and payment terms with maturity dates through December 31, 2027. Interest rate on the promissory notes range from 0.5% to 3.5%.

Total interest earned was \$793,564 and \$690,833 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, interest receivable of \$82,805 and \$57,708, 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 NOTES RECEIVABLE (CONTINUED)

NCRC Development Corp.

NCRC CDFI signed a promissory note with NCRC Development Corp. for \$500,000 to be paid in full on or before December 31, 2027, with interest at a rate of 0.5% per annum.

NCRC CDFI signed a promissory note with NCRC Development Corp. for \$5,000,000 to be paid in full on or before February 1, 2025. In accordance with the underlying grant agreement, the note does not bear interest. Total funds advanced under this note totaled \$5,000,000 and \$3,470,400 at December 31, 2021 and 2020, respectively.

Total interest earned was \$2,500 for the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, interest receivable of \$208 and \$2,707, respectively, related to this loan was included in pledges and other receivables in the consolidated statements of financial position.

NCRC Holding, LLC

NCRC-CDFI signed promissory notes with its affiliate NCRC Holding, LLC for \$200,000 and \$1,500,000, respectively, to be paid in full on or before December 31, 2027. The notes bear interest at a rate of 0.5% per annum with 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 for the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, interest receivable of \$2,125 and \$9,207, respectively, related to these loans was included in pledges and other receivables in the consolidated statements of financial position.

NY Forward Loan Fund Trust

NCRC CDFI executed a joinder agreement with NY Forward Loan Fund Trust, admitting NCRC CDFI as a Class A lender to a previously established loan and security agreement dated June 19, 2020, for the NY Forward Loan Fund. The joinder agreement provides for NCRC CDFI to loan up to \$9,000,000 as funds are requested. All funds requested under this agreement bear interest at a rate of 2% per annum with interest only payments due monthly. The loan fund principal and any unpaid accrued interest is due in full on or before the maturity date of December 18, 2026. As of December 31, 2021 and 2020, NCRC CDFI has funded \$8,212,154 and \$2,591,387, respectively, to NY Forward Loan Fund Trust.

Total interest earned was \$141,714 and \$3,297 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, interest receivable of \$7,324 and \$3,297, respectively, related to the loan fund was included in pledges and other receivables in the consolidated statements of financial position.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 NOTES RECEIVABLE (CONTINUED)

NY Forward Loan Fund Trust (Continued)

Annual maturities of the notes receivable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ -
2023	1,000,000
2024	8,500,000
2025	17,500,000
2026	17,712,154
Thereafter	4,250,000
Total	<u>\$ 48,962,154</u>

NOTE 9 DEFERRED REVENUE AND PREPAID RENT

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

	<u>2021</u>	<u>2020</u>
Conference Sponsorship	\$ 359,999	\$ 512,459
Membership	84,709	75,231
Prepaid Rent (Subtenant)	218,272	641,480
Federal Awards	13,114	98,561
Total	<u>\$ 676,094</u>	<u>\$ 1,327,731</u>

NOTE 10 REFUNDABLE ADVANCE – PAYCHECK PROTECTION PROGRAM

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, 2021, NCRC has satisfied the performance barriers attributable to the PPP Loan proceeds, and this amount is classified as a contribution in the accompanying consolidated statements of financial position.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on NCRC's financial position.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 NOTES PAYABLE

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

	2021	2020
Wells Fargo Lines of Credit	\$ 830,287	\$ 810,150
Huntington Bank Line of Credit	303,554	515,679
Cathay Bank	1,500,000	1,500,000
Citizens Bank	3,000,000	-
Compass Bank	1,500,000	1,500,000
First Financial	1,500,000	1,500,000
Fifth Third	3,500,000	3,500,000
Iberia Bank	10,000,000	10,000,000
Regions Bank	10,000,000	5,000,000
Valley National Bank	2,000,000	-
Total	<u>\$ 34,133,841</u>	<u>\$ 24,325,829</u>

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, 2021). 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, 2021, is \$1,115,166. The lines renew annually until terminated by either party. Interest expense in 2021 and 2020 was approximately \$34,000 and \$33,000, 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, 2021, was 3.35%. 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 2021 and 2020 was approximately \$25,000 and \$37,000, 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, 2021 and 2020.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 NOTES PAYABLE (CONTINUED)

Citizens Bank

On August 20, 2021, NCRC CDFI received an equity equivalent investment in the form of a \$3,000,000 unsecured loan from Citizens Bank. The purpose of the investment is to provide financing to NCRC Housing Rehab Fund to acquire, renovate, and lease or sell affordable single family housing to low and moderate income families and/or in low and moderate income neighborhoods in Citizens Bank's service area. The loan is due on August 20, 2026, with three one-year automatic renewals with an option for either party to opt out of the renewals. Interest is payable semi-annually on the outstanding principal balance at a 2% fixed rate. Interest expense was approximately \$10,500 and \$-0- for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020.

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 \$38,000 and \$33,000 for the years ended December 31, 2021 and 2020, respectively.

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 for the years ended December 31, 2021 and 2020.

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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 NOTES PAYABLE (CONTINUED)

Iberia Bank (Continued)

The loan is due on September 25, 2025, with interest payable quarterly on the outstanding principal balance at a 3.0% fixed rate. Interest expense was approximately \$312,000 and \$305,000 for the years ended December 31, 2021 and 2020, 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, 2021, was 1.00%.

On June 18, 2021, NCRC CDFI signed a second promissory note with Regions Bank for a revolving line of credit of \$5,000,000 secured by all inventory, accounts equipment, general intangibles, and fixtures. The loan is due on demand or if no demand is made prior, on the extended maturity date of June 18, 2026. Interest is payable monthly on the outstanding loan balance at a fixed rate of 2.25%.

Interest expense was approximately \$91,000 and \$65,750 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, total funds drawn on the revolving loan was \$2,000,000 and \$-0-, respectively. Interest expense was approximately \$38,000 and \$-0- for the years ended December 31, 2021 and 2020, respectively.

Annual maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,056,239
2023	1,577,602
2024	5,000,000
2025	12,000,000
2026	9,500,000
Thereafter	5,000,000
Total	<u><u>\$ 34,133,841</u></u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 12 MORTGAGE AND BONDS PAYABLE

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

	<u>2021</u>	<u>2020</u>
Series 2018A	\$ 68,896,239	\$ 70,236,872
Series 2018B	22,362,351	22,727,871
Huntington Bank	12,101,497	12,359,263
Less: Deferred Financing Costs, Net	1,264,357	1,597,110
Total	<u>\$ 102,095,730</u>	<u>\$ 103,726,896</u>

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 (1.95% as of December 31, 2021). Accrued interest shall be due and payable on the same dates as installments of the principal balance. Interest expense in 2021 and 2020 was approximately \$526,000 and \$542,000, 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. During 2021, NCRC received a waiver relating to failure to achieve the DSCR through December 31, 2021.

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, 2021, was approximately 1.65%. The Series 2018B bond bears interest at a rate of LIBOR plus 2.0% per annum. The interest rate at December 31, 2021, was approximately 2.09%. 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 \$3,888,015 and \$3,991,043 for the years ended December 31, 2021 and 2020, respectively.

The Credit Agreement contains financial covenants requiring the Company to achieve certain minimum performance levels. As of December 31, 2021, the Company was in compliance with these covenants.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 12 MORTGAGE AND BONDS PAYABLE (CONTINUED)

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

Below is the schedule of future principal payments:

<u>Year Ending December 31,</u>	<u>2018A</u>	<u>2018B</u>	<u>Huntington</u>	<u>TOTAL</u>
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	64,542,033	21,150,447	305,440	85,997,920
2026	-	-	318,677	318,677
Thereafter	-	-	10,635,099	10,635,099
Total	<u>\$ 68,896,239</u>	<u>\$ 22,362,351</u>	<u>\$ 12,101,497</u>	<u>\$ 103,360,087</u>

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Business Development	\$ -	\$ 87,166
Community Development	700,000	-
Fair Housing / Lending	-	300,000
Field Empowerment Fund	2,230,769	-
GROWTH	213,260	1,779,544
Housing Counseling Network	937,604	125,000
Membership	62,500	64,583
Other Program Support	50,000	6,885
Participation in the NY Forward Loan Fund	-	6,408,613
Research	110,000	159,060
Small Business Lending	3,622,491	5,500,000
Special Initiatives	300,000	125,000
Training Academy	402,604	100,667
Time Restricted Operating Support	2,080,067	1,450,000
Time Restricted Council Dues	-	155,000
Total	<u>\$ 10,709,295</u>	<u>\$ 16,261,518</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 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:

	<u>2021</u>	<u>2020</u>
Business Development	\$ 87,166	\$ 370,959
GROWTH	1,916,283	2,638,267
Fair Housing / Lending	300,000	265,000
Field Empowerment Fund	2,769,231	-
Housing Counseling Network	491,146	619,025
Membership	252,083	943,751
Special Initiatives	125,000	125,000
Other Program Support	20,885	-
Participation in the NY Forward Loan Fund	6,408,613	2,591,387
Research	139,060	941
Small Business Lending and Support	6,369,774	-
Training Academy	221,813	372,833
Time Restricted Operating Support	1,199,934	50,000
Time Restricted Council Dues	155,000	70,000
Total	<u>\$ 20,455,988</u>	<u>\$ 8,047,163</u>

On March 30, 2017, NCRC CDFI received a \$5,000,000 grant award for the purpose of financing the acquisition and rehabilitation of up to 50 housing units including rental homes and for-sale homes targeting affordable housing developments. NCRC CDFI had loaned a total of \$5,000,000 of the restricted net assets to NCRC Development Corp. as of December 31, 2021.

On June 19, 2020, NCRC CDFI received a \$9,000,000 grant award for the purpose of funding NCRC CDFI's participation as a Class A Lender in the NY Forward Loan Fund. As of December 31, 2021, NCRC CDFI had provided a total of \$8,474,380 of the restricted net assets to the NY Forward Loan Fund. The remainder of the restricted net assets were released to net assets without restrictions upon expiration of the lending commitment period in accordance with the grant award.

On September 25, 2020, NCRC CDFI received a \$5,500,000 grant award for the purpose of providing funds to small businesses. As of December 31, 2021, NCRC CDFI had provided \$4,989,774 of the restricted net assets to small business through PPP loans, small business loans, and grants.

On February 16, 2021, NCRC CDFI received a \$3,000,000 grant award for the purpose of providing funds to small businesses, including a \$320,000 component for general operations. As of December 31, 2021, NCRC CDFI had provided \$1,380,000 of the restricted net assets to small businesses through grants.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

On August 9, 2021, the U.S. Department of the Treasury awarded NCRC CDFI \$1,826,265 of funds pursuant to the Community Development Financial Institution Rapid Response Program, CFDA #21.024 for the purpose of funds to small businesses and to cover costs associated with providing the funding. As of December 31, 2021, NCRC CDFI had not loaned any funds related to this program, but had incurred expenses covered by the program of \$14,000.

NOTE 14 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>	<u>NCRC</u>	<u>740</u>	<u>TOTAL</u>
2022	\$ 1,296,275	\$ 7,401,355	\$ 8,697,630
2023	1,098,241	6,840,347	7,938,588
2024	963,209	6,539,949	7,503,158
2025	765,757	6,674,122	7,439,879
2026	499,948	6,832,457	7,332,405
Thereafter	510,399	33,188,538	33,698,937
Total	<u>\$ 5,133,829</u>	<u>\$ 67,476,768</u>	<u>\$ 72,610,597</u>

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 original term of the agreement expired on August 31, 2021 and it renews automatically for successive periods of one year each up to a maximum of five additional years. The current expiration date is August 31, 2022.

Hotel Contract

As of December 31, 2021, NCRC has entered into hotel contracts and event planning services related to its annual conference through 2024. Hotel and event planning costs are recorded as expenses in the year in which the conference occurs. If the conference is cancelled before the event occurs, NCRC may be liable for certain amounts depending on the timing of the cancellation. The maximum liability under these contracts as of December 31, 2021 was approximately \$833,000.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 14 COMMITMENTS (CONTINUED)

Consulting Agreement

The Company has a consulting agreement with the former President and CEO. The agreement includes retaining the former President and CEO as a nonemployee consultant for a fixed cost of \$170,000 annually, over a 36-month period beginning in August 2021. As of December 31, 2021, the amount payable to the individual for services rendered was \$70,833 and has been included with accounts payable and accrued expenses on the accompanying consolidated statement of financial position.

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, 2021.

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 83% and 82% of the building's base rental income for the years ended December 31, 2021 and 2020, respectively.

Concentration of Revenue and Receivables

Five grantors contributed a total of \$13,076,265 representing 74% of total contributions and grants revenue as of December 31, 2021. Two grantors contributed a total of \$14,500,000 representing 62% of total contributions and grants revenue as of December 31, 2020.

Two grantors with grants receivable totaling \$1,666,671 and representing 39% of total pledges and other receivables as of December 31, 2021. Two grantors with grants receivable totaling \$1,583,334 and representing 38% of total pledges and other receivables as of December 31, 2020.

Three small business loan recipients comprised \$1,500,000 or 45% of total small business loans outstanding as of December 31, 2021.

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
DECEMBER 31, 2021 AND 2020

NOTE 16 EMPLOYEE BENEFITS

NCRC has a defined-contribution plan covering substantially all employees. Contributions are made by NCRC at the rate of 7% of an employee's salary. In order to participate in the plan, an employee must have 90 days of service beginning on the date of hire and have at least 1,000 hours of service. Total pension expense, net of forfeitures, were \$395,872 and \$324,820 for the years ended December 31, 2021 and 2020, respectively.

NOTE 17 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:

	2021	2020
727 Management Company, LLC	\$ 345,747	\$ 320,538
NCRC Development Corp.	(522,063)	(448,710)
Growth Builders L.L.C.	41,884	24,310
Housing Rehab Fund LLC	614,943	413,462
Net Due to Affiliates	<u>\$ 480,511</u>	<u>\$ 309,600</u>
Loan Advances to Affiliates - NCRC Development Corp.	<u>\$ 800,000</u>	<u>\$ 800,000</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 17 RELATED PARTY TRANSACTIONS (CONTINUED)

NCRC Development Corp.

During the years ended December 31, 2021 and 2020, NCRC incurred operating expenses on behalf of NCRC Development Corp. amounting to \$149,498 and \$157,972 respectively. As of December 31, 2021 and 2020, the net amount owed from NCRC Development Corp. was \$442,010 and \$368,651, respectively.

As of December 31, 2021 and 2020, NCRC Development Corp. owed NCRC CDFI \$80,053 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, 2021 and 2020.

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 \$214,101 and \$78,281 during the years ended December 31, 2021 and 2020, respectively. NCRC and NCRC CDFI reimburse these expenses to HRF. As of December 31, 2021 and 2020, there was an outstanding balance of \$614,943 and \$413,462, 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, 2021 and 2020, 727 Management Company, LLC provided staffing to NCRC CDFI, on a cost reimbursement basis, amounting to \$-0- and \$16,094, respectively. As of December 31, 2021 and 2020, the net amount owed to 727 Management Company, LLC was \$2,397 and \$2,375, respectively.

During the years ended December 31, 2021 and 2020, 727 Management Company, LLC provided services to NCRC amounting to \$15,604 and \$-0- respectively. At December 31, 2021 and 2020, amounts due to 727 Management Company, LLC totaled \$343,350 and \$327,747, respectively.

Growth Builders, L.L.C.

During the years ended December 31, 2021 and 2020, Growth Builders, L.L.C. provided professional staffing to NCRC CDFI, on a cost reimbursement basis, amounting to \$22,346 and \$24,310, respectively. Amounts due to Growth Builders, L.L.C. totaled \$41,884 and \$24,310 at December 31, 2021 and 2020, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 18 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 continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2022 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 May 19, 2022, 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, 2021
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2020)
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	NCRC				Consolidated	Affiliates			Consolidated 2021	Consolidated 2020
	NCRC	NCRC 740	NCRC AFD	Eliminations		NCRC CDFI	NCRC Equivico	Eliminations		
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 2,812,995	\$ 1,874,566	\$ 848,743	\$ -	\$ 5,536,304	\$ 6,615,663	\$ -	\$ -	\$ 12,151,967	\$ 16,705,995
Investments	2,821,679	-	-	-	2,821,679	-	-	-	2,821,679	2,526,879
Pledges and Other Receivables, Current Portion, Net	1,633,560	170,289	-	-	1,803,849	99,787	-	-	1,903,636	3,674,977
Small Business Loans Receivable, Current Portion, Net	-	-	-	-	-	1,013,338	-	-	1,013,338	43,485
Due from Affiliates	2,274,806	-	-	(1,628,733)	646,073	-	-	(646,073)	-	-
Prepaid Expenses and Other Assets	75,430	7,158	-	-	82,588	9,216	-	-	91,804	161,270
Total Current Assets	9,618,470	2,052,013	848,743	(1,628,733)	10,890,493	7,738,004	-	(646,073)	17,982,424	23,112,606
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	2,846,626
Tenant Improvements	535,074	9,541,183	-	-	10,076,257	-	-	-	10,076,257	10,076,257
Furniture, Equipment and Software	1,243,545	-	-	-	1,243,545	-	-	-	1,243,545	1,242,210
Total	13,180,483	93,084,247	-	-	106,264,730	-	-	-	106,264,730	106,263,395
Less: Accumulated Depreciation	(6,057,808)	(13,510,731)	-	-	(19,568,539)	-	-	-	(19,568,539)	(16,545,897)
Property and Equipment, Net	7,122,675	79,573,516	-	-	86,696,191	-	-	-	86,696,191	89,717,498
OTHER ASSETS										
Escrow Deposits	740,082	1,274,958	-	-	2,015,040	-	-	-	2,015,040	1,524,904
Notes Receivable	-	-	-	-	-	48,962,154	-	-	48,962,154	31,811,787
Pledges and Other Receivables, Less Current Portion	2,333,940	-	-	-	2,333,940	-	-	-	2,333,940	529,455
Small Business Loans Receivable, Less Current Portion	-	-	-	-	-	2,565,705	-	-	2,565,705	29,455
Investment (Loss) in Affiliate	(4,349,824)	-	-	4,389,823	39,999	-	-	-	39,999	365,692
Loan Advances to Affiliates	800,000	-	-	-	800,000	-	-	-	800,000	800,000
Deferred Rent Assets	366,547	8,317,123	-	-	8,683,670	-	(783,072)	-	7,900,598	8,098,742
Deferred Leasing Costs, Net	207,876	1,138,846	-	-	1,346,722	-	-	-	1,346,722	1,443,913
Security Deposit	157,391	-	-	-	157,391	-	-	-	157,391	157,391
Total Other Assets	256,012	10,730,927	-	4,389,823	15,376,762	51,527,859	-	(783,072)	66,121,549	44,761,339
Total Assets	\$ 16,997,157	\$ 92,356,456	\$ 848,743	\$ 2,761,090	\$ 112,963,446	\$ 59,265,863	\$ -	\$ (1,429,145)	\$ 170,800,164	\$ 157,591,443
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable and Accrued Expenses	\$ 1,360,788	\$ 824,890	\$ -	\$ -	\$ 2,185,678	\$ 24,956	\$ -	\$ -	\$ 2,210,634	\$ 1,314,991
Deferred Revenue and Prepaid Rent	1,321,498	137,668	-	-	1,459,166	-	-	(783,072)	676,094	1,327,731
Due to Affiliates	1,755,393	287,756	101,867	(1,628,733)	516,283	610,301	-	(646,073)	480,511	309,600
Refundable Advance - Payroll Protection Program	-	-	-	-	-	-	-	-	-	1,172,500
Notes Payable, Current Portion and Lines of Credit	1,056,239	-	-	-	1,056,239	-	-	-	1,056,239	1,020,638
Mortgages and Bonds Payable, Current Portion	268,937	1,778,663	-	-	2,047,600	-	-	-	2,047,600	1,963,918
Total Current Liabilities	5,762,855	3,028,977	101,867	(1,628,733)	7,264,966	635,257	-	(1,429,145)	6,471,078	7,109,378
LONG-TERM LIABILITIES										
Tenant Security Deposits and Refunds	239,711	185,896	-	-	425,607	-	-	-	425,607	540,901
Notes Payable, Less Current Portion	77,602	-	-	-	77,602	33,000,000	-	-	33,077,602	23,305,191
Interest Rate Swap Obligations	734,842	5,178,816	-	-	5,913,658	-	-	-	5,913,658	11,001,763
Mortgage and Bonds Payable, Less Current Portion	11,695,540	88,352,590	-	-	100,048,130	-	-	-	100,048,130	101,762,978
Total Long-Term Liabilities	12,747,695	93,717,302	-	-	106,464,997	33,000,000	-	-	139,464,997	136,610,833
Total Liabilities	18,510,550	96,746,279	101,867	(1,628,733)	113,729,963	33,635,257	-	(1,429,145)	145,936,075	143,720,211
NET ASSETS										
Without Donor Restrictions	(8,600,197)	(4,389,823)	746,876	4,389,823	(7,853,321)	22,008,115	-	-	14,154,794	(2,390,286)
With Donor Restrictions	7,086,804	-	-	-	7,086,804	3,622,491	-	-	10,709,295	16,261,518
Total Net Assets	(1,513,393)	(4,389,823)	746,876	4,389,823	(766,517)	25,630,606	-	-	24,864,089	13,871,232
Total Liabilities and Net Assets	\$ 16,997,157	\$ 92,356,456	\$ 848,743	\$ 2,761,090	\$ 112,963,446	\$ 59,265,863	\$ -	\$ (1,429,145)	\$ 170,800,164	\$ 157,591,443

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2020)
(SEE INDEPENDENT AUDITORS' REPORT)

	NCRC					Affiliates					Consolidated 2021	Consolidated 2020
	NCRC Without Donor Restrictions	NCRC With Donor Restrictions	NCRC AFD Without Donor Restrictions	NCRC Eliminations	NCRC Consolidated	NCRC CDFI Without Donor Restrictions	NCRC CDFI With Donor Restrictions	NCRC Equivico Without Donor Restrictions	NCRC Eliminations			
REVENUE												
Contributions and Grants	\$ 2,861,459	\$ 10,397,500	\$ -	\$ -	\$ -	\$ 13,258,959	\$ 1,220,000	\$ 4,506,265	\$ -	\$ (1,350,000)	\$ 17,635,224	\$ 23,613,968
Federal Awards	2,491,332	-	-	-	-	2,491,332	-	-	-	-	2,491,332	2,430,686
Membership and Corporate Dues	219,448	-	-	-	-	219,448	-	-	-	-	219,448	151,219
Conferences	3,935,348	-	-	-	-	3,935,348	-	-	-	-	3,935,348	-
Interest Income	-	-	-	-	-	-	975,706	-	-	-	975,706	723,852
Rental Income	2,133,054	-	9,690,749	-	(1,882,745)	9,941,058	-	-	-	-	9,941,058	10,096,994
Other Income	1,009,791	-	-	-	(817,398)	192,393	157,223	-	-	-	349,616	507,935
Investment Income, Net	294,874	-	127	-	-	295,001	-	-	-	-	295,001	195,115
Net Assets Released from Restrictions	6,134,001	(6,134,001)	-	-	-	-	14,321,987	(14,321,987)	-	-	-	-
Total Revenue	19,079,307	4,263,499	9,690,876	-	(2,700,143)	30,333,539	16,674,916	(9,815,722)	-	(1,350,000)	35,842,733	37,719,769
EXPENSES												
Nonfederal Program Expense:												
Conference	541,612	-	-	-	(3,663)	537,949	-	-	-	-	537,949	426,108
Research and Publications	456,587	-	-	-	(33,104)	423,483	-	-	-	-	423,483	335,488
Housing Counseling Network	455,301	-	-	-	(32,968)	422,333	-	-	-	-	422,333	717,793
Membership	1,479,250	-	-	-	(120,882)	1,358,368	-	-	-	-	1,358,368	1,372,682
Special Initiatives	77,232	-	-	-	-	77,232	-	-	-	-	77,232	148,921
Workforce/Growth	760,323	-	-	-	(72,639)	687,684	-	-	-	-	687,684	601,676
Communications	673,889	-	-	-	(43,957)	629,932	-	-	-	-	629,932	602,934
Business Development	128,125	-	-	-	-	128,125	-	-	-	-	128,125	170,431
Racial Economic Equity	930,066	-	-	-	(43,957)	886,109	-	-	-	-	886,109	1,027,019
Capital Markets	1,352,718	-	-	-	(3,036)	1,349,682	-	-	-	-	1,349,682	1,009,713
Field Empowerment Fund	2,769,231	-	-	-	-	2,769,231	-	-	(400,000)	-	2,369,231	-
Other Programs	137,712	-	-	15,229	(32,968)	119,973	3,938,148	-	225,803	(950,000)	3,333,924	931,766
Total Nonfederal Programs	9,762,046	-	-	15,229	(387,174)	9,390,101	3,938,148	-	225,803	(1,350,000)	12,204,052	7,344,531
Federal Program Expenses:												
FHIP / PEI	530,831	-	-	-	-	530,831	-	-	-	-	530,831	723,454
SBA/WBC	553,007	-	-	-	(32,968)	520,039	-	-	-	-	520,039	423,865
Housing Counseling Network	946,278	-	-	-	-	946,278	-	-	-	-	946,278	1,176,073
Housing Counseling Training	695,610	-	-	-	-	695,610	-	-	-	-	695,610	671,901
Total Federal Programs	2,725,726	-	-	-	(32,968)	2,692,758	-	-	-	-	2,692,758	2,995,293
Support Services Expenses:												
Legislative Affairs	844,261	-	-	-	(54,946)	789,315	-	-	-	-	789,315	662,016
General Administration	3,988,851	-	-	-	(1,775,509)	2,213,342	-	-	-	-	2,213,342	2,238,127
Building Expenses	1,453,024	-	7,078,753	-	(427,567)	8,104,210	-	-	-	-	8,104,210	8,214,639
Fundraising	349,528	-	-	-	(21,979)	327,549	-	-	-	-	327,549	305,954
Total Supporting Services	6,635,664	-	7,078,753	-	(2,280,001)	11,434,416	-	-	-	-	11,434,416	11,420,736
Total Expenses	19,123,436	-	7,078,753	15,229	(2,700,143)	23,517,275	3,938,148	-	225,803	(1,350,000)	26,331,226	21,760,560
CHANGE IN NET ASSETS BEFORE OTHER EXPENSES	(44,129)	4,263,499	2,612,123	(15,229)	-	6,816,264	12,736,768	(9,815,722)	(225,803)	-	9,511,507	15,959,209
OTHER EXPENSES												
Net Gain (Loss) in Affiliates	3,605,223	-	-	-	(4,156,721)	(551,498)	-	-	-	225,803	(325,695)	(691,283)
Unrealized Gain (Loss) on Interest Rate Swaps	733,293	-	4,354,812	-	-	5,088,105	-	-	-	-	5,088,105	(4,738,806)
Depreciation and Amortization	(470,846)	-	(2,810,214)	-	-	(3,281,060)	-	-	-	-	(3,281,060)	(3,372,195)
CHANGE IN NET ASSETS	3,823,541	4,263,499	4,156,721	(15,229)	(4,156,721)	8,071,811	12,736,768	(9,815,722)	(225,803)	225,803	10,992,857	7,156,925
Net Assets - Beginning 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
Capital Contribution	-	-	-	-	-	-	-	-	225,803	(225,803)	-	-
NET ASSETS - END OF YEAR	<u>\$ (8,600,197)</u>	<u>\$ 7,086,804</u>	<u>\$ (4,389,823)</u>	<u>\$ 746,876</u>	<u>\$ 4,389,823</u>	<u>\$ (766,517)</u>	<u>\$ 22,008,115</u>	<u>\$ 3,622,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,864,089</u>	<u>\$ 13,871,232</u>



**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, 2021, 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 May 19, 2022.

Report on 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 consolidated 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.

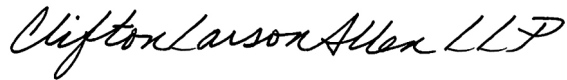
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCRC’s consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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
May 19, 2022



**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

Opinion on 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, 2021. NCRC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NCRC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of NCRC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to NCRC's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NCRC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NCRC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NCRC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of NCRC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 NCRC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Board of Directors
National Community Reinvestment Coalition, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenbelt, Maryland
May 19, 2022

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Fair Housing Organization Initiatives	14.417	N/A	\$ -	\$ 95,327
Private Enforcement Initiatives	14.418	N/A	-	380,477
Comprehensive Housing Counseling	14.169	N/A	709,731	946,278
Housing Counseling Training FY 19	14.316	N/A	-	56,073
Housing Counseling Training FY 20	14.316	N/A	-	639,537
Total U.S. Department of Housing and Urban Development Direct Programs			709,731	2,117,692
U.S. Small Business Administration				
Women's Business Center FY 21	59.043	N/A	-	103,710
Women's Business Center FY 22	59.043	N/A	-	36,890
SBA Cares Grant	59.043	N/A	-	233,040
Total U.S. Small Business Administration Direct Programs			-	373,640
Total Expenditures of Federal Awards			<u>\$ 709,731</u>	<u>\$ 2,491,332</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, 2021

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, 2021. 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, 2021**

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? _____ yes x 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

Assistance Listing 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?	_____ <u> x </u> yes _____ no

**NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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).