

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

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

YEARS ENDED DECEMBER 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of National Community Reinvestment Coalition, Inc. (NCRC), which comprise the consolidated statements of financial position as of December 31, 2022, 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, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NCRC as of December 31, 2022 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.

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 \$60,523,252 as of December 31, 2022 and total revenues of \$1,445,810 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NCRC CDFI as of December 31, 2022 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.

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 Consolidated Financial Statements section of our report. We are required to be independent of NCRC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 1, NCRC adopted new accounting guidance for leases. The new standard requires lessees to recognize a right-of-use asset and corresponding lease liability for all operating and financing leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023, 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

CliftonLarsonAllen LLP

Greenbelt, Maryland
May 30, 2023

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,652,722	\$ 11,303,224
Investments	2,548,782	2,821,679
Pledges and Other Receivables, Current Portion, Net	5,712,831	1,903,636
Small Business Loans Receivable, Current Portion, Net	778,297	1,013,338
Prepaid Expenses and Other Assets	127,458	91,804
Total Current Assets	17,820,090	17,133,681
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	2,983,146	2,846,626
Tenant Improvements	10,098,757	10,076,257
Furniture, Equipment, and Software	750,371	1,243,545
Total	105,930,576	106,264,730
Less: Accumulated Depreciation	22,083,710	19,568,539
Property and Equipment, Net	83,846,866	86,696,191
OTHER ASSETS		
Escrow Deposits	3,008,648	2,015,040
Notes Receivable	51,230,083	49,762,154
Pledges and Other Receivables, Less Current Portion	4,096,398	2,333,940
Small Business Loans Receivable, Less Current Portion	2,445,884	2,565,705
Investment in Affiliate	1,001,336	39,999
Interest Rate Swap	3,180,152	-
Deferred Rent Assets	7,668,174	7,900,598
Deferred Leasing Costs	1,153,855	1,346,722
Security Deposit	2,266	157,391
Total Other Assets	73,786,796	66,121,549
Total Assets	\$ 175,453,752	\$ 169,951,421
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,410,129	\$ 2,210,634
Deferred Revenue and Prepaid Rent	760,671	676,094
Due to Affiliates	658,085	378,644
Notes Payable, Current Portion and Lines of Credit	1,838,417	1,056,239
Mortgages and Bonds Payable, Current Portion	2,134,879	2,047,600
Total Current Liabilities	7,802,181	6,369,211
LONG-TERM LIABILITIES		
Tenant Security Deposits and Refunds	308,098	425,607
Notes Payable, Less Current Portion	34,500,000	33,077,602
Interest Rate Swap Obligations	-	5,913,658
Mortgage and Bonds Payable, Less Current Portion	98,246,004	100,048,130
Total Long-Term Liabilities	133,054,102	139,464,997
Total Liabilities	140,856,283	145,834,208
NET ASSETS		
Without Donor Restrictions	22,783,437	13,407,918
With Donor Restrictions	11,814,032	10,709,295
Total Net Assets	34,597,469	24,117,213
Total Liabilities and Net Assets	\$ 175,453,752	\$ 169,951,421

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions and Grants	\$ 997,798	\$ 8,956,794	\$ 9,954,592	\$ 2,731,459	\$ 14,903,765	\$ 17,635,224
Federal Awards	3,133,561	-	3,133,561	2,491,332	-	2,491,332
Membership and Corporate Dues	247,072	-	247,072	219,448	-	219,448
Conferences	4,737,770	-	4,737,770	3,935,348	-	3,935,348
Interest Income	1,436,612	-	1,436,612	975,706	-	975,706
Rental Income	10,013,309	-	10,013,309	10,076,894	-	10,076,894
Other Income	352,808	-	352,808	349,616	-	349,616
Investment Income (Loss), Net	(268,859)	-	(268,859)	295,001	-	295,001
Net Assets Released from Restrictions:						
Satisfaction of Time and Program Restrictions	7,852,057	(7,852,057)	-	20,455,988	(20,455,988)	-
Total Revenue	<u>28,502,128</u>	<u>1,104,737</u>	<u>29,606,865</u>	<u>41,530,792</u>	<u>(5,552,223)</u>	<u>35,978,569</u>
EXPENSES						
Nonfederal Program Expenses:						
Conference	2,016,427	-	2,016,427	537,949	-	537,949
Research and Publications	525,606	-	525,606	423,483	-	423,483
Housing Counseling Network	880,278	-	880,278	422,333	-	422,333
Membership	1,761,581	-	1,761,581	1,358,368	-	1,358,368
Special initiatives	290,462	-	290,462	77,232	-	77,232
Workforce/GROWTH	763,465	-	763,465	687,684	-	687,684
Communications	664,877	-	664,877	629,932	-	629,932
Fair Housing and Lending	700,194	-	700,194	-	-	-
Racial Economic Equity	345,004	-	345,004	886,109	-	886,109
Capital Markets	-	-	-	1,349,682	-	1,349,682
Field Empowerment Fund	-	-	-	2,369,231	-	2,369,231
Other Programs	2,598,369	-	2,598,369	3,446,820	-	3,446,820
Total Nonfederal Program Expenses	<u>10,546,263</u>	<u>-</u>	<u>10,546,263</u>	<u>12,188,823</u>	<u>-</u>	<u>12,188,823</u>
Federal Program Expenses:						
FHIP / PEI	815,504	-	815,504	530,831	-	530,831
SBA - Womens Business Center	261,734	-	261,734	520,039	-	520,039
SBA - Housing Counseling	452,744	-	452,744	-	-	-
Housing Counseling Network	983,157	-	983,157	946,278	-	946,278
Housing Counseling Training	620,422	-	620,422	695,610	-	695,610
Other Programs	211,844	-	211,844	-	-	-
Total Federal Program Expenses	<u>3,345,405</u>	<u>-</u>	<u>3,345,405</u>	<u>2,692,758</u>	<u>-</u>	<u>2,692,758</u>
Support Services Expenses:						
Legislative Affairs	908,118	-	908,118	789,315	-	789,315
General Administration	916,216	-	916,216	2,349,178	-	2,349,178
Building Expenses	8,590,943	-	8,590,943	8,104,210	-	8,104,210
Fundraising	316,968	-	316,968	327,549	-	327,549
Total Supporting Services Expenses	<u>10,732,245</u>	<u>-</u>	<u>10,732,245</u>	<u>11,570,252</u>	<u>-</u>	<u>11,570,252</u>
Total Expenses	<u>24,623,913</u>	<u>-</u>	<u>24,623,913</u>	<u>26,451,833</u>	<u>-</u>	<u>26,451,833</u>
CHANGE IN NET ASSETS BEFORE OTHER EXPENSES	3,878,215	1,104,737	4,982,952	15,078,959	(5,552,223)	9,526,736

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OTHER EXPENSES						
Net Loss From Affiliates	\$ (338,662)	\$ -	\$ (338,662)	\$ (325,695)	\$ -	\$ (325,695)
Unrealized Gain on Interest Rate Swaps	9,093,883	-	9,093,883	5,088,105	-	5,088,105
Depreciation and Amortization	(3,257,917)	-	(3,257,917)	(3,281,060)	-	(3,281,060)
CHANGE IN NET ASSETS	9,375,519	1,104,737	10,480,256	16,560,309	(5,552,223)	11,008,086
Net Assets (Deficit) - Beginning of Year	13,407,918	10,709,295	24,117,213	(3,152,391)	16,261,518	13,109,127
NET ASSETS - END OF YEAR	<u>\$ 22,783,437</u>	<u>\$ 11,814,032</u>	<u>\$ 34,597,469</u>	<u>\$ 13,407,918</u>	<u>\$ 10,709,295</u>	<u>\$ 24,117,213</u>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – NONFEDERAL PROGRAMS
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED INFORMATION FOR 2021)

	Conference	Research	Housing	Membership	Special	Workforce/ GROWTH	Communications	Fair Housing and Lending	Racial	Other Programs			2022	2021
		and Publications	Counseling Network						Economic Equity	NCRC CDFI	NCRC Equivico Corp	Other		
Salaries	\$ 358,687	\$ 296,727	\$ 161,675	\$ 966,299	\$ 133,685	\$ 133,388	\$ 342,891	\$ 295,627	\$ 213,326	\$ -	\$ -	\$ 133,104	\$ 3,035,409	\$ 3,008,069
Fringe Benefits	74,023	62,247	32,935	202,981	27,859	29,543	69,502	62,574	43,934	-	-	28,319	633,917	602,211
Advertising Expense	16,715	832	-	512	-	734	28,147	42	793	-	-	1,762	49,537	88,788
Bad Debt	-	-	-	-	-	-	-	1,115	-	9,926	-	454	11,495	23,615
Bank Service Fees	3,622	-	-	17,659	-	-	-	-	-	-	-	-	21,281	21,059
Conference Expense	860,691	-	-	767	-	-	1,352	100	-	-	-	-	862,910	38,444
Dues and Subscriptions	-	6,066	80,667	6,386	-	-	9,034	22,309	694	-	-	5,444	130,600	99,907
Grants Awarded	-	-	-	-	-	-	-	-	-	-	-	-	-	1,300,000
Information Technology	-	2,856	2,856	11,424	952	2,856	19,478	6,664	1,904	-	-	5,856	54,846	69,315
Insurance	24,018	-	-	-	-	-	-	-	-	-	-	-	24,018	2,770
Interest Expense	-	-	-	-	-	-	-	-	-	930,598	-	-	930,598	655,779
Meeting Expenses	35,105	-	-	-	-	-	-	2,188	-	-	-	-	37,293	591
Miscellaneous Expense	-	-	-	-	-	-	-	100	-	181,020	-	525	181,645	28,783
Postage and Delivery	1,024	-	-	-	-	-	-	843	-	-	-	-	1,867	4,149
Printing and Reproduction	6,871	-	-	-	-	-	-	-	-	-	-	190	7,061	130
Professional Development	1,670	1,750	-	1,464	500	-	23	10,122	-	-	-	-	15,529	10,477
Professional Fees	102,300	-	5,223	19,800	-	471,982	-	71,731	(11,055)	1,133,495	22,202	42,981	1,858,659	2,171,229
Program Exp - Pass Through	-	10,689	405,950	-	60,000	5,250	-	-	5,000	-	-	-	486,889	2,362,400
Provision for Loan Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	255,502
Rent and Storage	-	3,220	3,214	12,856	1,071	3,214	4,285	7,499	2,143	12,121	-	6,179	55,802	103,116
Repairs and Maintenance	8,016	-	-	-	-	-	-	10	-	10,318	-	-	18,344	11,923
Supplies, Office Expense	771	250	-	500	-	-	536	739	(636)	-	-	-	2,160	2,942
Taxes	-	-	-	-	-	-	-	-	5	-	-	-	5	1,249
Telephone	-	1,076	1,076	4,303	359	1,076	1,434	3,126	965	-	-	1,332	14,747	14,710
Temp Help, Interns, Volunteer	-	-	473	2,100	4,827	-	1,061	7,792	3,234	-	-	-	19,487	31,611
Travel	12,091	2,150	1,193	32,047	348	2,493	4,869	12,464	24	-	-	3,393	71,072	9,623
Overhead	510,823	137,743	185,016	482,483	60,861	112,929	182,265	195,149	84,673	-	-	69,150	2,021,092	1,270,431
Total	\$ 2,016,427	\$ 525,606	\$ 880,278	\$ 1,761,581	\$ 290,462	\$ 763,465	\$ 664,877	\$ 700,194	\$ 345,004	\$ 2,277,478	\$ 22,202	\$ 298,689	\$ 10,546,263	\$ 12,188,823

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, 2022
(WITH SUMMARIZED INFORMATION FOR 2021)

	FHIP / PEI	SBA Womens Business Center	SBA Housing Counseling	Housing Counseling Network	Housing Counseling Training	NCRC CDFI	2022	2021
Salaries	\$ 460,724	\$ 142,515	\$ 4,138	\$ 52,723	\$ 103,493	\$ -	\$ 763,593	\$ 782,767
Fringe Benefits	90,541	29,605	787	12,127	20,605	-	153,665	178,092
Advertising Expense	32,614	1,830	-	-	-	-	34,444	55,715
Bad Debt Expense	-	-	-	-	-	-	-	-
Bank Service Fees	-	-	-	-	-	-	-	412
Conference Expense	2,994	690	-	-	-	-	3,684	-
Dues and Subscriptions	20,319	4,087	-	-	33,133	-	57,539	114,950
Information Technology	509	-	-	-	23,000	-	23,509	29,460
Meeting Expenses	-	-	-	-	-	-	-	4,704
Postage and Delivery	25	-	-	-	-	-	25	-
Printing and Reproduction	-	-	-	-	45	-	45	6,500
Professional Development	4,269	800	-	-	-	-	5,069	4,017
Professional Fees	9,040	39,088	-	5,000	275,372	211,844	540,344	341,106
Program Exp - PassThrough	-	-	356,253	760,000	-	-	1,116,253	709,731
Rent and Storage	-	13,833	-	-	-	-	13,833	7,748
Repairs and Maintenance	75	-	-	-	-	-	75	-
Supplies, Office Expense	172	2,305	-	-	-	-	2,477	2,257
Telephone	323	1,067	-	-	-	-	1,390	3,496
Temp Help, Interns, Volunteer	-	-	-	-	-	-	-	47,807
Travel	16,931	1,307	-	-	22,843	-	41,081	498
Overhead	176,968	24,607	91,566	153,307	141,931	-	588,379	403,498
Total	\$ 815,504	\$ 261,734	\$ 452,744	\$ 983,157	\$ 620,422	\$ 211,844	\$ 3,345,405	\$ 2,692,758

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, 2022
(WITH SUMMARIZED INFORMATION FOR 2021)

	Legislative	General	Building Expenses		Fundraising	2022	2021
	Affairs	Administration	NCRC 740	Building 727			
Salaries	\$ 502,837	\$ 2,114,824	\$ -	\$ -	\$ 168,559	\$ 2,786,220	\$ 2,859,850
Fringe Benefits	104,187	550,762	-	-	35,905	690,854	656,343
Advertising Expense	-	14,092	-	-	-	14,092	9,594
Bad Debt	-	-	-	-	-	-	240,000
Bank Service Fees	-	19,448	19,783	-	220	39,451	39,039
Building Operating Expenses	-	11,335	1,881,833	683,751	-	2,576,919	2,040,443
Conference Expense	10	4,137	-	-	-	4,147	470
Dues and Subscriptions	17,754	125,678	3,504	-	-	146,936	109,567
Information Technology	7,616	18,413	-	-	2,856	28,885	33,284
Insurance	-	78,434	84,362	21,091	-	183,887	132,057
Interest Expense	-	25,376	4,111,890	550,748	-	4,688,014	4,790,578
Management Fees	-	-	158,708	21,470	-	180,178	203,659
Meeting Expenses	-	58,597	-	-	22	58,619	240
Miscellaneous Expense	-	59,519	-	-	-	59,519	6,334
Postage and Delivery	-	6,117	-	-	-	6,117	5,728
Printing and Reproduction	-	7,192	-	-	-	7,192	600
Professional Development	-	3,313	-	-	-	3,313	3,735
Professional Fees	10,906	464,484	32,323	84,623	-	592,336	598,662
Rent and Storage	8,570	81,423	-	-	3,214	93,207	571,200
Repairs and Maintenance	-	64,214	269,079	149,404	-	482,697	296,074
Supplies, Office Expense	-	32,941	19,053	-	-	51,994	34,396
Taxes	-	828	420,719	69,275	-	490,822	565,810
Telephone	2,869	16,024	9,327	-	1,076	29,296	40,031
Temp Help, Interns, Volunteer	-	6,985	-	-	10,823	17,808	1,875
Travel	7,827	97,762	-	-	3,624	109,213	4,612
Overhead	245,542	(2,945,682)	-	-	90,669	(2,609,471)	(1,673,929)
Subtotal	908,118	916,216	7,010,581	1,580,362	316,968	10,732,245	11,570,252
Depreciation and Amortization	-	74,751	2,809,931	373,235	-	3,257,917	3,281,060
Total	\$ 908,118	\$ 990,967	\$ 9,820,512	\$ 1,953,597	\$ 316,968	\$ 13,990,162	\$ 14,851,312

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, 2022 AND 2021

	Nonfederal Programs		Federal Programs		Support Services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries	\$ 3,035,409	\$ 3,008,069	\$ 763,593	\$ 782,767	\$ 2,786,220	\$ 2,859,850	\$ 6,585,222	\$ 6,650,686
Fringe Benefits	633,917	602,211	153,665	178,092	690,854	656,343	1,478,436	1,436,646
Advertising Expense	49,537	88,788	34,444	55,715	14,092	9,594	98,073	154,097
Bad Debt	11,495	23,615	-	-	-	240,000	11,495	263,615
Bank Service Fees	21,281	21,059	-	412	39,451	39,039	60,732	60,510
Building Operating Expenses	-	-	-	-	2,576,919	2,040,443	2,576,919	2,040,443
Conference Expense	862,910	38,444	3,684	-	4,147	470	870,741	38,914
Dues and Subscriptions	130,600	99,907	57,539	114,950	146,936	109,567	335,075	324,424
Grants Awarded	-	1,300,000	-	-	-	-	-	1,300,000
Information Technology	54,846	69,315	23,509	29,460	28,885	33,284	107,240	132,059
Insurance	24,018	2,770	-	-	183,887	132,057	207,905	134,827
Interest Expense	930,598	655,779	-	-	4,688,014	4,790,578	5,618,612	5,446,357
Management Fees	-	-	-	-	180,178	203,659	180,178	203,659
Meeting Expenses	37,293	591	-	4,704	58,619	240	95,912	5,535
Miscellaneous Expense	181,645	28,783	-	-	59,519	6,334	241,164	35,117
Postage and Delivery	1,867	4,149	25	-	6,117	5,728	8,009	9,877
Printing and Reproduction	7,061	130	45	6,500	7,192	600	14,298	7,230
Professional Development	15,529	10,477	5,069	4,017	3,313	3,735	23,911	18,229
Professional Fees	1,858,659	2,171,229	540,344	341,106	592,336	598,662	2,991,339	3,110,997
Program Exp - Pass Through	486,889	2,362,400	1,116,253	709,731	-	-	1,603,142	3,072,131
Provision for Loan Loss	-	255,502	-	-	-	-	-	255,502
Rent and Storage	55,802	103,116	13,833	7,748	93,207	571,200	162,842	682,064
Repairs and Maintenance	18,344	11,923	75	-	482,697	296,074	501,116	307,997
Supplies, Office Expense	2,160	2,942	2,477	2,257	51,994	34,396	56,631	39,595
Taxes	5	1,249	-	-	490,822	565,810	490,827	567,059
Telephone	14,747	14,710	1,390	3,496	29,296	40,031	45,433	58,237
Temp Help, Interns, Volunteer	19,487	31,611	-	47,807	17,808	1,875	37,295	81,293
Travel	71,072	9,623	41,081	498	109,213	4,612	221,366	14,733
Overhead	2,021,092	1,270,431	588,379	403,498	(2,609,471)	(1,673,929)	-	-
Subtotal	10,546,263	12,188,823	3,345,405	2,692,758	10,732,245	11,570,252	24,623,913	26,451,833
Depreciation and Amortization	-	-	-	-	3,257,917	3,281,060	3,257,917	3,281,060
Total	<u>\$ 10,546,263</u>	<u>\$ 12,188,823</u>	<u>\$ 3,345,405</u>	<u>\$ 2,692,758</u>	<u>\$ 13,990,162</u>	<u>\$ 14,851,312</u>	<u>\$ 27,881,830</u>	<u>\$ 29,732,893</u>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 10,480,256	\$ 11,008,086
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	3,257,917	3,281,060
Bad Debt	11,495	263,615
Provision for Loan Loss	(74)	255,502
Unrealized (Gain) Loss on Investments	334,504	(179,976)
Realized (Gain) Loss on Sale of Investments	9,363	(58,790)
Change in Investment in Affiliate	338,663	325,693
Amortization of Finance Cost Included in Interest Expense	332,752	332,752
Changes in Interest Rate Swaps	(9,093,810)	(5,088,105)
Changes in Assets and Liabilities:		
Accounts Receivable	(5,583,148)	(296,759)
Due to Affiliates	279,441	170,911
Prepaid Expenses and Other Assets	119,471	69,466
Deferred Rent Assets	232,424	198,144
Accounts Payable and Accrued Expenses	199,495	895,643
Deferred Revenue and Prepaid Rent	84,577	(651,637)
Refundable Advance - Payroll Protection Program	-	(1,172,500)
Net Cash Provided by Operating Activities	1,003,326	9,353,105
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Securities	86,848	143,445
Purchases of Securities	(157,818)	(199,479)
Proceeds from Tenant Security Deposits	(117,509)	(115,294)
Deferred Leasing Costs	(50,179)	(161,229)
Proceeds from Repayments of Small Business Loans Receivable	1,007,136	778,169
Issuance of Small Business Loans Receivable	(652,200)	(4,539,774)
Proceeds from Repayments of Loan Advances to Affiliates and Others	3,032,071	262,226
Issuance of Loan Advances to Affiliates and Others	(4,500,000)	(17,412,593)
Payments for Property and Equipment	(165,546)	(1,333)
Investment in Affiliate	(1,300,000)	-
Net Cash Used by Investing Activities	(2,817,197)	(21,245,862)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Mortgage and Notes Payable	3,000,000	10,000,000
Payments on Mortgage and Notes Payable	(2,843,023)	(2,155,906)
Net Cash Provided by Financing Activities	156,977	7,844,094
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,656,894)	(4,048,663)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	13,318,264	17,366,927
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 11,661,370	\$ 13,318,264
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 8,218,359	\$ 10,873,914
Cash and Cash Equivalents - Tenant Security Deposits	434,363	429,310
Total Cash and Cash Equivalents	8,652,722	11,303,224
Escrow Deposits	3,008,648	2,015,040
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	\$ 11,661,370	\$ 13,318,264
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 5,638,398	\$ 5,454,057

See accompanying Notes to Consolidated Financial Statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 was previously 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. Effective January 1, 2022, NCRC withdrew as the sole member of NCRC AFD and the By-Laws were amended. The activity of NCRC AFD has been excluded from the NCRC consolidated financial statements for the years ended December 31, 2022 and 2021.

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.

NCRC Community Development Fund, Inc.

NCRC is the sole member of NCRC Community Development Fund, Inc. (NCRC CDFI). During the year ended December 31, 2022, NCRC CDFI changed its name from National Community Reinvestment Coalition Community Development, Inc to NCRC Community Development Fund, Inc. NCRC CDFI is 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, 2022 AND 2021

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, which was formed in 2022. NCRC Equivico Corp is owned by NCRC and NCRC CDFI, who own 100% of the Class A voting stock and 100% of the Class B nonvoting stock, respectively. In addition, NCRC Equivico Corp is the majority member (65%) of NCRC Equivico GP LLC, and in turn NCRC Equivico GP LLC is the general partner of NCRC Equivico Fund LP. During the year ended December 31, 2022, NCRC Equivico Fund LP experienced a loss which was fully allocated to its limited partners, with no allocation to NCRC Equivico GP LLC.

During the year ended December 31, 2022, 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, respectively, under a subscription support agreement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation and Presentation

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

Basis of Accounting

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

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, 2021, from which the summarized information was derived.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 Affiliates

NCRC Development Corporation

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. The net loss in Development Corporation for the years ended December 31, 2022 and 2021 was 227,053 and 325,695, respectively. The total investment (loss) in Development Corp as of December 31, 2022 and 2021 was \$(187,055) and \$39,999, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Affiliates (Continued)

NCRC Equivico Fund LP

NCRC Equivico Fund LP, a Delaware limited partnership, was created in 2021 for the purpose of acquiring investments and originating small business loans focused on businesses owned by women minorities, veterans, or those in low-income or moderate-income communities. NCRC Equivico Corp invested \$1,300,000 in NCRC Equivico Fund LP during the year ended December 31, 2022. During 2022, NCRC Equivico Fund LP experienced a loss which was fully allocated to its limited partners. NCRC Equivico Corp's share of this loss was \$111,609 for the year ended December 31, 2022. The total investment in NCRC Equivico Fund LP as of December 31, 2022 was \$1,188,391.

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, 2022 and 2021, the allowance for doubtful accounts was \$515,891 and \$504,906, 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Small Business Loans Receivable (Continued)

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.

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, 2022 and 2021, was \$2,621,592 and \$2,629,361, 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, 2022 and 2021. As of December 31, 2022, 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, 2022 and 2021, were \$2,368,987 and \$2,398,725, respectively. Amortization expense of deferred leasing costs was \$243,046 and \$258,420 for the years ended December 31, 2022 and 2021, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Management reviews its long-lived assets, including property, construction in progress and definite lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When recovery is reviewed, management determines whether impairment has occurred by comparing the estimated future undiscounted cash flows of the real estate, including its residual value, to its carrying value. If impairment is indicated, the assets are adjusted to fair value. No impairment loss has been recognized for the years ended December 31, 2022 and 2021.

Fair Value Hierarchy

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

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

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

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

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

Interest Rate Swap Contracts

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

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

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swap Contracts (Continued)

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

	2022	2021
Line of Credit	\$ 248	\$ (5,387)
Building 727 Mortgage Payable	697,162	(729,455)
Series A Bonds Payable - Taxable	743,192	(1,488,929)
Series B Bonds Payable - Nontaxable	1,739,550	(3,689,887)
Net Swap Asset (Obligation)	\$ 3,180,152	\$ (5,913,658)

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 \$332,752 for the years ended December 31, 2022 and 2021 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions and Grants (Continued)

As of December 31, 2022 contributions and grants totaling \$500,000 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.

Federal Awards

Grants and contracts are received from federal, state, and legal agencies to be used for specific programs or land purchase, the majority of which are cost-reimbursable grants. Revenue, including approved indirect cost recovery, is recognized when allowable costs have been incurred. The excess of reimbursable expenditure over cash receipts is included in government grants receivable and any excess of cash receipts over reimbursable expenditure is included in deferred revenue. NCRC received cost reimbursable grants of \$2,017,945 that have not been recognized at December 31, 2022, 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. Deferred revenue related to the conference was approximately \$496,000, \$360,000, and \$512,000 as of December 31, 2022, 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, 2022 and 2021, straight-line base rents in excess of actual tenant billings were classified as deferred rent assets of \$7,668,174 and \$7,900,638, 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.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

Income Taxes

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

The 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.

Recently Issued Account Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Account Pronouncements (Continued)

NCRC adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. All ROU assets and lease liabilities are eliminated in consolidation.

NCRC has elected to adopt the package of practical expedients available in the year of adoption. NCRC has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

Recently Issued but not Yet Effective Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). Current GAAP requires an incurred loss methodology for recognizing credit losses that delays recognition until it is probable a loss has been incurred. Users of financial statements expressed concern that current GAAP restricts the ability to record credit losses that are expected, but do not yet meet the probable threshold. The main objective of ASU 2016-13 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 ASU 2016-13 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.

ASU 2016-13 has been amended by ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* (ASU 2019-04), ASU No. 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief* (ASU 2019-05), ASU No. 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates* (ASU 2019-10), ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (ASU 2019-11), and ASU No. 2020-03, *Codification Improvements to Financial Instruments* (ASU 2020-03), all of which provide amendments to and clarifications of various areas within Topic 326.

FASB amended the original effective dates of ASU 2016-13 in November 2018 through the issuance of ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, and again in November 2019 through the issuance of ASU 2019-10. As amended, ASU 2016-13, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU-2019-11 and ASU 2020-03 are effective for nonprofit organizations for fiscal years beginning after December 15, 2022. At this time, NCRC CDFI has not determined the impact of these ASUs on its financial statements.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

NCRC evaluated its December 31, 2022, consolidated financial statements for subsequent events through May 30, 2023, the date the consolidated financial statements were available to be issued.

In December 2022, NCRC CDFI entered into a master loan participation agreement with a third-party. The master loan participation agreement provides the third party the option to participate in funding certain qualifying loans in exchange for a participation interest in the funded loan. Subsequent to December 31, 2022, NCRC CDFI entered into loans under this agreement totaling \$2,334,342 of which the third party has 50% interest.

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 8,652,722	\$ 11,303,224
Pledges and Other Receivables, Current Portion	5,712,831	1,903,636
Small Business Loans Receivable, Current Portion	778,297	1,013,338
Investments (Cash and Cash Equivalent)	351,870	219,127
Subtotal	<u>15,495,720</u>	<u>14,439,325</u>
Less: Net Assets with Donor Restrictions	<u>11,814,032</u>	<u>10,709,295</u>
Total	<u>\$ 3,681,688</u>	<u>\$ 3,730,030</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 \$1,213,860, and the second line of credit is secured by investments with a value of \$280,245 as of December 31, 2022, which could be drawn upon in the event of an unanticipated liquidity need.

NOTE 4 INVESTMENTS

Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 351,870	\$ 219,127
Certificates of Deposit	42,504	42,462
Common Stock, Options, and EFTs	2,140,557	2,543,421
Mutual Funds	13,851	16,669
Total Investments	<u>\$ 2,548,782</u>	<u>\$ 2,821,679</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022:

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

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

<u>Asset Category</u>	2021			Total
	Level 1	Level 2	Level 3	
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>

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

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

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 PLEDGES AND OTHER RECEIVABLES

Total pledges and other receivables consist as follows:

	<u>2022</u>	<u>2021</u>
Accounts Receivable	\$ 1,391,093	\$ 1,797,232
Grants Receivable	9,135,699	2,766,909
Pledges Receivable	200,000	300,000
Discount on Long-Term Pledges Receivable	(289,172)	-
Allowance for Bad Debts	(628,391)	(626,565)
Total Pledges and Other Receivables, Net	<u>9,809,229</u>	<u>4,237,576</u>
Less: Current Portion	<u>5,712,831</u>	<u>1,903,636</u>
Long-Term Portion	<u>\$ 4,096,398</u>	<u>\$ 2,333,940</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	\$ 5,235,699
Due Within Five Years	<u>4,100,000</u>
Total	<u>\$ 9,335,699</u>

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 3,819,789	\$ 78,458
New Business Loans	652,200	4,539,774
Principal Payments	(1,007,136)	(778,169)
Write-off Against Loan Reserve	-	(20,274)
Total Principal Outstanding	<u>\$ 3,464,853</u>	<u>\$ 3,819,789</u>
	<u>2022</u>	<u>2021</u>
Principal Outstanding	\$ 3,464,853	\$ 3,819,789
Loan Loss Reserve	(240,672)	(240,746)
Principal Outstanding, Net	<u>3,224,181</u>	<u>3,579,043</u>
Less: Current Portion	<u>778,297</u>	<u>1,013,338</u>
Long-Term Portion	<u>\$ 2,445,884</u>	<u>\$ 2,565,705</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 7.75%. Total interest earned on the outstanding small business loans was \$106,094 and \$13,374 for the years ended December 31, 2022 and 2021, respectively. Accrued interest receivable on the outstanding small business loans was \$17,400 and \$7,325 for the years ended December 31, 2022 and 2021, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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>
2023	\$ 778,297
2024	810,911
2025	786,337
2026	796,995
2027	214,521
Thereafter	77,792
Total	<u>\$ 3,464,853</u>

Paycheck Protection Program

During the year ended December 31, 2022, 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. An eligible business could apply under the PPP during the applicable covered period and receive a loan up to 2.5 times its average monthly payroll costs limited to a loan amount of \$10,000,000. The proceeds of the loan are to be used for payroll, interest, rent, insurance, utilities and other qualifying expenses. 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 estimated life of the loans using the effective interest method and fully amortized when the underlying loan was repaid in full. During the year ended December 31, 2022, NCRC CDFI received the remaining PPP receivable of \$380,565 in full.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 SMALL BUSINESS LOANS RECEIVABLE (CONTINUED)

Loan Loss Reserve

As of December 31, 2022 and 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>2022</u>	<u>2021</u>
Loan Loss Reserve, Beginning Balance	\$ 240,746	\$ 5,518
Write-Offs	-	(20,274)
Loan Loss Provision	(74)	255,502
Loan Loss Reserve, Ending Balance	<u>\$ 240,672</u>	<u>\$ 240,746</u>

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

	<u>2022</u>	<u>2021</u>
Collectible	\$ -	\$ 380,565
Satisfactory	3,459,853	3,439,224
Delinquent	5,000	-
Total	<u>\$ 3,464,853</u>	<u>\$ 3,819,789</u>

NOTE 8 NOTES RECEIVABLE

Notes receivable consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Note Receivable from Affiliates:		
NCRC Housing Rehab Fund LLC	\$ 36,550,000	\$ 33,550,000
NCRC Development Corp.	6,300,000	6,300,000
NCRC Holding, LLC	1,700,000	1,700,000
Total Notes Receivable from Affiliates	<u>44,550,000</u>	<u>41,550,000</u>
NY Forward Loan Fund	6,180,083	8,212,154
Equivico, LLC	500,000	-
Total Notes Receivable	<u>\$ 51,230,083</u>	<u>\$ 49,762,154</u>

NCRC Housing Rehab Fund LLC

From 2015 through December 31, 2022, NCRC CDFI made multiple loans to NCRC Housing Rehab Fund LLC totaling \$37,550,000. During the year ended December 31, 2022, NCRC HRF made payments on outstanding loans of \$1,000,000. 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 \$1,113,944 and \$793,564 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, interest receivable of \$71,405 and \$82,805, 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, 2022 AND 2021

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 until they are converted to an unrestricted term loan facility. During the years ended December 31, 2022 and 2021, advances totaling \$3,470,400 and \$-0- were converted to unrestricted term loan facilities and bear interest at .5% per annum.

NCRC signed a promissory note with NCRC Development Corp. for \$800,000 with interest at a rate of 0.25% per annum. The loan is to be paid in annual installments of \$50,000 with any remaining principal and accrued interest to be paid in full on or before December 24, 2032, with an option to extend the repayment period until December 24, 2035.

Total interest earned was \$19,852 and \$2,500 for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, interest receivable of \$1,654 and \$208, respectively, related to these loans 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, 2022 and 2021. As of December 31, 2022 and 2021, interest receivable of \$2,125, 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, 2022 and 2021, NCRC CDFI has funded \$6,180,083 and \$8,212,154, respectively, to NY Forward Loan Fund Trust.

Total interest earned was \$149,594 and \$141,714 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, interest receivable of \$7,325 and \$7,324, 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, 2022 AND 2021

NOTE 8 NOTES RECEIVABLE (CONTINUED)

Equivico, LLC

NCRC Equivico Corp signed a convertible note with Equivico, LLC for \$500,000 to be paid in full on or before March 31, 2028, with interest at a rate of 7.5% per annum. The note may convert into equity securities pursuant to the terms of the agreement.

Total interest earned was \$20,990 and \$-0- for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, interest receivable of \$20,990 and \$-0-, respectively, related to the loan fund was included in pledges and other receivables in the consolidated statements of financial position.

Annual maturities of the notes receivable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,550,000
2024	8,550,000
2025	17,050,000
2026	15,730,083
2027	7,300,000
Thereafter	1,050,000
Total	<u><u>\$ 51,230,083</u></u>

NOTE 9 DEFERRED REVENUE AND PREPAID RENT

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

	<u>2022</u>	<u>2021</u>
Conference Sponsorship	\$ 495,770	\$ 359,999
Membership	107,113	84,709
Prepaid Rent (Subtenant)	111,312	218,272
Federal Awards	46,476	13,114
Total	<u><u>\$ 760,671</u></u>	<u><u>\$ 676,094</u></u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 NOTES PAYABLE

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

	2022	2021
Wells Fargo Lines of Credit	\$ 260,291	\$ 830,287
Huntington Bank Line of Credit	78,126	303,554
Cathay Bank	1,500,000	1,500,000
Citizens Bank	3,000,000	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	10,000,000
Sunflower Bank	3,000,000	-
Valley National Bank	2,000,000	2,000,000
Total	\$ 36,338,417	\$ 34,133,841

Wells Fargo

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, 2022). 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, 2022, is \$1,494,105. The lines renew annually until terminated by either party. Interest expense in 2022 and 2021 was approximately \$22,500 and \$34,000, respectively.

Huntington Bank

NCRC entered into 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, 2022, was 7.37%. 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 2022 and 2021 was approximately \$11,500 and \$25,000, respectively.

Cathay Bank

NCRC CDFI received an equity equivalent investment in the form of a \$1,500,000 unsecured loan from Cathay Bank. The purpose of the investment is to provide financing for the NCRC Housing Rehab Fund LLC to acquire, renovate, and lease or sell affordable single-family housing to low and moderate income families and/or in low and moderate income neighborhoods in Cathay Bank's service area. The loan is due on December 22, 2027, with the option at Cathay Bank's discretion to extend for one year (or more) terms subsequent to the initial term. Interest is payable quarterly on the outstanding principal balance at a 2% fixed rate. Interest expense was approximately \$30,500 for the years ended December 31, 2022 and 2021.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 NOTES PAYABLE (CONTINUED)

Citizens Bank

NCRC CDFI received an equity equivalent investment in the form of a \$3,000,000 unsecured loan from Citizens Bank. The purpose of the investment is to provide financing to NCRC Housing Rehab Fund to acquire, renovate, and lease or sell affordable single family housing to low and moderate income families and/or in low and moderate income neighborhoods in Citizens Bank's service area. The loan is due on August 20, 2026, with three one-year automatic renewals with an option for either party to opt out of the renewals. Interest is payable semi-annually on the outstanding principal balance at a 2% fixed rate. Interest expense was approximately \$60,000 and \$10,500 for the years ended December 31, 2022 and 2021, respectively.

Compass Bank

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 the years ended December 31, 2022 and 2021.

First Financial Bank

NCRC CDFI entered into a loan agreement and revolving note with First Financial Bank for an unsecured revolving line of credit with a maximum borrowing of \$1,500,000. NCRC CDFI shall use the loan funds as specified in the loan agreement for acquisition and renovation of affordable single family housing for lease or sale. The loan is due on June 1, 2024, with the option to extend for an additional one-year term. Interest is payable quarterly on the outstanding loan balance at a fixed rate of 2.50%. Interest expense was approximately \$38,000 for the years ended December 31, 2022 and 2021.

Fifth Third Community Development Company

NCRC CDFI received 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, 2022 and 2021.

Iberia Bank

NCRC CDFI obtained an unsecured promissory note with Iberia Bank for a nonrevolving line of credit of \$5,000,000 that was increased to \$10,000,000 on September 29, 2017. The purpose of the promissory note was to provide capital to NCRC Housing Rehab Fund LLC to support the acquisition, renovation and lease and/or sale of affordable single-family housing that will be targeted to and benefit low to moderate residents located in Iberia Bank's assessment areas in the states of Florida, Georgia, Louisiana, and Alabama. The loan is due on September 25, 2025, with interest payable quarterly on the outstanding principal balance at a 3.0% fixed rate. Interest expense was approximately \$321,000 and \$312,000 for the years ended December 31, 2022 and 2021, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 NOTES PAYABLE (CONTINUED)

Regions Bank

NCRC CDFI obtained 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. Subsequent to December 31, 2022, the security agreement was terminated in full. 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, 2022, was 2.61%.

NCRC CDFI obtained a second promissory note with Regions Bank for a revolving line of credit of \$5,000,000 secured by all inventory, accounts equipment, general intangibles, and fixtures. The loan is due on demand or if no demand is made prior, on the extended maturity date of June 18, 2026. Interest is payable monthly on the outstanding loan balance at a fixed rate of 2.25%. Interest expense was approximately \$246,500 and \$91,000 for the years ended December 31, 2022 and 2021, respectively.

Sunflower Bank

During 2022, NCRC CDFI obtained a loan agreement and revolving note with Sunflower Bank for an unsecured revolving line of credit of up to \$3,000,000. During the year ended December 31, 2022, NCRC CDFI withdrew the entire \$3,000,000 on this line of credit. The loan is due on July 29, 2027, with two options to extend for an additional one-year period. Interest is payable monthly on the outstanding loan balance at a 3.0% fixed rate per annum. Interest expense was approximately \$39,000 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

Valley National

NCRC CDFI entered into a loan agreement and revolving note with Valley National Bank for an unsecured revolving line of credit of up to \$2,000,000. The balance on the line of credit as of December 31, 2022 and 2021 was \$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. Interest expense was approximately \$61,000 and \$38,000 for the years ended December 31, 2022 and 2021, respectively.

Annual maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,838,417
2024	5,000,000
2025	12,000,000
2026	9,500,000
2027	4,500,000
Thereafter	3,500,000
Total	<u>\$ 36,338,417</u>

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

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

	<u>2022</u>	<u>2021</u>
Series 2018A	\$ 67,501,683	\$ 68,896,239
Series 2018B	21,978,246	22,362,351
Huntington Bank	11,832,560	12,101,497
Less: Deferred Financing Costs, Net	931,606	1,264,357
Total	<u>\$ 100,380,883</u>	<u>\$ 102,095,730</u>

Building 727 15th Street, NW, Washington, DC

NCRC entered into 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 (5.97% as of December 31, 2022). Accrued interest shall be due and payable on the same dates as installments of the principal balance. Interest expense in 2022 and 2021 was approximately \$514,000 and \$526,000, 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 2022, NCRC received a waiver relating to failure to achieve the DSCR through December 31, 2022.

Building 740 15th Street, NW, Washington, DC

NCRC and NCRC 740 jointly entered into a Credit Agreement with Huntington National Bank as the Agent for 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, 2022, was approximately 4.83%. The Series 2018B bond bears interest at a rate of LIBOR plus 2.0% per annum. The interest rate at December 31, 2022, was approximately 6.12%. The bonds mature on August 30, 2025 and are secured by substantially all assets of NCRC 740 and its parent, NCRC.

Interest expense on notes payable was \$3,804,434 and \$3,888,015 for the years ended December 31, 2022 and 2021, respectively.

The Credit Agreement contains financial covenants requiring the Company to achieve certain minimum performance levels. As of December 31, 2022, the Company was in compliance with these covenants.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 MORTGAGE AND BONDS PAYABLE (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>
2023	\$ 1,450,650	\$ 403,637	\$ 280,592	\$ 2,134,879
2024	1,508,999	424,161	292,752	2,225,912
2025	64,542,034	21,150,448	305,440	85,997,922
2026	-	-	318,677	318,677
2027	-	-	10,635,099	10,635,099
Thereafter	-	-	-	-
Total	<u>\$ 67,501,683</u>	<u>\$ 21,978,246</u>	<u>\$ 11,832,560</u>	<u>\$ 101,312,489</u>

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Community Development	\$ 6,580,988	\$ 700,000
Fellowship	927,124	-
Field Empowerment Fund	2,230,769	2,230,769
GROWTH	222,333	213,260
Housing Counseling Network	599,268	937,604
Membership	-	62,500
Other Program Support	-	50,000
Research	-	110,000
Small Business Lending	131,632	3,622,491
Special Initiatives	273,092	300,000
Training Academy	196,893	402,604
Time Restricted Operating Support	651,933	2,080,067
Total	<u>\$ 11,814,032</u>	<u>\$ 10,709,295</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Business Development	\$ -	\$ 87,166
Community Development	970,806	-
GROWTH	290,927	1,916,283
Fair Housing / Lending	-	300,000
Fellowship	72,876	-
Field Empowerment Fund	-	2,769,231
Housing Counseling Network	1,058,336	491,146
Membership	62,500	252,083
Special Initiatives	26,908	125,000
Other Program Support	211,844	20,885
Participation in the NY Forward Loan Fund	-	6,408,613
Research	110,000	139,060
Small Business Lending and Support	3,329,015	6,369,774
Training Academy	205,711	221,813
Time Restricted Operating Support	1,513,134	1,199,934
Time Restricted Council Dues	-	155,000
Total	<u>\$ 7,852,057</u>	<u>\$ 20,455,988</u>

NOTE 13 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 \$382,218 and \$395,872 for the years ended December 31, 2022 and 2021, respectively.

NCRC also maintains a nonqualified Section 457(b) deferred compensation plan allowing certain executives to elect to defer compensation up to the maximum allowed under IRS regulations. Contributions are made by NCRC at the rate of 3% of an employee's salary. Total contributions to the plan for the years ended December 31, 2022 and 2021 were \$20,500 and \$-0- respectively. Total 457(b) plan balances are included in other assets and plan obligations are included within other liabilities on the accompanying consolidated statements of financial position. The 457(b) plan assets represent mutual funds invested in equities and bonds valued at fair value based on quoted market prices in active markets and are Level 1 within their fair value hierarchy. Total amounts recorded were \$20,500 and \$-0- at December 31, 2022 and 2021, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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>
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
2027	359,636	6,967,837	7,327,473
Thereafter	150,763	26,220,701	26,371,464
Total	<u>\$ 3,837,554</u>	<u>\$ 60,075,413</u>	<u>\$ 63,912,967</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, 2023.

Hotel Contract

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, 2022 was approximately \$883,000.

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, 2022 and 2021, the amount payable to the individual for services rendered was \$- and \$70,833 and has been included with accounts payable and accrued expenses on the accompanying consolidated statement of financial position.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022.

Concentration of Credit Risk

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

Concentration of Major Tenants – Building at 740 15th Street

Four tenants occupy approximately 79% of the square footage of the building at 740 15th Street, which accounts for approximately 82% of the building's base rental income for the years ended December 31, 2022 and 2021, respectively.

Concentration of Revenue

Two grantors contributed a total of \$6,250,000 representing 63% of total contributions and grants revenue as of December 31, 2022. Five grantors contributed a total of \$13,076,265 representing 74% of total contributions and grants revenue as of December 31, 2021.

Concentration of Receivables

Two grantors with grants receivable totaling \$5,000,000 and representing 54% of total pledges and other receivables as of December 31, 2022. Two grantors with grants receivable totaling \$1,666,671 and representing 39% of total pledges and other receivables as of December 31, 2021.

Three small business loan recipients comprised \$1,225,889 or 35% of total small business loans receivable principal outstanding as of December 31, 2022. Three small business loan recipients comprised \$1,500,000 or 45% of total small business loans receivable principal 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, 2022 AND 2021

NOTE 16 RELATED PARTY TRANSACTIONS

Entities related to NCRC include the following:

NCRC Development Corp. – NCRC Development Corp. is wholly owned but not controlled by NCRC. Promissory notes used by NCRC Development Corp. to support the operations of NCRC Housing Rehab Fund LLC have been provided by NCRC and NCRC CDFI as disclosed in Note 8 – 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.

Americans for a Fair Deal – NCRC was the former sole member of Americans for a Fair Deal, a nonprofit corporation that operated exclusively as a social welfare organization and incurred operating costs that were paid on their behalf by NCRC.

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

	2022	2021
727 Management Company, LLC	\$ 343,350	\$ 345,747
NCRC Development Corp.	(655,602)	(522,063)
Growth Builders L.L.C.	64,468	41,884
Americans for a Fair Deal	-	(101,867)
Housing Rehab Fund LLC	905,869	614,943
Net Due to Affiliates	<u>\$ 658,085</u>	<u>\$ 378,644</u>

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 16 RELATED PARTY TRANSACTIONS (CONTINUED)

NCRC Development Corp.

During the years ended December 31, 2022 and 2021, NCRC incurred operating expenses on behalf of NCRC Development Corp. amounting to \$133,539 and \$149,498, respectively. As of December 31, 2022 and 2021, the net amount owed from NCRC Development Corp. was \$575,549 and \$442,010, respectively.

As of December 31, 2022 and 2021, NCRC Development Corp. owed NCRC CDFI \$80,053 for interest accrued on funding made and repaid in years prior to 2019.

NCRC Housing Rehab Fund LLC

NCRC Housing Rehab Fund LLC (HRF) incurred operating expenses on behalf of NCRC and NCRC CDFI for a total amount of \$290,927 and \$214,101 during the years ended December 31, 2022 and 2021, respectively. NCRC and NCRC CDFI reimburse these expenses to HRF. As of December 31, 2022 and 2021, there was an outstanding balance of \$905,869 and \$614,943, 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. As of December 31, 2022 and 2021, the net amount owed to 727 Management Company, LLC was \$-0- and \$2,397, respectively.

During the years ended December 31, 2022 and 2021, 727 Management Company, LLC provided services to NCRC amounting to \$-0- and \$15,604, respectively. At December 31, 2022 and 2021, amounts due to 727 Management Company, LLC totaled \$343,350.

Growth Builders, L.L.C.

During the years ended December 31, 2022 and 2021, Growth Builders, L.L.C. provided professional staffing to NCRC CDFI, on a cost reimbursement basis, amounting to \$20,187 and \$22,346, respectively. Amounts due to Growth Builders, L.L.C. totaled \$64,468 and \$41,884 at December 31, 2022 and 2021, respectively.

Americans for a Fair Deal

During the years ended December 31, 2022 and 2021, NCRC incurred operating expenses on behalf of Americans for a Fair Deal (AFD) amounting to \$-0- and \$101,867, respectively. As of December 31, 2022 and 2021, the net amount owed from AFD was \$-0- and \$442,010, respectively.

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 17 CONTINGENCIES

Grants and Contributions

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

Legal Issues

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

Real Estate Tax Exemption

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

Risks and Uncertainties

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

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

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2021)
(SEE INDEPENDENT AUDITORS' REPORT)

	NCRC			Affiliates			Consolidated 2022	Consolidated 2021	
	NCRC	NCRC 740	Eliminations	Consolidated	NCRC CDFI	NCRC Equivico			Eliminations
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 1,761,107	\$ 928,046	\$ -	\$ 2,689,153	\$ 5,962,931	638	\$ -	\$ 8,652,722	\$ 11,303,224
Investments	2,548,782	-	-	2,548,782	-	-	-	2,548,782	2,821,679
Pledges and Other Receivables, Current Portion, Net	5,235,699	356,233	-	5,591,932	99,909	20,990	-	5,712,831	1,903,636
Small Business Loans Receivable, Current Portion, Net	-	-	-	-	778,297	-	-	778,297	1,013,338
Due from Affiliates	1,408,500	-	(1,083,237)	325,263	-	250	(325,513)	-	-
Prepaid Expenses and Other Assets	114,540	7,020	-	121,560	5,898	-	-	127,458	91,804
Total Current Assets	11,068,628	1,291,299	(1,083,237)	11,276,690	6,847,035	21,878	(325,513)	17,820,090	17,133,681
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	1,744,156	1,238,990	-	2,983,146	-	-	-	2,983,146	2,846,626
Tenant Improvements	557,574	9,541,183	-	10,098,757	-	-	-	10,098,757	10,076,257
Furniture, Equipment and Software	750,371	-	-	750,371	-	-	-	750,371	1,243,545
Total	12,846,329	93,084,247	-	105,930,576	-	-	-	105,930,576	106,264,730
Less: Accumulated Depreciation	(5,943,451)	(16,140,259)	-	(22,083,710)	-	-	-	(22,083,710)	(19,568,539)
Property and Equipment, Net	6,902,878	76,943,988	-	83,846,866	-	-	-	83,846,866	86,696,191
OTHER ASSETS									
Escrow Deposits	981,421	2,027,227	-	3,008,648	-	-	-	3,008,648	2,015,040
Notes Receivable	800,000	-	-	800,000	49,930,083	500,000	-	51,230,083	49,762,154
Pledges and Other Receivables, Less Current Portion	4,096,398	-	-	4,096,398	-	-	-	4,096,398	2,333,940
Small Business Loans Receivable, Less Current Portion	-	-	-	-	2,445,884	-	-	2,445,884	2,565,705
Investment in Affiliate	3,161,724	-	(2,938,760)	222,964	1,300,250	1,188,391	(1,710,269)	1,001,336	39,999
Interest Rate Swap	697,410	2,482,742	-	3,180,152	-	-	-	3,180,152	-
Right of Use Asset	18,180,077	-	(18,180,077)	-	-	-	-	-	-
Deferred Rent Assets	412,653	8,106,855	(851,334)	7,668,174	-	-	-	7,668,174	7,900,598
Deferred Leasing Costs, Net	195,413	958,442	-	1,153,855	-	-	-	1,153,855	1,346,722
Security Deposit	2,266	-	-	2,266	-	-	-	2,266	157,391
Total Other Assets	28,527,362	13,575,266	(21,970,171)	20,132,457	53,676,217	1,688,391	(1,710,269)	73,786,796	66,121,549
Total Assets	\$ 46,498,868	\$ 91,810,553	\$ (23,053,408)	\$ 115,256,013	\$ 60,523,252	\$ 1,710,269	\$ (2,035,782)	\$ 175,453,752	\$ 169,951,421
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Expenses	\$ 1,529,428	\$ 754,221	\$ -	\$ 2,283,649	\$ 126,480	\$ -	\$ -	\$ 2,410,129	\$ 2,210,634
Deferred Revenue and Prepaid Rent	723,418	37,253	-	760,671	-	-	-	760,671	676,094
Due to Affiliates	2,522,781	(765,624)	(1,083,237)	673,920	309,678	-	(325,513)	658,085	378,644
Notes Payable, Current Portion and Lines of Credit	338,417	-	-	338,417	1,500,000	-	-	1,838,417	1,056,239
Mortgages and Bonds Payable, Current Portion	280,592	1,854,287	-	2,134,879	-	-	-	2,134,879	2,047,600
Total Current Liabilities	5,394,636	1,880,137	(1,083,237)	6,191,536	1,936,158	-	(325,513)	7,802,181	6,369,211
LONG-TERM LIABILITIES									
Right of Use Liability	19,031,411	-	(19,031,411)	-	-	-	-	-	-
Tenant Security Deposits and Refunds	122,202	185,896	-	308,098	-	-	-	308,098	425,607
Notes Payable, Less Current Portion	-	-	-	-	34,500,000	-	-	34,500,000	33,077,602
Interest Rate Swap Obligations	-	-	-	-	-	-	-	-	5,913,658
Mortgage and Bonds Payable, Less Current Portion	11,440,244	86,805,760	-	98,246,004	-	-	-	98,246,004	100,048,130
Total Long-Term Liabilities	30,593,857	86,991,656	(19,031,411)	98,554,102	34,500,000	-	-	133,054,102	139,464,997
Total Liabilities	35,988,493	88,871,793	(20,114,648)	104,745,638	36,436,158	-	(325,513)	140,856,283	145,834,208
NET ASSETS									
Without Donor Restrictions	(1,172,025)	2,938,760	(2,938,760)	(1,172,025)	23,955,462	1,710,269	(1,710,269)	22,783,437	13,407,918
With Donor Restrictions	11,682,400	-	-	11,682,400	131,632	-	-	11,814,032	10,709,295
Total Net Assets	10,510,375	2,938,760	(2,938,760)	10,510,375	24,087,094	1,710,269	(1,710,269)	34,597,469	24,117,213
Total Liabilities and Net Assets	\$ 46,498,868	\$ 91,810,553	\$ (23,053,408)	\$ 115,256,013	\$ 60,523,252	\$ 1,710,269	\$ (2,035,782)	\$ 175,453,752	\$ 169,951,421

NATIONAL COMMUNITY REINVESTMENT COALITION, INC. AND AFFILIATES
SUPPLEMENTAL SCHEDULE – CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED INFORMATION FOR DECEMBER 31, 2021)
(SEE INDEPENDENT AUDITORS' REPORT)

	NCRC				Affiliates				Consolidated 2022	Consolidated 2021	
	NCRC Without Donor Restrictions	NCRC With Donor Restrictions	NCRC 740	Eliminations	NCRC Consolidated	NCRC CDFI Without Donor Restrictions	NCRC CDFI With Donor Restrictions	NCRC Equivico Without Donor Restrictions			Eliminations
REVENUE											
Contributions and Grants	\$ 1,487,798	\$ 8,956,794	\$ -	\$ -	\$ 10,444,592	\$ 10,000	\$ -	\$ -	\$ (500,000)	\$ 9,954,592	\$ 17,635,224
Federal Awards	3,133,561	-	-	-	3,133,561	-	-	-	-	3,133,561	2,491,332
Membership and Corporate Dues	247,072	-	-	-	247,072	-	-	-	-	247,072	219,448
Conferences	4,737,770	-	-	-	4,737,770	-	-	-	-	4,737,770	3,935,348
Interest Income	-	-	-	-	-	1,415,622	-	20,990	-	1,436,612	975,706
Rental Income	1,980,605	-	9,611,336	(1,578,632)	10,013,309	-	-	-	-	10,013,309	10,076,894
Other Income	1,152,876	-	5,688	(825,944)	332,620	20,188	-	-	-	352,808	349,616
Investment Income (Loss), Net	(271,372)	-	2,513	-	(268,859)	-	-	-	-	(268,859)	295,001
Net Assets Released from Restrictions	4,361,198	(4,361,198)	-	-	-	3,490,859	(3,490,859)	-	-	-	-
Total Revenue	16,829,508	4,595,596	9,619,537	(2,404,576)	28,640,065	4,936,669	(3,490,859)	20,990	(500,000)	29,606,865	35,978,569
EXPENSES											
Nonfederal Program Expense:											
Conference	2,016,427	-	-	-	2,016,427	-	-	-	-	2,016,427	537,949
Research and Publications	569,338	-	-	(43,732)	525,606	-	-	-	-	525,606	423,483
Housing Counseling Network	923,927	-	-	(43,649)	880,278	-	-	-	-	880,278	422,333
Membership	1,936,179	-	-	(174,598)	1,761,581	-	-	-	-	1,761,581	1,358,368
Special Initiatives	305,012	-	-	(14,550)	290,462	-	-	-	-	290,462	77,232
Workforce/Growth	807,114	-	-	(43,649)	763,465	-	-	-	-	763,465	687,684
Communications	723,076	-	-	(58,199)	664,877	-	-	-	-	664,877	629,932
Fair Housing and Lending	802,043	-	-	(101,849)	700,194	-	-	-	-	700,194	-
Racial Economic Equity	374,104	-	-	(29,100)	345,004	-	-	-	-	345,004	886,109
Capital Markets	-	-	-	-	-	-	-	-	-	-	1,349,682
Field Empowerment Fund	-	-	-	-	-	-	-	-	-	-	2,369,231
Other Programs	342,338	-	-	(43,649)	298,689	2,777,478	-	22,202	(500,000)	2,598,369	3,446,820
Total Nonfederal Programs	8,799,558	-	-	(552,975)	8,246,583	2,777,478	-	22,202	(500,000)	10,546,263	12,188,823
Federal Program Expenses:											
FHIP / PEI	815,504	-	-	-	815,504	-	-	-	-	815,504	530,831
SBA - Womens Business Center	315,677	-	-	(53,943)	261,734	-	-	-	-	261,734	520,039
SBA - Housing Counseling	452,744	-	-	-	452,744	-	-	-	-	452,744	-
Housing Counseling Network	983,157	-	-	-	983,157	-	-	-	-	983,157	946,278
Housing Counseling Training	620,422	-	-	-	620,422	-	-	-	-	620,422	695,610
Other Programs	-	-	-	-	-	211,844	-	-	-	211,844	-
Total Federal Programs	3,187,504	-	-	(53,943)	3,133,561	211,844	-	-	-	3,345,405	2,692,758
Support Services Expenses:											
Legislative Affairs	1,024,516	-	-	(116,398)	908,118	-	-	-	-	908,118	789,315
General Administration	2,421,827	-	-	(1,505,611)	916,216	-	-	-	-	916,216	2,349,178
Building Expenses	1,580,362	-	7,142,581	(132,000)	8,590,943	-	-	-	-	8,590,943	8,104,210
Fundraising	360,617	-	-	(43,649)	316,968	-	-	-	-	316,968	327,549
Total Supporting Services	5,387,322	-	7,142,581	(1,797,658)	10,732,245	-	-	-	-	10,732,245	11,570,252
Total Expenses	17,374,384	-	7,142,581	(2,404,576)	22,112,389	2,989,322	-	22,202	(500,000)	24,623,913	26,451,833
CHANGE IN NET ASSETS BEFORE OTHER EXPENSES	(544,876)	4,595,596	2,476,956	-	6,527,676	1,947,347	(3,490,859)	(1,212)	-	4,982,952	9,526,736
OTHER EXPENSES											
Net Loss in Affiliates	6,988,709	-	-	(7,328,583)	(339,874)	-	-	(111,609)	112,821	(338,662)	(325,695)
Unrealized Gain on Interest Rate Swaps	1,432,325	-	7,661,558	-	9,093,883	-	-	-	-	9,093,883	5,088,105
Depreciation and Amortization	(447,986)	-	(2,809,931)	-	(3,257,917)	-	-	-	-	(3,257,917)	(3,281,060)
CHANGE IN NET ASSETS	7,428,172	4,595,596	7,328,583	(7,328,583)	12,023,768	1,947,347	(3,490,859)	(112,821)	112,821	10,480,256	11,008,086
Net Assets - Beginning of Year	(8,600,197)	7,086,804	(4,389,823)	4,389,823	(1,513,393)	22,008,115	3,622,491	-	-	24,117,213	13,109,127
Capital Contribution	-	-	-	-	-	-	-	1,823,090	(1,823,090)	-	-
NET ASSETS - END OF YEAR	<u>\$ (1,172,025)</u>	<u>\$ 11,682,400</u>	<u>\$ 2,938,760</u>	<u>\$ (2,938,760)</u>	<u>\$ 10,510,375</u>	<u>\$ 23,955,462</u>	<u>\$ 131,632</u>	<u>\$ 1,710,269</u>	<u>\$ (1,710,269)</u>	<u>\$ 34,597,469</u>	<u>\$ 24,117,213</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.
and Affiliates
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, 2022, 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 30, 2023.

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.

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

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

CliftonLarsonAllen LLP

Greenbelt, Maryland
May 30, 2023



**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.
and Affiliates
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, 2022. 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, 2022.

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.
and Affiliates

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenbelt, Maryland
May 30, 2023

NATIONAL COMMUNITY REINVESTMENT COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

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				
Education & Outreach Initiative Media Campaign	14.416	N/A	\$ -	\$ 302,623
Private Enforcement Initiatives - American Rescue Plan	14.418	N/A	-	118,495
Private Enforcement Initiatives 2022-2023	14.418	N/A	-	211,947
Private Enforcement Initiatives 2021-2022	14.418	N/A	-	182,439
Comprehensive Housing Counseling FY21	14.169	N/A	760,000	930,614
Comprehensive Housing Counseling FY20	14.169	N/A	-	52,543
Housing Counseling Training FY 22	14.316	N/A	-	72,726
Housing Counseling Training FY 21	14.316	N/A	-	454,058
Housing Counseling Training FY 20	14.316	N/A	-	93,638
Total U.S. Department of Housing and Urban Development Direct Programs			760,000	2,419,083
Neighborworks America				
Neighborworks America HSCP Grant	99.U19	N/A	-	452,744
U.S. Small Business Administration				
Women's Business Center FY 23	59.043	N/A	-	113,110
Women's Business Center FY 22	59.043	N/A	-	56,544
SBA Cares Grant	59.043	N/A	-	92,080
Total U.S. Small Business Administration Direct Programs			-	261,734
Total Expenditures of Federal Awards			\$ 760,000	\$ 3,133,561

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, 2022**

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, 2022. 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, 2022**

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, 2022**

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).