

**NATIONAL CENTER FOR
FAMILY PHILANTHROPY, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019



NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
National Center for Family Philanthropy, Inc.
Washington, DC

We have audited the accompanying financial statements of the National Center for Family Philanthropy, Inc., (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Center for Family Philanthropy, Inc., as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland
April 14, 2021

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,111,436	\$ 1,767,255
Accounts receivable	110,250	69,500
Pledges and grants receivable	565,000	282,500
Prepaid expenses	50,751	24,904
Inventory and other assets, net	<u>90,868</u>	<u>92,649</u>
Total current assets	<u>2,928,305</u>	<u>2,236,808</u>
Non-current assets		
Pledges and grants receivable, net of current portion	150,000	370,000
Property and equipment, net	356,983	386,092
Security deposit	<u>14,888</u>	<u>14,888</u>
Total non-current assets	<u>521,871</u>	<u>770,980</u>
Total assets	<u>\$ 3,450,176</u>	<u>\$ 3,007,788</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 39,676	\$ 37,802
Accrued payroll and benefits	91,859	49,186
Deferred revenue	125,398	158,675
Capital lease obligation	<u>4,098</u>	<u>3,860</u>
Total current liabilities	<u>261,031</u>	<u>249,523</u>
Long-term liabilities		
Capital lease obligation, net of current portion	5,860	9,958
Deferred rent credits and improvement allowance	<u>261,712</u>	<u>285,708</u>
Total long-term liabilities	<u>267,572</u>	<u>295,666</u>
Total liabilities	<u>528,603</u>	<u>545,189</u>
Net assets		
Without donor restrictions:		
Undesignated net assets	2,031,573	1,163,781
Board designated - President's Leadership Fund	-	<u>96,318</u>
Total net assets without donor restrictions	<u>2,031,573</u>	<u>1,260,099</u>
With donor restrictions	<u>890,000</u>	<u>1,202,500</u>
Total net assets	<u>2,921,573</u>	<u>2,462,599</u>
Total liabilities and net assets	<u>\$ 3,450,176</u>	<u>\$ 3,007,788</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and support						
Grants and contributions	\$ 1,798,604	\$ 520,000	\$ 2,318,604	\$ 1,877,370	\$ 852,500	\$ 2,729,870
Paycheck Protection Program grant	254,635	-	254,635	-	-	-
Registrations and sponsorships	146,590	-	146,590	913,370	-	913,370
Knowledge Center subscriptions and sales of publications	261,775	-	261,775	256,743	-	256,743
Honorarium and reimbursements	152,109	-	152,109	89,776	-	89,776
Interest and investment income	1,337	-	1,337	1,557	-	1,557
Releases from restrictions	832,500	(832,500)	-	452,810	(452,810)	-
Total revenue and support	<u>3,447,550</u>	<u>(312,500)</u>	<u>3,135,050</u>	<u>3,591,626</u>	<u>399,690</u>	<u>3,991,316</u>
Expenses						
Program services						
Education and events	777,343	-	777,343	972,317	-	972,317
Marketing, network, and outreach	993,979	-	993,979	552,351	-	552,351
Program delivery and support	137,256	-	137,256	165,786	-	165,786
Special events and 20th anniversary programs	-	-	-	724,831	-	724,831
Total program services	<u>1,908,578</u>	<u>-</u>	<u>1,908,578</u>	<u>2,415,285</u>	<u>-</u>	<u>2,415,285</u>
Administration	521,995	-	521,995	439,694	-	439,694
Fundraising	245,503	-	245,503	252,691	-	252,691
Total expenses	<u>2,676,076</u>	<u>-</u>	<u>2,676,076</u>	<u>3,107,670</u>	<u>-</u>	<u>3,107,670</u>
Change in Net Assets	<u>771,474</u>	<u>(312,500)</u>	<u>458,974</u>	<u>483,956</u>	<u>399,690</u>	<u>883,646</u>
Net Assets, Beginning	<u>1,260,099</u>	<u>1,202,500</u>	<u>2,462,599</u>	<u>776,143</u>	<u>802,810</u>	<u>1,578,953</u>
Net Assets, Ending	<u>\$ 2,031,573</u>	<u>\$ 890,000</u>	<u>\$ 2,921,573</u>	<u>\$ 1,260,099</u>	<u>\$ 1,202,500</u>	<u>\$ 2,462,599</u>

See notes to the financial statements.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Education and Events	Marketing, Network and Outreach	Program Delivery and Support	Total Programs	Administration	Fundraising	Total
Personnel costs:							
Salaries	\$ 332,626	\$ 600,137	\$ 92,708	\$ 1,025,471	\$ 170,469	\$ 167,527	\$ 1,363,467
Employee benefits	54,236	97,855	15,116	167,207	27,797	27,316	222,320
Payroll taxes	25,257	45,570	7,039	77,866	12,944	12,721	103,531
Total personnel costs	<u>412,119</u>	<u>743,562</u>	<u>114,863</u>	<u>1,270,544</u>	<u>211,210</u>	<u>207,564</u>	<u>1,689,318</u>
Accounting and payroll services	-	-	-	-	75,700	-	75,700
Bank service charges	4,394	7,927	1,225	13,546	2,251	2,213	18,010
Consultants	168,520	22,024	-	190,544	145,761	-	336,305
Cost of publications/ obsolete inventory	2,111	-	-	2,111	-	-	2,111
Depreciation and amortization	23,165	41,795	6,456	71,416	11,873	11,667	94,956
Dues and subscriptions	-	15,554	-	15,554	-	500	16,054
Food and beverage	20,861	1,791	-	22,652	276	-	22,928
Insurance	1,672	3,017	466	5,155	858	842	6,855
Interest expense	-	-	-	-	725	-	725
Internet and technology	71,558	33,931	1,674	107,163	44,809	-	151,972
Legal	-	-	-	-	1,541	-	1,541
Marketing, media, and outreach	149	383	-	532	549	-	1,081
Meetings, education, and conferences	10,420	4,303	-	14,723	221	-	14,944
Office expense	2,909	5,249	811	8,969	1,492	1,465	11,926
Postage and delivery	-	-	-	-	1,837	-	1,837
Printing and reproduction	2,112	26,686	-	28,798	397	-	29,195
Rent	38,351	69,194	10,689	118,234	19,654	19,315	157,203
Telephone	3,847	6,940	1,072	11,859	1,972	1,937	15,768
Travel	15,155	11,623	-	26,778	869	-	27,647
	<u>\$ 777,343</u>	<u>\$ 993,979</u>	<u>\$ 137,256</u>	<u>\$ 1,908,578</u>	<u>\$ 521,995</u>	<u>\$ 245,503</u>	<u>\$ 2,676,076</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	<u>Education and Events</u>	<u>Marketing, Network and Outreach</u>	<u>Program Delivery and Support</u>	<u>Special Event Programs</u>	<u>Total Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:								
Salaries	\$ 445,972	\$ 305,319	\$ 100,737	\$ 127,632	\$ 979,660	\$ 137,762	\$ 156,162	\$ 1,273,584
Employee benefits	78,288	53,597	17,684	22,405	171,974	24,184	27,414	223,572
Payroll taxes	32,498	22,249	7,341	9,301	71,389	10,038	11,380	92,807
Total personnel costs	<u>556,758</u>	<u>381,165</u>	<u>125,762</u>	<u>159,338</u>	<u>1,223,023</u>	<u>171,984</u>	<u>194,956</u>	<u>1,589,963</u>
Accounting and payroll services	-	-	-	-	-	68,542	-	68,542
Bank service charges	18,354	12,566	4,146	5,253	40,319	5,669	6,427	52,415
Consultants	193,955	14,864	2,236	58,240	269,295	104,189	-	373,484
Cost of publications/ obsolete inventory	38,378	384	-	5,608	44,370	-	-	44,370
Depreciation and amortization	30,178	20,661	6,817	8,637	66,293	9,322	10,567	86,182
Dues and subscriptions	-	1,113	-	-	1,113	11,941	-	13,054
Food and beverage	2,970	14,485	-	297,409	314,864	10,212	-	325,076
Insurance	2,258	1,546	510	646	4,960	697	791	6,448
Interest expense	-	-	-	-	-	948	-	948
Internet and technology	41,515	28,421	9,377	11,881	91,194	12,824	14,537	118,555
Legal	-	-	-	-	-	1,400	-	1,400
Marketing, media, and outreach	-	400	-	15,166	15,566	-	-	15,566
Meetings, education, and conferences	5,847	4,539	-	97,464	107,850	4,282	-	112,132
Office expense	10,742	7,354	2,426	3,074	23,596	3,320	3,761	30,677
Postage and delivery	39	-	-	2,704	2,743	2,663	-	5,406
Printing and reproduction	2,980	801	-	6,640	10,421	994	-	11,415
Rent	55,835	38,226	12,612	15,979	122,652	17,248	19,551	159,451
Telephone	6,000	4,108	1,355	1,717	13,180	1,854	2,101	17,135
Travel	6,508	21,718	545	35,075	63,846	11,605	-	75,451
	<u>\$ 972,317</u>	<u>\$ 552,351</u>	<u>\$ 165,786</u>	<u>\$ 724,831</u>	<u>\$ 2,415,285</u>	<u>\$ 439,694</u>	<u>\$ 252,691</u>	<u>\$ 3,107,670</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Grants and contributions received	\$ 2,256,104	\$ 2,597,370
Paycheck Protection Program	254,635	-
Registrations and sponsorships	113,313	939,962
Knowledge Center subscriptions and sales of publications	221,025	257,743
Honorarium and reimbursements	152,109	89,776
Interest and dividends	1,337	1,557
Payments for salaries, benefits, and payroll taxes	(1,646,645)	(1,590,375)
Payments to vendors	(937,220)	(1,341,608)
Cash paid for inventory	(45)	(5,992)
Interest paid	(725)	(948)
	<u>413,888</u>	<u>947,485</u>
Net cash provided by operating activities	413,888	947,485
Cash Flows from Investing Activities		
Purchases of property and equipment	(65,847)	(11,296)
Cash Flows from Financial Activities		
Principal payments on capital lease obligation	(3,860)	(3,635)
Net Increase in Cash and Cash Equivalents	344,181	932,554
Cash and Cash Equivalents, Beginning	<u>1,767,255</u>	<u>834,701</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,111,436</u>	<u>\$ 1,767,255</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 458,974	\$ 883,646
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	94,956	86,182
Inventory allowance	-	(9,100)
Loss on disposal of property and equipment	-	9,940
Decrease (increase) in assets:		
Accounts receivable	(40,750)	1,000
Pledges receivable	(62,500)	(132,500)
Prepaid expenses	(25,847)	35,989
Inventory and other assets	1,781	47,067
Increase (decrease) in liabilities:		
Accounts payable	1,874	18,676
Accrued payroll and benefits	42,673	(412)
Deferred revenue	(33,277)	26,592
Deferred rent credits	(23,996)	(19,595)
	<u>\$ 413,888</u>	<u>\$ 947,485</u>
Net cash provided by operating activities	\$ 413,888	\$ 947,485

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION AND NATURE OF OPERATIONS

The National Center for Family Philanthropy, Inc. (NCFP) is a nonprofit organization which was incorporated in the State of Delaware in 1997. NCFP is the only national resource organization dedicated exclusively to families who give and those that work with them. NCFP's mission is to promote philanthropic values, vision, and excellence across generations of donors and donor families. NCFP's primary sources of revenue are grants and contributions, registration fees and sponsorships for conferences and educational events, and sales of publications. These resources are used to fulfill NCFP's mission by focusing their efforts on the following programs:

Education and Events – NCFP provides research, expertise, and learning opportunities to inspire its national network of giving families at every step of the way on their philanthropic journey. Families learn how to transform their values into effective giving to achieve a positive and enduring impact on the communities they serve. NCFP conducts research and education on trends and issues affecting the field of family philanthropy and provides guidance to philanthropic organizations on issues related to developing and sustaining charitable works. In October 2019, NCFP hosted its flagship conference, the National Forum on Family Philanthropy. This event brought nearly 500 leaders in the field to Chicago for a three-day event.

Marketing, Networking and Outreach – NCFP hosts seminars, webinars, workshops, and conferences which provide a forum for organizations to meet and discuss issues common to different philanthropic organizations. NCFP also engages in a broad range of marketing activities, including outreach on social media.

Program Delivery and Support – NCFP publishes books, papers, and other materials about a broad range of philanthropic issues. Family foundations, regional associations of grant makers, community foundations, philanthropic advisors, and others can subscribe to NCFP's resources through its online Knowledge Center.

Supporting services include the following functional categories:

Administration – Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Fundraising – NCFP solicits contributions from individuals, foundations, and corporations, among others. NCFP also maintains donor mailing lists for communications purposes. Fundraising activities also include development and management of various activities involved with soliciting contributions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of NCFP have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of reporting cash flows, NCFP considers savings accounts, money market accounts, and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Accounts receivable are due under normal trade terms requiring payment within 30 days of the invoice date. NCFP provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of the members and customers to meet their obligations. It is NCFP's policy to charge off uncollectible account receivables when management determines the receivable will not be collected. There is no allowance for doubtful accounts as of December 31, 2020 or 2019, as all amounts are deemed collectible within one year.

Pledges and Grants Receivable - Pledges and grants receivable represent unconditional promises to give and are recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. For the years ended December 31, 2020 and 2019, there is no discount for future cash flows recorded as the amounts are not considered significant. There is no allowance for doubtful accounts as of December 31, 2020 and 2019 based on management's evaluation of the collectability of pledges and grants receivable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. For the year ended December 31, 2020, this consisted of Paycheck Protection Program loan forgiveness. See note 7 for more information.

Inventory - Inventory consists of books published by NCFP. Inventory is stated at the lower of cost using the first-in, first-out method or the net realizable value based on the selling price.

Property and Equipment - Property and equipment is recorded at cost and consists of equipment, website, furniture and fixtures, and leasehold improvements. NCFP capitalizes all property and equipment with a useful life greater than one year and a cost basis of \$500 or more. Depreciation of equipment, website, and furniture and fixtures is computed over an estimated useful life of 3 to 10 years on a straight-line basis. Leasehold improvements are amortized at the lesser of the useful life of the asset or the remaining term of the lease agreement. Construction in progress is not depreciated until the asset is fully completed and placed into service. Repairs and maintenance are expensed when incurred.

Deferred Rent Credits and Improvement Allowance - Deferred rent has been recorded to reflect the difference between required annual rent payments and the straight-line average rent cost over the term of the lease. The allowance for leasehold improvements of \$279,150 is amortized over the life of the lease agreement and the amortization is recorded as a reduction to rent expense.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Net assets without donor restriction - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. NCFP reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See Note 6 for more information on the composition of net assets with donor restrictions.

Grants and Contributions - NCFP receives grants and contributions from corporations, foundations, and other organizations to support various program services. NCFP recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There were no conditional promises to give for the years ended December 31, 2020 and 2019.

Other Revenue Recognition - NCFP recognizes knowledge center subscription revenue when earned on a calendar year basis. Payments received in advance are recorded as deferred revenue in the year they are received. Publications sales are recognized as unrestricted revenue when the items are sold. Registration fees and sponsorships are recorded as revenue without donor restrictions when the event takes place. Honorarium, reimbursements, and interest income are recorded as revenue when earned.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Tax Exempt Status - NCFP is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. No provision for income tax is required for the years ended December 31, 2020 and 2019 as NCFP had no taxable income from unrelated business activities. The income tax positions taken by NCFP for any years open under the various statutes of limitations are that NCFP continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. NCFP believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of NCFP's federal or state income tax returns are currently under examination.

Accounting Pronouncements Not Yet Adopted - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, a new accounting pronouncement for leases. This guidance significantly changes the accounting for a lessee. Under previous guidance, the lessee did not have to record an operating lease on the statements of financial position. Under the new guidance, a lessee must record both a liability for the lease payments and an asset for the right to use the leased property during the lease term. The new accounting pronouncement also adds comprehensive qualitative and quantitative disclosures for lease arrangements. The disclosure requirements include information about management's significant judgments in its accounting for a leasing arrangement. Adoption of this accounting standard is required for the year ended December 31, 2022 and is expected to result in additions to NCFP's assets and liabilities for leases of office space to the statements of financial position and additions to the existing lease disclosures in the notes to the financial statements.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 3 - PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2020 and 2019, pledges and grants receivable included the following:

	<u>2020</u>	<u>2019</u>
Due in less than 1 year	\$ 565,000	\$ 282,500
Due in 1 – 5 years	<u>150,000</u>	<u>370,000</u>
Total	<u>\$ 715,000</u>	<u>\$ 652,500</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 62,089	\$ 48,896
Website	218,514	166,766
Copier under capital lease	20,663	20,663
Furniture and fixtures	80,388	79,482
Leasehold improvements	<u>338,034</u>	<u>338,034</u>
Total depreciable property and equipment	719,688	653,841
Less, Accumulated depreciation and amortization	<u>(362,705)</u>	<u>(267,749)</u>
Net value of property and equipment	<u>\$ 356,983</u>	<u>\$ 386,092</u>

Depreciation and amortization expense totaled \$94,956 and \$86,182 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 - LINE OF CREDIT

On January 28, 2020, NCFP obtained a Business Access Line of Credit Note for \$300,000 with the base interest based on the prime rate in effect on the first day of the month. There were no amounts outstanding as of December 31, 2020 and 2019.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2020:

	December 31, 2020			Balance 12/31/20
	Balance 1/1/20	Additions	Releases	
Time restrictions	\$ 752,500	\$ 520,000	\$ (607,500)	\$ 665,000
Purpose restrictions:				
Revolving reserve	150,000	-	-	150,000
Program delivery and support	100,000	-	(50,000)	50,000
Senior Fellow Initiative	25,000	-	(25,000)	-
Trustee Education Initiative	25,000	-	-	25,000
Question of Perpetuity	150,000	-	(150,000)	-
Total	<u>\$ 1,202,500</u>	<u>\$ 520,000</u>	<u>\$ (832,500)</u>	<u>\$ 890,000</u>

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2019:

	December 31, 2019			Balance 12/31/19
	Balance 1/1/19	Additions	Releases	
Time restrictions	\$ 400,000	\$ 652,500	\$ (300,000)	\$ 752,500
Purpose restrictions:				
Revolving reserve	150,000	-	-	150,000
Pride of Place	10,106	-	(10,106)	-
Generations Together	5,104	-	(5,104)	-
Program delivery and support	-	150,000	(50,000)	100,000
Senior Fellow Initiative	-	25,000	-	25,000
Trustee Education Initiative	-	25,000	-	25,000
Question of Perpetuity	237,600	-	(87,600)	150,000
Total	<u>\$ 802,810</u>	<u>\$ 852,500</u>	<u>\$ (452,810)</u>	<u>\$ 1,202,500</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 7 - PAYCHECK PROTECTION PROGRAM GRANT REVENUE

NCFP received an additional loan (“the PPP Loan”) on April 17, 2020 for \$254,635 from a local bank under the U.S. Small Business Administration Paycheck Protection Program with an interest rate of 1% and due in two years.

The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon NCFP’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by NCFP.

NCFP initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions under *FASB ASC 958-605*; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. NCFP has recognized the full amount of the loan as government grant support for the year ended December 31, 2020.

No assurance is provided that NCFP will obtain forgiveness of the refundable advance in whole or in part. The application is due no later than 10 months from December 31, 2020. Both the local bank and SBA must review and approve the forgiveness application.

To the extent that all or part of the PPP Loan is not forgiven, NCFP will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022.

NOTE 8 - RETIREMENT PLAN

NCFP has established a pension plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Contributions to the pension plan for the years ended December 31, 2020 and 2019 totaled \$54,174 and \$53,454, respectively, which are included in employee benefits in the schedule of functional expenses.

NOTE 9 - OPERATING LEASES

In December 2015, NCFP signed a lease agreement which ends on December 31, 2025. The lease requires monthly payments of \$14,888, an annual escalation each year, and a pro rata share of operating expenses and real estate taxes. The lease agreement specifies a rent abatement of ten months over a six-year period and a leasehold improvements allowance of \$279,150. NCFP also has a month-to-month lease agreement for storage space with adjustable rates dependent on amount of space needed.

For the years ended December 31, 2020 and 2019, rent expense for office and storage space totaled \$156,995 and \$159,451, respectively.

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NOTE 9 - OPERATING LEASES (Continued)

Future minimum rental payments for the office lease are as follows:

For the year ended December 31,	<u>Amount</u>
2021	\$ 185,263
2022	207,166
2023	212,340
2024	217,662
2025	<u>223,097</u>
Total	<u>\$ 1,045,528</u>

NOTE 10 - EQUIPMENT UNDER CAPITAL LEASE

In 2018, NCFP entered into a new 63-month agreement to lease a copier, which expires April 2023. As of December 31, 2020, the capitalized cost of \$20,663 and the accumulated depreciation is \$12,055. The asset and liability under the capital lease are presented at the lower of the present value of the minimum lease payments or the fair value of the asset in the accompanying statements of financial position. The copier is depreciated over the life of the lease. Minimum future lease payments for the copier under the capital lease are as follows:

For the year ended December 31,	<u>Amount</u>
2021	\$ 4,584
2022	4,584
2023	<u>1,528</u>
Net minimum lease payments	10,696
Amount representing interest	<u>(738)</u>
Present value of net minimum lease payments	<u>\$ 9,958</u>

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NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

NCFP's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,111,436
Accounts receivable	110,250
Pledges and grants receivable, due within one year	<u>565,000</u>
Total financial assets available	2,786,686
Less, amounts unavailable due to:	
Restrictions by donors for specified purposes	<u>(225,000)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,561,686</u>

NCFP maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, NCFP has a line of credit of \$300,000 available. In addition, NCFP has Board Designated net assets of \$96,318 that, while NCFP does not intend to spend the funds for purposes other than those identified, the amounts could be made available for current operations, if necessary.

NOTE 12 - IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on NCFP's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on NCFP's finances. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material effect on NCFP's activities, results of operations, financial condition and cash flow.

NOTE 13 - CONCENTRATION OF CREDIT RISK

NCFP maintains cash in several accounts. Each account is insured by the Federal Deposit Insurance Corporation (FDIC). The accounts maintained by NCFP may, at times, exceed federally insured limits. NCFP seeks to maximize its interest income while limiting its exposure and reducing amounts in excess of the FDIC limit. Management does not consider this a significant concentration of credit risk.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

NCFP has evaluated subsequent events through April 14, 2021, the date which the financial statements were available to be issued.