

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

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020



NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of National Center for Family Philanthropy, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Center for Family Philanthropy, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 National Center for Family Philanthropy, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Center for Family Philanthropy, Inc.'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.

UHY LLP

Columbia, Maryland
May 31, 2022

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,814,678	\$ 2,111,436
Accounts receivable	-	110,250
Pledges and grants receivable	407,519	565,000
Prepaid expenses	212,246	50,751
Inventory and other assets, net	3,422	90,868
Total current assets	<u>7,437,865</u>	<u>2,928,305</u>
Non-current assets		
Pledges and grants receivable, net of current portion	50,000	150,000
Property and equipment, net	331,874	356,983
Security deposit	14,888	14,888
Total non-current assets	<u>396,762</u>	<u>521,871</u>
Total assets	<u>\$ 7,834,627</u>	<u>\$ 3,450,176</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 304,030	\$ 39,676
Accrued payroll and benefits	105,979	91,859
Deferred revenue	63,000	125,398
Capital lease obligation	1,510	4,098
Total current liabilities	<u>474,519</u>	<u>261,031</u>
Long-term liabilities		
Capital lease obligation, net of current portion	4,701	5,860
Deferred rent credits and improvement allowance	233,213	261,712
Total long-term liabilities	<u>237,914</u>	<u>267,572</u>
Total liabilities	<u>712,433</u>	<u>528,603</u>
Net assets		
Without donor restrictions	5,864,960	2,031,573
With donor restrictions	1,257,234	890,000
Total net assets	<u>7,122,194</u>	<u>2,921,573</u>
Total liabilities and net assets	<u>\$ 7,834,627</u>	<u>\$ 3,450,176</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and support						
Grants and contributions	\$ 5,897,313	\$ 1,338,234	\$ 7,235,547	\$ 1,798,604	\$ 520,000	\$ 2,318,604
Paycheck Protection Program grant	-	-	-	254,635	-	254,635
Registrations and sponsorships	212,563	-	212,563	146,590	-	146,590
Knowledge Center subscriptions and sales of publications	366,951	-	366,951	261,775	-	261,775
Honorarium and reimbursements	292,981	-	292,981	152,109	-	152,109
Interest and investment income	702	-	702	1,337	-	1,337
Releases from restrictions	971,000	(971,000)	-	832,500	(832,500)	-
Total revenue and support	7,741,510	367,234	8,108,744	3,447,550	(312,500)	3,135,050
Expenses						
Program services						
Education and events	1,304,174	-	1,304,174	777,343	-	777,343
Marketing, network, and outreach	1,030,318	-	1,030,318	993,979	-	993,979
Program delivery and support	195,587	-	195,587	137,256	-	137,256
Special events	137,501	-	137,501	-	-	-
Total program services	2,667,580	-	2,667,580	1,908,578	-	1,908,578
Administration	917,769	-	917,769	521,995	-	521,995
Fundraising	322,774	-	322,774	245,503	-	245,503
Total expenses	3,908,123	-	3,908,123	2,676,076	-	2,676,076
Change in Net Assets	3,833,387	367,234	4,200,621	771,474	(312,500)	458,974
Net Assets, Beginning	2,031,573	890,000	2,921,573	1,260,099	1,202,500	2,462,599
Net Assets, Ending	\$ 5,864,960	\$ 1,257,234	\$ 7,122,194	\$ 2,031,573	\$ 890,000	\$ 2,921,573

See notes to the financial statements.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Education and Events	Marketing, Network and Outreach	Program Delivery and Support	Special Events	Total Programs	Administration	Fundraising	Total
Personnel costs:								
Salaries	\$ 310,899	\$ 581,515	\$ 122,132	\$ 82,573	\$ 1,097,119	\$ 228,455	\$ 148,941	\$ 1,474,515
Employee benefits	49,733	93,023	19,537	13,209	175,502	36,545	23,825	235,872
Payroll taxes	23,918	44,736	9,396	6,352	84,402	17,575	11,458	113,435
Total personnel costs	384,550	719,274	151,065	102,134	1,357,023	282,575	184,224	1,823,822
Accounting and payroll services	-	-	-	-	-	79,257	-	79,257
Bank service charges	5,243	9,807	2,060	1,392	18,502	3,852	2,512	24,866
Consultants	658,069	-	2,000	10,000	670,069	466,138	80,516	1,216,723
Cost of publications/donated inventory	88,441	-	-	-	88,441	439	-	88,880
Depreciation and amortization	18,805	35,174	7,387	4,995	66,361	13,818	9,009	89,188
Dues and subscriptions	83	-	-	-	83	15,822	-	15,905
Food and beverage	-	435	-	57	492	642	-	1,134
Insurance	1,586	2,967	623	421	5,597	1,165	760	7,522
Interest expense	-	-	-	-	-	455	-	455
Internet and technology	30,004	56,120	11,787	7,969	105,880	22,047	14,374	142,301
Marketing, media, and outreach	31,591	85,273	5,221	-	122,085	-	12,545	134,630
Meetings, education, and conferences	-	945	-	-	945	-	-	945
Office expense	2,724	5,094	1,070	723	9,611	2,001	1,305	12,917
Postage and delivery	-	-	-	-	-	1,263	-	1,263
Printing and reproduction	46,487	33,937	-	-	80,424	-	-	80,424
Rent	34,424	64,387	13,523	9,143	121,477	25,295	16,491	163,263
Telephone	2,167	4,053	851	576	7,647	1,593	1,038	10,278
Travel	-	12,852	-	91	12,943	1,407	-	14,350
	<u>\$ 1,304,174</u>	<u>\$ 1,030,318</u>	<u>\$ 195,587</u>	<u>\$ 137,501</u>	<u>\$ 2,667,580</u>	<u>\$ 917,769</u>	<u>\$ 322,774</u>	<u>\$ 3,908,123</u>

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

	<u>Education and Events</u>	<u>Marketing, Network and Outreach</u>	<u>Program Delivery and Support</u>	<u>Total Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
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	412,119	743,562	114,863	1,270,544	211,210	207,564	1,689,318
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.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Grants and contributions received	\$ 7,493,028	\$ 2,256,104
Paycheck Protection Program	-	254,635
Registrations and sponsorships	150,165	113,313
Knowledge Center subscriptions and sales of publications	477,201	221,025
Honorarium and reimbursements	292,981	152,109
Interest and dividends	702	1,337
Payments for salaries, benefits, and payroll taxes	(1,809,702)	(1,646,645)
Payments to vendors	(1,747,882)	(937,220)
Cash paid for inventory	(84,970)	(45)
Interest paid	(455)	(725)
	<u>4,771,068</u>	<u>413,888</u>
Net cash provided by operating activities	4,771,068	413,888
Cash Flows from Investing Activities		
Purchases of property and equipment	(64,079)	(65,847)
Cash Flows from Financing Activities		
Principal payments on capital lease obligation	(3,747)	(3,860)
	<u>4,703,242</u>	<u>344,181</u>
Net Increase in Cash and Cash Equivalents	4,703,242	344,181
Cash and Cash Equivalents, Beginning	<u>2,111,436</u>	<u>1,767,255</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,814,678</u>	<u>\$ 2,111,436</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 4,200,621	\$ 458,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	89,188	94,956
Inventory donated	83,681	-
Decrease (increase) in assets:		
Accounts receivable	110,250	(40,750)
Pledges and grants receivable	257,481	(62,500)
Prepaid expenses	(161,495)	(25,847)
Inventory and other assets	3,765	1,781
Increase (decrease) in liabilities:		
Accounts payable	264,354	1,874
Accrued payroll and benefits	14,120	42,673
Deferred revenue	(62,398)	(33,277)
Deferred rent credits and improvement allowance	(28,499)	(23,996)
	<u>\$ 4,771,068</u>	<u>\$ 413,888</u>
Net cash provided by operating activities	4,771,068	413,888

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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.

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, 2021 and 2020

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, 2021 or 2020, 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, 2021 and 2020, 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, 2021 and 2020 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.

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. During 2021, the inventory was written off as the publications will be donated.

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, 2021 and 2020

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, 2021 and 2020.

Other Revenue Recognition - NCFP recognizes knowledge center revenue when revenue is 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.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 2021 and 2020 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, 2021 and 2020

NOTE 3 - PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2021 and 2020, pledges and grants receivable included the following:

	<u>2021</u>	<u>2020</u>
Due in less than 1 year	\$ 407,519	\$ 565,000
Due in 1 - 5 years	<u>50,000</u>	<u>150,000</u>
Total	<u>\$ 457,519</u>	<u>\$ 715,000</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 39,363	\$ 62,089
Website	266,259	218,514
Copier under capital lease	20,663	20,663
Furniture and fixtures	80,388	80,388
Leasehold improvements	<u>338,034</u>	<u>338,034</u>
Total depreciable property and equipment	744,707	719,688
Less, Accumulated depreciation and amortization	<u>(412,833)</u>	<u>(362,705)</u>
Net value of property and equipment	<u>\$ 331,874</u>	<u>\$ 356,983</u>

Depreciation and amortization expense totaled \$89,188 and \$94,956 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 - LINE OF CREDIT

On January 28, 2020, NCFP obtained a Business Access Line of Credit 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, 2021 and 2020.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2021:

	December 31, 2021			Balance 12/31/21
	Balance 1/1/21	Additions	Releases	
Time restrictions	\$ 665,000	\$ 177,500	\$ (455,000)	\$ 387,500
Purpose restrictions:				
Revolving reserve	150,000	-	-	150,000
Program delivery and support	50,000	-	(50,000)	-
Trustee Education Initiative	25,000	-	(25,000)	-
Schwab	-	550,000	(375,000)	175,000
BMGF Donor Innovation	-	350,734	(66,000)	284,734
Impact Investing	-	150,000	(45,000)	105,000
Racial LAN	-	180,000	(25,000)	155,000
Total	<u>\$ 890,000</u>	<u>\$ 1,408,234</u>	<u>\$(1,041,000)</u>	<u>\$ 1,257,234</u>

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>

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NOTE 7 - PAYCHECK PROTECTION PROGRAM GRANT REVENUE

On April 17, 2020, NCFP received a loan in the amount of \$254,635 from a local bank under the Paycheck Protection Program (PPP loan). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP loan provided for loans to qualifying businesses. The note bears interest at 1% and matures in two years; however, monthly payments were originally deferred for a period of ten months and subsequently deferred further for a period while the note was under consideration for forgiveness. PPP borrowers can qualify to have the loans forgiven if the proceeds are used to pay payroll and certain other eligible costs; however, the amount of loan forgiveness will be reduced under certain conditions.

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.

On June 25, 2021, NCFP received forgiveness in the amount of \$254,635 in principal and \$2,993 in interest.

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, 2021 and 2020 totaled \$66,307 and \$54,174, 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, 2021 and 2020, rent expense for office and storage space totaled \$162,310 and \$156,995, 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>
2022	\$ 207,166
2023	212,340
2024	217,662
2025	223,097
2026	<u>-</u>
Total	<u>\$ 860,265</u>

NOTE 10 - EQUIPMENT UNDER CAPITAL LEASE

In 2018, NCFP entered into a 63-month agreement to lease a copier, which expires April 2023. As of December 31, 2021, 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>
2022	\$ 4,584
2023	<u>1,879</u>
Net minimum lease payments	6,463
Amount representing interest	<u>(252)</u>
Present value of net minimum lease payments	<u>\$ 6,211</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

NCFP entered into a contract at fair market pricing with a consulting services firm which employs one of NCFP's board members. The Board member is directly involved with the project but is not an owner of the consulting services firm. During the year ended December 31, 2021, NCFP incurred \$100,000 for the project.

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NOTE 12 - 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	\$ 6,814,678
Pledges and grants receivable, due within one year	<u>407,519</u>
Total financial assets available	7,222,197
Less, amounts unavailable due to:	
Restrictions by donors for specified purposes	<u>(869,734)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 6,352,463</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 13 - 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 as 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 14 - CONCENTRATIONS

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.

Major Donor

During the year ended December 31, 2021, NCFP received a major unrestricted donation of \$4,000,000 which represents 49% of total support and revenue.

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NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

Subsequent to year-end, NCFP approved an amendment to a previously agreed-upon contract to extend the contractual period for an additional fee up to \$105,000.

NCFP has evaluated subsequent events through May 31, 2022, the date which the financial statements were available to be issued.