

IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL L. SCHALL, CPA



Audited Financial Statements  
December 31, 2021

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Neighborhood Trust Financial Partners, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Neighborhood Trust Financial Partners, Inc. ("NTFP"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NTFP as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NTFP 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.

### ***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 NTFP's ability to continue as a going concern within one year after the date that the 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 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 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

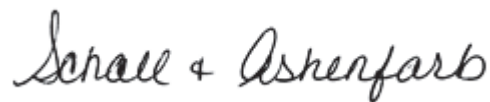
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 NTFP'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 NTFP'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.

***Report on Summarized Comparative Information***

We have previously audited NTFP's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

July 29, 2022

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2021**  
(With comparative totals at December 31, 2020)

|   | <u>12/31/21</u>            | <u>12/31/20</u>           |
|---|----------------------------|---------------------------|
| <b>Assets</b>                               |                            |                           |
| Cash and cash equivalents                   | \$5,576,490                | \$3,752,600               |
| Pledges receivable, net (Note 3)            | 3,210,441                  | 3,372,601                 |
| Accounts receivable                         | 107,322                    | 220,399                   |
| Prepaid expenses                            | 34,446                     | 88,674                    |
| Fixed assets, net (Note 4)                  | 1,868,395                  | 2,094,154                 |
| Security deposit                            | <u>78,000</u>              | <u>84,570</u>             |
| Total assets                                | <u><u>\$10,875,094</u></u> | <u><u>\$9,612,998</u></u> |
| <b>Liabilities and Net Assets</b>           |                            |                           |
| Liabilities:                                |                            |                           |
| Accounts payable and accrued expenses       | \$235,748                  | \$173,213                 |
| Grants payable                              | 0                          | 95,891                    |
| Deferred revenue                            | 114,312                    | 88,448                    |
| Paycheck Protection Program loan (Note 5)   | 1,846,700                  | 896,500                   |
| Deferred rent                               | <u>435,212</u>             | <u>149,204</u>            |
| Total liabilities                           | <u><u>2,631,972</u></u>    | <u><u>1,403,256</u></u>   |
| Net assets:                                 |                            |                           |
| Without donor restrictions:                 |                            |                           |
| For operations                              | 4,960,066                  | 4,490,691                 |
| Board designated reserve fund (Note 2b)     | <u>25,000</u>              | <u>25,000</u>             |
| Total without donor restrictions net assets | 4,985,066                  | 4,515,691                 |
| With donor restrictions (Note 6)            | <u>3,258,056</u>           | <u>3,694,051</u>          |
| Total net assets                            | <u><u>8,243,122</u></u>    | <u><u>8,209,742</u></u>   |
| Total liabilities and net assets            | <u><u>\$10,875,094</u></u> | <u><u>\$9,612,998</u></u> |

*The attached notes and auditors' report are an integral part of these financial statements.*

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total<br>12/31/21 | Total<br>12/31/20 |
|--|-------------------------------|----------------------------|-------------------|-------------------|
| Public support and revenue:                    |                               |                            |                   |                   |
| Contributions                                  | \$2,588,560                   | \$3,029,160                | \$5,617,720       | \$6,571,871       |
| Government grants                              | 997,922                       |                            | 997,922           | 860,533           |
| Contract fees                                  | 489,612                       |                            | 489,612           | 167,280           |
| In-kind contributions                          | 8,888                         |                            | 8,888             | 8,505             |
| Other income                                   | 45,542                        |                            | 45,542            | 2,067             |
| Lease abatement                                | 0                             |                            | 0                 | 81,327            |
| Net assets released from restrictions (Note 6) | 3,465,155                     | (3,465,155)                | 0                 | 0                 |
| <b>Total public support and revenue</b>        | <b>7,595,679</b>              | <b>(435,995)</b>           | <b>7,159,684</b>  | <b>7,691,583</b>  |
| Expenses:                                      |                               |                            |                   |                   |
| Program services                               | 5,547,173                     |                            | 5,547,173         | 5,439,027         |
| Supporting services:                           |                               |                            |                   |                   |
| Management and general                         | 719,211                       |                            | 719,211           | 766,539           |
| Fundraising                                    | 859,920                       |                            | 859,920           | 602,028           |
| <b>Total supporting services</b>               | <b>1,579,131</b>              | <b>0</b>                   | <b>1,579,131</b>  | <b>1,368,567</b>  |
| <b>Total expenses</b>                          | <b>7,126,304</b>              | <b>0</b>                   | <b>7,126,304</b>  | <b>6,807,594</b>  |
| Change in net assets                           | 469,375                       | (435,995)                  | 33,380            | 883,989           |
| Net assets - beginning of year                 | 4,515,691                     | 3,694,051                  | 8,209,742         | 7,325,753         |
| Net assets - end of year                       | \$4,985,066                   | \$3,258,056                | \$8,243,122       | \$8,209,742       |

*The attached notes and auditors' report are an integral part of these financial statements.*

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

|  | Supporting Services |                              |                  | Total<br>Supporting<br>Services | Total<br>Expenses<br>12/31/21 | Total<br>Expenses<br>12/31/20* |
|--|---------------------|------------------------------|------------------|---------------------------------|-------------------------------|--------------------------------|
|  | Program<br>Services | Management<br>and<br>General | Fundraising      |                                 |                               |                                |
| Salaries   | \$2,862,754         | \$468,688                    | \$591,767        | \$1,060,455                     | \$3,923,209                   | \$3,593,173                    |
| Payroll taxes and benefits                                     | 625,077             | 80,874                       | 101,756          | 182,630                         | 807,707                       | 796,551                        |
| Occupancy (including in-kind)                                  | 359,650             | 19,253                       | 26,044           | 45,297                          | 404,947                       | 440,889                        |
| Contributions to credit<br>union (Note 7)                      | 18,360              |                              |                  | 0                               | 18,360                        | 18,360                         |
| Grants   |                     |                              |                  | 0                               | 0                             | 500,000                        |
| Telephone  | 50,241              | 2,035                        | 2,125            | 4,160                           | 54,401                        | 40,296                         |
| Office expense   | 39,547              | 4,213                        | 5,688            | 9,901                           | 49,448                        | 26,500                         |
| Professional fees  | 602,495             | 102,736                      | 114,320          | 217,056                         | 819,551                       | 487,020                        |
| Technology expense   | 124,124             | 13,226                       | 1,755            | 14,981                          | 139,105                       | 116,374                        |
| Credit reports   | 24,716              |                              |                  | 0                               | 24,716                        | 27,586                         |
| Insurance  | 22,283              | 2,264                        | 2,437            | 4,701                           | 26,984                        | 30,126                         |
| Equipment and repairs  | 27,507              | 2,119                        | 833              | 2,952                           | 30,459                        | 28,312                         |
| Conferences and staff training                                 | 19,602              | 451                          | 270              | 721                             | 20,323                        | 6,103                          |
| Incentives and staff recruitment                               | 2,220               | 135                          |                  | 135                             | 2,355                         | 8,334                          |
| Other expenses   | 9,998               | 10,762                       |                  | 10,762                          | 20,760                        | 23,509                         |
| <b>Total expenses before<br/>depreciation and amortization</b> | <b>4,788,574</b>    | <b>706,756</b>               | <b>846,995</b>   | <b>1,553,751</b>                | <b>6,342,325</b>              | <b>6,143,133</b>               |
| Depreciation and amortization                                  | 758,599             | 12,455                       | 12,925           | 25,380                          | 783,979                       | 664,461                        |
| <b>Total</b>   | <b>\$5,547,173</b>  | <b>\$719,211</b>             | <b>\$859,920</b> | <b>\$1,579,131</b>              | <b>\$7,126,304</b>            | <b>\$6,807,594</b>             |

*The attached notes and auditors' report are an integral part of these financial statements.*

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

|   | <u>12/31/21</u>           | <u>12/31/20</u>           |
|---|---------------------------|---------------------------|
| Cash flows from operating activities:   |                           |                           |
| Change in net assets  | \$33,380                  | \$883,989                 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                           |                           |
| Depreciation and amortization   | 783,979                   | 664,461                   |
| Changes in assets and liabilities:  |                           |                           |
| Pledges receivable  | 162,160                   | 620,619                   |
| Accounts receivable   | 113,077                   | (11,499)                  |
| Prepaid expenses  | 54,228                    | 19,492                    |
| Security deposit  | 6,570                     | 0                         |
| Accounts payable and accrued expenses   | 62,535                    | 51,521                    |
| Grants payable  | (95,891)                  | 95,891                    |
| Deferred revenue  | 25,864                    | 88,448                    |
| Deferred rent   | 286,008                   | (107,748)                 |
| Total adjustments   | <u>1,398,530</u>          | <u>1,421,185</u>          |
| Net cash flows provided by operating activities   | <u>1,431,910</u>          | <u>2,305,174</u>          |
| Cash flows from investing activities:   |                           |                           |
| Outlays for fixed assets  | <u>(558,220)</u>          | <u>(583,055)</u>          |
| Net cash flows used for investing activities  | <u>(558,220)</u>          | <u>(583,055)</u>          |
| Cash flows from financing activities:   |                           |                           |
| Proceeds from Paycheck Protection Program loan  | <u>950,200</u>            | <u>896,500</u>            |
| Net cash provided by financing activities   | <u>950,200</u>            | <u>896,500</u>            |
| Net increase in cash and cash equivalents   | 1,823,890                 | 2,618,619                 |
| Cash and cash equivalents - beginning of year   | <u>3,752,600</u>          | <u>1,133,981</u>          |
| Cash and cash equivalents - end of year   | <u><u>\$5,576,490</u></u> | <u><u>\$3,752,600</u></u> |
| Supplemental disclosure of cash flow information:   |                           |                           |
| Interest paid   | <u>\$0</u>                | <u>\$156</u>              |
| Taxes paid  | <u>\$0</u>                | <u>\$0</u>                |

*The attached notes and auditors' report are an integral part of these financial statements.*

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 1 - Organization and Purpose**

Neighborhood Trust Financial Partners, Inc. (“NTFP”) is a not-for-profit organization incorporated in New York on June 13, 1995. One of the nation’s leading providers of financial empowerment services, its mission is to empower low-income individuals to become productive participants in the U.S. financial system and achieve their financial goals. Founded in response to the financial disenfranchisement of Washington Heights as a credit union serving the local Latino immigrant community, it has since grown as a nonprofit and social enterprise with national reach, partnering with a multitude of institutions with strong ties to financially underserved populations and continually innovating its services for those settings.

NTFP’s signature financial coaching model is designed to ensure that low-wage workers have the tools they need to control their finances. Its specially trained financial coaches deliver services in settings that people trust; the workplace, government agencies, nonprofit service providers, and credit unions and they leverage behavioral theory to help clients take actionable steps to make the most out of their well-earned wages. Since its founding NTFP has helped over 10,000 individuals annually repair and establish credit, reduce debt, and achieve financial health. NTFP also uses its client data and insights to drive systemic change by supporting pro-worker product innovation and policy agendas. NTFP’s primary sources of revenue are contributions and fees.

NTFP has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined under Section 509(a) of the Code.

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements of NTFP have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

NTFP reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity that has not been restricted by donors or applicable law. NTFP has created a board restricted reserve of \$25,000 to be used for long term purposes.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.



c. Revenue Recognition

NTFP follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. NTFP training and consultation services fall under ASC 606 and have been included in the statement of activities. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Contract fees are recognized when the services described in the contract are delivered to customers. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

NTFP follows the requirements of the FASB ASC 958-605 for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

NTFP's government grants are primarily conditional, non-exchange transactions and fall under the scope of ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as grant advances.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Receivables are reviewed for collectability based on various factors such as past history and credit worthiness of customers and donors. Management has not established a reserve for uncollectable pledges as they deem all pledges to be collectable.

NTFP received grants to fund special initiatives related to the Covid-19 pandemic. When NTFP did not have variance power, defined as the unilateral right to redirect the funds, these grants were treated as agency transactions. Grant funds not distributed at year-end are recorded as grants payable. Grant funds received when NTFP does have variance power are recorded as contributions and the outgoing expense is considered grant expense.

d. Cash and Cash Equivalents

NTFP considers all liquid investments with a maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments, which potentially subject NTFP to a concentration of credit risk consist of cash, money market accounts, and investment securities which have been placed with financial institutions that management deems to be creditworthy. At year end and at certain times during the year, NTFP had material uninsured balances; however, they have not suffered any losses due to the failure of any of these institutions.

f. Fixed Assets

Fixed assets in excess of \$5,000 to which NTFP retains title to and that benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation and amortization are taken using the straight-line method over the useful life of the asset or terms of the lease as noted below:

Leasehold improvements – 15 years  
Computers and software – 5 and 3 years  
Furniture and equipment – 5 years

NTFP also capitalizes certain costs incurred in the development of software for internal use in accordance with FASB ASC 350-40 *Intangibles-Goodwill and Other – Internal-Use Software*.

g. Deferred Rent

Rent expense is recorded evenly on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

h. Accrued Compensation Absences

NTFP has not accrued for vacation earned but not yet taken because the amounts have not been determined. The amount is not considered material.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NTFP's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

k. Functional Allocation of Expenses

The financial statements contain certain categories of expenses that are attributed to more than one program or supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently and equitably applied.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll taxes and benefits

The following expenses were allocated using full time equivalent hours as the basis:

- Occupancy
- Telephone
- Office expense
- Insurance
- Equipment and repairs

All other expenses have been charged directly to the applicable program or supporting services.

l. Accounting for Uncertainty of Income Taxes

NTFP does not believe its financial statements include any uncertain tax positions. Tax filings for periods ending December 31, 2018 and later are subject to examination by applicable taxing authorities.

m. New Accounting Pronouncements

FASB issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

NTFP is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - Pledges Receivable**

Pledges receivable are expected in the following periods:

|                             |                   |                    |
|-----------------------------|-------------------|--------------------|
| Year ending:                | December 31, 2022 | \$1,850,945        |
|                             | December 31, 2023 | 773,629            |
|                             | December 31, 2024 | <u>618,630</u>     |
|                             |                   | 3,243,204          |
| Present value discount (1%) |                   | <u>(32,763)</u>    |
| Net pledges receivable      |                   | <u>\$3,210,441</u> |

**Note 4 - Fixed Assets**

Fixed assets consist of the following:

|                                | <u>12/31/21</u>    | <u>12/31/20</u>    |
|--------------------------------|--------------------|--------------------|
| Leasehold improvements         | \$1,930,764        | \$1,930,764        |
| Computers and software (a)     | 3,635,369          | 3,077,149          |
| Furniture and equipment        | <u>169,905</u>     | <u>169,905</u>     |
|                                | 5,736,038          | 5,177,818          |
| Less: accumulated depreciation | <u>(3,867,643)</u> | <u>(3,083,664)</u> |
| Total                          | <u>\$1,868,395</u> | <u>\$2,094,154</u> |

(a) Includes the development costs of three software products: Digital Finance Action Plan, WageGoal, and TrustPlus.

**Note 5 - Paycheck Protection Program Loan**

During the year ended December 31, 2020, NTFP obtained a loan from the Small Business Administration (“SBA”) in the amount of \$896,500 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, could be forgiven. Portions that were not forgiven would be payable over a two-year period, with a ten-month deferral of payments and interest would accrue at 1%. During the year ended December 31, 2021, NTFP obtained a second PPP loan in the amount of \$950,200. All other terms of the loan are the same as described above.

NTFP treats the PPP proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan will remain as a liability until either the loan is forgiven by the SBA or NTFP pays it off. Subsequent to year-end, both loans were forgiven in full by the SBA.

**Note 6 - Net Assets with Donor Restrictions**

Activity in the with donor restrictions class of net assets can be summarized as follows:

|                      | <u>December 31, 2021</u> |                      |  |                    |
|----------------------|--------------------------|----------------------|--|--------------------|
|                      | <u>1/1/21</u>            | <u>Contributions</u> | <u>Released<br/>From<br/>Restriction</u> | <u>12/31/21</u>    |
| TrustPlus            | \$2,318,037              | \$327,658            | (\$1,752,620)                            | \$893,075          |
| Research & Advocacy  | 0                        | 415,000              | (167,232)                                | 247,768            |
| Technical Assistance | 0                        | 300,000              | (215,762)                                | 84,238             |
| Staff Development    | 38,474                   | 0                    | (38,474)                                 | 0                  |
| Technology           | 0                        | 15,000               | (11,067)                                 | 3,933              |
| Time                 | <u>1,337,540</u>         | <u>1,971,502</u>     | <u>(1,280,000)</u>                       | <u>2,029,042</u>   |
| Total                | <u>\$3,694,051</u>       | <u>\$3,029,160</u>   | <u>(\$3,465,155)</u>                     | <u>\$3,258,056</u> |

|                   | December 31, 2020  |                      |  |                    |
|-------------------|--------------------|----------------------|--|--------------------|
|                   | <u>1/1/21</u>      | <u>Contributions</u> | Released<br>From<br><u>Restriction</u> | <u>12/31/21</u>    |
| TrustPlus         | \$1,511,276        | \$2,069,491          | (\$1,262,730)                          | \$2,318,037        |
| Staff Development | 54,734             | 0                    | (16,260)                               | 38,474             |
| Technology        | 12,500             | 0                    | (12,500)                               | 0                  |
| Time              | <u>2,292,737</u>   | <u>400,000</u>       | <u>(1,355,197)</u>                     | <u>1,337,540</u>   |
| Total             | <u>\$3,871,247</u> | <u>\$2,469,491</u>   | <u>(\$2,646,687)</u>                   | <u>\$3,694,051</u> |

**Note 7 - Related Party Transactions**

The Chief Executive Officer of NTFP is also on the Board of Directors of Neighborhood Trust Federal Credit Union (“NTFCU”). NTFP provided contributions of \$18,360 to help support NTFCU’s operations during the years ended December 31, 2021 and 2020. Additionally, NTFP provided space and other office support to NTFCU at no charge.

**Note 8 - Commitments and Contingencies**

- a. NTFP has a lease for office space that expires on January 24, 2026. During 2019, as a result of meeting certain conditions outlined in the lease agreement, NTFP was entitled to certain rent abatements for 2019 and 2021. Accordingly, NTFP recognized a gain and recalculated the amount of deferral income based on the new required payments. The future minimum rental requirements are as follows:

|              |                   |                    |
|--------------|-------------------|--------------------|
| Year ending: | December 31, 2022 | \$388,404          |
|              | December 31, 2023 | 403,944            |
|              | December 31, 2024 | 420,096            |
|              | December 31, 2025 | 436,908            |
|              | December 31, 2026 | <u>454,380</u>     |
|              |                   | <u>\$2,103,732</u> |

- b. NTFP has a revolving line of credit, subject to the organization meeting certain thresholds of organizational financial health, including at least \$2,000,000 in net assets without donor restrictions, tested quarterly. The line is collateralized by all present and future personal property of NTFP. The borrowing limit is \$750,000 and the line carries a variable interest rate equal to the greater of the prime rate as published in the *Wall Street Journal* and 3.25%. The line was set to expire February 16, 2022. Subsequently to year end, it was renewed under the same terms, and is now set to expire February 15, 2023.

There was no outstanding balance at December 31, 2021 or 2020 and the full line was available.

**Note 9 - Retirement Plan**

NTFP sponsors a 401(K)-retirement plan. Under this plan all employees at least 18 years of age that work the minimum required service hours are considered eligible to participate. NTFP matches 50% of the employee’s contributions up to \$1,000. Participants in the plan are fully vested after one year of service.

Contributions to the plan by NTFP were \$46,544 and \$45,434 as of December 31, 2021 and 2020, respectively.

**Note 10 - Availability and Liquidity**

The following reflects NTFP’s financial assets at December 31, 2021 that are available to meet cash needs for general expenditures within one year.

|   |                 |                    |
|---|-----------------|--------------------|
| Financial assets at year-end:   |                 |                    |
| Cash and cash equivalents   | \$5,576,490     |                    |
| Pledges receivable due within one year  | 1,850,945       |                    |
| Accounts receivable   | <u>107,322</u>  |                    |
| Total financial assets  |                 | \$7,534,757        |
| Less amounts not available for general expenditures:                                      |                 |                    |
| Net assets with donor restrictions – research and advocacy                                | (247,768)       |                    |
| Net assets with donor restrictions – technology   | (3,933)         |                    |
| Board designated reserve fund   | <u>(25,000)</u> |                    |
| Total not available for general expenditures:   |                 | <u>(\$276,701)</u> |
| Financial assets available to meet cash needs<br>for general expenditures within one year |                 | <u>\$7,258,056</u> |

NTFP receives significant contributions and promises to give with and without donor restrictions and it earns revenue from programmatic contractual engagements. It considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NTFP considers all expenditures related to consumer financial health, including counseling services and technical assistance to other organizations, as well as the services undertaken to support those activities to be general expenditures.

NTFP manages its liquidity and reserves by following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and building a reserve over the next few years to provide reasonable assurance that long-term obligations will be discharged. NTFP will build this reserve starting with an existing board-designated fund of \$25,000.

NTFP has a liquidity policy to maintain three months of operating cash on hand. To achieve these targets, NTFP forecasts its future cash flows and monitors its liquidity on a monthly basis. If circumstances change and NTFP anticipates falling below three months of cash on hand, the board is informed and mitigation efforts (cost cutting and/or revenue timing) are executed to regain three months cash on hand as soon as possible.

**Note 11 - Subsequent Events**

Subsequent events have been evaluated through July 29, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

**Note 12 - Other Matters**

On January 30, 2020, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which NTFP operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements the potential impact cannot be quantified.