



**Audited Financial Statements**  
**December 31, 2022**



## INDEPENDENT AUDITOR'S 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, 2022, 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, 2022, 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 Auditor's 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.

### ***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 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***

The financial statements of NTFP, as of and for the year ended December 31, 2021 were audited by other auditors whose report dated July 29, 2022 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sax CPAs LLP*

New York, NY  
August 8, 2023

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2022**  
(With comparative totals at December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
<b>Assets</b>		
Cash and cash equivalents	\$5,977,695	\$5,576,490
Pledges receivable, net (Note 3)	3,840,442	3,210,441
Government grants and contracts receivable	401,338	107,322
Employee retention tax credit receivable (Note 4)	797,873	0
Prepaid expenses	93,854	34,446
Fixed assets, net (Note 5)	1,632,530	1,868,395
Security deposit	78,000	78,000
Operating lease right-of-use asset (Note 6)	<u>1,215,683</u>	<u>0</u>
Total assets	<u><u>\$14,037,415</u></u>	<u><u>\$10,875,094</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$222,354	\$235,748
Deferred revenue	35,414	114,312
Operating lease liability (Note 6)	1,616,037	0
Paycheck Protection Program loan (Note 7)	0	1,846,700
Deferred rent	0	435,212
Total liabilities	<u>1,873,805</u>	<u>2,631,972</u>
Net assets:		
Without donor restrictions:		
For operations	7,177,214	4,960,066
Board designated reserve fund (Note 2c)	<u>25,000</u>	<u>25,000</u>
Total without donor restrictions net assets	7,202,214	4,985,066
With donor restrictions (Note 8)	<u>4,961,396</u>	<u>3,258,056</u>
Total net assets	<u>12,163,610</u>	<u>8,243,122</u>
Total liabilities and net assets	<u><u>\$14,037,415</u></u>	<u><u>\$10,875,094</u></u>

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

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(With comparative totals for the year ended December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/22</u>	<u>Total 12/31/21</u>
Public support and revenue:				
Contributions	\$2,463,631	\$4,504,046	\$6,967,677	\$5,617,720
Government grants	835,272		835,272	997,922
Contract fees	384,126		384,126	489,612
Forgiveness of Paycheck Protection Program Loan (Note 7)	1,846,700		1,846,700	0
Employee Retention Tax Credit (Note 4)	797,873		797,873	0
In-kind contributions (Note 9)	2,112		2,112	8,888
Other income	12,054		12,054	45,542
Net assets released from restrictions (Note 8)	<u>2,800,706</u>	<u>(2,800,706)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>9,142,474</u>	<u>1,703,340</u>	<u>10,845,814</u>	<u>7,159,684</u>
Expenses:				
Program services	<u>5,352,280</u>		<u>5,352,280</u>	<u>5,547,173</u>
Supporting services:				
Management and general	847,967		847,967	719,211
Fundraising	<u>725,079</u>		<u>725,079</u>	<u>859,920</u>
Total supporting services	<u>1,573,046</u>	<u>0</u>	<u>1,573,046</u>	<u>1,579,131</u>
Total expenses	<u>6,925,326</u>	<u>0</u>	<u>6,925,326</u>	<u>7,126,304</u>
Change in net assets	2,217,148	1,703,340	3,920,488	33,380
Net assets - beginning of year	<u>4,985,066</u>	<u>3,258,056</u>	<u>8,243,122</u>	<u>8,209,742</u>
Net assets - end of year	<u><u>\$7,202,214</u></u>	<u><u>\$4,961,396</u></u>	<u><u>\$12,163,610</u></u>	<u><u>\$8,243,122</u></u>

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

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(With comparative totals for the year ended December 31, 2021)

	Supporting Services			Total Supporting Services	Total Expenses 12/31/22	Total Expenses 12/31/21
	Program Services	Management and General	Fundraising			
Salaries	\$2,755,674	\$461,644	\$520,602	\$982,246	\$3,737,920	\$3,923,209
Payroll taxes and benefits	630,655	88,214	98,832	187,046	817,701	807,707
Occupancy (including in-kind)	378,854	27,427	28,023	55,450	434,304	404,947
Contributions to credit union (Note 10)	18,360			0	18,360	18,360
Telephone	35,866	2,867	3,261	6,128	41,994	54,401
Office expense	3,720	1,487	1,285	2,772	6,492	49,448
Professional fees	513,107	192,197	40,028	232,225	745,332	819,551
Technology expense	200,068	20,543	8,039	28,582	228,650	139,105
Credit reports	23,466			0	23,466	24,716
Insurance	25,612	2,806	2,760	5,566	31,178	26,984
Equipment and repairs	19,929	2,875	3,216	6,091	26,020	30,459
Conferences and staff training	17,985	1,016	3,345	4,361	22,346	20,323
Incentives and staff recruitment	590	28,570		28,570	29,160	2,355
Other expenses	8,077	5,636	3,186	8,822	16,899	20,760
<b>Total expenses before depreciation and amortization</b>	<b>4,631,963</b>	<b>835,282</b>	<b>712,577</b>	<b>1,547,859</b>	<b>6,179,822</b>	<b>6,342,325</b>
<b>Depreciation and amortization</b>	<b>720,317</b>	<b>12,685</b>	<b>12,502</b>	<b>25,187</b>	<b>745,504</b>	<b>783,979</b>
<b>Total expenses for statement of activities</b>	<b>\$5,352,280</b>	<b>\$847,967</b>	<b>\$725,079</b>	<b>\$1,573,046</b>	<b>\$6,925,326</b>	<b>\$7,126,304</b>

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

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Cash flows from operating activities:		
Change in net assets	\$3,920,488	\$33,380
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	745,504	783,979
Forgiveness of Paycheck Protection Program loan	(1,846,700)	0
Changes in assets and liabilities:		
Pledges receivable	(630,001)	162,160
Government grants and contracts receivable	(294,016)	113,077
Employee retention tax credit receivable	(797,873)	0
Prepaid expenses	(59,408)	54,228
Security deposit	0	6,570
Accounts payable and accrued expenses	(13,394)	62,535
Grants payable	0	(95,891)
Deferred revenue	(78,898)	25,864
Operating lease right-of-use asset and liability	400,354	0
Deferred rent	(435,212)	286,008
Total adjustments	<u>(3,009,644)</u>	<u>1,398,530</u>
Net cash flows provided by operating activities	<u>910,844</u>	<u>1,431,910</u>
Cash flows from investing activities:		
Outlays for fixed assets	(509,639)	(558,220)
Net cash flows used for investing activities	<u>(509,639)</u>	<u>(558,220)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	0	950,200
Net cash provided by financing activities	<u>0</u>	<u>950,200</u>
Net increase in cash and cash equivalents	401,205	1,823,890
Cash and cash equivalents - beginning of year	<u>5,576,490</u>	<u>3,752,600</u>
Cash and cash equivalents - end of year	<u>\$5,977,695</u>	<u>\$5,576,490</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$0	\$0
Taxes paid	<u>\$0</u>	<u>\$0</u>

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

**NEIGHBORHOOD TRUST FINANCIAL PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 primary sources of revenue are contributions and government grants.

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. Recently Adopted Accounting Standards

Effective January 1 2022, NTFP adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. NTFP elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing FASB ASU No. 2016-02, NTFP recognized right-of-use (“ROU”) assets of \$1,498,355 and lease liabilities totaling \$1,951,605 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.



Effective January 1, 2022, NTFP adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. 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. See Note 9 for more details.

c. 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 cash 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.

d. Revenue Recognition

NTFP follows the requirements of FASB's Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. NTFP training and consultation services fall under FASB 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 FASB ASC 958-605 for recording contributions. Contributions are recorded 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 FASB 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. Government grants and contracts receivable are expected to be collected within one year. 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.

e. Cash and Cash Equivalents

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

f. 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.

g. 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*.

h. Leases

NTFP determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. NTFP does not report ROU assets and lease liabilities for short term leases (leases with a term of twelve months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

i. 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, 2021, 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. Advertising

The cost of advertising is expensed as incurred.

m. 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, 2019 and later are subject to examination by applicable taxing authorities.

**Note 3 - Pledges Receivable**

Pledges receivable are expected in the following periods:

Year ending: December 31, 2023	\$3,091,839
December 31, 2024	<u>787,320</u>
	3,879,159
Present value discount (1-4%)	<u>(38,717)</u>
Total pledges receivable, net	<u>\$3,840,442</u>

**Note 4 - Employee Retention Tax Credit**

During the year ended December 31, 2022, the Organization claimed the Employee Retention Tax Credit ("ERTC") in the amount of \$797,873. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filings for qualified wages paid after March 13, 2020 through September 30, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

The Organization accounted for the ERTC as a conditional contribution in accordance with FASB ASC 958-605. The conditions for eligibility outlined above were met for the quarters claimed during the year ended December 31, 2022, and the full amount was recognized as revenue in 2022. The Organization had a receivable balance of \$797,873 at December 31, 2022, which has not yet been collected as of the date issued financial statements.

**Note 5 - Fixed Assets**

Fixed assets consist of the following:

	<u>12/31/22</u>	<u>12/31/21</u>
Leasehold improvements	\$1,930,764	\$1,930,764
Computers and software (a)	4,145,008	3,635,369
Furniture and equipment	<u>169,905</u>	<u>169,905</u>
	6,245,677	5,736,038
Less: accumulated depreciation	<u>(4,613,147)</u>	<u>(3,867,643)</u>
Total fixed assets, net	<u>\$1,632,530</u>	<u>\$1,868,395</u>

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

**Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability**

NTPF evaluated current contracts to determine which met the criteria of a lease. NTPF leases office space in New York, NY under an agreement that expires in December 2026, which was determined to be an operating lease. The lease does not include specific extension terms.

The ROU assets represent NTFP's right to use the underlying asset for the lease term, and the lease liabilities represent NTFP's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. NTFP has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 1.55%. As of December 31, 2022, the weighted average remaining lease term for NTFP's operating lease was approximately 3.92 years.

For the year ended December 31, 2022, total operating lease cost was \$335,508. Cash paid for operating leases for the year ended December 31, 2022 was \$388,404. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b. NTFP did not have any short-term leases.

Future minimum annual lease payments are as follows:

Year ending:	December 31, 2023	\$403,944
	December 31, 2024	420,096
	December 31, 2025	436,908
	December 31, 2026	<u>454,380</u>
		\$1,715,328
Less: Present value discount		<u>( 99,291)</u>
Total lease liability at December 31, 2022		<u>\$1,616,037</u>

**Note 7 - 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 PPP. Terms of the loan indicated that if certain conditions were met that the loan, or a portion thereof, could be forgiven. 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 were the same as described above.

NTFP accounted for the PPP loans in accordance with FASB ASC 470. Under this treatment, the proceeds from the loans remained as a liability until either the loans were forgiven by the SBA or NTFP paid them off. In January 2022, full forgiveness of the initial loan was approved by the SBA. In March 2022, full forgiveness of the second loan was approved by the SBA.

**Note 8 - Net Assets with Donor Restrictions**

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

	<u>December 31, 2022</u>			
	<u>1/1/22</u>	<u>Contributions</u>	Released From <u>Restriction</u>	<u>12/31/22</u>
TrustPlus	\$893,075	\$1,741,805	(\$1,215,713)	\$1,419,167
Research & Advocacy	247,768	260,000	(226,420)	281,348
Technical Assistance	84,238	0	(84,238)	0
Pathways	0	500,000	(18,750)	481,250
Technology	3,933	10,000	(8,918)	5,015
Time	<u>2,029,042</u>	<u>1,992,241</u>	<u>(1,246,667)</u>	<u>2,774,616</u>
Total	<u>\$3,258,056</u>	<u>\$4,504,046</u>	<u>(\$2,800,706)</u>	<u>\$4,961,396</u>

  

	<u>December 31, 2021</u>			
	<u>1/1/21</u>	<u>Contributions</u>	Released From <u>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>

**Note 9 - In-Kind Contributions**

During the years 2022 and 2021, NTFP received the use of program facilities without charge. The estimated fair value for the years 2022 and 2021 was \$2,112 and \$8,888, respectively. In valuing donated space, NTFP estimated the fair value based on comparable rental prices in the New York City area.

**Note 10 - 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, 2022 and 2021. Additionally, NTFP provided space and other office support to NTFCU at no charge.

### Note 11 - Commitments and Contingencies

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 on February 16, 2022. Subsequent to year end, it was renewed under the same terms, and is now set to expire on February 14, 2024. There was no outstanding balance at December 31, 2022 or 2021 and the full line was available.

### Note 12 - 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 \$45,195 and \$46,544 as of December 31, 2022 and 2021, respectively.

### Note 13 - Availability and Liquidity

The following reflects NTFP's financial assets at December 31, 2022 that are available to meet cash needs for general expenditures within one year.

Financial assets at year-end:

Cash and cash equivalents	\$5,977,695	
Pledges receivable due within one year	3,091,839	
Government grants and contracts receivable	<u>401,338</u>	
Total financial assets		\$9,470,872
Less amounts not available for general expenditures:		
Net assets with donor restrictions – research and advocacy	(281,348)	
Net assets with donor restrictions – pathways	(481,250)	
Net assets with donor restrictions – technology	(5,015)	
Board designated reserve fund	<u>(25,000)</u>	
Total not available for general expenditures:		<u>(792,613)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$8,678,259</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.

NTPF 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. NTPF will build this reserve starting with an existing board-designated cash fund of \$25,000.

NTPF has a liquidity policy to maintain three months of operating cash on hand. To achieve these targets, NTPF forecasts its future cash flows and monitors its liquidity on a monthly basis. If circumstances change and NTPF 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 13 - Subsequent Events**

Subsequent events have been evaluated through August 8, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.