

Neighborhood Trust Financial Partners, Inc.

Audited Financial Statements

December 31, 2023

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Independent Auditor's Report

Board of Directors
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, 2023, 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, 2023, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
July 17, 2024

Neighborhood Trust Financial Partners, Inc.

Statement of Financial Position

At December 31, 2023
(With comparative totals as of December 31, 2022)

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,981,191	\$ 5,977,695
Investments	2,184,917	-
Pledges receivable, net	2,041,477	3,840,442
Government grants and contracts receivable	784,721	401,338
Employee retention tax credit ("ERTC") receivable	702,539	797,873
Prepaid expenses	37,072	93,854
Property and equipment, net	1,346,145	1,632,530
Security deposit	78,000	78,000
Operating lease right-of-use ("ROU") asset	922,714	1,215,683
	\$ 11,078,776	\$ 14,037,415
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 209,767	\$ 222,354
Deferred revenue	50,050	35,414
Operating lease liability	1,254,632	1,616,037
Total liabilities	1,514,449	1,873,805
NET ASSETS		
Without donor restrictions:		
For operations	6,758,597	7,177,214
Board designated reserve fund	25,000	25,000
Total without donor restrictions net assets	6,783,597	7,202,214
With donor restrictions	2,780,730	4,961,396
Total net assets	9,564,327	12,163,610
TOTAL LIABILITIES AND NET ASSETS	\$ 11,078,776	\$ 14,037,415

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, 2023
(With comparative totals for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/23	Total 12/31/22
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 1,943,659	\$ 1,187,374	\$ 3,131,033	\$ 6,967,677
Government grants	595,152	-	595,152	835,272
Contract fees	446,296	-	446,296	384,126
Forgiveness of Paycheck Protection Program ("PPP") loan	-	-	-	1,846,700
Employee Retention Tax Credit	226,299	-	226,299	797,873
In-kind contributions	3,652	-	3,652	2,112
Interest and dividends	118,613	-	118,613	12,054
Net assets released from restrictions	3,368,040	(3,368,040)	-	-
Total public support and revenue	<u>6,701,711</u>	<u>(2,180,666)</u>	<u>4,521,045</u>	<u>10,845,814</u>
EXPENSES				
Program services	<u>5,442,470</u>	<u>-</u>	<u>5,442,470</u>	<u>5,352,280</u>
Supporting services:				
Management and general	1,106,758	-	1,106,758	847,967
Fundraising	594,007	-	594,007	725,079
Total supporting services	<u>1,700,765</u>	<u>-</u>	<u>1,700,765</u>	<u>1,573,046</u>
Total expenses	<u>7,143,235</u>	<u>-</u>	<u>7,143,235</u>	<u>6,925,326</u>
Change in net assets from operations	(441,524)	(2,180,666)	(2,622,190)	3,920,488
Non-operating activity				
Investment return	<u>22,907</u>	<u>-</u>	<u>22,907</u>	<u>-</u>
Change in net assets	(418,617)	(2,180,666)	(2,599,283)	3,920,488
NET ASSETS, beginning of year	<u>7,202,214</u>	<u>4,961,396</u>	<u>12,163,610</u>	<u>8,243,122</u>
NET ASSETS, end of year	<u>\$ 6,783,597</u>	<u>\$ 2,780,730</u>	<u>\$ 9,564,327</u>	<u>\$ 12,163,610</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, 2023
(With comparative totals for the year ended December 31, 2022)

	Supporting Services			Total Supportive Services	Total Expenses 12/31/23	Total Expenses 12/31/22
	Program Services	Management and General	Fundraising			
Salaries	\$ 2,831,084	\$ 676,312	\$ 390,478	\$ 1,066,790	\$ 3,897,874	\$ 3,737,920
Payroll taxes and benefits	645,151	132,797	80,881	213,678	858,829	817,701
Occupancy (including in-kind)	346,985	40,605	22,587	63,192	410,177	434,304
Contribution to credit union	18,360	-	-	-	18,360	18,360
Telephone	61,658	3,206	1,871	5,077	66,735	41,994
Office expense	5,947	8,656	1,675	10,331	16,278	24,052
Professional fees	458,829	145,599	69,681	215,280	674,109	748,482
Technology expense	300,158	41,361	9,597	50,958	351,116	228,925
Credit reports	35,593	-	-	-	35,593	23,466
Insurance	28,870	4,702	2,766	7,468	36,338	31,178
Equipment and repairs	5,844	692	416	1,108	6,952	7,538
Conferences and staff training	37,756	2,009	2,668	4,677	42,433	31,141
Incentives and staff recruitment	1,182	26,487	-	26,487	27,669	29,160
Operational expenses	18,060	1,336	799	2,135	20,195	-
Other expenses	565	5,142	-	5,142	5,707	5,601
Total expenses before depreciation and amortization	4,796,042	1,088,904	583,419	1,672,323	6,468,365	6,179,822
Depreciation and amortization	646,428	17,854	10,588	28,442	674,870	745,504
Total expenses for statement of activities	<u>\$ 5,442,470</u>	<u>\$ 1,106,758</u>	<u>\$ 594,007</u>	<u>\$ 1,700,765</u>	<u>\$ 7,143,235</u>	<u>\$ 6,925,326</u>

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, 2023
(With comparative totals for the year ended December 31, 2022)

	December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,599,283)	\$ 3,920,488
Adjustments to reconcile change in net assets to net cash (used for)/ provided by operating activities:		
Depreciation and amortization	674,870	745,504
Forgiveness of PPP loan	-	(1,846,700)
Changes in assets and liabilities:		
Pledges receivable	1,798,965	(630,001)
Government grants and contracts receivable	(383,383)	(294,016)
ERTC receivable	95,334	(797,873)
Prepaid expenses	56,782	(59,408)
Accounts payable and accrued expenses	(12,587)	(13,394)
Deferred revenue	14,636	(78,898)
Operating lease ROU asset and liability	(68,436)	400,354
Deferred rent	-	(435,212)
Net cash flows (used for)/provided by operating activities	(423,102)	910,844
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,184,917)	-
Purchases of property and equipment	(388,485)	(509,639)
Net cash flows used for investing activities	(2,573,402)	(509,639)
Net (decrease)/increase in cash and cash equivalents	(2,996,504)	401,205
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	5,977,695	5,576,490
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,981,191	\$ 5,977,695
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

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, 2023

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. NTFP was originally founded as a credit union in response to the financial disenfranchisement of the Latino immigrant community in Upper Manhattan, New York City. Since then it has grown to become a national financial services innovator and nonprofit social enterprise building financial solutions for workers.

NTFP's model provides low-wage workers a suite of interventions that equips them with the personalized guidance, tools, and products they need to solve their financial pain points—all with an expert, empathetic Financial Coach by their side who is trained to help them navigate a financial system that was designed to work against them. Its specially trained Financial Coaches deliver services within settings where workers are accessing their income and benefits: the workplace, financial institutions, and nonprofit service providers. NTFP helps thousands of workers every year reduce their debt, establish and build credit, and build assets. 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. NTFP's primary sources of revenue are contributions and fees.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Recently Adopted Accounting Standards

On January 1, 2023, NTFP adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"). Financial assets, which potentially subject NTFP to credit losses, consist primarily of contract receivables. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

Contract receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to accounts receivable. For the years ended December 31, 2023 and 2022, there was no allowance for doubtful accounts.

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

b. Recently Adopted Accounting Standards - Continued

Based on the analysis performed on the detail analysis of the contract receivable, NTFP did not record an allowance for bad debt as of December 31, 2023. The impact of the adoption was not considered material to the financial statements and primarily results in new/enhanced disclosures only.

c. Basis of Presentation

The financial statements are presented in accordance with the provisions of the FASB Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires NTFP to report information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets without Donor Restrictions* - represents all activity without donor-imposed restrictions. 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 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, which are recognized when considered unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. 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 were received, they are classified in the class of net assets 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.

Contributions expected to be received within one year are recorded at net realizable value.

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition - Continued

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.

Government grants have been evaluated and are considered to be non-reciprocal; therefore, they are also treated as contributions under FASB ASC 958-605. In addition, government grants meet the criteria of being conditional. 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 the conditions being met are treated as liabilities.

e. Cash and Cash Equivalents

NTFP considers all liquid investments available for current use and with an initial maturity of three months or less to be cash and cash equivalents.

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset or paid to transfer a liability (*i.e.*, "exit price") in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

g. 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. NTFP maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 each. At times, balances may exceed federally insured limits. At various times throughout the year and at year end, balances were in excess of insured amounts. NTFP did not suffer any losses due to bank failure.

h. Capitalization Policy

Property and equipment that exceed \$1,000 and have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

- Leasehold improvements - 15-year life
- Computers and software - 3 to 5-year life
- Furniture and equipment - 5-year life

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

h. Capitalization Policy - Continued

Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life are charged to expenses as incurred.

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*.

i. Leases

NTFP determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("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.

j. 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.

k. Use of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Prior Year Comparative 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 GAAP. Accordingly, such information should be read in conjunction with NTFP's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

m. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of NTFP.

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

m. Functional Allocation of Expenses - Continued

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 (including in-kind)
- Telephone
- Office expense
- Insurance
- Equipment and repairs

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

n. Advertising

The cost of advertising is expensed as incurred.

o. Accounting for Uncertainty of Income Taxes

NTPF does not believe its financial statements include any material uncertain tax positions. Tax filings for periods ending December 31, 2020 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, 2024	\$ 1,752,820
December 31, 2025	150,000
December 31, 2026	150,000
	<hr/>
	2,052,820
Present value discount (1-4%)	(11,343)
Total pledges receivable, net	<hr/> <hr/>
	\$ 2,041,477

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 4 - Investments

Investments are recorded at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that NTFP has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments are considered to be Level 1 securities.

The fair value of investments is as follows:

	December 31,	
	2023	2022
Debt securities	\$ 1,169,548	\$ -
Money market funds	1,015,369	-
Total	<u>\$ 2,184,917</u>	<u>\$ -</u>

Investment return consists of the following:

	December 31,	
	2023	2022
Interest and dividends	\$ 108,385	\$ -
Realized and unrealized gain on investments	22,907	-
Total investment return	<u>\$ 131,292</u>	<u>\$ -</u>

Note 5 - Employee Retention Tax Credit

During the year ended December 31, 2023, the Organization claimed the Employee Retention Tax Credit ("ERTC") in the amount of \$226,299. 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.

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 5 - Employee Retention Tax Credit - Continued

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, 2023, and the full amount was recognized as revenue in 2023. The Organization had a receivable balance of \$702,539 at December 31, 2023, which has not yet been collected as of the date the financial statements were available to be issued.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2023	2022
Leasehold improvements	\$ 1,930,764	\$ 1,930,764
Computers and software	4,533,492	4,145,008
Furniture and equipment	169,905	169,905
	6,634,161	6,245,677
Less: accumulated depreciation	(5,288,016)	(4,613,147)
Total property and equipment, net	\$ 1,346,145	\$ 1,632,530

Note 7 - Operating Lease Right-of-Use (“ROU”) 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 NTPF’s right to use the underlying asset for the lease term, and the lease liabilities represent NTPF’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. NTPF 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, 2023 and December 31, 2022 was 1.55%. As of December 31, 2023 and December 31, 2022, the weighted average remaining lease term for NTPF’s operating lease was approximately 2.92 years and 3.92 years, respectively.

For the year ended December 31, 2023 and December 31, 2022, total operating lease cost was \$335,508. Cash paid for operating leases for the year ended December 31, 2023 and December 31, 2022 was \$403,944 and \$388,404, respectively. NFTP did not have any short-term leases.

Future minimum annual lease payments are as follows:

Year ending:	December 31,	
	2023	2022
December 31, 2023	\$ -	\$ 403,944
December 31, 2024	420,096	420,096
December 31, 2025	436,908	436,908
December 31, 2026	454,380	454,380
	1,311,384	1,715,328
Less: Present value discount	(56,752)	(99,291)
Total lease liability at December 31, 2023 and 2022	\$ 1,254,632	\$ 1,616,037

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 8 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	December 31, 2023			
	Beginning		Released	Ending
	Balance	Contributions	from	Balance
	1/1/23		Restriction	12/31/23
TrustPlus	\$ 1,419,167	\$ 1,138,657	\$ (1,252,500)	\$ 1,305,324
Research & Advocacy	281,348	-	(281,348)	-
Pathways	481,250	-	(275,000)	206,250
Technology	5,015	10,000	(12,525)	2,490
Time	2,774,616	38,717	(1,546,667)	1,266,666
Total	<u>\$ 4,961,396</u>	<u>\$ 1,187,374</u>	<u>\$ (3,368,040)</u>	<u>\$ 2,780,730</u>

	December 31, 2022			
	Beginning		Released	Ending
	Balance	Contributions	from	Balance
	1/1/22		Restriction	12/31/22
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	-	(84,238)	-
Pathways	-	500,000	(18,750)	481,250
Technology	3,933	10,000	(8,918)	5,015
Time	2,029,042	1,992,241	(1,246,667)	2,774,616
Total	<u>\$ 3,258,056</u>	<u>\$ 4,504,046</u>	<u>\$ (2,800,706)</u>	<u>\$ 4,961,396</u>

Note 9 - In-Kind Contributions

During the years ended December 31, 2023 and, 2022, NTFP received the use of program facilities without charge. The estimated fair value for the years December 31, 2023 and 2022 was \$3,652 and \$2,112, 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, 2023 and 2022. Additionally, NTFP provided space and other office support to NTFCU at no charge.

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

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, 2024. Subsequent to year end, it was renewed under the same terms, and is now set to expire on February 12, 2025. There was no outstanding balance at December 31, 2023 or 2022 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 immediately fully vested. Contributions to the plan by NTFP were \$38,894 and \$45,195 as of December 31, 2023 and 2022, respectively.

Note 13 - Availability and Liquidity

The following reflects NTFP's financial assets at December 31, 2023 that are available to meet cash needs for general expenditures within one year.

Financial assets at year-end:

Cash and cash equivalents	\$ 2,981,191	
Investments	2,184,917	
Pledges receivable due within one year	1,752,820	
Government grants and contracts receivable	784,721	
Total financial assets		\$ 7,703,649

Less amounts not available for general expenditures:

Net assets with donor restrictions - TrustPlus	(1,305,324)	
Net assets with donor restrictions - Pathways	(206,250)	
Net assets with donor restrictions - Technology	(2,490)	
Board designated reserve fund	(25,000)	
Total not available for general expenditures:		<u>(1,539,064)</u>

Financial assets available to meet cash needs
for general expenditures within one year

\$ 6,164,585

Neighborhood Trust Financial Partners, Inc.

Notes to Financial Statements

December 31, 2023

Note 13 - Availability and Liquidity - Continued

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 cash fund of \$25,000.

NTFP has a liquidity policy to maintain six 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 six 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 14 - Subsequent Events

Subsequent events have been evaluated through July 17, 2024 the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.