

Nonprofit Finance Fund and Affiliate

Consolidated Financial Statements

December 31, 2021

Nonprofit Finance Fund and Affiliate

Consolidated Financial Statements
and Independent Auditors' Report
December 31, 2021

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Independent Auditors' Report

The Board of Directors Nonprofit Finance Fund and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Nonprofit Finance Fund and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nonprofit Finance Fund and Affiliate as of December 31, 2021, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Nonprofit Finance Fund and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nonprofit Finance Fund and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and access the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the consolidated 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 Nonprofit Finance Fund and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nonprofit Finance Fund and Affiliate'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 others, 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 Nonprofit Finance Fund and Affiliate's December 31, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 28, 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 consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 26 and 27 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

April 21, 2022

Nonprofit Finance Fund and Affiliate

Consolidated Statement of Financial Position December 31, 2021 (with comparative amounts at December 31, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents (Note 2)	\$ 64,865,045	\$ 62,425,053
Investments (Note 5)	626,669	1,114,939
Accounts receivables and other assets	1,864,020	5,218,284
Grants receivable (Note 6)	4,382,356	8,198,864
Loans receivable (Note 7)	172,090,850	159,307,167
Allowance for loan losses (Note 7)	<u>(5,325,634)</u>	<u>(4,334,674)</u>
Loans Receivable, net	166,765,216	154,972,493
Program related concessionary loans receivable (Note 7)	77,905,621	71,285,397
Restricted cash (Notes 2 and 7)	1,604,536	5,992,371
Property and equipment, net (Note 8)	<u>1,600,661</u>	<u>1,876,672</u>
	<u>\$ 319,614,124</u>	<u>\$ 311,084,073</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities (Note 14)	\$ 4,544,483	\$ 3,365,173
Deferred revenue	1,856,728	6,116,134
Paycheck Protection Program loan (Note 10)	281,595	2,082,400
Program related concessionary loans payable (Note 9)	111,239,178	109,340,472
Loans payable (Note 9)	<u>112,034,007</u>	<u>111,756,556</u>
Total Liabilities	<u>229,955,991</u>	<u>232,660,735</u>
Net Assets		
Without Donor Restrictions		
Undesignated	31,342,042	24,524,689
Board designated (Note 11)	<u>21,957,805</u>	<u>24,031,941</u>
Total Without Donor Restrictions	<u>53,299,847</u>	<u>48,556,630</u>
With Donor Restrictions (Note 12)		
Program fund	10,445,043	8,994,326
Grant fund	2,325,026	1,558,460
Loan fund capital	<u>23,588,217</u>	<u>19,313,922</u>
Total With Donor Restrictions	<u>36,358,286</u>	<u>29,866,708</u>
Total Net Assets	<u>89,658,133</u>	<u>78,423,338</u>
	<u>\$ 319,614,124</u>	<u>\$ 311,084,073</u>

See notes to consolidated financial statements

Nonprofit Finance Fund and Affiliate

Consolidated Statement of Activities Year Ended December 31, 2021 (with summarized totals for the year ended December 31, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE				
Operating				
Grants (Note 2)	\$ 71,214	\$ 12,391,073	\$ 12,462,287	\$ 31,038,615
Investment income	17,085	-	17,085	19,999
Program fees (Note 2)	2,481,051	-	2,481,051	2,426,742
Donated services and other income (Note 2)	40,790	-	40,790	555,307
Forgiveness of Paycheck Protection Program loan (Note 10)	1,800,805	-	1,800,805	-
Net assets released from restrictions (Note 12)	10,940,356	(10,940,356)	-	-
Total Operating	15,351,301	1,450,717	16,802,018	34,040,663
Lending and Financing				
Loan fees (Note 2)	622,246	-	622,246	273,866
Interest income (Note 7)	10,069,032	-	10,069,032	9,317,332
NMTC fees (Note 2)	1,155,017	-	1,155,017	1,623,117
Total Lending and Financing	11,846,295	-	11,846,295	11,214,315
Total Revenue	27,197,596	1,450,717	28,648,313	45,254,978
EXPENSES				
Operating Expenses				
Salaries, payroll taxes and benefits	14,744,492	-	14,744,492	12,111,916
Program consultants	929,125	-	929,125	312,158
Professional support	1,092,022	-	1,092,022	1,205,743
Occupancy	1,322,747	-	1,322,747	1,295,202
Travel, information technology and other	631,109	-	631,109	688,704
Depreciation and amortization	361,399	-	361,399	359,264
Total Operating Expenses before Lending and Financing Expenses	19,080,894	-	19,080,894	15,972,987
Lending and Financing Expenses				
Provision for loan losses (Note 7)	941,187	-	941,187	780,686
Interest expense (Note 9)	2,432,298	-	2,432,298	2,827,238
Total Lending and Financing Expenses	3,373,485	-	3,373,485	3,607,924
Total Expenses	22,454,379	-	22,454,379	19,580,911
 Excess (Deficiency) of Revenue over Expenses before Other Capital Access and Related Activity	 4,743,217	 1,450,717	 6,193,934	 25,674,067
OTHER CAPITAL ACCESS AND RELATED ACTIVITY (Note 12)				
Contribution for Loan fund	-	4,838,961	4,838,961	7,489,747
Contribution for Grant fund	-	2,044,780	2,044,780	1,804,481
Net assets released from restrictions	1,842,880	(1,842,880)	-	-
Grants made	(1,842,880)	-	(1,842,880)	(1,157,814)
Change in Net Assets	4,743,217	6,491,578	11,234,795	33,810,481
NET ASSETS				
Beginning of year	48,556,630	29,866,708	78,423,338	44,612,857
 End of year	 \$ 53,299,847	 \$ 36,358,286	 \$ 89,658,133	 \$ 78,423,338

See notes to consolidated financial statements

Nonprofit Finance Fund and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(with summarized totals for the year ended December 31, 2020)

	Program Activities			Total Program Activities	Support Services		2021 Total	2020 Total
	Advice and Training	Access to Capital	Knowledge Sharing		Management and General	Fundraising		
Salaries, payroll taxes and benefits	\$ 4,842,733	\$ 4,033,143	\$ 724,052	\$ 9,599,928	\$ 4,161,928	\$ 982,636	\$ 14,744,492	\$ 12,111,916
Program consultants	412,706	211,530	161,893	786,129	14,849	128,147	929,125	312,158
Professional support	36,124	107,742	202,847	346,713	735,325	9,984	1,092,022	1,205,743
Occupancy	508,683	237,457	45,678	791,818	353,793	177,136	1,322,747	1,295,202
Travel, information technology and other	168,050	203,708	43,607	415,365	168,124	47,620	631,109	688,704
Depreciation and amortization	132,701	98,820	14,117	245,638	104,467	11,294	361,399	359,264
Provision for loan losses	-	941,187	-	941,187	-	-	941,187	780,686
Interest expense	-	2,432,298	-	2,432,298	-	-	2,432,298	2,827,238
Total Operating Expenses	6,100,997	8,265,885	1,192,194	15,559,076	5,538,486	1,356,817	22,454,379	19,580,911
Grants made	-	1,842,880	-	1,842,880	-	-	1,842,880	1,157,814
Total Expenses	\$ 6,100,997	\$ 10,108,765	\$ 1,192,194	\$ 17,401,956	\$ 5,538,486	\$ 1,356,817	\$ 24,297,259	\$ 20,738,725

See notes to consolidated financial statements

Nonprofit Finance Fund and Affilite

Consolidated Statement of Cash Flows Year Ended December 31, 2021

(with comparative amounts for the year ended December 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 11,234,795	\$ 33,810,481
Adjustments to reconcile change in net assets to net cash from operating activities		
Forgiveness of Paycheck Protection Program loan	(1,800,805)	-
Provision for loan losses	941,187	780,686
Depreciation and amortization	361,399	359,264
Deferred rent	(63,483)	(7,155)
Changes in operating assets and liabilities		
Accounts receivables and other assets	575,309	(751,262)
Grants receivable	3,816,508	(3,681,961)
Accounts payable and other liabilities	1,242,793	(888,052)
Deferred revenue	(4,259,406)	(3,323,410)
Net Cash from Operating Activities	12,048,297	26,298,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(85,388)	(43,441)
Loans disbursed during the year	(67,765,346)	(107,276,335)
Collections of loans receivable	48,411,212	29,817,679
Change in amounts held by loan servicer	2,778,955	491,880
Reinvested interest income	-	(13,963)
Proceeds from sale of investments	488,270	-
Net Cash from Investing Activities	(16,172,297)	(77,024,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	39,741,883	125,514,740
Proceeds from Paycheck Protection Program loan	-	2,082,400
Repayment of loans	(37,565,726)	(38,365,462)
Net Cash from Financing Activities	2,176,157	89,231,678
Net Change in Cash, Cash Equivalents and Restricted Cash	(1,947,843)	38,506,089
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	68,417,424	29,911,335
End of year	\$ 66,469,581	\$ 68,417,424
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,368,003	\$ 3,045,184
NON-CASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loan	1,800,805	-

See notes to consolidated financial statements

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

1. Organization and Tax Status

The accompanying consolidated financial statements include the accounts of the Nonprofit Finance Fund (“NFF”) and JCRIF, LLC (“JCRIF”).

NFF was incorporated in 1984 in New York State and is certified by the U.S. Department of the Treasury as a Community Development Financial Institution (“CDFI”). JCRIF was incorporated on April 29, 2020 in the State of Delaware, as a limited liability company, whose primary purpose is to advance NFF’s mission by supporting expanded lending to nonprofits across the United States.

NFF has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code. JCRIF, whose sole member is NFF, is considered a disregarded entity and is not subject to income taxes.

NFF advances economic and social progress in communities through financing, consulting, partnerships, and knowledge-sharing that help mission-driven organizations adapt, thrive, and drive positive change. NFF believes that alongside others, must build a more equitable and just social sector, and are committed to helping community-centered organizations led by and serving people of color access the money and resources they need to realize their communities’ aspirations. As a leading CDFI, NFF currently manages over \$435 million of investments. Since 1980, NFF has provided over \$1.1 billion in financing and access to additional capital in support of over \$3.5 billion in projects for thousands of organizations nationwide.

NFF works toward a more just and vibrant society through:

- **Financing** for nonprofits and social enterprises that are working hard to realize the highest aspirations of their communities.
- **Consulting** that helps nonprofit leaders and their funders make decisions that strengthen the connection between money and mission success.
- **Partnering** with service providers, funders and investors to identify and advocate for practices that ensure organizations are positioned to achieve their goals, whether that is shifting toward a system that ties funding to results or the importance of covering the full costs of delivering programs.
- **Learning** and sharing cutting-edge data, insights and resources to support social change and illuminate paths to solving complex social issues.

In 2020, NFF staff primarily worked from offices in New York, Philadelphia, Boston, Los Angeles and Oakland. Offices in these regions gradually reopened for staff access following the implementation of specific COVID safety protocols and according to state level requirements.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

1. Organization and Tax Status *(continued)*

A selection of NFF's services include:

Access to Capital

Loans: NFF typically makes loans ranging from \$50,000 to \$5 million, and provides financing independently and in partnership with other lenders, to nonprofits and social enterprises. The financing is used for a variety of purposes including facility-related needs such as property acquisition, new construction, renovation and leasehold improvements. NFF also provides loans for working capital and operating needs including equipment loans and lines of credit.

New Markets Tax Credits ("NMTC"): Since 2007 NFF has been awarded a total of \$401 million in NMTC from the U.S. Department of the Treasury, which NFF uses to attract private investment to support nonprofits operating in low-income communities. NFF is one of a few organizations using these credits exclusively to help finance projects benefiting small and mid-sized nonprofits.

Supporting Program Related Investments and Other Impact Investments: NFF supports efforts of foundations and others considering the addition of program-related and other impact investments to its philanthropic activity and those seeking assistance with an existing program.

Other Capital Access and Related Activities: NFF works in partnership with funders and other providers of capital to explore thoughtful, practical applications of cutting-edge ideas and more equitable funding practices such as covering full-costs, offering change capital, and providing the flexible operating dollars that nonprofits need to sustain and adapt their community work.

NFF's loans and other financing products evolve with the changing needs of the sector and U.S. communities. In response to the financial challenges COVID-19 created or intensified for organizations, NFF is providing zero-interest flexible loans, technical assistance, and financial counseling for organizations led by and serving people of color in New York, the Bay Area, Boston, Philadelphia, and Los Angeles. As part of a strategic commitment to advance racial equity, NFF launched a plan in 2021 to invest at least 50 percent of total lending dollars in organizations led by people of color. This target was met, with \$35.3 million (68 percent) of total investments going to organizations led by people of color.

Advice and Training

Consultation and Analysis: NFF is a leading financial consulting practice providing solutions-based advice and partnership to help nonprofits and their funders address change, challenge, or opportunity. Whether through in-depth consulting services, group clinics, or long-term partnerships, NFF consultants work with community-centered nonprofit organizations, funders, and financing partners to support community-led solutions, and engage and facilitate funding that promotes equity. NFF's consulting practice leaves clients in a better position to budget and advocate for what it really costs to deliver on mission, fully understand their existing and potential business models, and plan for varied financial and operational scenarios.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

1. Organization and Tax Status (continued)

Advice and Training (continued)

NFF also works with nonprofit management to help them better communicate their financial story to funders, lenders, and others. In 2021, NFF's consulting team dedicated 52 percent of all deep consulting services – defined as 20 hours or more – to 121 organizations led by people of color.

Workshops: NFF's remote workshops and webinars offer nonprofit leaders insight, tools, and guidance to help their organizations adapt to an ever-changing environment. Content is designed to help managers and board members become more comfortable reading and interpreting financial statements, and thinking through how management decisions and capital structure affect an organization's mission and finances. In 2021, consultants prepared a full curriculum of nonprofit financial management webinars in English and Spanish to share practical tools and helpful insights for nonprofit leaders.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of NFF and JCRIF (collectively, the "Fund"). All significant intercompany balances and transactions are eliminated.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include all short-term highly-liquid investments with a maturity of three months or less at the time of purchase, which are not intended for investment. In 2019, the Fund received a credit enhancement grant from the U.S Department of Education. The grant agreement requires the Fund to deposit the proceeds to a reserve account which can only be used for specific purposes designated in the grant agreement (see Note 7).

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Restricted Cash (continued)

The following is a reconciliation of the cash, cash equivalents and restricted cash reported on the consolidated statement of financial position to the consolidated statement of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 64,865,045	\$ 62,425,053
Restricted cash	<u>1,604,536</u>	<u>5,992,371</u>
	<u>\$ 66,469,581</u>	<u>\$ 68,417,424</u>

Cash and cash equivalents as of December 31, 2021 and 2020 include \$9,058,030 and \$24,655,705 held by JCRIF.

Investments

Investments consist of certificates of deposit and are carried at cost plus accrued interest, which approximates fair value.

Loans Receivable and Payable

The Fund both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. The Fund accounts for these loans at the stated rates. U.S. GAAP guidance generally requires that loans with below market interest rates be stated for financial reporting purposes at amounts that reflect the expected cash flows, discounted at market rates. The guidance includes several exceptions to this rule, including the customary lending activities of financial institutions whose primary business is lending money. Management of the Fund believes that this exception is applicable to the Fund. Accordingly, interest rates have not been restated. Interest income and expense are recorded on the accrual basis.

Allowance for Doubtful Accounts

The Fund determines whether an allowance for uncollectible balances should be provided for receivables. Such estimates are based on, but not limited to, historical collection experience, management's estimates of the credit-worthiness of its borrowers and current economic conditions.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation/amortization are removed from the accounts, with any net gain or loss reflected in the consolidated statement of activities for the period. Expenses for maintenance and repairs are charged to operations as incurred.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful lives or the term of the lease. The Fund capitalizes the cost of individual property and equipment additions in excess of \$1,000 and group purchases in excess of \$3,000.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value. There were no impairments for the years ended December 31, 2021 and 2020.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating expenses.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Fund reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported on the consolidated statement of activities as net assets released from restrictions.

Grants and Contributions

Unconditional grants and contributions, including promises to give cash and other assets, are reported at fair value at the date the grant or contribution is received. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the present value discounts and changes in allowance for doubtful accounts are included in the change in net assets on the consolidated statement of activities.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Donated Services

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

New Markets Tax Credit Program

These consolidated financial statements do not include the financial statements of NFF's NMTC related entities of which NFF holds .01% in such entities. NFF's investments in these entities total \$16,838 and \$15,584 at December 31, 2021 and 2020 and are included in accounts receivable and other assets in the consolidated statement of financial position.

The U.S. Department of the Treasury awarded allocations ranging from \$20 million to \$65 million and totaling \$401 million to NFF in nine allocation rounds authorized in 2006, 2008, 2009, 2010, 2011, 2012, 2016, 2018 and 2019. NFF is using these \$401 million allocations to attract and provide investment capital in low-income communities. As a NMTC allocation recipient and a Community Development Entity ("CDE") certified by the U.S. Department of the Treasury, NFF may establish CDEs for the purpose of implementing its NMTC program. As of December 31, 2021, NFF has closed 47 transactions using \$394 million of these allocations and established and served as managing member of 47 CDEs for the purpose of implementing its NMTC program, as permitted by the U.S. Department of the Treasury. As of December 31, 2021 and 2020, 20 and 18 of these entities remain active. The remaining subsidiary CDEs are no longer active as they have successfully reached the end of their 7-year compliance periods and the entities have been dissolved.

Program, Loan and Financing Fees

The Fund charges fees associated with program-related services and when entering into financing arrangements. These fees are recognized when services are performed or when the process of originating, refinancing, or restructuring of a loan is completed. Amounts received in advance are deferred and recognized when services are performed.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes and benefits, insurance and office expenses are allocated on the basis of estimates of time and effort. Occupancy, information technology and depreciation expenses are allocated on the basis of head count. Other expenses are based on actual costs directly related to program services and support services categories.

Accounting for Uncertainty in Income Taxes

The Fund's accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. The Fund is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2018.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is April 21, 2022.

3. Concentrations of Credit Risk

The Fund makes loans to nonprofit organizations. Although the Fund is diversified as to the services provided by and location of its nonprofit borrowers, the ability of these organizations to repay their loans may be affected by adverse economic conditions or other financial constraints.

The Fund maintains cash, cash equivalents (including certificates of deposit) and restricted cash at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. During the year, the Fund may have cash balances in these financial institutions in excess of their limits. The Fund has not experienced any losses on its cash and cash equivalents.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements December 31, 2021

4. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

	<u>2021</u>	<u>2020</u>
Financial assets as of December 31:		
Cash and cash equivalents	\$ 64,865,045	\$ 62,425,053
Investments	626,669	1,114,939
Accounts receivable and other assets	1,864,020	5,218,284
Grants receivable	4,382,356	8,198,864
Loans receivable, net	<u>244,670,837</u>	<u>226,257,890</u>
	<u>316,408,927</u>	<u>303,215,030</u>
Less amounts not available for general expenditure within one year:		
Prepaid expenses and security deposits included in accounts receivable and other assets	439,018	297,437
Loans receivable due for collection after one year	182,773,382	184,198,776
Donor restricted grant fund net assets	2,325,026	1,558,460
Donor restricted loan fund net assets	23,588,217	19,313,922
Board designated net assets fund (net of \$2,658,000 and \$1,328,774 expected to be released in 2022 and 2021)	16,013,226	20,000,000
Board designated net assets for loan loss reserve	<u>3,286,579</u>	<u>4,031,941</u>
	<u>228,425,448</u>	<u>229,400,536</u>
Financial Assets Available for General Expenditure		
Within One Year	<u>\$ 87,983,479</u>	<u>\$ 73,814,494</u>

It is the Fund's policy to maintain adequate cash balance to: (1) meet 60 days of its operating needs, (2) meet estimated re-grant commitments for the next 60 days, and (3) fund \$1 million for unplanned loans and lines of credit disbursements. The Fund deploys excess cash holdings in the loan fund to minimize interest expense incurred on borrowed capital.

5. Investments

Investments of \$626,669 and \$1,114,939 at December 31, 2021 and 2020 consist of certificates of deposit and are carried at cost plus accrued interest, which approximates fair value.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements December 31, 2021

6. Grants Receivable

Grants receivable, for which the Fund determined that no allowance for uncollectable amounts is required, are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Foundations	\$ 4,314,606	\$ 7,621,670
Government	62,500	267,519
Corporations and other	<u>5,250</u>	<u>309,675</u>
	<u>\$ 4,382,356</u>	<u>\$ 8,198,864</u>

Collections on the outstanding grants at December 31, 2021 are scheduled to be received during 2022.

7. Loans Receivable

Loans receivable in the NFF loan fund at December 31, 2021 and 2020 were \$172,090,850 and \$159,307,167. Nearly all of these loans are collateralized by borrowers' assets such as real estate, assignment of leases and rents, equipment, receivables and bank accounts. Additional loans receivable consisted of Program Related Concessionary ("PRC") loans of \$77,905,621 and \$71,285,397 at December 31, 2021 and 2020 made under customized programs with foundations that provided financing for these programs with concessionary terms. There were three past due accruing loans at December 31, 2021 with unpaid interest of \$39,933, and one past due accruing loan at December 31, 2020 with unpaid interest of \$74,436. The unpaid interest on the past due accruing loans were satisfied in January 2022 and April 2021, respectively.

Interest on the outstanding loans is calculated using the simple interest method. Interest rates on loans in the NFF loan fund vary between 0.00% and 7.25% per annum. PRC loans generally do not require interest payments.

PRC loans consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Mellon Loan Fund	\$ 1,730,831	\$ 2,016,830
NYC COVID-19 Response and Impact Funds (NYCRIF)	30,504,315	36,938,567
Jewish Community Recovery and Investment Fund (JCRIF)	38,365,475	32,330,000
Trinity Loan Fund	5,050,000	-
Metro Denver Loan Fund	<u>2,255,000</u>	<u>-</u>
	<u>\$ 77,905,621</u>	<u>\$ 71,285,397</u>

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

7. Loans Receivable (continued)

Management regularly evaluates all outstanding loans individually for impairment on an ongoing basis. Loans are moved to nonaccrual status when there is deterioration in the financial condition of the borrower, payment in full is not expected, or payment is in default for a period of 90 days or more unless the loan is well secured and in the process of collection. Such nonaccrual loans amounted to \$1,789,309 and \$1,901,754 as of December 31, 2021 and 2020.

Credit Enhancement

In 2019, NFF received a \$12 million conditional grant from the U.S. Department of Education (“DOE”). NFF has partnered with another CDFI, BlueHub Loan Fund, to utilize the grant proceeds, plus interest earned to provide credit enhancement on loans made to charter schools to finance the development of charter school facilities. In case of a loan default, the grant funds may be utilized to cover loan losses not exceeding the designated credit enhancement reserves.

Grant funds must be segregated from other funds held by NFF in one or more reserve accounts and invested in accordance with the terms of the grant agreement. Grant funds of \$1,604,536 and \$5,992,371 as of December 31, 2021 and 2020 are reported as restricted cash in the consolidated statement of financial position. Grant funds are treated as federal awards expended based on the amounts in the reserve accounts at the beginning of the fiscal year; plus any new funds received; plus investment earnings during the fiscal year; less any application of funds to cover loan losses. As of December 31, 2021 and 2020, approximately \$10.2 million and \$5.9 million has been released from the conditional grant to credit enhance outstanding loans to charter schools. The DOE grant expires in September 2043.

Allowance for Loan Losses

NFF loans are categorized into like pools based on risk rating, with “Strong” representing the highest quality/lowest credit risk and “Doubtful” representing the lowest quality/highest credit risk. Under the methodology, the allowance for loan loss on each loan rated Strong through Marginal is calculated as a percentage of the outstanding loan balance, with the percentage based on a loan’s rating, and, for loans classified as Acceptable, Close Follow and Marginal, also on whether a loan is secured by collateral or is unsecured. In some cases, a higher allowance for loan losses on individual loans rated Strong through Marginal is appraised where the estimated credit loss based on specific information on those loans is greater than the percentage allowance for the like pool. The allowance for loan losses on Doubtful-rated loans is calculated individually based on the estimated credit losses for each loan.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

7. Loans Receivable (continued)

Allowance for Loan Losses (continued)

The following table presents the Fund's loans receivable balances and related allowance for loan loss by risk rating as of December 31, 2021:

<u>Risk Rating Pool</u>	<u>Loan Balance</u>	<u>Allowance for Loan Loss</u>
Strong	\$ -	\$ -
Good	50,161,276	534,422
Acceptable	92,630,003	2,468,097
Close Follow	26,915,641	2,273,825
Marginal	2,383,930	471,710
Doubtful	-	-
	<u>172,090,850</u>	<u>5,748,054</u>
Allowance for loan loss covered by DOE grant	-	(422,420)
Program Related Concessionary (PRC) loans	<u>77,905,621</u>	<u>-</u>
	<u>\$ 249,996,471</u>	<u>\$ 5,325,634</u>

Because of the availability of credit enhancement, the calculated allowance for loan loss expense of \$422,420 on certain charter school loans has not been reported on the consolidated statement of activities, but has instead been covered by the allocation of credit enhancement to these loans.

In addition to the allowance for loan losses stated above, the NFF Board of Directors has designated a portion of NFF's net assets without donor restrictions as supplemental loan loss reserves. As of December 31, 2021 and 2020, the amount of net assets without donor restrictions designated as loan loss reserves was \$3,286,579 and \$4,031,941. These additional reserves do not reflect estimates of any particular or additional loan portfolio risks, but rather have been designated to satisfy loan covenants imposed by certain investors that NFF maintain reserves equal to at least 5% of loans receivable balances.

There was no allowance for loan losses on the PRC loans receivable balance of \$77,905,621 as of December 31, 2021, because the PRC loans are funded with loans made to NFF on a limited recourse terms by foundations and other investors that have assumed the credit risk associated with such loans. In case of any loss suffered on the PRC loans, the lenders have agreed to forgive the loans made to NFF in an amount equal to losses suffered on such loans.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

7. Loans Receivable *(continued)*

Allowance for Loan Losses (continued)

Changes in the allowance for loan losses are summarized below:

	2021	2020
Balance, beginning of year	\$ 4,334,674	\$ 3,505,926
Add bad debt recovery credited to provision for loan losses	49,773	48,062
Add provision for loan losses	941,187	780,686
Balance, end of year	\$ 5,325,634	\$ 4,334,674

As of December 31, 2021, loans committed for future disbursement totaled \$34,104,318. This is comprised of closed and undrawn loans of \$28,425,985 and approved and committed loans of \$5,678,333.

Scheduled collections on the outstanding loans, including PRC loans, (before any application of loan allowances) are to be received as follows:

	NFF Loan Fund	JCRIF	NYCRIF	Trinity Loan Fund	Metro Denver Loan Fund	Mellon Loan Fund	Total
2022	\$ 29,067,527	\$ 13,015,798	\$ 18,247,990	\$ 200,000	\$ 534,851	\$ 1,730,831	\$ 62,796,997
2023	28,165,790	13,505,205	11,008,113	1,537,500	691,069	-	54,907,677
2024	40,417,182	10,853,583	1,133,333	3,187,500	691,069	-	56,282,667
2025	28,282,508	990,889	114,879	125,000	338,011	-	29,851,287
2026	24,140,616	-	-	-	-	-	24,140,616
Thereafter	22,017,227	-	-	-	-	-	22,017,227
	\$ 172,090,850	\$ 38,365,475	\$ 30,504,315	\$ 5,050,000	\$ 2,255,000	\$ 1,730,831	\$ 249,996,471

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements December 31, 2021

8. Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020	Estimated Useful Lives
Leasehold improvements	\$ 2,185,283	\$ 2,185,283	3-15 years
Computer equipment	1,339,197	1,253,809	3 years
Furniture and fixtures	666,889	666,889	3-10 years
	4,191,369	4,105,981	
Accumulated depreciation and amortization	(2,590,708)	(2,229,309)	
	\$ 1,600,661	\$ 1,876,672	

9. Loans Payable and PRC Loans Payable

Loans payable consist of the following as of December 31:

	2021	2020	Amortization
Bank Hapoalim, B.M.	\$ 2,500,000	\$ 2,500,000	Principal payable on 08/15/2022
Bank of America, N.A.	2,000,000	2,000,000	Subordinated debt with principal payable on 03/19/2029
Bank of America Community Development Corporation	15,000,000	15,000,000	Principal payable in seven annual installments beginning 12/31/2022 through 11/09/2028
PNC Bank, N.A. (formerly BBVA USA Bank)	3,500,000	3,500,000	Subordinated debt with principal payable on 09/27/2029
California Endowment, The (1 of 2)	-	400,000	Principal balance of \$400,000 at 12/31/2020 was paid on 03/18/2021
California Endowment, The (2 of 2)	5,000,000	5,025,566	Principal payable in three annual installments beginning 12/15/2025 through 12/15/2027
Charles Schwab Bank	500,000	200,000	Principal payable on 11/13/2026
Citizens Bank N.A. (1 of 2)	500,000	500,000	Subordinated debt with principal payable in three annual installments beginning 12/23/2025 through 12/23/2027
Citizens Bank N.A. (2 of 2)	1,500,000	-	Principal payable on 12/23/2022
Dignity Health	3,000,000	3,000,000	Principal payable on 12/01/2024
HSBC Bank USA, N.A.	14,000,000	15,000,000	Principal payable on 08/31/2020; can be converted to a term loan. If converted, payable on 08/31/2023

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements December 31, 2021

9. Loans Payable and PRC Loans Payable (continued)

	2021	2020	Amortization
Jewish Community Federation of San Francisco (1 of 2)	\$ 250,000	\$ -	Principal payable on 05/21/2026
Jewish Community Federation of San Francisco (2 of 2)	939,250	-	Principal payable on 02/28/2026
Mizuho Bank (USA)	15,000,000	13,000,000	Principal payable on 09/25/2023
Northern Trust	2,000,000	2,000,000	Principal payable on 02/08/2023
Opportunity Finance Network (1 of 2)	2,000,000	-	Principal payable on 09/30/2026
Opportunity Finance Network (2 of 2)	5,000,000	-	Principal payable on 08/10/2026
PNC Bank N.A. (1 of 2)	5,000,000	5,000,000	Principal payable on 12/18/2022
PNC Bank, N.A. (2 of 2)	-	3,500,000	Principal paid in March 2021
Prudential Insurance Company of America	6,575,308	6,861,000	Loan amortization began 07/01/2020; remaining principal payable through 06/06/2028
Stranahan Foundation	500,000	1,000,000	Principal payable in four annual installments beginning 10/31/2019 through 10/31/2022
TD Bank USA, N.A.	999,449	7,000,000	Principal payable on 01/31/2022
Trinity Health Corporation	1,000,000	1,000,000	Principal payable on 03/01/2023
US Bank, N.A.	14,750,000	14,750,000	Principal payable in 24 equal monthly installments beginning 10/01/2023 through 09/24/2025
U.S. Bancorp Community Development Corporation	2,000,000	2,000,000	Subordinated debt with principal payable on 03/26/2022
Webster Bank, N.A.	6,270,000	6,270,000	Principal payable on 08/23/2024
Wells Fargo Community Development Corporation	2,250,000	2,250,000	Subordinated debt with principal payable in eight quarterly installments beginning 01/01/2029 through 10/01/2030
Total	\$ 112,034,007	\$ 111,756,566	

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

9. Loans Payable and PRC Loans Payable (continued)

Minimum future principal payments are to be paid as follows:

2022	\$ 28,871,475
2023	22,153,779
2024	18,966,501
2025	11,447,980
2026	12,718,317
Thereafter	<u>17,875,955</u>
	<u>\$ 112,034,007</u>

Interest rates (fixed and variable) on loans payable had a weighted average of 1.99% and 2.06% in 2021 and 2020.

At December 31, 2021, the Fund had the following available loan commitments from lenders:

Charles Schwab Bank	\$ 24,500,000
Citizens Bank N.A.	3,500,000
HSBC Bank USA, N.A.	1,000,000
TD Bank USA, N.A.	6,000,551
US Bank	250,000
Webster Bank, N.A.	<u>3,730,000</u>
	<u>\$ 38,980,551</u>

The Fund has certain loan covenants that require among other things, maintenance of certain financial ratios and limits on the amount of debt that the Fund can incur. The Fund was in compliance with all covenants at December 31, 2021 and 2020.

PRC loans payable, distinct from loans payable, totaled \$111,239,178 and \$109,340,472 at December 31, 2021 and 2020, and includes loans to the Fund that incorporate subsidized interest rates, higher risk tolerance for program-related organizations and are non-recourse, which means that any bad debts incurred on these loans are absorbed by the lender. Payments are only required for interest, if any, until the maturity date of the principal as indicated below.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

9. Loans Payable and PRC Loans Payable (continued)

PRC loans payable consist of the following at December 31, 2021:

<u>Lender</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
California Community Foundation	\$ 3,000,000	2%	December 10, 2026
UniHealth Foundation	750,000	2%	December 10, 2026
Weingart Foundation	1,000,000	2%	December 10, 2026
Mellon Foundation	3,422,750	0%	June 30, 2023
Ford Foundation	28,589,395	0%	March 31, 2025
SeaChange	6,457,260	0%	March 31, 2025
Trinity Wall Street	1,971,682	0%	March 31, 2025
Trinity Church Grantee Loan Fund	7,882,025	0%	December 31, 2025
The Denver Loan Fund	2,341,066	0%	December 31, 2023
Conrad N. Hilton Foundation	9,000,000	0%	January 31, 2028
Silicon Valley Community Foundation	100,000	0%	April 15, 2026
JCRIF, LLC Funders	46,725,000	0%	June 1, 2025
	<u>\$ 111,239,178</u>		

10. Paycheck Protection Program Loan

On April 30, 2020, the Fund received loan proceeds in the amount of \$2,082,400 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. On December 23, 2021, a portion of the PPP loan amounting to \$1,800,805 was forgiven by the United States Small Business Administration ("SBA") and is included in the 2021 consolidated statement of activities as forgiveness of Paycheck Protection Program loan.

The remaining unforgiven portion of \$281,595 is included in the consolidated statement of financial position. The Fund filed an appeal petition with SBA which is pending decision by the SBA.

11. Board Designated Net Assets

During 2020, NFF's Board of Directors designated \$20 million of net assets without donor restrictions towards dedicating a pool of resources to accelerate NFF's strategic direction addressing racial equity and social justice in meaningful and intentional ways. NFF is planning to use these funds over multiple years and aims to replenish it for continued support of the mission critical strategic work. In addition, the Board of Directors has also designated a portion of NFF's net assets without donor restrictions as supplemental loan loss reserves (see Note 7).

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

11. Board Designated Net Assets *(continued)*

Board designated net assets consist of the following at December 31:

	2021	2020
Strategic Innovation Fund	\$ 18,671,226	\$ 20,000,000
Supplemental Loan Loss Reserve	3,286,579	4,031,941
	\$ 21,957,805	\$ 24,031,941

12. Net Assets With Donor Restrictions

The Fund categorizes its donor restricted net assets as follows: The Program fund includes funds available to support expenses incurred in conjunction with the delivery of services (primarily consulting services) to clients. These funds are also available to support the administration of several grant-funded initiatives. Related to these initiatives, the Grant fund includes funds available to make re-grant awards to qualified grantees. Loan fund capital includes funds assigned to support financing programs.

Net assets with donor restrictions consist of the following at December 31:

	2021	2020
Time restricted for operating support	\$ 140,000	\$ 365,000
Purpose restricted	36,218,286	29,501,708
	\$ 36,358,286	\$ 29,866,708

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

	2021	2020
Time restricted for operating support	\$ 1,842,880	\$ 1,157,814
Purpose restricted	10,940,356	7,963,311
	\$ 12,783,236	\$ 9,121,125

13. Retirement Plan

The Fund sponsors a qualified defined contribution pension plan covering all eligible employees. The Fund contributes an amount equal to 4% of all eligible employees' salaries. Additionally, the Fund matches staff members' voluntary contributions up to a maximum of 2% of their salaries. Pension expense for 2021 and 2020 was \$555,775 and \$530,204. The Fund deposits these pension costs after each payroll period.

Nonprofit Finance Fund and Affiliate

Notes to Consolidated Financial Statements
December 31, 2021

14. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Accounts payable and accrued expenses	\$ 2,657,403	\$ 1,473,763
Deferred rent	1,587,133	1,650,616
Other liabilities	<u>299,947</u>	<u>240,794</u>
	<u>\$ 4,544,483</u>	<u>\$ 3,365,173</u>

15. Commitments and Contingencies

In June 2015, NFF entered into a new lease agreement for its New York office space located in downtown Manhattan for fifteen years ending in April 2031. Fixed monthly rent payments range from \$49,411 in 2016 to \$75,960 in 2031. In 2016, NFF entered into new lease agreements for its Los Angeles and Philadelphia offices and in 2017 for its Boston and Oakland offices for lease periods ranging from five to seven years. In 2021, fixed monthly rent payments ranged from \$5,900 to \$59,296. NFF records the lease expense on a straight-line basis. At December 31, 2021 and 2020, accounts payable and other liabilities include \$1,587,133 and \$1,650,616 of deferred rent.

The Fund's obligation for minimum annual rentals for all of its offices, pursuant to various operating lease arrangements for real property, is as follows:

2022	\$ 1,103,033
2023	908,208
2024	771,860
2025	766,425
2026	824,132
Thereafter	<u>3,978,666</u>
	<u>\$ 8,352,324</u>

Rent expense amounted to approximately \$1,065,000 and \$1,057,000 in 2021 and 2020.

16. Risks and Uncertainties

The ongoing COVID-19 pandemic has resulted in substantial volatility in the global economy. The pandemic may potentially have an adverse effect on the results of operations. While management has implemented measures to mitigate the impact of the pandemic, the extent to which the Fund's operations are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the COVID-19 pandemic to the Fund's future results of operations, cash flows, and financial condition.

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Nonprofit Finance Fund and Affiliate

Supplementary Information

December 31, 2021

Nonprofit Finance Fund and Affiliate

Consolidating Schedule of Financial Position

December 31, 2021

	NFF	JCRIF	Total	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ 55,807,015	\$ 9,058,030	\$ 64,865,045	\$ -	\$ 64,865,045
Investments	1,397,674	-	1,397,674	(771,005)	626,669
Accounts receivables and other assets	1,916,520	125,000	2,041,520	(177,500)	1,864,020
Grants receivable	4,382,356	-	4,382,356	-	4,382,356
Loans receivable	172,090,850	-	172,090,850	-	172,090,850
Allowance for loan losses	(5,325,634)	-	(5,325,634)	-	(5,325,634)
Loans Receivable, net	166,765,216	-	166,765,216	-	166,765,216
Program related concessionary loans receivable	39,540,146	38,365,475	77,905,621	-	77,905,621
Restricted cash	1,604,536	-	1,604,536	-	1,604,536
Property and equipment, net	1,600,661	-	1,600,661	-	1,600,661
	<u>\$ 273,014,124</u>	<u>\$ 47,548,505</u>	<u>\$ 320,562,629</u>	<u>\$ (948,505)</u>	<u>\$ 319,614,124</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and other liabilities	\$ 4,669,483	\$ 52,500	\$ 4,721,983	\$ (177,500)	\$ 4,544,483
Deferred revenue	1,856,728	-	1,856,728	-	1,856,728
Paycheck Protection Program loan	281,595	-	281,595	-	281,595
Program related concessionary loans payable	64,514,178	46,725,000	111,239,178	-	111,239,178
Loans payable	112,034,007	-	112,034,007	-	112,034,007
Total Liabilities	<u>183,355,991</u>	<u>46,777,500</u>	<u>230,133,491</u>	<u>(177,500)</u>	<u>229,955,991</u>
Net Assets					
Without Donor Restrictions					
Undesignated	31,342,042	771,005	32,113,047	(771,005)	31,342,042
Board designated	21,957,805	-	21,957,805	-	21,957,805
Total Without Donor Restrictions	<u>53,299,847</u>	<u>771,005</u>	<u>54,070,852</u>	<u>(771,005)</u>	<u>53,299,847</u>
With Donor Restrictions					
Program fund	10,445,043	-	10,445,043	-	10,445,043
Grant fund	2,325,026	-	2,325,026	-	2,325,026
Loan fund capital	23,588,217	-	23,588,217	-	23,588,217
Total With Donor Restrictions	<u>36,358,286</u>	<u>-</u>	<u>36,358,286</u>	<u>-</u>	<u>36,358,286</u>
Total Net Assets	<u>89,658,133</u>	<u>771,005</u>	<u>90,429,138</u>	<u>(771,005)</u>	<u>89,658,133</u>
	<u>\$ 273,014,124</u>	<u>\$ 47,548,505</u>	<u>\$ 320,562,629</u>	<u>\$ (948,505)</u>	<u>\$ 319,614,124</u>

See independent auditors' report

Nonprofit Finance Fund and Affiliate

Consolidating Schedule of Activities Year Ended December 31, 2021

	Without Donor Restrictions					With Donor Restrictions		
	NFF			JCRIF	Eliminations	Total	NFF	Total
	Undesignated	Board Designated	Total					
REVENUE								
Operating								
Grants	\$ 71,214	\$ -	\$ 71,214	\$ -	\$ -	\$ 71,214	\$ 12,391,073	\$ 12,462,287
Investment income	17,085	-	17,085	-	-	17,085	-	17,085
Program fees	2,751,051	-	2,751,051	-	(270,000)	2,481,051	-	2,481,051
Donated services and other income	40,790	-	40,790	-	-	40,790	-	40,790
Forgiveness of Paycheck Protection Program loan	1,800,805	-	1,800,805	-	-	1,800,805	-	1,800,805
Net assets released from restrictions	12,269,130	(1,328,774)	10,940,356	-	-	10,940,356	(10,940,356)	-
Total Operating	16,950,075	(1,328,774)	15,621,301	-	(270,000)	15,351,301	1,450,717	16,802,018
Lending and Financing								
Loan fees	622,246	-	622,246	-	-	622,246	-	622,246
Interest income	10,069,032	-	10,069,032	-	-	10,069,032	-	10,069,032
NMTC fees	1,155,017	-	1,155,017	-	-	1,155,017	-	1,155,017
Total Lending and Financing	11,846,295	-	11,846,295	-	-	11,846,295	-	11,846,295
Total Revenue	28,796,370	(1,328,774)	27,467,596	-	(270,000)	27,197,596	1,450,717	28,648,313
EXPENSES								
Operating Expenses								
Salaries, payroll taxes and benefits	14,744,492	-	14,744,492	-	-	14,744,492	-	14,744,492
Program consultants	929,125	-	929,125	-	-	929,125	-	929,125
Professional support	1,092,022	-	1,092,022	-	-	1,092,022	-	1,092,022
Occupancy	1,322,747	-	1,322,747	-	-	1,322,747	-	1,322,747
Travel, information technology and other	631,109	-	631,109	270,000	(270,000)	631,109	-	631,109
Depreciation and amortization	361,399	-	361,399	-	-	361,399	-	361,399
Total Operating Expenses before Lending and Financing Expenses	19,080,894	-	19,080,894	270,000	(270,000)	19,080,894	-	19,080,894
Lending and Financing Expenses								
Provision for loan losses	941,187	-	941,187	-	-	941,187	-	941,187
Interest expense	2,432,298	-	2,432,298	-	-	2,432,298	-	2,432,298
Total Lending and Financing Expenses	3,373,485	-	3,373,485	-	-	3,373,485	-	3,373,485
Total Expenses	22,454,379	-	22,454,379	270,000	(270,000)	22,454,379	-	22,454,379
Excess (Deficiency) of Revenue over Expenses before Other Capital Access and Related Activity	6,341,991	(1,328,774)	5,013,217	(270,000)	-	4,743,217	1,450,717	6,193,934
OTHER CAPITAL ACCESS AND RELATED ACTIVITY								
Contribution for Loan fund	-	-	-	-	-	-	4,838,961	4,838,961
Contribution for Grant fund	-	-	-	-	-	-	2,044,780	2,044,780
Investment loss in JCRIF	(270,000)	-	(270,000)	-	270,000	-	-	-
Net assets released from restrictions	1,842,880	-	1,842,880	-	-	1,842,880	(1,842,880)	-
Grants made	(1,842,880)	-	(1,842,880)	-	-	(1,842,880)	-	(1,842,880)
Change in Net Assets	6,071,991	(1,328,774)	4,743,217	(270,000)	270,000	4,743,217	6,491,578	11,234,795
NET ASSETS								
Beginning of year	24,524,689	24,031,941	48,556,630	1,041,005	(1,041,005)	48,556,630	29,866,708	78,423,338
Change in Board designated loan loss reserve	745,362	(745,362)	-	-	-	-	-	-
End of year	\$ 31,342,042	\$ 21,957,805	\$ 53,299,847	\$ 771,005	\$ (771,005)	\$ 53,299,847	\$ 36,358,286	\$ 89,658,133

See independent auditors' report