NONPROFIT FINANCE FUND AND AFFILIATE

Consolidated Financial Statements
For the Year Ended December 31, 2023

MITCHELL TITUS
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NONPROFIT FINANCE FUND AND AFFILIATE
Consolidated Financial Statements
For the Year Ended December 31, 2023

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MITCHELL TITUS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nonprofit Finance Fund and Affiliate

Opinion

We have audited the consolidated financial statements of Nonprofit Finance Fund and Affiliate (the Fund), which comprise the consolidating statement of financial position as of December 31, 2023, and the related consolidating statements of activities, and consolidated statements of functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2023, and the changes in its 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Fund 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 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 the Fund's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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Auditor's 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 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 and *Government 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 a 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 an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 a 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 the Fund'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 the Fund'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.

MITCHELL TITUS

Other Matter

The consolidated financial statements of the Fund for the year ended December 31, 2022, were audited by other auditors whose reports dated May 2, 2023 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mitchell & Titus, LLP

April 30, 2024

NONPROFIT FINANCE FUND AND AFFILIATE
Consolidating Statement of Financial Position
As of December 31, 2023
(With Summarized Totals at December 31, 2022)

	2023					2022
	Nonprofit Finance Fund	**JCRIF, LLC**	**Total**	**Eliminations**	**Consolidated**	**Consolidated**
ASSETS						
Current assets						
Cash and cash equivalents	$ 30,921,092	$ 1,612,037	$ 32,533,129	$ -	$ 32,533,129	$ 49,743,099
Restricted cash, current portion	2,215,595	-	2,215,595	-	2,215,595	624,536
Investments	5,116,967	-	5,116,967	(420,508)	4,696,459	680,444
Current portion of interest and other receivable	2,909,266	-	2,909,266	(52,500)	2,856,766	1,968,502
Grant receivable	1,351,149	-	1,351,149	-	1,351,149	1,472,122
Current portion of loan receivable, net of allowance for loan losses of $2,192,648 and $1,455,822, respectively	59,178,563	-	59,178,563	-	59,178,563	34,855,418
Current portion of program-related concessionary loan receivable	17,122,730	8,909,833	26,032,563	-	26,032,563	26,955,009
Total current assets	118,815,362	10,521,870	129,337,232	(473,008)	128,864,224	116,299,130
Noncurrent assets						
Restricted cash, net of current portion	8,973,105	-	8,973,105	-	8,973,105	-
Deposits - security deposit	295,297	-	295,297	-	295,297	289,703
Loans receivable, net of allowance for loan losses of $3,721,455 and $4,867,798, respectively	100,440,366	-	100,440,366	-	100,440,366	116,545,246
Program-related concessionary loans receivable, net of current portion	6,356,118	1,417,138	7,773,256	-	7,773,256	24,725,568
Right-of-use asset - operating lease, net	4,810,816	-	4,810,816	-	4,810,816	5,153,486
Property and equipment, net of accumulated depreciation	1,199,311	-	1,199,311	-	1,199,311	1,422,701
Total noncurrent assets	122,075,013	1,417,138	123,492,151	-	123,492,151	148,136,704
Total assets	$ 240,890,375	$ 11,939,008	$ 252,829,383	$ (473,008)	$ 252,356,375	$ 264,435,834

The accompanying notes are an integral part of these consolidated financial statements.

NONPROFIT FINANCE FUND AND AFFILIATE
Consolidating Statement of Financial Position *(continued)*
As of December 31, 2023
(With Summarized Totals at December 31, 2022)

	2023					2022
	Nonprofit Finance Fund	**JCRIF, LLC**	**Total**	**Eliminations**	**Consolidated**	**Consolidated**
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and other liabilities	$ 1,746,352	$ 52,500	$ 1,798,852	$ (52,500)	$ 1,746,352	$ 1,420,504
Current portion of accrued vacation liability	141,060	-	141,060	-	141,060	167,387
Deferred revenue	4,100,583	-	4,100,583	-	4,100,583	739,749
Current portion of operating lease liability	734,115	-	734,115	-	734,115	633,253
Current portion of loans payable	8,228,085	-	8,228,085	-	8,228,085	7,685,252
Current portion of program-related concessionary loans payable	10,521,802	9,520,198	20,042,000	-	20,042,000	6,458,353
Other current liabilities	86,242	-	86,242	-	86,242	86,242
Total current liabilities	25,558,239	9,572,698	35,130,937	(52,500)	35,078,437	17,190,740
Noncurrent liabilities						
Accrued vacation, net of current portion	423,180	-	423,180	-	423,180	502,160
Deferred revenue, net of current portion	8,973,105	-	8,973,105	-	8,973,105	-
Operating lease liability, net of current portion	5,485,721	-	5,485,721	-	5,485,721	5,998,974
Loans payable, net of current portion	92,714,852	-	92,714,852	-	92,714,852	89,484,261
Program-related concessionary loans payable, net of current portion	27,550,887	1,945,802	29,496,689	-	29,496,689	69,519,435
Total noncurrent liabilities	135,147,745	1,945,802	137,093,547	-	137,093,547	165,504,830
Total liabilities	160,705,984	11,518,500	172,224,484	(52,500)	172,171,984	182,695,570
NET ASSETS						
Without donor restrictions						
Undesignated	35,836,609	420,508	36,257,117	(420,508)	35,836,609	33,361,350
Board designated	12,152,709	-	12,152,709	-	12,152,709	17,990,729
Total without donor restrictions	47,989,318	420,508	48,409,826	(420,508)	47,989,318	51,352,079
With donor restrictions						
Program fund	7,547,431	-	7,547,431	-	7,547,431	7,262,214
Grant fund	1,798,096	-	1,798,096	-	1,798,096	1,854,096
Loan fund capital	22,849,546	-	22,849,546	-	22,849,546	21,271,875
Total with donor restrictions	32,195,073	-	32,195,073	-	32,195,073	30,388,185
Total net assets	80,184,391	420,508	80,604,899	(420,508)	80,184,391	81,740,264
Total liabilities and net assets	$ 240,890,375	$ 11,939,008	$ 252,829,383	$ (473,008)	$ 252,356,375	$ 264,435,834

The accompanying notes are an integral part of these consolidated financial statements.

NONPROFIT FINANCE FUND AND AFFILIATE

Consolidating Statement of Activities

For the Year Ended December 31, 2023

(With Summarized Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions						With Donor Restrictions		
	Nonprofit Finance Fund						Nonprofit Finance Fund	2023	2022
	Undesignated	Board Designated	Total	JCRIF, LLC	Eliminations	Total		Total	Total
REVENUE									
Operating									
Grants	$ 126,719	$ -	$ 126,719	$ -	$ -	$ 126,719	$ 7,936,760	$ 8,063,479	$ 6,141,017
Investment interest	558,385	-	558,385	69,503	-	627,888	-	627,888	67,887
Program fees	1,864,280	-	1,864,280	-	(210,000)	1,654,280	-	1,654,280	2,023,349
Donated legal services	276,876	-	276,876	-	-	276,876	-	276,876	239,343
Other income	25,440	-	25,440	-	-	25,440	-	25,440	37,294
Forgiveness of Paycheck Protection Program loan	-	-	-	-	-	-	-	-	146,279
Net assets released from restrictions - operating	11,995,235	(4,344,326)	7,650,909	-	-	7,650,909	(7,650,909)	-	-
Total operating	14,846,935	(4,344,326)	10,502,609	69,503	(210,000)	10,362,112	285,850	10,647,963	8,655,169
Lending and financing									
Loan interest income	9,277,069	-	9,277,069	-	-	9,277,069	-	9,277,069	9,523,472
Less: Loan interest expense	(3,029,802)	-	(3,029,802)	-	-	(3,029,802)	-	(3,029,802)	(2,485,344)
Loan interest income, net	6,247,267	-	6,247,267	-	-	6,247,267	-	6,247,267	7,038,128
Loan and financing fees	479,106	-	479,106	-	-	479,106	-	479,106	332,263
New markets tax credit fees	842,695	-	842,695	-	-	842,695	-	842,695	952,049
Other loan income	1,214,672	-	1,214,672	-	-	1,214,672	-	1,214,672	-
Total lending and financing	8,783,740	-	8,783,740	-	-	8,783,740	-	8,783,740	8,322,440
Total revenue	23,630,675	(4,344,326)	19,286,349	69,503	(210,000)	19,145,852	285,850	19,431,703	16,977,609
EXPENSES									
Operating expenses									
Salaries, payroll taxes and benefits	18,077,122	-	18,077,122	-	-	18,077,122	-	18,077,122	16,077,798
Program consultants	1,137,182	-	1,137,182	-	-	1,137,182	-	1,137,182	875,890
Professional support	1,142,008	-	1,142,008	-	-	1,142,008	-	1,142,008	1,389,004
Occupancy	1,207,559	-	1,207,559	-	-	1,207,559	-	1,207,559	1,319,491
Travel, information technology and other	988,535	-	988,535	210,000	(210,000)	988,535	-	988,535	1,138,496
Depreciation and amortization	268,946	-	268,946	-	-	268,946	-	268,946	310,151
Total operating expenses before lending and financing expenses	22,821,352	-	22,821,352	210,000	(210,000)	22,821,352	-	22,821,352	21,110,830
Lending and financing expenses									
Provision (recovery) for loan losses	(312,739)	-	(312,739)	-	-	(312,739)	-	(312,739)	997,376
Total lending and financing expenses	(312,739)	-	(312,739)	-	-	(312,739)	-	(312,739)	997,376
Total expenses	22,508,613	-	22,508,613	210,000	(210,000)	22,508,613	-	22,508,613	22,108,206
Excess (deficiency) of revenue over expenses before other capital access and related activity	1,122,062	(4,344,326)	(3,222,264)	(140,497)	-	(3,362,761)	285,850	(3,076,911)	(5,130,597)

The accompanying notes are an integral part of these consolidated financial statements.

NONPROFIT FINANCE FUND AND AFFILIATE
Consolidating Statement of Activities *(continued)*
For the Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions						With Donor Restrictions		
	Nonprofit Finance Fund						Nonprofit Finance Fund	2023	2022
	Undesignated	Board Designated	Total	JCRIF, LLC	Eliminations	Total		Total	Total
OTHER CAPITAL ACCESS AND RELATED ACTIVITY									
Contributions for loan fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,577,670	$ 1,577,670	$ (2,316,342)
Contributions for grant fund	-	-	-	-	-	-	856,000	856,000	(31,500)
Investment loss in JCRIF	(140,497)	-	(140,497)	-	140,497	-	-	-	-
Other	-	-	-	-	-	-	(632)	(632)	-
Net assets released from restrictions - non-operating	912,000	-	912,000	-	-	912,000	(912,000)	-	-
Grant disbursements	(912,000)	-	(912,000)	-	-	(912,000)	-	(912,000)	(439,430)
Change in net assets	981,565	(4,344,326)	(3,362,761)	(140,497)	140,497	(3,362,761)	1,806,888	(1,555,873)	(7,917,869)
NET ASSETS									
Beginning balance	33,361,350	17,990,729	51,352,079	561,005	(561,005)	51,352,079	30,388,185	81,740,264	89,658,133
Change in board-designated loan-loss reserve	1,493,694	(1,493,694)	-	-	-	-	-	-	-
End of year	$ 35,836,609	$ 12,152,709	$ 47,989,318	$ 420,508	$ (420,508)	$ 47,989,318	$ 32,195,073	$ 80,184,391	$ 81,740,264

The accompanying notes are an integral part of these consolidated financial statements.

NONPROFIT FINANCE FUND AND AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	Program Activities				Support Services			
	Consulting	**Financing**	**Community Engagement**	**Total Program Activities**	**Management and General**	**Fundraising**	**2023 Total**	**2022 Total**
Salaries, payroll taxes and benefits	$ 4,891,239	$ 6,339,576	$ 821,946	$ 12,052,761	$ 5,393,890	$ 630,471	$ 18,077,122	$ 16,077,798
Program consultants	856,028	250,618	1,396	1,108,042	14,550	14,590	1,137,182	875,890
Professional support	33,600	331,611	33,600	398,811	632,697	110,500	1,142,008	1,389,004
Occupancy	291,832	292,428	35,192	619,452	501,031	87,076	1,207,559	1,319,491
Travel, information technology and other	249,289	215,763	40,712	505,764	430,837	51,934	988,535	1,138,496
Depreciation	54,074	64,746	11,384	130,204	121,666	17,076	268,946	310,151
Provision (recovery) for loan losses	-	(312,739)	-	(312,739)	-	-	(312,739)	997,376
Subtotal operating	6,376,062	7,182,003	944,230	14,502,295	7,094,671	911,647	22,508,613	22,108,206
Interest for lending operations	-	3,029,802	-	3,029,802	-	-	3,029,802	2,485,344
Total operating expenses	6,376,062	10,211,805	944,230	17,532,097	7,094,671	911,647	25,538,415	24,593,550
Grant disbursements	912,000	-	-	912,000	-	-	912,000	439,430
Total expense	$ 7,288,062	$ 10,211,805	$ 944,230	$ 18,444,097	$ 7,094,671	$ 911,647	$ 26,450,415	$ 25,032,980

The accompanying notes are an integral part of these consolidated financial statements.

NONPROFIT FINANCE FUND AND AFFILIATE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Amounts for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,555,873)	$ (7,917,869)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Forgiveness of Paycheck Protection Program loan	-	(146,279)
Provision (recovery) for loan losses	(312,739)	997,376
Depreciation and amortization	268,946	310,151
Amortization of right-of-use asset - operating lease	-	545,263
Changes in operating assets and liabilities		
Accounts receivables and other assets	(888,264)	(185,650)
Grants receivable	120,973	2,910,234
Right-of-use asset	342,670	-
Accounts payable and other liabilities	220,540	(2,368,190)
Lease payable	(412,391)	933,478
Deferred revenue	12,333,939	(1,116,979)
Security deposit	(5,594)	-
Net cash provided by (used in) operating activities	10,112,207	(6,038,465)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(45,557)	(132,191)
Loans disbursed during the year	(34,533,141)	(31,416,504)
Collections of loans receivable	44,502,376	72,008,724
Purchase of investments	(4,016,015)	(262,310)
Proceeds from sale of investments	-	-
Net cash provided by investing activities	5,907,663	40,197,719
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	24,166,667	39,526,500
Payment of Paycheck Protection Program loan	-	(135,316)
Repayment of loans	(46,832,343)	(89,652,384)
Net cash used in financing activities	(22,665,676)	(50,261,200)

The accompanying notes are an integral part of these consolidated financial statements.

NONPROFIT FINANCE FUND AND AFFILIATE
Consolidated Statement of Cash Flows *(continued)*
For the Year Ended December 31, 2023
(With Comparative Amounts for the Year Ended December 31, 2022)

	2023	2022
Net change in cash, cash equivalents and restricted cash	$ (6,645,806)	$ (16,101,946)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	50,367,635	66,469,581
End of year	$ 43,721,829	$ 50,367,635
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 3,029,802	$ 2,582,476
NON-CASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loan	$ -	$ 146,279

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 ORGANIZATION AND TAX STATUS

The accompanying consolidated financial statements include the accounts of 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 in 2022 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 is a nonprofit lender, consultant, and advocate. For more than 40 years, NFF has worked to strengthen nonprofit organizations and improve the way money flows to accomplish social good. NFF believes that alongside others, NFF must build a more equitable and just social sector and is 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 CDFI, NFF manages a portfolio of over $372 million. 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.

<u>NFF's Mission</u>

Through capital, consulting, and advocacy, NFF boosts the collective success and power of nonprofits to advance racial equity and community wealth and well-being.

A selection of NFF's services includes:

Capital

- *Financing*: NFF offers a comprehensive suite of lending products (pre-development, acquisition, construction, mini/permanent, bridge, working capital) to nonprofits and mission-aligned organizations.

- *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.

- *Impact Investing Services*: NFF's Impact Investing Services business supports investors who want to make equitable funding and financing available to meet community needs. Services include advising and training philanthropy leaders and designing and managing customized loan funds.

NOTE 1 ORGANIZATION AND TAX STATUS *(continued)*

NFF's Mission *(continued)*

Consulting

NFF's Consulting practice works in partnership with nonprofits, funders, government entities, and network leaders who are committed to achieving their communities' aspirations with community-informed solutions. NFF listens deeply, leads with inquiry, and then zooms in on the key financial, strategic, and operational issues. NFF partners with leaders to craft practical, customized solutions to make financial decisions that bolster the mission's work. Services include one-on-one engagements, workshops, convenings, cohort facilitation, and other types of partnership.

Advocacy

To advance a more equitably resourced nonprofit sector, NFF researches, amplifies, gathers, and shares the insights and experiences of its on-the-ground partners with government officials, decision-makers, influencers, and funders.

NOTE 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of New Accounting Policies

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including notes receivable, trade receivables and held to maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statement of activities as the amounts expected to be collected change. The Organization adopted this ASU effective January 1, 2023, and it did not have a significant impact on the consolidated financial statements.

Reclassifications

Certain accounts in the 2022 summarized comparative financial statements have been reclassified to conform to the 2023 presentation.

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. The Fund has received two credit enhancement grants from the U.S Department of Education. The grant agreements require 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 6). The following is a reconciliation of the cash, cash equivalents and restricted cash reported on the consolidating statement of financial position to the consolidated statement of cash flows:

	2023	2022
Cash and cash equivalents	$ 32,533,129	$ 49,743,099
Restricted cash	11,188,700	624,536
	$ 43,721,829	$ 50,367,635

Cash and cash equivalents as of December 31, 2023 and 2022 include $1,612,037 and $1,875,953, respectively, held by JCRIF.

Investments

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 creditworthiness 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. 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, 2023 and 2022.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 0.01% in such entities. NFF's investments in these entities total $17,000 and $17,345 at December 31, 2023 and 2022, respectively, and are included in accounts receivable and other assets in the consolidated statement of financial position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Markets Tax Credit Program *(continued)*

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 the $401 million in allocations to attract and provide investment capital in low-income communities. As an 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, 2023, NFF has closed 50 transactions using $401 million of these allocations and established and served as managing member of 50 CDEs for the purpose of implementing its NMTC program, as permitted by the U.S. Department of the Treasury. As of December 31, 2023 and 2022, 19 and 24, respectively, of these entities remain active. The remaining subsidiary CDEs are no longer active as they have successfully reached the end of their seven-year compliance periods and the entities have been dissolved.

Program, Loan and Financing Fees

Revenue from program, loan, and financing fees are recognized on the accrual basis and at the net realizable amount when earned. The Fund determined that its contracts include a single performance obligation that is satisfied either at a point in time or over time. These fees are considered to be earned 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.

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.

Leases

The Fund determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidating statement of financial position. ROU assets represent the right to an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Fund determines lease classification as operating or finance at the lease commencement date.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Fund has made a policy election to use a risk-free rate for the initial and subsequent measurement of all lease liabilities. The risk-free rate for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Fund is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the term of the lease.

The Fund has elected not to record leases with an initial term of 12 months or less on the consolidating statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

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 periods prior to 2020.

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 is April 30, 2024.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The Fund makes loans to nonprofits and mission-aligned organizations. Although the Fund is diversified as to the services provided by and the location of its 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, and certificates of deposit at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2023, approximately $13,295,000, respectively, were maintained with these institutions in excess of the FDIC insured limit.

NOTE 3 CONCENTRATIONS OF CREDIT RISK *(continued)*

The Fund has not experienced any losses on its cash and cash equivalents.

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Fund maintains liquidity policies and monitors liquidity in order to meet the Fund's operating needs, liabilities, and other contractual obligations. The Fund's lending operations are supported with borrowed capital and net assets. The Fund has access to capital to meet loan commitments and demand in the form of available lending lines of credit.

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS *(continued)*

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:

	2023	2022
Financial assets as of December 31		
Cash and cash equivalents	$ 32,533,129	$ 49,743,099
Investments	4,696,459	680,444
Accounts receivable and other assets	2,856,766	1,968,502
Grants receivable	1,351,149	1,472,122
Loans receivable, net	193,424,748	203,081,241
	234,862,251	256,945,408
Less: Amounts not available for general expenditure within one year		
Prepaid expenses and security deposits included in accounts receivable and other assets	451,843	436,867
Loans receivable, net due for collection after one year	108,213,622	141,270,814
Donor-restricted grant fund net assets	1,798,096	1,854,096
Donor-restricted loan fund net assets	22,849,546	21,271,875
Board designated net assets fund (net of $4,807,237 and $2,813,500 expected to be released in 2023 and 2022, respectively)	7,345,472	13,683,535
Board-designated net assets for loan-loss reserve	-	1,493,694
	140,658,579	180,010,881
Financial assets available for general expenditure within one year	$ 94,203,672	$ 76,934,527

NOTE 5 GRANTS RECEIVABLE

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

	2023	2022
Foundations	$ 1,010,000	$ 1,359,622
Government	330,000	62,500
Corporations and other	11,149	50,000
	$ 1,351,149	$ 1,472,122

Collections on the outstanding grants at December 31, 2023 are scheduled to be received during 2024.

NOTE 6 LOANS RECEIVABLE

NFF's loans receivable are categorized as NFF Loan Fund loans or Program-Related Concessionary (PRC) loans.

<u>NFF Loan Fund</u>

Loans receivable in the NFF Loan Fund at December 31, 2023 and 2022 were $165,533,032 and $157,724,284, respectively. Nearly all of these loans are collateralized by borrowers' assets, such as real estate, assignment of leases and rents, equipment, receivables and bank accounts. Interest rates on the outstanding loans are fixed and range between 0% and 8%. Interest is calculated using the simple interest method.

Other loan income in the amount of $1.2MM and $0 for the years ended December 31, 2023 and 2022, respectively, represents monies received related to distributions for a loan written off in 2019.

Loans are considered past due if payments have not been made within 10 days of their payment due date, and are reported out if they are more than 30 days past their payment due date. 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. When a loan is placed on non-accrual status, accrued and unpaid interest is reversed. An aging of past due loans for the years ended December 31, 2023 and 2022 are as follows:

NOTE 6 LOANS RECEIVABLE *(continued)*

NFF Loan Fund *(continued)*

December 31, 2023	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccrual Loans
Acquisition/pre-development	$ 3,514,016	$ -	$ -	$ -	$ 3,514,016	$ -
Permanent financing	97,612,870	-	-	6,292,637	103,905,507	6,298,629
Renovation/new construction	34,898,433	-	-	-	34,898,433	-
Working capital/equipment	23,125,076	90,000	-	-	23,215,076	-
Total	$ 159,150,395	$ 90,000	$ -	$ 6,292,637	$ 165,533,032	$ 6,298,629
Nonaccruing loans	$ 5,992	$ -	$ -	$ 6,292,637	$ 6,298,629	$ -

December 31, 2022	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccrual Loans
Acquisition/pre-development	$ 5,682,912	$ -	$ -	$ -	$ 5,682,912	$ -
Permanent financing	106,314,716	-	-	1,315,574	107,630,290	1,334,927
Renovation/new construction	19,900,612	-	-	-	19,900,612	-
Working capital/equipment	24,510,470	-	-	-	24,510,470	-
Total	$ 156,408,710	$ -	$ -	$ 1,315,574	$ 157,724,284	$ 1,334,927
Nonaccruing loans	$ 19,353	$ -	$ -	$ 1,315,574	$ 1,334,927	$ -

Program-Related Concessionary Loans

PRC loans at December 31, 2023 and 2022 were $33,805,819 and $51,680,577, respectively, and are made under customized programs with philanthropic investors who provided financing for these programs with concessionary terms. PRC loans generally are uncollateralized and do not have interest payments.

PRC loans consisted of the following at December 31:

	2023	2022
Jewish Community Recovery and Investment Fund (JCRIF)	$ 10,326,971	$ 23,220,219
NYC COVID-19 Response and Impact Funds (NYCRIF)	9,799,700	17,431,197
Trinity Loan Fund	5,653,500	6,615,500
Metro Denver Loan Fund	2,262,968	2,588,481
Conrad N. Hilton Foundation Loan Fund	4,650,000	1,500,000
Cedars-Sinai LA Recuperative Care Fund	1,000,000	-
Mellon Loan Fund	112,680	325,180
	$ 33,805,819	$ 51,680,577

NOTE 6 LOANS RECEIVABLE *(continued)*

Credit Enhancement

In 2019, NFF received a $12 million conditional grant from the U.S. Department of Education (DOE) to provide credit enhancement for loans made to charter schools. In case of a loan default, the grant funds may be utilized to cover loan losses not exceeding the designated credit enhancement reserves. In 2023, NFF received an additional $12 million conditional grant from the DOE for the same purpose.

As of December 31, 2023 and 2022, approximately $12.5 million and $11.1 million, respectively, have been released from the conditional grants to credit enhance outstanding loans to charter schools. In relation to the 2019 award, $11.7 million has been released at December 31, 2023, and in relation to the 2023 award, $796,000 has been released at December 31, 2023.

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 $11,188,700 and $624,536 as of December 31, 2023 and 2022, respectively, are reported as restricted cash in the consolidated financial position.

Allowance for Loan Losses

NFF uses a current expected credit loss model to estimate credit losses on its loan portfolio. NFF uses a loss-rate methodology, where NFF loans are categorized into pools based on similar risk characteristics, such as sector and loan product. NFF considers a five-year historical loss rate for each pool and then adjusts these rates for current conditions and expectations for the future. Rate adjustments reflect such factors as national and local economic conditions, threats to repayment sources, effects of public policy, portfolio concentrations, and risk rating distribution. In addition to the pools, NFF maintains a specific reserve for impaired loans.

	Loan Balances	Historical Loss Rate	Historical Plus Rate Adjustment	Allowance for Loan Loss
Impaired loans reserve	$ 6,298,629	N/A	N/A	$ 1,257,489
Loan Pool 1	26,453,267	0.00%	3.20%	846,505
Loan Pool 2	24,605,313	0.00%	2.90%	713,554
Loan Pool 3	62,946,722	0.60%	2.54%	1,598,036
Loan Pool 4	7,356,667	0.00%	15.40%	1,132,927
Loan Pool 5	595,833	0.00%	19.40%	115,592
Loan Pool 6	8,659,513	N/A	N/A	250,000
Loan Pool 7	28,617,088	N/A	N/A	-
	$ 165,533,032			$ 5,914,103

Loan Pool 6 reflects a portfolio where external parties cover losses above $250,000. Loan Pool 7 reflects certain charter school loans that are covered by the allocation of the DOE credit enhancement and, therefore, do not include allowance for loan loss.

NOTE 6 LOANS RECEIVABLE *(continued)*

Allowance for Loan Losses *(continued)*

There was no allowance for loan losses on the PRC loans receivable balance of $33,805,819 as of December 31, 2023 and $51,680,577 as of December 31, 2022, because the PRC loans are funded with loans made to NFF on 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.

Changes in the allowance for loan losses are summarized below:

	2023	2022
Balance, beginning of year	$ 6,323,620	$ 5,325,634
Add: Bad debt recovery credited to provision for loan losses	3,221	525
Add: Adjustments to loan loss for zero balance loans	-	85
Less: Charged-off loans	(100,000)	-
Add: Provision for loan losses	-	997,376
Less: Recovery for provision for loan losses	(312,738)	-
Balance, end of year	$ 5,914,103	$ 6,323,620

NOTE 6 LOANS RECEIVABLE *(continued)*

Scheduled Collections

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	Conrad N. Hilton Loan Fund	Cedars-Sinai LA Recuperative Care Fund	Mellon Loan Fund	Total
2024	$ 61,371,211	$ 8,909,833	$ 6,856,607	$ 3,904,375	$ 1,111,748	$ 4,650,000.00	$ 500,000	$ 100,000	$ 87,403,774
2025	35,858,766	1,417,138	2,943,093	1,749,125	1,120,807	-	500,000	12,680	43,601,609
2026	19,884,550	-	-	-	30,413	-	-	-	19,914,963
2027	8,763,809	-	-	-	-	-	-	-	8,763,809
2028	23,610,080	-	-	-	-	-	-	-	23,610,080
Thereafter	16,044,616	-	-	-	-	-	-	-	16,044,616
	$ 165,533,032	$ 10,326,971	$ 9,799,700	$ 5,653,500	$ 2,262,968	$ 4,650,000.00	$ 1,000,000	$ 112,680	$ 199,338,851

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2023	2022	Estimated Useful Lives
Leasehold improvements	$ 2,185,282	$ 2,185,283	3-15 years
Computer equipment	1,516,948	1,469,792	3 years
Furniture and fixtures	666,889	668,485	3-10 years
	4,369,119	4,323,560	
Accumulated depreciation and amortization	(3,169,808)	(2,900,859)	
	$ 1,199,311	$ 1,422,701	

NOTE 8 NFF LOANS PAYABLE AND PRC LOANS PAYABLE

NFF loans payable are categorized as NFF loans payable or PRC loans payable.

NFF Loans Payable

NFF loans payable are uncollateralized general obligation loans to the Fund. NFF has a mix of fixed- and variable-rate loans with a weighted-average cost of 3.6% and 2.9% as of December 31, 2023 and 2022, respectively.

Loans payable consisted of the following as of December 31:

	2023	2022	Amortization
Senior Loans Payable			
Bank of America Community Development Corporation	$ 11,000,000	$ 13,000,000	Principal payable in seven annual installments beginning 12/31/2022 through 11/9/2028.
California Endowment, The	5,000,000	5,000,000	Principal payable in three annual installments beginning 12/15/2025 through 12/15/2027.
Charles Schwab Bank	16,500,000	18,532,000	Line of credit facility. Availability until 5/31/2024, after which the maturity date is 5/31/2028.

NOTE 8 NFF LOANS PAYABLE AND PRC LOANS PAYABLE *(continued)*

NFF Loans Payable *(continued)*

	2023	2022	Amortization
Senior Loans Payable *(continued)*			
CNote	$ 2,000,000	$ 2,000,000	Principal payable on 12/15/2025.
Dignity Health	3,000,000	3,000,000	Principal payable on 12/1/2024.
HSBC Bank USA, N.A.	15,000,000	15,000,000	Principal payable on 8/31/2024; can be converted to a term loan. If converted, payable on 8/31/2026.
Jewish Community Federation of San Francisco	250,000	250,000	Principal payable on 5/21/2026.
Jewish Community Federation of San Francisco	939,250	939,250	Principal payable on 2/28/2026.
Mizuho Bank (USA)	8,500,000	-	Line of credit facility. Principal payable on 9/5/2025.
Northern Trust	2,000,000	2,000,000	Principal payable on 2/3/2028.
Opportunity Finance Network	2,000,000	2,000,000	Principal payable on 9/30/2026.
Opportunity Finance Network	5,000,000	5,000,000	Principal payable on 8/10/2026.
PNC Bank, N.A.	4,610,434	4,994,981	Monthly amortizing loan with final payment on 12/18/2027.
Prudential Insurance Company of America	5,893,253	6,203,282	Loan amortization beginning 7/1/2020. Remaining principal payable through 6/6/2028.

NOTE 8 NFF LOANS PAYABLE AND PRC LOANS PAYABLE *(continued)*

NFF Loans Payable *(continued)*

	2023	2022	Amortization
Senior Loans Payable *(continued)*			
Starbucks Corporation	$ 3,000,000	$ 3,000,000	Principal payable on 10/31/2032.
Trinity Health Corporation	1,000,000	1,000,000	Principal payable on 3/1/2026.
Webster Bank, N.A.	5,000,000	5,000,000	Availability until 8/23/2024, after which the maturity date is 8/23/2027.
	90,692,937	86,919,513	
Subordinated Loans Payable			
Bank of America, N.A.	2,000,000	2,000,000	Subordinated debt with principal payable on 3/19/2029.
Citizens Bank, N.A.	500,000	500,000	Subordinated debt with principal payable in three annual installments beginning 12/23/2025 through 12/23/2027.
PNC Bank, N.A.	3,500,000	3,500,000	Subordinated debt with principal payable on 9/27/2029.
U.S. Bancorp Community Development Corporation	2,000,000	2,000,000	Subordinated debt with principal payable on 3/26/2024.
Wells Fargo Community Development Corporation	2,250,000	2,250,000	Subordinated debt with principal payable in eight quarterly installments beginning 1/1/2029 through 11/5/2030.
	10,250,000	10,250,000	
Total	$ 100,942,937	$ 97,169,513	

NOTE 8 NFF LOANS PAYABLE AND PRC LOANS PAYABLE *(continued)*

NFF Loans Payable *(continued)*

Minimum future principal payments are to be paid as follows:

Year Ending	**Amount**
2024	$ 8,228,085
2025	14,845,072
2026	28,651,495
2027	12,343,334
2028	26,124,951
Thereafter	10,750,000
	$ 100,942,937

At December 31, 2023, the Fund had the following available loan commitments from lenders:

Lender	**Amount**
Bank Hapoalim	$ 2,500,000
Charles Schwab Bank	8,500,000
Citizens Bank	5,000,000
Mizuho Bank (USA)	6,500,000
U.S. Bank, N.A.	15,000,000
Webster Bank, N.A.	7,500,000
Total available commitments	$ 45,000,000

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, 2023 and 2022.

PRC Loans Payable

PRC loans payable, as distinct from loans payable, totaled $49,538,688 and $75,977,788 at December 31, 2023 and 2022, respectively, and include loans to the Fund that incorporate subsidized or 0% interest rates, higher risk tolerance for program-related organizations, and are limited recourse, which means that any bad debts incurred on these loans are absorbed by the lender.

NOTE 8 NFF LOANS PAYABLE AND PRC LOANS PAYABLE *(continued)*

PRC Loans Payable *(continued)*

PRC loans payable consisted of the following at December 31:

PRC Lender	2023	2022
California Community Foundation	$ 3,000,000	$ 3,000,000
City and County of Denver	232,500	232,500
Community First Foundation	891,669	915,363
Conrad N. Hilton Foundation	3,000,000	3,000,000
Conrad N. Hilton Foundation	9,000,000	9,000,000
Empire State Development	666,667	-
JCRIF, LLC Funders	11,466,000	24,591,000
Mellon Foundation	315,172	3,422,750
Rose Community Foundation	962,569	972,377
SeaChange	1,962,655	3,546,954
Silicon Valley Community Foundation	100,000	100,000
The Denver Foundation	891,669	915,363
The Ford Foundation	8,687,307	15,703,088
Trinity Church Grantee Loan Fund	6,013,950	7,745,675
Trinity Wall Street	598,530	1,082,718
UniHealth Foundation, The	750,000	750,000
Weingart Foundation, The	1,000,000	1,000,000
	$ 49,538,688	$ 75,977,788

Minimum future principal payments on PRC loans payable are to be paid as follows:

Year Ending	Loans Payable
2024	$ 20,042,000
2025	11,980,021
2026	7,850,000
2027	-
2028	9,000,000
Thereafter	666,667
	$ 49,538,688

NOTE 9 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, 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 bore an interest rate of 1% per year. 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 was included in the 2021 consolidating statement of activities as forgiveness of the PPP loan. The remaining unforgiven portion of $281,595 was included in the 2021 consolidating statement of financial position. In June 2022, a portion of the remaining PPP loan amounting to $146,279 was forgiven by the SBA. The remaining unforgiven balance of $135,316 was paid back by the Fund in August 2022.

NOTE 10 BOARD-DESIGNATED NET ASSETS

In 2020, NFF's Board of Directors designated $20 million of net assets without donor restrictions to serve as a resource for investing in NFF's strategy over multiple years.

In addition, in 2018, the Board of Directors designated a portion of NFF's net assets without donor restrictions as supplemental loan-loss reserves. The Board of Directors voted to release this designation in 2023.

Board-designated net assets consisted of the following at December 31:

	2023	2022
Strategic innovation fund	$ 12,152,709	$ 16,497,035
Supplemental loan-loss reserve	-	1,493,694
	$ 12,152,709	$ 17,990,729

NOTE 11 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.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS *(continued)*

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

	2023	2022
Time restricted for operating support	$ 767,766	$ 150,000
Purpose restricted	31,427,307	30,238,185
	$ 32,195,073	$ 30,388,185

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

	2023	2022
Time restricted for operating support	$ 102,766	$ 137,500
Purpose restricted	8,460,143	9,589,128
	$ 8,562,909	$ 9,726,628

NOTE 12 DONATED SERVICES

Donated services consisted of legal services of $276,876 and $239,343 for the years ended December 31, 2023 and 2022, respectively. Donated legal services are estimated based on current rates provided by the law firms.

NOTE 13 RETIREMENT PLAN

The Fund sponsors a qualified defined contribution pension plan covering all eligible employees and also contributes to the plan. Pension expense for 2023 and 2022 was $773,324 and $607,827, respectively. The Fund deposits these pension costs after each payroll period.

NOTE 14 COMMITMENTS AND CONTINGENCIES

In June 2015, NFF entered into a noncancellable operating lease for its New York office space located in downtown Manhattan for 15 years, ending in April 2031. NFF also rents office space in Los Angeles and Boston, of which the leases expire in August 2026 and March 2024, respectively. In addition, NFF leases office space in Philadelphia, Oakland, and New Jersey on a month-to-month basis.

NOTE 14 COMMITMENTS AND CONTINGENCIES *(continued)*

NFF amortizes the operating lease ROU assets over the remaining life of the lease agreement. The ROU asset consisted of the following at December 31:

	2023	2022
Right-of-use asset - operating lease	$ 4,863,787	$ 5,698,749
Less: Accumulated amortization	(52,971)	(545,263)
	$ 4,810,816	$ 5,153,486

Future minimum lease payments for the ROU asset are as follows:

Year Ending	Amount
2024	$ 827,161
2025	851,671
2026	882,235
2027	854,740
2028	871,835
Thereafter	2,328,052
Total undiscounted operating lease payments	6,615,694
Less: Imputed interest	(395,858)
Present value of operating lease liability	$ 6,219,836

Future minimum lease payments for the short-term leases are as follows:

Year Ending	Amount
2024	$ 53,583
2025	33,120
	$ 86,703

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nonprofit Finance Fund and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Nonprofit Finance Fund and Affiliates (the Fund), which comprise the consolidating statement of financial position as of December 31, 2023, and the related consolidating Statements of Activities, and consolidated statements of functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be disclosed under *Governmental Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell & Titus, LLP

April 30, 2024