Consolidated Financial Statements, Audit Reports and Supplementary Information in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
As of and For the Year Ended December 31, 2024 (With Comparative Totals for 2023)
With Independent Auditor's Report



Consolidated Financial Statements For the Year Ended December 31, 2024

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#### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Nonprofit Finance Fund and Affiliate

#### Report on the Audit of the Consolidated Financial Statements

# **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, 2024, the related consolidating statement of activities and the 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, 2024, 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.



#### **Other Matters**

#### Report on Summarized Comparative Information

We have previously audited the Fund's December 31, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

Mitchell: Titus, LLP

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025, 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.

April 30, 2025



Consolidating Statement of Financial Position As of December 31, 2024 (With Summarized Totals at December 31, 2023)

				2024					2023
	Nonprofit						_		
	Finance Fund	JCRIF, LL	C	Total	Eli	minations	Consolidated	Co	onsolidated
ASSETS									
Current assets									
Cash and cash equivalents	\$ 36,137,529	\$ 907,	129	\$ 37,044,658	\$	-	\$ 37,044,658	\$	32,533,129
Restricted cash, current portion	2,668,467		-	2,668,467		-	2,668,467		2,215,595
Investments	1,029,451		-	1,029,451		(313,682)	715,769		4,696,459
Current portion of interest and other receivable	2,457,613		-	2,457,613		(30,335)	2,427,278		2,856,766
Grant receivable	889,623		-	889,623		-	889,623		1,351,149
Current portion of loan receivable, net of allowance for loan									
losses of \$2,504,025 and \$2,192,648, respectively	79,127,482		-	79,127,482		-	79,127,482		59,178,563
Current portion of program-related concessionary loan									
receivable	13,820,630	1,277,	888	15,098,518			15,098,518		26,032,563
Total current assets	136,130,795	2,185,	017	138,315,812		(344,017)	137,971,795		128,864,224
Noncurrent assets									
Restricted cash, net of current portion	6,260,540		-	6,260,540		-	6,260,540		8,973,105
Deposits - security deposit	256,302		-	256,302		-	256,302		295,297
Loans receivable, net of allowance for loan losses of									
\$3,426,138 and \$3,721,455, respectively	108,266,351		-	108,266,351		-	108,266,351		100,440,366
Program-related concessionary loans receivable, net of									
current portion	1,572,080		-	1,572,080		-	1,572,080		7,773,256
Right-of-use asset - operating lease, net	4,163,329		-	4,163,329		-	4,163,329		4,810,816
Property and equipment, net of accumulated depreciation	1,096,257		-	1,096,257			1,096,257		1,199,311
Total noncurrent assets	121,614,859			121,614,859		-	121,614,859		123,492,151
Total assets	\$ 257,745,654	\$ 2,185,	017	\$ 259,930,671	\$	(344,017)	\$ 259,586,654	\$	252,356,375

Consolidating Statement of Financial Position *(continued)*As of December 31, 2024
(With Summarized Totals at December 31, 2023)

					2024						2023
	Nonprofit										
	Finance Fund	JCR	RIF, LLC		Total	Ell	minations	_ 00	onsolidated	_ 00	onsolidated
LIABILITIES AND NET ASSETS  Current liabilities											
Accounts payable and other liabilities	\$ 1,875,161	\$	30,335	\$	1,905,496	\$	(30,335)	\$	1,875,161	\$	1,746,352
Current portion of accrued vacation liability	139,499		-		139,499		-		139,499		141,060
Deferred revenue	4,646,352		-		4,646,352		-		4,646,352		4,100,583
Current portion of operating lease liability	768,437		-		768,437		-		768,437		734,115
Current portion of loans payable Current portion of program-related concessionary loans	11,345,072		-		11,345,072		-		11,345,072		8,228,085
payable	11,103,856		1,841,000		12,944,856				12,944,856		20,042,000
Other current liabilities	11,103,030		1,041,000		12,944,030		_		12,944,030		86,242
			4.074.005		04.740.740		(00.005)		04.740.077		
Total current liabilities	29,878,377		1,871,335		31,749,712		(30,335)		31,719,377		35,078,437
Noncurrent liabilities											
Accrued vacation, net of current portion	418,497		-		418,497		-		418,497		423,180
Deferred revenue, net of current portion	6,260,540		-		6,260,540		-		6,260,540		8,973,105
Operating lease liability, net of current portion	4,713,272		-		4,713,272		-		4,713,272		5,485,721
Loans payable, net of current portion	113,669,819		-		113,669,819		-		113,669,819		92,714,852
Program-related concessionary loans payable, net of	40.400.004				40.400.004						
current portion	18,483,334		-		18,483,334		=		18,483,334		29,496,689
Other noncurrent liabilities	26,755		-	-	26,755			-	26,755		
Total noncurrent liabilities	143,572,217				143,572,217				143,572,217		137,093,547
Total liabilities	173,450,594		1,871,335		175,321,929		(30,335)		175,291,594		172,171,984
NET ASSETS											
Without donor restrictions											
Undesignated	44,763,021		313,682		45,076,703		(313,682)		44,763,021		35,836,609
Board designated	8,517,657		-		8,517,657		<u> </u>		8,517,657		12,152,709
Total without donor restrictions	53,280,678		313,682		53,594,360		(313,682)		53,280,678		47,989,318
With donor restrictions											
Program fund	4,610,916		-		4,610,916		_		4,610,916		7,547,431
Grant fund	938,096		-		938,096		-		938,096		1,798,096
Loan fund capital	25,465,370				25,465,370				25,465,370		22,849,546
Total with donor restrictions	31,014,382				31,014,382				31,014,382		32,195,073
Total net assets	84,295,060		313,682		84,608,742		(313,682)		84,295,060		80,184,391
Total liabilities and net assets	\$ 257,745,654	\$	2,185,017	\$	259,930,671	\$	(344,017)	\$	259,586,654	\$	252,356,375

Consolidating Statement of Activities For the Year Ended December 31, 2024 (With Summarized Totals for the Year Ended December 31, 2023)

			Without Dono	or Restrictions			With Donor Restrictions		
		Nonprofit Finance Fund	1				Nonprofit		
	Undesignated	Board Designated	Total	JCRIF. LLC	Eliminations	Total	Finance Fund	2024 Total	2023 Total
REVENUE	Ondesignated	Designated	Total	JCKIF, LLC	Eliminations	I Otal	Fullu	Total	Total
Operating									
Grants	\$ 9,278,665	\$ -	\$ 9,278,665	\$ -	\$ -	\$ 9,278,665	\$ 4,301,928	\$ 13,580,593	\$ 8,063,479
Investment interest	854,684	-	854,684	66,814	-	921,498	-	921,498	627,888
Program fees	1,773,237	-	1,773,237	-	(173,640)	1,599,597	-	1,599,597	1,654,280
Donated services	416,939	-	416,939	-	-	416,939	-	416,939	276,876
Other income	25,440		25,440	-	-	25,440	<del>.</del>	25,440	25,440
Net assets released from restrictions - operating	10,873,496	(3,635,052)	7,238,444			7,238,444	(7,238,444)		
Total operating	23,222,461	(3,635,052)	19,587,409	66,814	(173,640)	19,480,583	(2,936,516)	16,544,067	10,647,963
Lending and financing									
Loan interest income	11,049,381	-	11,049,381	-	-	11,049,381	-	11,049,381	9,277,069
Less: Loan interest expense	(4,815,558)		(4,815,558)			(4,815,558)		(4,815,558)	(3,029,802)
Loan interest income, net	6,233,823	-	6,233,823	-	-	6,233,823	-	6,233,823	6,247,267
Loan and financing fees	1,011,964	-	1,011,964	-	-	1,011,964	-	1,011,964	479,106
New markets tax credit fees	774,195	-	774,195	-	-	774,195	-	774,195	842,695
Other loan income									1,214,672
Total lending and financing	8,019,982		8,019,982			8,019,982		8,019,982	8,783,740
Total revenue	31,242,443	(3,635,052)	27,607,391	66,814	(173,640)	27,500,565	(2,936,516)	24,564,049	19,431,703
EXPENSES									
Operating expenses									
Salaries, payroll taxes and benefits	15,996,321	-	15,996,321	-	-	15,996,321	-	15,996,321	18,077,122
Program consultants	1,388,244	-	1,388,244	-	-	1,388,244	-	1,388,244	1,137,182
Professional support	1,336,209	-	1,336,209	-	-	1,336,209	-	1,336,209	1,142,008
Occupancy Travel, information technology and other	1,044,118 1,231,155	-	1,044,118 1,231,155	173,640	(173,640)	1,044,118 1,231,155	-	1,044,118 1,231,155	1,207,559 988,535
Depreciation and amortization	241,002	-	241,002	173,040	(173,040)	241,002	-	241,002	268,946
•	241,002		241,002			241,002	<del></del>	241,002	200,940
Total operating expenses before lending and	04 007 040		04 007 040	170.010	(470.040)	04 007 040		04 007 040	00 004 050
financing expenses	21,237,049		21,237,049	173,640	(173,640)	21,237,049		21,237,049	22,821,352
Lending and financing expenses									
Provision (recovery) for loan losses	972,155		972,155			972,155		972,155	(312,739)
Total lending and financing expenses	972,155		972,155			972,155		972,155	(312,739)
Total expenses	22,209,204		22,209,204	173,640	(173,640)	22,209,204		22,209,204	22,508,613
Excess (deficiency) of revenue over expenses before other capital access and related activity	9,033,239	(3,635,052)	5,398,187	(106,826)		5,291,361	(2,936,516)	2,354,845	(3,076,911)

With Donor

Consolidating Statement of Activities *(continued)*For the Year Ended December 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

		Without Done Nonprofit Finance Fund						r Restrictions						Restrictions Nonprofit				
	U	ndesignated		Board Designated		Total	J(	CRIF, LLC	E	liminations		Total		Finance Fund	_	2024 Total		2023 Total
OTHER CAPITAL ACCESS AND RELATED ACTIVITY																		
Contributions for loan fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2,615,824	\$	2,615,824	\$	1,577,670
Contributions for grant fund		-		-		-		-		-		-		213,594		213,594		856,000
Investment loss in JCRIF		(106,826)		-		(106,826)		-		106,826		-		-		-		-
Other		-		-		-		-		-		-		-		-		(632.00)
Net assets released from restrictions - non-operating		1,073,594		-		1,073,594		-		-		1,073,594		(1,073,594)		-		-
Grant disbursements	_	(1,073,594)				(1,073,594)						(1,073,594)				(1,073,594)		(912,000)
Change in net assets		8,926,413		(3,635,052)		5,291,361		(106,826)		106,826		5,291,361		(1,180,692)		4,110,669		(1,555,873)
NET ASSETS																		
Beginning balance		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
Change in board-designated loan-loss reserve																		
End of year	\$	44,763,022	\$	8,517,657	\$	53,280,679	\$	313,682	\$	(313,682)	\$	53,280,679	\$	31,014,381	\$	84,295,060	\$	80,184,391

Consolidated Statement of Functional Expenses For the Year Ended December 31, 2024 (With Summarized Totals for the Year Ended December 31, 2023)

		Program	ies		Support Services									
	 onsulting		Financing		ommunity gagement		Total Program Activities	Ma	anagement and General	F	Fundraising		2024 Total	 2023 Total
Salaries, payroll taxes and benefits	\$ 4,069,123	\$	5,547,492	\$	948,377	\$	10,564,992	\$	4,353,233	\$	1,078,096	\$	15,996,321	\$ 18,077,122
Program consultants	1,078,430		238,269		71,545		1,388,244		-		-		1,388,244	1,137,182
Professional support	69,963		603,224		50,535		723,722		585,168		27,319		1,336,209	1,142,008
Occupancy	243,936		285,397		42,623		571,956		378,127		94,035		1,044,118	1,207,559
Travel, information technology and other	244,991		292,862		39,170		577,023		586,217		67,915		1,231,155	988,535
Depreciation	54,030		66,826		13,508		134,364		87,443		19,195		241,002	268,946
Provision (recovery) for loan losses	 		972,155		<u> </u>		972,155						972,155	 (312,739)
Subtotal operating	5,760,473		8,006,225		1,165,758		14,932,456		5,990,188		1,286,560		22,209,204	22,508,613
Interest for lending operations	 		4,815,558				4,815,558						4,815,558	 3,029,802
Total operating expenses	5,760,473		12,821,783		1,165,758		19,748,014		5,990,188		1,286,560		27,024,762	25,538,415
Grant disbursements	 1,073,594						1,073,594						1,073,594	 912,000
Total expense	\$ 6,834,067	\$	12,821,783	\$	1,165,758	\$	20,821,608	\$	5,990,188	\$	1,286,560	\$	28,098,356	\$ 26,450,415

Consolidated Statement of Cash Flows For the Year Ended December 31, 2024 (With Comparative Amounts for the Year Ended December 31, 2023)

		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$	4,110,669	\$	(1,555,873)
Adjustments to reconcile change in net assets	Ψ	4,110,003	Ψ	(1,000,070)
to net cash provided by operating activities				
Provision (recovery) for loan losses		972,155		(312,739)
Depreciation and amortization		241,002		268,946
Changes in operating assets and liabilities		241,002		200,540
Accounts receivables and other assets		429,488		(888,264)
Grants receivable		461,526		120,973
Right-of-use asset		647,487		342,670
Accounts payable and other liabilities		122,565		220,540
Lease payable		(738,127)		(412,391)
Deferred revenue		(2,166,796)		12,333,939
Security deposit		38,995		(5,594)
Other liabilities		(59,487)		
Net cash provided by operating activities		4,059,477		10,112,207
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment		(137,947)		(45,557)
Loans disbursed during the year	(	89,022,763)		(34,533,141)
Collections of loans receivable	,	77,410,923		44,502,376
Sale (purchase) of investments		3,980,690		(4,016,015)
Net cash (used in) provided by investing				
activities		(7,769,097)		5,907,663
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans		75,266,667		24,166,667
Repayment of loans		69,305,211)		
• •		03,303,211)		(46,832,343)
Net cash provided by (used in) financing				
activities		5,961,456		(22,665,676)

Consolidated Statement of Cash Flows *(continued)*For the Year Ended December 31, 2024
(With Comparative Amounts for the Year Ended December 31, 2023)

	2024		2023
Net change in cash, cash equivalents and restricted cash	\$ 2,251,836	\$	(6,645,806)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Beginning of year	 43,721,829		50,367,635
End of year	\$ 45,973,665	\$	43,721,829
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	\$ 4,893,562	\$_	3,029,802

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

#### NOTE 1 ORGANIZATION AND TAX STATUS

The accompanying consolidated financial statements include the accounts of Nonprofit Finance Fund (NFF) and JCRIF, LLC (JCRIF), collectively referred to as the Fund.

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 helped organizations access the capital and supportive resources they need to realize their communities' aspirations. Alongside others, NFF is working to build community wealth and well-being and put affordable housing, essential services, quality jobs, and excellent education within reach of more people. As a CDFI, NFF manages a portfolio of over \$351 million. Since 1980, NFF has provided over \$1.2 billion in financing and access to additional capital in support of over \$4.1 billion in projects for thousands of organizations nationwide.

#### NFF's Mission

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

A selection of NFF's services includes:

#### Capital

- Financing: NFF offers a comprehensive suite of lending products (predevelopment, 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 \$436 million in NMTC from the U.S. Department of the Treasury, which NFF
  uses to attract private investment to support nonprofits operating in lowincome communities.
- Impact Investing Services: NFF's Impact Investing Services business supports investors who want to make flexible funding and financing available to meet community needs. Services include advising and training philanthropy leaders and designing and managing customized loan funds.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# 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 well 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.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## Adoption of New Accounting Policy

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.

# Cash, Cash Equivalents and Restricted Cash

Cash and Cash Equivalents and Restricted Cash include \$25,541,870 related to two U.S. Department of Education grants, inclusive of interest earned. Of this amount, \$16,612,863 is held in a credit enhancement reserve activated in connection with charter school loans made and is classified as Donor-Restricted Loan Fund Capital reported under Cash and Cash Equivalents in the table below. The remaining \$8,929,007 is classified as Restricted Cash, representing grant funds pending activation into the credit enhancement reserve in the future.

In accordance with the terms of the grant agreements, all related funds must be segregated from other assets held by NFF and maintained in one or more designated reserve accounts. These funds must also be invested in compliance with grant investment guidelines. As of December 31, 2024 and 2023, grant funds totaling \$8,929,007 and \$11,188,700, respectively, are reported as Restricted Cash on the consolidated statement of financial position.

		2024	 2023
Cash and cash equivalents	\$	37,044,659	\$ 32,533,129
Restricted cash		8,929,007	 11,188,700
	_\$_	45,973,666	\$ 43,721,829

Cash and cash equivalents as of December 31, 2024 and 2023, included \$907,129 and \$1,612,037, respectively, held by JCRIF.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 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, 2024 and 2023.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## 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.

#### **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.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## 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 \$13,850 and \$17,000 at December 31, 2024 and 2023, respectively, 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 \$436 million to NFF in ten allocation rounds authorized in 2006, 2008, 2009, 2010, 2011, 2012, 2016, 2018, 2019 and 2023. NFF is using the \$436 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, 2024, 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, 2024 and 2023, 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.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

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 2021.

# 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, 2025.

#### 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.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 3 CONCENTRATIONS OF CREDIT RISK (continued)

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, 2024 and 2023, approximately \$11,800,000 and \$13,295,000 were maintained with these institutions in excess of the FDIC insured limit.

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.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# 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:

	2024	 2023
Financial assets as of December 31		
Cash and cash equivalents	\$ 37,044,659	\$ 32,533,129
Investments Accounts receivable and other	715,769	4,696,459
assets	2,427,278	2,856,766
Grants receivable	889,623	1,351,149
Loans receivable, net	204,064,431	 193,424,748
	\$ 245,141,759	\$ 234,862,251
Less: Amounts not available for		
general expenditure within one year		
Prepaid expenses and security		
deposits included in accounts		
receivable and other assets	\$ 129,873	\$ 451,843
Loans receivable, net due for		
collection after one year	109,825,759	108,213,622
Donor-restricted grant fund net		
assets	938,096	1,798,096
Donor-restricted loan fund net assets	25,465,370	22,849,546
Board designated net assets fund (net of \$1,500,000 and \$4,807,237		
expected to be released in 2024		
and 2023, respectively)	7,017,657	7,345,472
Board-designated net assets for		
loan-loss reserve		
	143,376,755	140,658,579
Financial assets available for		
general expenditure within		
one year	\$ 101,765,004	\$ 94,203,672

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

#### 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:

		2024		2023
Foundations	\$	470,006	\$	1,010,000
Government	Ψ	418,000	Ψ	330,000
Corporations and other		1,618		11,149
	\$	889,623	\$	1,351,149

Government grants receivable include \$108,000 receivable from the Empire State Development and \$310,000 receivable from the New Jersey State Council on the Arts. Collections on the outstanding grants at December 31, 2024 are scheduled to be received during 2025.

#### NOTE 6 LOANS RECEIVABLE

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

#### NFF Loan Fund

Loans receivable in the NFF Loan Fund at December 31, 2024 and 2023 were \$193,323,995 and \$165,533,032, 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 9.5%. Interest is calculated using the simple interest method.

Other loan income in the amount of \$0 and \$1.2MM for the years ended December 31, 2024 and 2023, 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, 2024 and 2023 are as follows:

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 6 LOANS RECEIVABLE (continued)

# NFF Loan Fund (continued)

December 31, 2024	 Current	-60 Days ast Due	-90 Days ast Due		90+ Days Past Due	_	Total	N	onaccrual Loans
Acquisition/pre-development Permanent financing Renovation/new construction Working capital/equipment	\$ 4,168,244 139,160,407 22,511,620 22,131,148	\$ - - -	\$ - - - 120,837	\$	5,186,739 - 45,000	\$	4,168,244 144,347,146 22,511,620 22,296,985	\$	5,186,739 - -
Total	\$ 187,971,419	\$ -	\$ 120,837	\$	5,231,739	\$	193,323,995	\$	5,186,739
Nonaccruing loans	\$ 	\$ 	\$ 	\$	5,186,739	\$	5,186,739	\$	
December 31, 2023	 Current	-60 Days ast Due	-90 Days ast Due	90+ Days Past Due		Total		N	onaccrual Loans
Acquisition/pre-development Permanent financing Renovation/new construction Working capital/equipment	\$ 3,514,016 97,612,870 34,898,433 23,125,076	\$ - - - 90,000	\$ - - - -	\$	6,292,637 - -	\$	3,514,016 103,905,507 34,898,433 23,215,076	\$	6,298,629 - -
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	\$	-

# Program-Related Concessionary Loans

PRC loans at December 31, 2024 and 2023 were \$16,670,598 and \$33,805,819, 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:

	2024		 2023
Jewish Community Recovery and			
Investment Fund (JCRIF)	\$	1,277,888	\$ 10,326,971
NYC COVID-19 Response and			
Impact Funds (NYCRIF)		3,995,593	9,799,700
Trinity Loan Fund		3,250,917	5,653,500
Metro Denver Loan Fund		1,307,009	2,262,968
Conrad N. Hilton Foundation Loan			
Fund		5,568,179	4,650,000
Cedars-Sinai LA Recuperative Care			
Fund		1,250,000	1,000,000
Mellon Loan Fund		21,013	 112,680
	\$	16,670,598	\$ 33,805,819

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# 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, 2024, and 2023, approximately \$14.5 million and \$12.5 million had been activated from the conditional grants to credit enhance outstanding loans to charter schools. In relation to the 2019 award, \$11.7 million had been activated on December 31, 2024, and in relation to the 2023 award, \$2.8 million had been activated on December 31, 2024.

#### 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.

			Historical		
		Historical	Plus Rate	Allowance for	or
	Loan Balances	Loss Rate	Adjustment	Loan Loss	
Impaired Loans Reserve	\$ 5,186,739	N/A	N/A	\$ 1,105,23	33
Loan Pool 1	17,462,193	0.00%	3.40%	593,7	15
Loan Pool 2	19,150,710	0.10%	3.20%	612,36	62
Loan Pool 3	20,998,462	0.40%	3.50%	734,20	07
Loan Pool 4	35,935,936	0.00%	3.10%	1,113,79	93
Loan Pool 5	45,022,225	0.00%	2.10%	946,46	67
Loan Pool 6	3,384,972	0.02%	15.62%	528,73	37
Loan Pool 7	275,000	0.00%	16.60%	45,6	50
Loan Pool 8	9,250,000	0.00%	N/A	250,00	00
Loan Pool 9	36,657,758	0.00%	N/A		
	\$ 193,323,995			\$ 5,930,16	63

Loan Pool 8 reflects a portfolio where external parties cover losses above \$250,000. Loan Pool 9 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.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 6 LOANS RECEIVABLE (continued)

# Allowance for Loan Losses (continued)

There was no allowance for loan losses on the PRC loans receivable balance of \$16,670,598 as of December 31, 2024 and \$33,805,819 as of December 31, 2023, 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:

	 2024	 2023
Balance, beginning of year  Add: Bad debt recovery credited to	\$ 5,914,103	\$ 6,323,620
provision for loan losses	4,564	3,221
Add: Adjustments to loan loss for zero balance loans	-	_
Less: Charged-off loans	(960,659)	(100,000)
Add: Provision for loan losses	972,155	-
Less: Recovery for provision for		
loan losses		 (312,738)
Balance, end of year	\$ 5,930,163	\$ 5,914,103

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# 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	т	rinity Loan Fund	etro Denver oan Fund	Conrad N. Hilton ∟oan Fund	Re	lars-Sinai LA ecuperative Care Fund	Me	ellon Loan Fund	 Total
2025	\$ 81,631,507	\$ 1,277,888	\$ 3,300,714	\$	3,250,917	\$ 1,263,231	\$ 4,747,427	\$	1,250,000	\$	21,013	\$ 96,742,697
2026	36,150,960	-	694,879		-	43,778	820,752		-		-	37,710,368
2027	22,738,204	-	-		-	-	-		-		-	22,738,204
2028	18,385,040	-	-		-	-	-		-		-	18,385,040
2029	17,073,771	-	-		-	-	-		-		-	17,073,771
Thereafter	 17,344,513		 		-	 	 					 17,344,513
	\$ 193,323,995	\$ 1,277,888	\$ 3,995,593	\$	3,250,917	\$ 1,307,009	\$ 5,568,179	\$	1,250,000	\$	21,013	\$ 209,994,593

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

#### NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	 2024	 2023	Estimated Useful Lives
Leasehold improvements	\$ 2,185,282	\$ 2,185,282	3-15 years
Computer equipment	1,654,894	1,516,948	3 years
Furniture and fixtures	 666,889	 666,889	3-10 years
	4,507,066	4,369,119	
Accumulated depreciation	 (3,410,809)	 (3,169,808)	
	\$ 1,096,257	\$ 1,199,311	

# 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 3.5% and 3.6% as of December 31, 2024 and 2023, respectively.

Loans payable consisted of the following as of December 31:

	2024	2023	Amortization
Senior Loans Payable Bank of America Community Development Corporation	\$ 9,000,000	\$ 11,000,000	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.
Citizens Bank, N.A.	5,000,000	-	Line of credit facilitity.  Maturity date is 12/23/2025
Charles Schwab Bank	25,000,000	16,500,000	Line of credit facility. Availability until 4/29/2025, after which the maturity date is 4/29/2029

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

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

NFF Loans Payable (continued)

	2024	2023	Amortization
Senior Loans Payable (continued)	ı		
CNote \$	2,000,000	\$ 2,000,000	Principal payable on 12/15/2025.
Dignity Health	3,000,000	3,000,000	Principal payable on 12/1/2027.
HSBC Bank USA, N.A.	17,000,000	15,000,000	Principal payable on 8/31/2026; can be converted to a term loan. If converted, payable on 8/31/2028.
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.
Opportunity Finance Network	300,000	-	Principal payable on 7/31/2029.
PNC Bank, N.A.	5,000,000	-	Line of credit facility, converts to term loan 10/30/2026. Principal payable on 10/30/2031.
PNC Bank, N.A.	4,203,889	4,610,434	Monthly amortizing loan with final payment on 12/18/2027.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

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

NFF Loans Payable (continued)

	2024	2023	Amortization
Senior Loans Payable (continue Prudential Insurance Company of America	ued) \$ 5,571,752	\$ 5,893,253	Loan amortization beginning 7/1/2020. Remaining principal payable through 6/6/2028.
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.	9,500,000	5,000,000	Availability until 9/30/2029, after which the maturity date is 9/30/2029
	104,766,915	90,694,960	
Subordinated Loans Payable Bank of America, N.A.	2,000,000	2,000,000	Subordinated debt with principal payable on 3/19/2033
Citizens Bank, N.A.	500,000	500,000	Subordinated debt with principal payable in three annual installments beginning 12/23/2027
Citizens Bank, N.A.	5,000,000	-	through 12/23/2029. Subordinated debt with principal payable on 8/1/2034
PNC Bank, N.A.	3,500,000	3,500,000	Subordinated debt with principal payable on 9/27/2029.
PNC Bank, N.A.	5,000,000	-	Subordinated debt with principal payable on 10/31/2029.
U.S. Bancorp Community Development Corporation	2,000,000	2,000,000	Subordinated debt with principal payable on 3/26/2028.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

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

NFF Loans Payable (continued)

		2024		2023	Amortization		
Subordinated Loans Payable ( Wells Fargo Community Development Corporation	conti \$	inued) 2,250,000	\$	2,250,000	Subordinated debt with principal payable in eight quarterly installments beginning 1/1/2029 through 11/5/2030.		
		20,250,000		10,250,000			
Total	\$ ^	125,016,915	\$ 1	100,944,960			

Minimum future principal payments are to be paid as follows:

Year Ending December 31,	 Amount				
2025	\$ 11,345,072				
2026	31,151,495				
2027	46,431,055				
2028	13,290,081				
2029	13,672,188				
Thereafter	 9,125,000				
	\$ 125,014,891				

At December 31, 2024, the Fund had the following available loan commitments from lenders:

Lender	Amount					
Mizuho Bank (USA)	\$	15,000,000				
US Bank, N.A.	*	15,000,000				
Webster Bank, N.A.		10,500,000				
Total available commitments	\$	40,500,000				

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, 2024 and 2023.

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

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

# PRC Loans Payable

PRC loans payable, as distinct from NFF loans payable, totaled \$31,428,190 and \$49,538,688 at December 31, 2024 and 2023, 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.

PRC loans payable consisted of the following at December 31:

PRC Lender		2024		2023
California Community Foundation	\$	3,000,000	\$	3,000,000
City and County of Denver	Ψ	232,500	Ψ	232,500
Community First Foundation		881,667		891,669
Conrad N. Hilton Foundation		3,000,000		3,000,000
Conrad N. Hilton Foundation		9,000,000		9,000,000
Empire State Development		1,333,334		666,667
JCRIF, LLC Funders		1,841,000		11,466,000
Mellon Foundation		112,672		315,172
Robert Wood Johnson Foundation		300,000		-
Rose Community Foundation		959,166		962,569
SeaChange		813,666		1,962,655
Silicon Valley Community Foundation		100,000		100,000
The Denver Foundation		881,667		891,669
The Ford Foundation		3,599,221		8,687,307
Trinity Church Grantee Loan Fund		3,375,917		6,013,950
Trinity Wall Street		247,380		598,530
UniHealth Foundation, The		750,000		750,000
Weingart Foundation, The		1,000,000		1,000,000
	\$	31,428,190	\$	49,538,688

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

Year Ending December 31,	Lo	Loans Payable		
2025	\$	12,944,856		
2026		7,850,000		
2027		9,000,000		
2028		-		
2029		-		
Thereafter		1,633,334		
	\$	31,428,190		

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# 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.

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

	 2024	 2023
Strategic innovation fund	\$ 8,517,657	\$ 12,152,709
	\$ 8,517,657	\$ 12,152,709

#### NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

The Fund categorizes its donor-restricted net assets as follows: Time Restricted Grants received for general operating support for future years. 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 regrant awards to qualified grantees. Loan fund capital includes funds assigned to support financing programs including government contracts.

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

	2024		 2023
Time restricted for operating support Purpose restricted	\$	135,000 30,879,381	\$ 767,766 31,427,307
	\$	31,014,381	\$ 32,195,073

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

2024			2023
\$	882,766 4,970,920 1,384,758	\$	102,766 6,608,667 939,476
	1,073,594		912,000
\$	8,312,038	\$	8,562,909
		\$ 882,766 4,970,920 1,384,758 1,073,594	\$ 882,766 \$ 4,970,920 1,384,758 1,073,594

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 12 DONATED SERVICES

Donated services consisted of legal services of \$416,939 and \$276,876 for the years ended December 31, 2024 and 2023, 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 2024 and 2023 was \$497,127 and \$773,324, 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 February 2025, respectively. In addition, NFF leases office space in Philadelphia, Oakland, and New Jersey on a month-tomonth basis.

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:

	 2024	 2023
Right-of-use asset - operating lease Less: Accumulated amortization	\$ 5,951,813 (1,788,484)	\$ 5,948,916 (1,138,100)
	\$ 4,163,329	\$ 4,810,816

Notes to Consolidated Financial Statements For the Year Ended December 31, 2024

# NOTE 14 COMMITMENTS AND CONTINGENCIES (continued)

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

Year Ending	Amount		
2025	Φ.	054 474	
2025	\$	854,471	
2026		882,235	
2027		854,740	
2028		871,835	
2029		889,272	
Thereafter		1,438,780	
Total undiscounted operating lease payments		5,791,333	
Less: Imputed interest		(309,625)	
Present value of operating lease liability	\$	5,481,708	

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

Year Ending	 mount
2025	\$ 47,120
2026	 49,920
	\$ 97,040

SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORTS



# 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, 2024, the related consolidating statement of activities, the 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, 2025.

# 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.

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

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weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

Mitchell: Titus, LLP

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.

April 30, 2025



# REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

#### INDEPENDENT AUDITORS REPORT

To the Board of Directors Nonprofit Finance Fund

#### Report on Compliance for Each Major Federal Program

# Opinion on Each Major Federal Program

We have audited Nonprofit Finance Fund's (the Fund) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fund's major federal programs for the year ended December 31, 2024. The Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Fund complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Fund's compliance with the compliance requirements referred to above.



# Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Fund's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Fund's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Fund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Fund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



#### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mitchell: Titus, LLP

April 30, 2025

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number		vided to ecipients	 otal Federal penditures
U.S. Department of Treasury  Community Development Financial Institutions Fund  Equitable Recovery Program (CDFI ERP)	21.033	* _\$		\$ 1,473,363
Total U.S. Department of Treasury				1,473,363
U.S. Department of Education Credit Enhancement for Charter School Facilities	84.354A			2,493,123
Total U.S. Department of Treasury				 2,493,123
Total expenditures of federal awards		\$	-	\$ 3,966,486

<sup>\*</sup> Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2024

## NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Nonprofit Finance Fund (NFF) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NFF, it is not intended to and does not present the financial position, changes in net assets or cash flows of NFF.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### NOTE 3. NONMONETARY ASSISTANCE

During the year ended December 31, 2024, NFF received no non-monetary assistance.

#### NOTE 4. INDIRECT COST RATE

NFF has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

# SECTION I—SUMMARY OF AUDITOR'S RESULTS

# **Consolidated financial statements**

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes <u>X</u> No
Significant deficiency(ies) identified?	YesX_ None reported
Noncompliance material to consolidated financial statements noted?	Yes <u>X</u> No
Federal awards	
Internal control over major federal programs:	
Material weakness(es) identified?	Yes <u>X</u> No
Significant deficiency(ies) identified?	YesX None reported
Type of auditor's report issued on compliance for major federal programs (unmodified, qualified, adverse, or disclaimer):	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes <u>X</u> No
Identification of major federal program:	
Assistance Listing Number	Name of Federal Program or Cluster
21.033	Community Development Financial Institutions Fund Equitable Recovery Program (CDFI ERP)
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	X Yes No

Schedule of Findings and Questioned Costs *(continued)* For the Year Ended December 31, 2024

# **SECTION II—FINANCIAL STATEMENT FINDINGS**

There were no current-year findings.

# SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current-year findings.

#### SECTION IV—PRIOR-YEAR AUDIT FINDINGS

Finding: 2023-001

# Inadequate Control over Allowable Activities and Costs

During the prior audit period, NFF did not maintain adequate controls over allowable activities and costs related to its federally funded programs.

# **Current-Year Status**

Not repeated. During the current fiscal year, NFF implemented its corrective action plan.

