



Financial Statements

*As of and for the Year Ended September 30, 2021
(With Summarized Comparative Financial Information for the Year Ended
September 30, 2020)*



**and
Independent Auditors' Report Thereon**



NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
National Committee for Responsive Philanthropy

Report on the Financial Statements

We have audited the accompanying financial statements of the National Committee for Responsive Philanthropy (NCRP), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the 2021 financial statements referred to above present fairly, in all material respects, the financial position of the National Committee for Responsive Philanthropy as of September 30, 2021, 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.

Other Matter***Report on Summarized Comparative Financial Information***

We have previously audited NCRP's 2020 financial statements, and in our report dated February 17, 2021, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative financial information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Marcum LLP in black ink.

Washington, DC
February 3, 2022

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF FINANCIAL POSITION
September 30, 2021
(With Summarized Comparative Financial Information as of September 30, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,703,307	\$ 1,100,062
Grants and contributions receivable	833,500	1,080,200
Prepaid expenses and other assets	43,702	39,462
Investments	1,219,791	822,125
Security deposit	11,677	11,677
Property and equipment, net	30,676	58,462
TOTAL ASSETS	\$ 5,842,653	\$ 3,111,988
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 42,873	\$ 25,052
Accrued expenses	65,903	60,409
Note payable – Paycheck Protection Program (PPP)	-	298,300
Capital lease obligation	21,154	26,209
Funds held on behalf of others	199,096	70,500
Deferred rent	131,622	142,988
TOTAL LIABILITIES	460,648	623,458
Net Assets		
Without donor restrictions	4,358,505	1,228,330
With donor restrictions	1,023,500	1,260,200
TOTAL NET ASSETS	5,382,005	2,488,530
TOTAL LIABILITIES AND NET ASSETS	\$ 5,842,653	\$ 3,111,988

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2021
(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
SUPPORT AND REVENUE				
Foundation grants – general support	\$ 4,443,877	\$ 823,500	\$ 5,267,377	\$ 2,542,085
Foundation grants – specific projects	-	-	-	375,000
Contributions and sponsorships	71,916	-	71,916	56,294
Meetings and workshops	20,000	-	20,000	24,000
Investment income, net	97,666	-	97,666	40,146
Miscellaneous	15,344	-	15,344	4,549
Net assets released from restrictions:				
Satisfaction of program restrictions	212,500	(212,500)	-	-
Satisfaction of time restrictions	847,700	(847,700)	-	-
TOTAL SUPPORT AND REVENUE	5,709,003	(236,700)	5,472,303	3,042,074
EXPENSES				
Program Services:				
Initiatives	1,412,290	-	1,412,290	1,501,478
Communications	561,093	-	561,093	382,025
Policy	133,798	-	133,798	76,675
New project development	90,890	-	90,890	50,046
Total Program Services	2,198,071	-	2,198,071	2,010,224
Supporting Services:				
Administrative	419,096	-	419,096	471,942
Fundraising	259,961	-	259,961	217,118
Total Supporting Services	679,057	-	679,057	689,060
TOTAL EXPENSES	2,877,128	-	2,877,128	2,699,284
CHANGE IN NET ASSETS FROM OPERATIONS	2,831,875	(236,700)	2,595,175	342,790
Forgiveness of note payable – PPP	298,300	-	298,300	-
CHANGE IN NET ASSETS	3,130,175	(236,700)	2,893,475	342,790
NET ASSETS, BEGINNING OF YEAR	1,228,330	1,260,200	2,488,530	2,145,740
NET ASSETS, END OF YEAR	\$ 4,358,505	\$ 1,023,500	\$ 5,382,005	\$ 2,488,530

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2021
(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

	Program Services							Supporting Services					2021 Total	2020 Total
	Initiatives							Total Program Services	Administrative	Fundraising	Total Supporting Services			
	Movement Investment Project	Power Moves	Nonprofit Membership	Impact Awards	Communications	Policy	New Project Development							
Salaries	\$ 482,844	\$ 171,732	\$ 119,710	\$ 113,414	\$ 351,930	\$ 86,659	\$ 58,898	\$ 1,385,187	\$ 133,834	\$ 167,567	\$ 301,401	\$ 1,686,588	\$ 1,591,314	
Payroll taxes and fringe benefits	128,122	45,582	31,770	30,099	93,391	22,994	15,631	367,589	37,308	44,414	81,722	449,311	403,171	
Professional fees	56,061	19,217	13,391	19,895	43,692	9,641	6,512	168,409	114,640	12,207	126,847	295,256	256,580	
Rent and other occupancy	48,773	17,647	12,993	11,455	37,900	8,786	5,997	143,551	105,830	20,098	125,928	269,479	233,988	
Dues and subscriptions	22,582	5,021	3,498	3,315	18,844	2,495	1,668	57,423	3,864	641	4,505	61,928	38,188	
Training and development	22,797	1,586	1,105	1,047	3,521	792	533	31,381	3,386	691	4,077	35,458	4,433	
Depreciation and amortization	5,028	1,788	1,247	1,181	3,653	909	622	14,428	10,967	2,391	13,358	27,786	30,287	
Insurance	3,246	1,155	805	763	2,359	587	402	9,317	7,082	1,544	8,626	17,943	19,072	
Travel, meals and entertainment	6,775	1,099	765	745	4,186	545	364	14,479	1,343	67	1,410	15,889	94,975	
State registrations	199	1	-	-	1	-	-	201	-	10,015	10,015	10,216	10,892	
Miscellaneous	1,421	549	383	363	1,134	273	183	4,306	415	46	461	4,767	2,897	
Bank and credit card fees	518	207	145	137	423	105	72	1,607	411	277	688	2,295	4,299	
Postage, mailing and delivery	58	24	16	16	59	12	8	193	16	3	19	212	1,569	
Printing	-	-	-	-	-	-	-	-	-	-	-	-	7,619	
TOTAL EXPENSES	\$ 778,424	\$ 265,608	\$ 185,828	\$ 182,430	\$ 561,093	\$ 133,798	\$ 90,890	\$ 2,198,071	\$ 419,096	\$ 259,961	\$ 679,057	\$ 2,877,128	\$ 2,699,284	

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,893,475	\$ 342,790
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	27,786	30,287
Forgiveness of note payable – PPP	(298,300)	-
Realized and unrealized gain on investments	(83,326)	(23,974)
Changes in assets and liabilities:		
Grants and contributions receivable	246,700	(112,200)
Prepaid expenses and other assets	(4,240)	10,035
Accounts payable	17,821	(28,290)
Accrued expenses	5,494	(1,502)
Funds held on behalf of others	128,596	70,500
Deferred rent	(11,366)	19,493
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,922,640</u>	<u>307,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(745,970)	(389,230)
Proceeds from sales of investments	453,754	374,164
Purchases of property and equipment	-	(16,230)
NET CASH USED IN INVESTING ACTIVITIES	<u>(292,216)</u>	<u>(31,296)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on the line of credit	-	100,000
Repayments on the line of credit	-	(100,000)
Principal payments on capital lease obligation	(5,055)	(825)
Proceeds from note payable – PPP	-	298,300
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(5,055)</u>	<u>297,475</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,625,369	573,318
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,103,759</u>	<u>530,441</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,729,128</u>	<u>\$ 1,103,759</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and cash equivalents	\$ 3,703,307	\$ 1,100,062
Cash and cash equivalents held within investments	25,821	3,697
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 3,729,128</u>	<u>\$ 1,103,759</u>
NONCASH FINANCING AND INVESTING ACTIVITIES		
Forgiveness of note payable – PPP	<u>\$ 298,300</u>	<u>\$ -</u>
Equipment acquired under a capital lease obligation	<u>-</u>	<u>\$ 27,034</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 861</u>	<u>\$ 1,017</u>

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

1. Organization and Summary of Significant Accounting Policies

Organization

The National Committee for Responsive Philanthropy (NCRP) is a publicly supported organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC).

NCRP's mission statement communicates the purpose of the organization:

NCRP promotes philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness.

NCRP's vision statement communicates the organization's vision for a democratic society and philanthropy's role in it:

We envision a fair, just and democratic society in which the common good is recognized as a high priority; where a robust public sector is empowered to protect, preserve and extend the commonly held resources and the public interest; where a vital nonprofit sector provides voice and value to those most in need; and where all people enjoy equality of opportunity, access and fair treatment without discrimination based on race, gender, sexual orientation, physical ability, economic status, national origin or other identities.

To achieve the organization's mission and vision, NCRP conducts original research, publishes thought-provoking content, provides tools for grantmakers, engages the philanthropic and nonprofit sectors in productive dialogue, and advocates for improved public policies. These activities are funded primarily through foundation grants.

NCRP's programs consist of the following activities:

- a. Initiatives: NCRP carried out several initiatives to improve philanthropy during the fiscal year. They included:

Power Moves

Power Moves is an assessment toolkit that funders can use to advance equity in their grantmaking. Power Moves is designed to help funders examine their own power and the power of communities, government and other sectors in society through an exploration of building, sharing and wielding power, with the goal of progress toward more equitable systems and outcomes for people of color and others facing stark disparities. Key elements of the guide include stakeholder feedback tools, discussion guides, roadmaps for progress and tips for building, sharing and wielding power. Ultimately, the project's long-term goal is that foundations and their grantee partners will become more strategic and impactful in advancing structural reforms, resulting in more equitable outcomes for communities. Power Moves has been downloaded over 3,000 times.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

Movement Investment Project

Movement Investment Project was borne out of the knowledge that social movements in the United States are drastically under-resourced and under-funded by philanthropy. This multi-year NCRP initiative will help funders see themselves and the issues they care about as part of the movement ecosystem, build the philanthropic sector's capacity to support movements, and redefine best practices for movement funding. Currently, the project's focus is on immigrant and refugee justice.

High Net Worth Donors (HNWD)

We recognize the growing trend of substantial giving from some individuals outside of the foundation structure, and will continue working to engage a sub-set of targeted HNWD intermediaries/advisors with NCRP content. We aim to build or strengthen relationships with HNWD intermediaries and/or organizational affinity groups to create a small, but mighty set of NCRP "champions" in this arena.

NCRP Impact Awards

Begun in 2013, the NCRP Impact Awards have celebrated foundations that are leaders in the areas of:

Exemplary Grantmaking: Allocating a relatively high percentage of annual discretionary giving to social justice, marginalized communities, general operating support and multi-year grants. Its grantees have a visible effect on promoting systems change and empowering marginalized communities.

Leadership in Philanthropy: The funder's leaders publicly demonstrate a commitment to systems change strategies, such as public speaking or writing about funding social change strategies and marginalized groups, serving on committees or other initiatives that promote social justice and signing on to NCRP's Philanthropy's Promise.

Diversity, Inclusion and Equity: The funder shows a demonstrated commitment to diversity, inclusion and equity, especially along lines of race and gender, in its staff and trustees.

- b. Communications: NCRP also stimulates critical thinking in the philanthropic sector with a robust communications program. Our communication efforts include:

Keynotes & Presentations

One of the ways we work to educate the sector is to present at or attend approximately 60 conferences and sector events annually. Recent examples include the PolicyWorks Institute 2020, the Funders' Network 2020 Annual Conference, Funding Forward 2020, and Council on American-Islamic Relation' National Meeting, among others.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

Blogs, Journals, and Social Media

Roundup, our monthly electronic newsletter, reaches almost 4,000 people. We also engage with more than 23,000 followers on Twitter, and high-profile individuals with larger followings regularly retweet our tweets. We also have over 3,800 Facebook followers.

Responsive Philanthropy

Responsive Philanthropy is NCRP's popular e-journal. This signature publication has over 22,000 annual readers, and is well known in the sector for its focus on timely issues. It continues to be a well-regarded vehicle for important and provocative commentary in the sector, and often has articles written by sector leaders.

- c. Policy: NCRP also works to promote sensible public policy that recognizes society is better off when both government and philanthropy are strong and are viewed as viable ways to pursue the common good.
- d. New Project Development: NCRP spent time developing new projects that will be carried out in future years. One of those will be an effort to help high net worth donors get more impact for their philanthropy.

Cash and Cash Equivalents

NCRP considers all highly liquid investments not held for long-term investment purposes, with purchased maturities of three months or less, to be cash equivalents.

Investments

Investments consist of interest-bearing cash deposits, mutual funds and exchange-traded funds. These investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Fair Value Measurement

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America (GAAP), and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of September 30, 2021, only NCRP's investments, as described in Note 3 of these financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Accumulated Depreciation and Amortization

Property and equipment primarily consist of office furniture and equipment, software, and expenses related to NCRP's website, which are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally three years for software and five years for office furniture and equipment. Website costs are amortized over three years. NCRP capitalizes property and equipment with a cost of \$1,000 or more and an economic life in excess of one year. Costs incurred in the development of the website are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the website's development stage are capitalized. Expenditures for major repairs or improvements are capitalized; expenditures for minor repairs and maintenance are expensed when incurred. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in the accompanying statement of activities and changes in net assets.

Classification of Net Assets

NCRP's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of NCRP at the discretion of NCRP's management and the Board of Directors (the Board).

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of NCRP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of September 30, 2021, NCRP had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Unconditional grants and contributions are reported as revenue and support in the year in which payments are received and/or unconditional promises are made. Unconditional grants and contributions are considered without donor restrictions unless specifically restricted by the grantor. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as revenue and support with donor restrictions. When a grantor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets are reclassified from net assets with donor restriction to net assets without donor restriction and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions. Unconditional grants and contributions that have been committed to NCRP but have not been received as of year-end are reflected as grants and contributions receivable in the accompanying statement of financial position. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts related to these conditional grants are recognized and released in the same year.

Meetings and workshops revenue represents earned revenue and is recognized at the point in time of the meetings or workshops which is when the services are provided.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of NCRP are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employee timesheets. Payroll taxes and fringe benefits and shared costs (such as rent and other occupancy, depreciation and amortization, printing, postage, mailing and delivery, insurance, dues and subscriptions and other operating expenses) that benefit multiple functional areas have been allocated among the various functional areas based on the actual direct labor charged to those functional areas.

Measure of Operations

NCRP considers the forgiveness of note payable – Paycheck Protection Program to be nonoperating in nature.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivable

Grants and contributions receivable primarily represent grants and contributions from foundations and corporations. As of September 30, 2021, all grants and contributions receivables were considered fully collectible and were expected to be received as follows:

Less than one year	\$ 621,500
One to five years	<u>212,000</u>
Grants and Contributions Receivable	<u>\$ 833,500</u>

The discount for the present value of grants and contributions receivable due in one to five years was not considered significant to NCRP's financial statements and, accordingly, was not recognized in these financial statements.

3. Investments and Fair Value Measurement

Investments at fair value consisted of the following as of September 30, 2021:

Mutual funds	\$ 890,129
Exchange-traded funds	303,841
Interest-bearing cash deposits	<u>25,821</u>
Total Investments	<u>\$ 1,219,791</u>

Investment income, net is summarized as follows for the year ended September 30, 2021:

Interest and dividend income	\$ 23,012
Realized gain	32,876
Unrealized gain	50,450
Investment fees	<u>(8,672)</u>
Total Investment Income, Net	<u>\$ 97,666</u>

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

3. Investments and Fair Value Measurement (continued)

As of September 30, 2021, NCRP used the following fair value measurement:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Fixed-income:				
Short-term bonds	\$ 270,017	\$ 270,017	\$ -	\$ -
Intermediate-term bonds	245,492	245,492	-	-
Intermediate government	171,126	171,126	-	-
High yield bonds	45,494	45,494	-	-
Equities:				
Natural resources	62,011	62,011	-	-
Mid-cap blend	47,796	47,796	-	-
Small blend	48,193	48,193	-	-
Exchange-traded funds:				
Equities large blend	<u>303,841</u>	<u>303,841</u>	<u>-</u>	<u>-</u>
Investments Measured in Fair Value Hierarchy	1,193,970	<u>\$ 1,193,970</u>	<u>\$ -</u>	<u>\$ -</u>
Interest-bearing cash deposits	<u>25,821</u>			
Total Investments	<u>\$ 1,219,791</u>			

NCRP used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual funds – Valued using quoted market prices for identical assets in active markets.

Exchange-traded funds – Valued at the closing price reported in an active market in which the individual securities are traded.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021**

4. Property and Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2021:

Furniture and equipment	\$ 122,115
Website	90,386
Software	<u>53,257</u>
Total Property and Equipment	265,758
Less: Accumulated Depreciation and Amortization	<u>(235,082)</u>
Property and Equipment, Net	<u>\$ 30,676</u>

Depreciation and amortization expense was \$27,786 for the year ended September 30, 2021.

5. Note Payable – Paycheck Protection Program

To assist with operations, NCRP applied for and received a Small Business Administration (SBA) loan through the Paycheck Protection Program (PPP) in the amount of \$298,300. The loan was scheduled to mature on April 2022 and included a fixed interest rate of 1% per annum. Payments of principal and interest were deferred while the loan was under consideration for forgiveness, pursuant to provisions of the PPP. On December 16, 2020, NCRP's PPP loan forgiveness was approved by the SBA. As NCRP elected to account for this transaction as a loan, and not a conditional grant, the forgiveness has been presented as forgiveness of note payable – PPP in the accompanying statement of activities and changes in net assets.

6. Line of Credit

NCRP has a revolving line of credit with a borrowing limit of \$500,000. Borrowings under the line of credit bear interest at the lender's liquidity access line index rate plus 3.5%, which was 3.58% at September 30, 2021. The line of credit is collateralized by NCRP's investment brokerage account. During the year ended September 30, 2021, NCRP made no borrowings from the line of credit. As of September 30, 2021, there was no outstanding balance on this line of credit.

7. Net Assets

Net Assets With Donor Restrictions

As of September 30, 2021, net assets with donor restrictions were restricted for the following period:

Subject to occurrence of specified events/passage of time:

Total Subject to Passage of Time	<u>\$ 1,023,500</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,023,500</u>

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

8. Commitments, Risks and Contingencies

Operating Lease

NCRP rents office space for its headquarters under a noncancelable operating lease that extends through July 31, 2026. The lease agreement calls for an initial monthly rental payment of \$11,383, annual rent escalations of 2.5% and rent abatement for a period of 10 months over the course of the first three years of the lease term. Further, the lease contains a tenant termination clause upon completion of the seventh lease year, and a five-year option to extend the lease.

On February 12, 2020, NCRP entered into an amendment to the non-cancelable operating lease for its headquarters in Washington, D.C., to expand the premises under the lease. The lease term for the expanded premise is for the period March 1, 2020 through July 31, 2026. The lease amendment calls for an initial incremental monthly rental payment of \$2,092, annual rent escalations of 2.5% and rent abatement for the incremental rent over the first three months following the effective date of the lease amendment. The amended lease agreement also provided additional rent abatements for NCRP's main office rent and for the extension corridor rent totaling \$14,897 and \$1,194, respectively.

Under GAAP, all fixed rent increases and rent abatements are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected in deferred rent in the accompanying statement of financial position.

Future minimum lease payments required under the leases are as follows:

For the Year Ending September 30,	
2022	\$ 189,232
2023	193,963
2024	198,811
2025	203,781
2026	<u>173,339</u>
Total	<u>\$ 959,126</u>

Total office rent expense, including NCRP's proportionate share of real estate taxes and operating and maintenance costs, was \$171,153 for the year ended September 30, 2021.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

8. Commitments, Risks and Contingencies (continued)

Capital Lease

On May 6, 2020, NCRP signed a capital lease agreement that calls for monthly payments of \$493. At September 30, 2021, the carrying value of the associated office equipment was \$21,154. Future minimum capital lease payments, were as follows as of September 30, 2021:

For the Year Ending September 30,	
2022	\$ 5,916
2023	5,916
2024	5,916
2025	<u>4,931</u>
Total	22,679
Less: Amount Representing Interest	<u>(1,525)</u>
Present Value of Minimum Lease Obligation	<u>\$ 21,154</u>

Interest paid on the capital lease obligation for the year ended September 30, 2021, was \$861.

Employment Agreement

On December 1, 2018, NCRP amended the employment agreement with its President and Chief Executive Officer (CEO) to extend it through January 3, 2022. Under the terms of the agreement, NCRP is to pay the President and CEO amounts for compensation, benefits and allowances, unless NCRP terminates the agreement for cause. If NCRP terminates the agreement for reasons other than cause, the President and CEO is entitled to receive severance pay equal to six months of his then-current annual compensation and any earned but unused vacation, excluding any bonus. On December 1, 2021, NCRP renewed the employment agreement with its President and CEO to extend it through January 3, 2025.

Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. NCRP is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. NCRP has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact NCRP's financial condition or result of operations is uncertain and being evaluated by management and the Board.

9. Concentration of Credit Risk

Financial instruments which potentially subject NCRP to a concentration of credit risk consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given bank, at times, exceeds the amount guaranteed by federal agencies and,

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

9. Concentration of Credit Risk (continued)

therefore, bears some risk, NCRP has not experienced, nor does it anticipate, any losses on its funds. At September 30, 2021, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$3,454,000.

10. Availability and Liquidity

NCRP regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. NCRP's financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2021, were as follows:

Cash and cash equivalents	\$ 3,703,307
Grants and contributions receivable due within one year	621,500
Investments	<u>1,219,791</u>
Total Financial Assets Available Within One Year	5,544,598
Less:	
Funds held on behalf of others	(199,096)
Amounts unavailable for general expenditures within one year due to time restriction	<u>(75,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,270,502</u>

NCRP has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of NCRP throughout the year. This is done through monitoring and reviewing NCRP's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of NCRP's cash flow related to NCRP's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, NCRP has a committed line of credit secured by NCRP's investments, of which \$500,000 was unused and available to draw upon as of September 30, 2021, and the CEO is authorized to draw up to 25% of the available line of credit without the approval of the Board. As part of its liquidity plan, excess cash is invested in publicly-traded investment vehicles, including mutual and exchange-traded funds.

11. Pension Plan

NCRP's employees are eligible to participate in a defined contribution retirement plan. Contributions are made by NCRP to the plan at the rate of 8% of an employee's salary. An employee is immediately vested in the amount contributed to his or her participant account. Pension expense totaled \$134,688 for the year ended September 30, 2021.

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NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

12. Income Taxes

NCRP is a nonprofit organization exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC. No provision for federal or state income taxes was required as of September 30, 2021, as NCRP had no taxable net unrelated business income.

NCRP follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. NCRP performed an evaluation of uncertainty in income taxes for the year ended September 30, 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdiction and/or the various states and local jurisdictions in which NCRP files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is NCRP's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in interest expense or income tax expense, respectively. As of September 30, 2021, NCRP had no accruals for interest and/or penalties.

13. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with NCRP's financial statements for the year ended September 30, 2020, from which the summarized comparative information was derived.

14. Subsequent Events

In the preparation of the financial statements, NCRP has evaluated events and transactions through February 3, 2022, the date on which financial statements were available to be issued. Except for the subsequent event disclosed under Note 8, Commitments, Risks and Contingencies – Employment Agreement, there were no subsequent events identified through February 3, 2022, that require recognition or disclosure in the financial statements.