



Financial Statements

For the Year Ended September 30, 2020

(With Summarized Comparative Information for the Year Ended September 30, 2019)



**and
Report Thereon**



NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

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For the Year Ended September 30, 2020

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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, 2020, and the related statements of activities, 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.

Continued

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Opinion

In our opinion, the 2020 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, 2020, 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 Information*

We have previously audited NCRP's 2019 financial statements, and in our report dated February 3, 2020, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Marcum LLP in cursive script.

Washington, DC
February 17, 2021

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF FINANCIAL POSITION
September 30, 2020
(With Summarized Financial Information as of September 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,100,062	\$ 525,629
Grants and contributions receivable	1,080,200	968,000
Prepaid expenses and other assets	39,462	49,497
Investments	822,125	783,965
Security deposit	11,677	11,677
Property and equipment, net	58,462	45,720
TOTAL ASSETS	\$ 3,111,988	\$ 2,384,488
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 25,052	\$ 53,342
Accrued expenses	60,409	61,911
Note payable	298,300	-
Capital lease obligation	26,209	-
Funds held on behalf of others	70,500	-
Deferred rent	142,988	123,495
TOTAL LIABILITIES	623,458	238,748
Net Assets		
Without donor restrictions	1,228,330	1,011,172
With donor restrictions	1,260,200	1,134,568
TOTAL NET ASSETS	2,488,530	2,145,740
TOTAL LIABILITIES AND NET ASSETS	\$ 3,111,988	\$ 2,384,488

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

(With Summarized Financial Information for the Year Ended September 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
SUPPORT AND REVENUE				
Foundation grants – specific projects	\$ -	\$ 375,000	\$ 375,000	\$ 314,994
Foundation grants – general support	1,719,385	822,700	2,542,085	1,943,601
Contributions and sponsorships	56,294	-	56,294	81,384
Meetings and workshops	24,000	-	24,000	10,000
Investment income, net	40,146	-	40,146	27,561
Miscellaneous	4,549	-	4,549	502
Net assets released from restrictions:				
Satisfaction of program restrictions	736,568	(736,568)	-	-
Satisfaction of time restrictions	335,500	(335,500)	-	-
	<u>2,916,442</u>	<u>125,632</u>	<u>3,042,074</u>	<u>2,378,042</u>
TOTAL SUPPORT AND REVENUE				
	<u>2,916,442</u>	<u>125,632</u>	<u>3,042,074</u>	<u>2,378,042</u>
EXPENSES				
Program Services:				
Initiatives	1,501,478	-	1,501,478	1,634,179
Communications	382,025	-	382,025	358,421
Policy	76,675	-	76,675	67,573
New project development	50,046	-	50,046	66,004
	<u>2,010,224</u>	<u>-</u>	<u>2,010,224</u>	<u>2,126,177</u>
Total Program Services				
	<u>2,010,224</u>	<u>-</u>	<u>2,010,224</u>	<u>2,126,177</u>
Supporting Services:				
Administrative	471,942	-	471,942	261,458
Fundraising	217,118	-	217,118	236,466
	<u>689,060</u>	<u>-</u>	<u>689,060</u>	<u>497,924</u>
Total Supporting Services				
	<u>689,060</u>	<u>-</u>	<u>689,060</u>	<u>497,924</u>
TOTAL EXPENSES	<u>2,699,284</u>	<u>-</u>	<u>2,699,284</u>	<u>2,624,101</u>
CHANGE IN NET ASSETS	217,158	125,632	342,790	(246,059)
NET ASSETS, BEGINNING OF YEAR	<u>1,011,172</u>	<u>1,134,568</u>	<u>2,145,740</u>	<u>2,391,799</u>
NET ASSETS, END OF YEAR	<u>\$ 1,228,330</u>	<u>\$ 1,260,200</u>	<u>\$ 2,488,530</u>	<u>\$ 2,145,740</u>

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, 2020
 (With Summarized Financial Information for the Year Ended September 30, 2019)

	Program Services					Supporting Services				2020 Total	2019 Total
	Initiatives	Communications	Policy	New Project Development	Total Program Services	Administrative	Fundraising	Total Supporting Services			
Salaries	\$ 911,923	\$ 235,410	\$ 49,359	\$ 32,303	\$ 1,228,995	\$ 240,335	\$ 121,984	\$ 362,319	\$ 1,591,314	\$ 1,513,065	
Payroll taxes and fringe benefits	230,736	59,568	12,489	8,174	310,967	61,341	30,863	92,204	403,171	440,562	
Rent and other occupancy	120,817	32,752	6,387	4,177	164,133	51,775	18,080	69,855	233,988	230,094	
Professional fees	126,231	26,222	4,977	3,256	160,686	86,324	9,570	95,894	256,580	157,426	
Travel, meals and entertainment	59,616	7,082	1,198	656	68,552	12,806	13,617	26,423	94,975	139,705	
Dues and subscriptions	15,221	13,518	705	461	29,905	797	7,486	8,283	38,188	47,416	
Depreciation and amortization	13,605	3,513	737	482	18,337	9,556	2,394	11,950	30,287	42,264	
Insurance	9,255	2,390	502	328	12,475	4,968	1,629	6,597	19,072	18,241	
State registrations	35	9	2	1	47	-	10,845	10,845	10,892	10,499	
Printing	7,401	97	20	13	7,531	66	22	88	7,619	4,536	
Training and development	2,806	765	152	99	3,822	391	220	611	4,433	9,821	
Bank and credit card fees	2,086	539	113	74	2,812	1,120	367	1,487	4,299	3,666	
Miscellaneous	342	88	19	12	461	2,412	24	2,436	2,897	3,249	
Postage, mailing and delivery	1,404	72	15	10	1,501	51	17	68	1,569	2,151	
Advertising	-	-	-	-	-	-	-	-	-	1,406	
TOTAL EXPENSES	\$ 1,501,478	\$ 382,025	\$ 76,675	\$ 50,046	\$ 2,010,224	\$ 471,942	\$ 217,118	\$ 689,060	\$ 2,699,284	\$ 2,624,101	

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, 2020
(With Summarized Financial Information for the Year Ended September 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 342,790	\$ (246,059)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	30,287	42,264
Realized and unrealized gain on investments	(23,974)	(4,148)
Change in discount on receivables	-	(14,994)
Changes in assets and liabilities:		
Grants and contributions receivable	(112,200)	432,000
Prepaid expenses and other assets	10,035	10,110
Accounts payable	(28,290)	5,438
Accrued expenses	(1,502)	3,288
Funds held on behalf of others	70,500	-
Deferred rent	19,493	(7,194)
NET CASH PROVIDED BY OPERATING ACTIVITIES	307,139	220,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(389,230)	(467,440)
Proceeds from sales of investments	374,164	449,054
Purchases of property and equipment	(16,230)	(2,091)
NET CASH USED IN INVESTING ACTIVITIES	(31,296)	(20,477)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on the line of credit	100,000	115,000
Repayments on the line of credit	(100,000)	(115,000)
Principal payments on capital lease obligation	(825)	-
Proceeds from note payable	298,300	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	297,475	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	573,318	200,228
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	530,441	330,213
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,103,759	\$ 530,441
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and cash equivalents	\$ 1,100,062	\$ 525,629
Cash and cash equivalents held within investments	3,697	4,812
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,103,759	\$ 530,441
NONCASH FINANCING AND INVESTING ACTIVITIES		
Equipment acquired under a capital lease	\$ 27,034	
Obligation of equipment acquired under a capital lease	(27,034)	-
	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 1,017	\$ -

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, 2020

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, 2020

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 2019, the Funders' Network 2019 Annual Conference, Funding Forward 2019, 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, 2020

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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

Fair Value Measurement (continued)

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 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, 2020, 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.

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).

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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, 2020, 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 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.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. NCRP adopted ASU 2014-09 and related amendments on October 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. NCRP adopted ASU 2018-08 as of October 1, 2019, and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for NCRP's contributions.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The update requires that the statement of cash flows present the changes in all cash and cash equivalents, including restricted cash and cash equivalents, and provide additional disclosures regarding the nature of restrictions on cash and cash equivalents. The amendments in the update do not provide a definition of restricted cash or restricted cash equivalents. NCRP adopted the update and, as a result, cash and cash equivalents of \$3,697 held within investments as of September 30, 2020, have been included in the statement of cash flows.

2. Grants and Contributions Receivable

Grants and contributions receivable primarily represent grants and contributions from foundations and corporations. As of September 30, 2020, all grants and contributions receivables were considered fully collectible and were expected to be received as follows:

Less than one year	\$ 925,200
One to five years	<u>155,000</u>
Grants and Contributions Receivable	<u>\$ 1,080,200</u>

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020**

2. Grants and Contributions Receivable (continued)

The discount for the present value of grants, contributions and contacts 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, 2020:

Mutual funds	\$ 649,249
Exchange-traded funds	169,179
Interest-bearing cash deposits	<u>3,697</u>
Total Investments	<u>\$ 822,125</u>

Investment income, net is summarized as follows for the year ended September 30, 2020:

Interest and dividend income	\$ 23,615
Realized gain	1,688
Unrealized gain	22,286
Investment fees	<u>(7,443)</u>
Total Investment Income, Net	<u>\$ 40,146</u>

As of September 30, 2020, 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	\$ 182,263	\$ 182,263	\$ -	\$ -
Intermediate-term bonds	168,889	168,889	-	-
Intermediate government	121,307	121,307	-	-
High yield bonds	41,020	41,020	-	-
Equities:				
Global natural resources	41,100	41,100	-	-
Large growth	33,729	33,729	-	-
Mid-cap blend	32,282	32,282	-	-
Small blend	28,659	28,659	-	-
Exchange-traded funds:				
Equities large blend	<u>169,179</u>	<u>169,179</u>	<u>-</u>	<u>-</u>
Investments Measured in Fair Value Hierarchy	818,428	<u>\$ 818,428</u>	<u>\$ -</u>	<u>\$ -</u>
Interest-bearing cash deposits	<u>3,697</u>			
Total Investments	<u>\$ 822,125</u>			

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020**

3. Investments and Fair Value Measurement (continued)

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.

4. Property and Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2020:

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>(207,296)</u>
Property and Equipment, Net	<u>\$ 58,462</u>

Depreciation and amortization expense was \$30,287 for the year ended September 30, 2020.

5. Note Payable

To assist with operations, NCRP applied for Small Business Administration (SBA) loans through the Paycheck Protection Program (PPP). NCRP received a loan approved by a financial institution in the amount of \$298,300 which was outstanding as of September 30, 2020. The loans will mature on April 2022 and have a fixed interest rate of 1% per annum. Payments of principal and interest are deferred during the first ten months of the loan. Commencing in November 2020, the loans will be paid in equal monthly installments through the maturity date. The loan amounts may be eligible for forgiveness, pursuant to provisions of the PPP.

6. Line of Credit

NCRP entered into a line of credit agreement in June 2017 with a borrowing limit of \$208,000. During the year ended September 30, 2020, the line of credit available was increased to \$500,000. Borrowings under the line of credit bear interest at the lender's liquidity access line index rate plus 3.5%, which was 3.65% at September 30, 2020. The line of credit is collateralized by NCRP's investment brokerage account. During the year ended September 30, 2020, NCRP borrowed \$100,000 from the line of credit and repaid the same amount before the end of the year. As of September 30, 2020, there was no outstanding balance on this line of credit.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020**

7. Net Assets

Net Assets With Donor Restrictions

As of September 30, 2020, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:	
Movement investment project	\$ 187,500
Racial equality in philanthropy	<u>25,000</u>
Total Subject to Expenditure for Specified Purpose	212,500
Subject to occurrence of specified events/passage of time:	
Total Subject to Passage of Time	<u>1,047,700</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,260,200</u>

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.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020**

8. Commitments, Risks and Contingencies (continued)

Operating Lease (continued)

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

<u>For the Year Ending September 30,</u>	
2021	\$ 182,575
2022	189,232
2023	193,963
2024	198,811
2025	203,781
Thereafter	<u>173,339</u>
Total	<u>\$ 1,141,701</u>

Total office rent expense, including NCRP's proportionate share of real estate taxes and operating and maintenance costs, was \$171,789 for the year ended September 30, 2020.

Capital Lease

On May 6, 2020, NCRP signed a capital lease agreement that calls for monthly payments of \$493. At September 30, 2020, the carrying value of the associated office equipment was \$24,781. Future minimum capital lease payments, were as follows as of September 30, 2020:

<u>For the Year Ending September 30,</u>	
2021	\$ 5,916
2022	5,916
2023	5,916
2024	5,916
2025	<u>4,931</u>
Total	28,595
Less: Amount Representing Interest	<u>(2,386)</u>
Present Value of Minimum Lease Obligation	<u>\$ 26,209</u>

Interest paid on capital lease obligations for the year ended September 30, 2020, was \$404.

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.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

8. Commitments, Risks and Contingencies (continued)

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, therefore, bears some risk, NCRP has not experienced, nor does it anticipate, any losses on its funds. At September 30, 2020, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$848,000.

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, 2020, were as follows:

Cash and cash equivalents	\$ 1,100,062
Grants and contributions receivable due within one year	925,200
Investments	<u>822,125</u>
Total Financial Assets Available Within One Year	2,847,387
Less:	
Amounts unavailable for general expenditures within one year due to donor's purpose restriction	<u>(212,500)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,634,887</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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

10. Availability and Liquidity (continued)

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, 2020 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 \$115,556 for the year ended September 30, 2020.

12. Fiscal Sponsorship Agreement

During the year ended September 30, 2020, NCRP entered into a fiscal sponsorship agreement with an unincorporated organization. On behalf of the organization, NCRP collects grants and contributions and uses the funds for the purposes specified in the agreement. In addition, NCRP will provide financial, operation and administrative support to the organization. NCRP receives 6% of all grants and contributions collected for the organization to cover administrative costs. NCRP collected \$75,000 during the year ended September 30, 2020, under this fiscal sponsorship agreement, on which NCRP recognized \$4,500 of administrative fees. The remaining balance of \$70,500 after administrative fees is included in funds held on behalf of others in the accompanying statement of financial position.

13. 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, 2020, 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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

13. Income Taxes (continued)

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, 2020, 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 income tax or interest expense. As of September 30, 2020, NCRP had no accruals for interest and/or penalties.

14. 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, 2019, from which the summarized comparative information was derived.

15. Reclassifications

Certain 2019 balances were reclassified to conform to the 2020 financial statements presentation.

16. Subsequent Events

In preparing these financial statements, NCRP has evaluated events and transactions for potential recognition or disclosure through February 17, 2021, the date the financial statements were available to be issued. Effective December 16, 2020, the SBA forgave the entire principal and associated accrued interest of NCRP's PPP note payable. There were no other subsequent events that require recognition or disclosure in these financial statements.