



Financial Statements

*As of and for the Year Ended September 30, 2022
(With Summarized Comparative Financial Information for the Year Ended
September 30, 2021)*



**and
Independent Auditors' Report Thereon**



NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

TABLE OF CONTENTS
For the Year Ended September 30, 2022

	<i>Page</i>
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Committee for Responsive Philanthropy

Opinion

We have audited the financial statements of National Committee for Responsive Philanthropy (NCRP), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NCRP as of September 30, 2022, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NCRP 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 NCRP'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NCRP'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.

Report on Summarized Comparative Information

We have previously audited the NCRP's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
January 30, 2023

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF FINANCIAL POSITION
September 30, 2022
(With Summarized Comparative Financial Information as of September 30, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 665,187	\$ 3,703,307
Grants and contributions receivable	1,039,228	833,500
Prepaid expenses and other assets	50,027	43,702
Investments	3,082,266	1,219,791
Security deposit	11,677	11,677
Property and equipment, net	74,205	30,676
TOTAL ASSETS	\$ 4,922,590	\$ 5,842,653
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 113,636	\$ 42,873
Accrued expenses	62,495	65,903
Deferred revenue	41,600	-
Capital lease obligation	15,914	21,154
Funds held on behalf of others	-	199,096
Deferred rent	113,598	131,622
TOTAL LIABILITIES	347,243	460,648
Net Assets		
Without donor restrictions	3,426,104	4,358,505
With donor restrictions	1,149,243	1,023,500
TOTAL NET ASSETS	4,575,347	5,382,005
TOTAL LIABILITIES AND NET ASSETS	\$ 4,922,590	\$ 5,842,653

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, 2022
(With Summarized Comparative Financial Information for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
SUPPORT AND REVENUE				
Foundation grants – general support	\$ 1,993,740	\$ 671,500	\$ 2,665,240	\$ 5,267,377
Foundation grants – specific projects	-	395,000	395,000	-
Contributions and sponsorships	62,255	-	62,255	71,916
Meetings and workshops	5,000	-	5,000	20,000
Miscellaneous	24,214	-	24,214	15,344
Investment income (loss), net	(537,524)	-	(537,524)	97,666
Net assets released from restrictions:				
Satisfaction of program restrictions	189,257	(189,257)	-	-
Satisfaction of time restrictions	751,500	(751,500)	-	-
TOTAL SUPPORT AND REVENUE	<u>2,488,442</u>	<u>125,743</u>	<u>2,614,185</u>	<u>5,472,303</u>
EXPENSES				
Program Services:				
Initiatives	1,831,724	-	1,831,724	1,226,462
Communications	549,239	-	549,239	561,093
Research	256,848	-	256,848	-
Policy	139,362	-	139,362	133,798
Membership	74,470	-	74,470	185,828
New project development	32,948	-	32,948	90,890
Marketing	26,428	-	26,428	-
Total Program Services	<u>2,911,019</u>	<u>-</u>	<u>2,911,019</u>	<u>2,198,071</u>
Supporting Services:				
Administrative	251,450	-	251,450	419,096
Fundraising	258,374	-	258,374	259,961
Total Supporting Services	<u>509,824</u>	<u>-</u>	<u>509,824</u>	<u>679,057</u>
TOTAL EXPENSES	<u>3,420,843</u>	<u>-</u>	<u>3,420,843</u>	<u>2,877,128</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(932,401)	125,743	(806,658)	2,595,175
Forgiveness of note payable – PPP	-	-	-	298,300
CHANGE IN NET ASSETS	(932,401)	125,743	(806,658)	2,893,475
NET ASSETS, BEGINNING OF YEAR	<u>4,358,505</u>	<u>1,023,500</u>	<u>5,382,005</u>	<u>2,488,530</u>
NET ASSETS, END OF YEAR	<u>\$ 3,426,104</u>	<u>\$ 1,149,243</u>	<u>\$ 4,575,347</u>	<u>\$ 5,382,005</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, 2022
(With Summarized Comparative Financial Information for the Year Ended September 30, 2021)

	Program Services							Supporting Services			2022 Total	2021 Total	
	Initiatives	Communications	Research	Policy	Membership	New Project Development	Marketing	Total Program Services	Administrative	Fundraising			Total Supporting Services
Salaries	\$ 964,279	\$ 290,404	\$ 141,368	\$ 68,734	\$ 43,420	\$ 19,169	\$ 15,414	\$ 1,542,788	\$ 79,190	\$ 162,867	\$ 242,057	\$ 1,784,845	\$ 1,686,588
Professional fees	237,405	119,141	33,860	23,350	10,277	4,537	3,648	432,218	65,396	30,191	95,587	527,805	295,256
Payroll taxes and fringe benefits	229,251	70,002	34,101	16,341	10,322	4,555	3,666	368,238	21,240	38,856	60,096	428,334	449,311
Rent and other occupancy	124,663	37,531	20,260	22,155	5,643	2,477	1,993	214,722	65,318	16,867	82,185	296,907	269,479
Grant expense	157,257	-	-	-	-	-	-	157,257	-	-	-	157,257	-
Travel, meals and entertainment	66,383	16,789	15,630	5,145	2,510	1,195	891	108,543	3,043	1,241	4,284	112,827	15,889
Dues and subscriptions	32,442	9,334	4,741	2,209	1,396	616	495	51,233	2,476	639	3,115	54,348	61,928
Depreciation and amortization	7,485	2,254	1,097	533	337	149	120	11,975	6,054	1,563	7,617	19,592	27,786
Insurance	6,858	2,065	1,005	489	309	136	110	10,972	5,547	1,432	6,979	17,951	17,943
Training and development	1,406	424	3,956	100	63	28	22	5,999	-	-	-	5,999	35,458
Bank and credit card fees	2,174	655	319	155	98	43	35	3,479	1,759	454	2,213	5,692	2,295
Miscellaneous	1,602	483	435	114	72	32	26	2,764	1,300	331	1,631	4,395	4,767
State registrations	153	46	22	11	7	3	2	244	124	3,932	4,056	4,300	10,216
Postage, mailing and delivery	366	111	54	26	16	8	6	587	3	1	4	591	212
TOTAL EXPENSES	\$ 1,831,724	\$ 549,239	\$ 256,848	\$ 139,362	\$ 74,470	\$ 32,948	\$ 26,428	\$ 2,911,019	\$ 251,450	\$ 258,374	\$ 509,824	\$ 3,420,843	\$ 2,877,128

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, 2022

(With Summarized Comparative Financial Information for the Year Ended September 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (806,658)	\$ 2,893,475
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,592	27,786
Forgiveness of note payable – PPP	-	(298,300)
Realized and unrealized loss (gain) on investments	593,061	(83,326)
Changes in assets and liabilities:		
Grants and contributions receivable	(205,728)	246,700
Prepaid expenses and other assets	(6,325)	(4,240)
Accounts payable	70,763	17,821
Accrued expenses	(3,408)	5,494
Funds held on behalf of others	(199,096)	128,596
Deferred revenue	41,600	
Deferred rent	(18,024)	(11,366)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(514,223)	2,922,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(3,023,858)	(745,970)
Proceeds from sales of investments	600,000	453,754
Purchases of property and equipment	(63,121)	-
NET CASH USED IN INVESTING ACTIVITIES	(2,486,979)	(292,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on the line of credit	125,000	-
Repayments on the line of credit	(125,000)	-
Principal payments on capital lease obligation	(5,240)	(5,055)
NET CASH USED IN FINANCING ACTIVITIES	(5,240)	(5,055)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,006,442)	2,625,369
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,729,128	1,103,759
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 722,686	\$ 3,729,128
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and cash equivalents	\$ 665,187	\$ 3,703,307
Cash and cash equivalents held within investments	57,499	25,821
TOTAL CASH AND CASH EQUIVALENTS	\$ 722,686	\$ 3,729,128
NONCASH FINANCING AND INVESTING ACTIVITIES		
Forgiveness of note payable – PPP	\$ -	\$ 298,300
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 1,751	\$ 861

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, 2022

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, 2022

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, 2022

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. Research: NCRP's research and evaluation department organizes information about movements and the philanthropy sector to advance racial and social justice in philanthropy. The research and evaluation team provides data and analysis to inform NCRP campaigns and projects, helps build the stories NCRP tells with its research, and evaluates the internal and external impact of the organization's work. The team also works with allies within movements and in the sector to equip them with the information they need to advance shared goals of racial and social justice.
- d. 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.
- e. Membership: NCRP's nonprofit membership department oversees the organization's nonprofit membership program which is an opportunity for social justice focused nonprofits to become a member of our organization and participate in efforts aimed at helping them better understand and navigate the philanthropic sector. This department oversees internal systems and databases, hosts educational and networking opportunities, manages a suite of member benefits, and otherwise engage with organizations to serve their needs and inform other aspects of NCRP's work.
- f. 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.
- g. Marketing: NCRP's marketing department is involved in the coordination and production of materials that represent the organization. This includes everything from the knowledge products we produce to business cards and the look & function of the website. This department is also pulled into planning conversations regarding the promotion of the organization and any efforts that reference how we present our mission to the sector.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2022

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

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 transparency of the inputs to the valuation of an asset or liability. These inputs may be observable (Level 1), whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable (Level 3), 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, 2022, NCRP's investments, as described in Note 3 of these financial statements, were measured at fair value on a recurring basis.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2022

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

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.

Impairment of Long-Lived Assets

NCRP reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of September 30, 2022, NCRP had not recognized an impairment loss.

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).
- 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, 2022, 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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2022

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

Revenue Recognition (continued)

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.

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, 2022, all grants and contributions receivables were considered fully collectible and were expected to be received as follows:

Less than one year	\$ 703,428
One to five years	<u>350,000</u>
Total	1,053,428
Less: Discount on multi-year receivables	<u>(14,200)</u>
Grants and Contributions Receivable	<u>\$ 1,039,228</u>

The discount rate used to calculate the present value of grants and contributions receivable due in one to five years was 4.25%.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

3. Investments and Fair Value Measurement

Investments at fair value consisted of the following as of September 30, 2022:

Mutual funds	\$ 2,308,941
Exchange-traded funds	715,826
Interest-bearing cash deposits	<u>57,499</u>
Total Investments	<u>\$ 3,082,266</u>

Investment loss, net is summarized as follows for the year ended September 30, 2022:

Interest and dividend income	\$ 81,036
Realized loss	(41,138)
Unrealized loss	(551,923)
Investment fees	<u>(25,499)</u>
Total Investment Loss, Net	<u>\$ (537,524)</u>

As of September 30, 2022, NCRP used the following fair value measurement:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Fixed-income:				
Short-term bonds	\$ 746,831	\$ 746,831	\$ -	\$ -
Intermediate-term bonds	589,249	589,249	-	-
Intermediate government	370,595	370,595	-	-
Corporate bonds	258,139	258,139	-	-
High yield bonds	39,327	39,327	-	-
Equities:				
Large blend	150,707	150,707	-	-
Large growth	61,278	61,278	-	-
Natural resources	52,313	52,313	-	-
Mid-cap blend	40,502	40,502	-	-
Exchange-traded funds:				
Fixed-income:				
Short-term bonds	368,909	368,909	-	-
Equities:				
Large blend	307,838	307,838	-	-
Mid-cap blend	<u>39,079</u>	<u>39,079</u>	<u>-</u>	<u>-</u>
Investments Measured in Fair Value Hierarchy	3,024,767	<u>\$ 3,024,767</u>	<u>\$ -</u>	<u>\$ -</u>

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

3. Investments and Fair Value Measurement (continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(continued)</i>				
Interest-bearing cash deposits	\$ 57,499			
Total Investments	\$ 3,082,266			

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.

There were no changes in methodology for the year ended September 30, 2022 and no transfers between levels.

4. Property and Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2022:

Software	\$ 130,196
Furniture and equipment	118,112
Website	53,257
Total Property and Equipment	301,565
Less: Accumulated Depreciation and Amortization	(227,360)
Property and Equipment, Net	\$ 74,205

Depreciation and amortization expense was \$19,592 for the year ended September 30, 2022.

5. 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 6.04% at September 30, 2022. The line of credit is collateralized by NCRP's investment brokerage account. During the year ended September 30, 2022, NCRP borrowed and repaid \$125,000 on the line of credit, and incurred interest expense of \$952. As of September 30, 2022, 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, 2022**

6. Net Assets

Net Assets With Donor Restrictions

As of September 30, 2022, net assets with donor restrictions were restricted for the following purpose or time restriction:

Subject to purpose restrictions:	
Data system project	\$ 100,000
Racial healing training	75,000
Resource mobilizers coalition	<u>30,743</u>
Total Subject to Purpose	205,743
Subject to occurrence of specified events/passage of time	<u>943,500</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,149,243</u>

7. 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 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	
<u>September 30,</u>	
2023	\$ 193,963
2024	198,811
2025	203,781
2026	<u>173,339</u>
Total	<u>\$ 769,894</u>

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2022

7. Commitments, Risks and Contingencies (continued)

Operating Lease (continued)

Total office rent expense, including NCRP's proportionate share of real estate taxes and operating and maintenance costs, was \$170,850 for the year ended September 30, 2022.

Capital Lease

On May 6, 2020, NCRP signed a capital lease agreement that calls for monthly payments of \$493. At September 30, 2022, the carrying value of the associated office equipment was \$15,914. Future minimum capital lease payments, were as follows as of September 30, 2022:

<u>For the Year Ending</u> <u>September 30,</u>	
2023	\$ 5,916
2024	5,916
2025	<u>4,931</u>
Total	16,763
Less: Amount Representing Interest	<u>(849)</u>
Present Value of Minimum Lease Obligation	<u>\$ 15,914</u>

Interest paid on the capital lease obligation for the year ended September 30, 2022 was \$676.

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.

8. 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 insured by the Federal Deposit Insurance Corporation of up to \$250,000 per depositor per bank and, therefore, bears some risk, NCRP has not experienced, nor does it anticipate, any losses on its funds. At September 30, 2022, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$415,000.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2022

9. 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, 2022, were as follows:

Cash and cash equivalents	\$ 665,187
Grants and contributions receivable due within one year	703,428
Investments	<u>3,082,266</u>
Total Financial Assets Available Within One Year	4,450,881
Less:	
Amounts unavailable due to donor purpose restrictions	<u>(205,743)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 4,245,138</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, 2022, 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.

10. 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 \$139,415 for the year ended September 30, 2022.

11. 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 district income taxes was required as of September 30, 2022, as NCRP had no taxable net unrelated business income.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2022

11. Income Taxes (continued)

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, 2022, 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, 2022, NCRP had no accruals for interest and/or penalties.

12. 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, 2021, from which the summarized comparative information was derived.

13. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented.

14. Subsequent Events

In the preparation of the financial statements, NCRP has evaluated events and transactions through January 30, 2023, the date on which financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.