

**National Council for Community
Development, Inc.
(d.b.a. The National Development Council)
and its Controlled Affiliates**

**Consolidated and Combined Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2021

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated and Combined Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Changes in Net Assets	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
Notes to Financial Statements	11
Consolidating and Combining Supplementary Information	
National Development Council and NDC Housing and Economic Development Corporation	
Statement of Financial Position	47
Statement of Activities	48
National Development Council	
Statement of Financial Position - Not-for-Profit and For-Profit Entities	49
Statement of Activities - Not-for-Profit and For-Profit Entities	50
Statement of Financial Position - Not-for-Profit Entities	51
Statement of Activities - Not-for-Profit Entities	52
Statement of Financial Position - For-Profit Entities	53
Statement of Activities - For-Profit Entities	54
NDC Housing and Economic Development Corporation	
Statement of Financial Position - Not-for-Profit and For-Profit Entities	55
Statement of Activities - Not-for-Profit and For-Profit Entities	56
Statement of Financial Position - Not-for-Profit Entities	57
Statement of Activities - Not-for-Profit Entities	62
Statement of Financial Position - For-Profit Entities	68
Statement of Activities - For-Profit Entities	71

Independent Auditor's Report

To the Board of Directors
National Council for Community Development, Inc.
(d.b.a. The National Development Council)

Opinion

We have audited the accompanying consolidated and combined financial statements of National Council for Community Development, Inc. (d.b.a. The National Development Council) and its Controlled Affiliates (the "Organization"), which comprise the consolidated and combined statement of financial position as of December 31, 2021, and the related consolidated and combined statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, based on our audit and the report of other auditors, the accompanying consolidated and combined financial statements present fairly, in all material respects, the financial position of National Council for Community Development, Inc. (d.b.a. The National Development Council) and its Controlled Affiliates as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Community Development Properties Scranton, Inc. ("CDP Scranton"), a wholly-owned subsidiary of the Organization, whose statements reflect total assets of \$44,826,017 as of December 31, 2021 and total revenues of \$2,629,585 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CDP Scranton, is based solely on the report of the other auditors.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our 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 consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated and combined 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 consolidated and combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The supplementary consolidating information on pages 47 to 73 is presented for purposes of additional analysis of the consolidated and combined financial statements, and is not a required part of the consolidated and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, which insofar as it relates to CDP Scranton, is based on the reports of other auditors, is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

CohnReznick LLP

New York, New York
June 29, 2022

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidated and Combined Statement of Financial Position
December 31, 2021**

<u>Assets</u>		
Cash and cash equivalents		\$ 75,084,363
Restricted cash		18,273,438
Accounts receivable, net		13,485,569
Interest receivable		232,929
Loans receivable (Note 4)		
Gross	\$ 149,534,599	
Sold in secondary market	(77,389,283)	
Allowance	<u>(3,119,958)</u>	
Net		69,025,358
COVID-19 relief loans receivable		61,663,671
Grants receivable		1,381,553
Other assets		5,103,501
Due from related parties (Note 14)		13,992,905
Investments (Note 6)		9,531,525
Investments in operating partnerships (Note 7)		53,583,724
Leasehold interest in parking garages (Note 18)		4,404,812
Service concession asset, net (Note 17)		28,335,159
Fixed assets, net (Note 8)		28,213,535
Assets held for sale (Note 9)		<u>593,370</u>
 Total assets		 <u><u>\$ 382,905,412</u></u>
 <u>Liabilities and Net Assets</u>		
Interest payable		\$ 10,063,449
Accounts payable and accrued expenses		3,763,242
Recoverable grant, deferred revenue and advances payable		12,849,602
Other liabilities		3,216,427
Due to related parties (Note 14)		1,304,720
Lease liabilities (Note 18)		4,889,735
Grant payable		84,971
Client investment liabilities (Note 12)		14,275,722
Non-qualified pension plan liability (Note 6, Note 13)		1,269,370
Defined benefit pension liability (Note 13)		5,985,133
Mortgages, notes and bonds payable, net (Note 11)		159,996,953
Liabilities held for sale (Note 9)		<u>529,311</u>
 Total liabilities		 <u>218,228,635</u>
Commitments and contingencies (Note 15)		
Net assets		
Without donor restrictions		
Controlling interest		130,677,627
Noncontrolling interest		<u>19,007,453</u>
		149,685,080
With donor restrictions (Note 16)		<u>14,991,697</u>
 Total net assets		 <u>164,676,777</u>
 Total liabilities and net assets		 <u><u>\$ 382,905,412</u></u>

See Notes to Consolidated and Combined Financial Statements.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidated and Combined Statement of Activities
Year Ended December 31, 2021**

	Without donor restrictions	With donor restrictions	Total
Revenue and other support			
Interest income	\$ 7,196,603	\$ 449,003	\$ 7,645,606
Contributions from client communities	267,677	137,677	405,354
Grant income	49,083,649	14,727,130	63,810,779
Premium on sale of loans	504,107	128,843	632,950
Technical assistance and training income	11,770,842	-	11,770,842
Forgiveness of debt	98,600	-	98,600
Other income	4,414,760	-	4,414,760
Loan servicing fees	561,976	54,891	616,867
Rental income	2,331,815	-	2,331,815
Investment income	800,035	-	800,035
Investment loss in operating partnerships	(228,359)	-	(228,359)
Management fee income	9,686,174	-	9,686,174
Net assets released from restrictions	13,845,874	(13,845,874)	-
Total revenue and other support	<u>100,333,753</u>	<u>1,651,670</u>	<u>101,985,423</u>
Expenses			
Program services	50,974,815	-	50,974,815
Management and general	10,950,112	-	10,950,112
Total expenses	<u>61,924,927</u>	<u>-</u>	<u>61,924,927</u>
Changes in net assets before other income (expenses)	38,408,826	1,651,670	40,060,496
Other income (expenses)			
Other components of net periodic benefit cost	22,234	-	22,234
Change in funded status of nonqualified pension plans other than net periodic pension costs	(26,881)	-	(26,881)
Change in funded status of qualified pension plan other than net periodic pension costs	(533,544)	-	(533,544)
Total other income (expenses)	(538,191)	-	(538,191)
Changes in net assets	<u>\$ 37,870,635</u>	<u>\$ 1,651,670</u>	<u>\$ 39,522,305</u>

See Notes to Consolidated and Combined Financial Statements.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidated and Combined Statement of Changes in Net Assets
Year Ended December 31, 2021**

	Without donor restrictions			With donor restrictions	Total
	Controlling	Noncontrolling	Total	Controlling	
Beginning balance, January 1, 2021	\$ 90,373,134	\$ 21,430,587	\$ 111,803,721	\$ 13,340,027	\$ 125,143,748
Change in net assets	40,293,769	(2,423,134)	37,870,635	1,651,670	39,522,305
Investor contributions	10,724	-	10,724	-	10,724
Ending balance, December 31, 2021	\$ 130,677,627	\$ 19,007,453	\$ 149,685,080	\$ 14,991,697	\$ 164,676,777

See Notes to Consolidated and Combined Financial Statements.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidated and Combined Statement of Functional Expenses
Year Ended December 31, 2021**

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 8,825,501	\$ 3,234,198	\$ 12,059,699
Payroll tax and fringe benefits	2,389,835	920,334	3,310,169
Pension expense	1,283,100	703,203	1,986,303
Professional fees	5,724,982	3,584,833	9,309,815
Travel expense	367,723	90,100	457,823
Interest expense	3,501,265	34,135	3,535,400
Occupancy	762,150	131,553	893,703
Repairs and maintenance	785,625	42,323	827,948
Taxes and insurance	625,607	215,239	840,846
Contributions and grants	21,249,034	144,219	21,393,253
Management fee	-	418,255	418,255
Telephone	171,399	93,973	265,372
Printing, supplies and postage	136,064	86,753	222,817
Subscriptions and memberships	95,832	45,534	141,366
Depreciation	1,889,358	19,097	1,908,455
Amortization	251,263	21,875	273,138
Bad debt expense	374,771	28,243	403,014
Other expenses	2,541,306	1,136,245	3,677,551
	<u>\$ 50,974,815</u>	<u>\$ 10,950,112</u>	<u>\$ 61,924,927</u>

See Notes to Consolidated and Combined Financial Statements.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidated and Combined Statement of Cash Flows
Year Ended December 31, 2021**

Cash flows from operating activities	
Changes in net assets	\$ 39,522,305
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation	1,908,455
Amortization	1,084,256
Interest on capital lease obligations	268,365
Conversion of client investment funds	(112,845)
Unrealized gain on investments	(592,787)
Gain on sale of investments in operating partnerships	(1,079,941)
Losses on investments in operating partnerships	2,807,889
Impairment losses on operating partnerships	635,150
Return on investments in operating partnerships	1,167,532
Loss on sale of fixed assets	25,200
Forgiveness of debt	6,678,067
Bad debt expense	403,014
Provision for loan losses	1,551,664
Change in funded status of nonqualified pension plan	26,881
Change in funded status of qualified defined benefit pension plan	533,544
Changes in	
Accounts receivable, net	(639,189)
Interest receivable	(122,991)
Grants receivable	(1,188,610)
Other assets	(1,626,494)
Interest payable	1,278,067
Accounts payable and accrued expenses	(23,656)
Recoverable grant, deferred revenue and advances payable	(4,991,661)
Other liabilities	243,793
Grants payable	(91,442,888)
Accrued non-qualified pension liability	141,568
Accrued defined benefit pension plan liability	(417,547)
	<hr/>
Net cash used in operating activities	<u>(43,962,859)</u>
Cash flows from investing activities	
Purchases of fixed assets	(2,095,075)
Proceeds from the sale of fixed assets	898,224
Payments received on loans receivable	8,957,311
Disbursements on loans receivable	(69,511,429)
Proceeds from loans sold	37,029,983
Payments received on COVID-19 loans receivable	128,160,657
Disbursements on COVID-19 loans receivable	(126,308,409)
Premium on sale of loans	(632,950)
Net deposits to restricted cash	131,795
Purchases of investments	(701,064)
Sale of investments	497,100
Capital contributions paid to operating partnerships	(607,088)
Payments to related parties	12,747,806
Disbursements to related parties	(21,584,467)
	<hr/>
Net cash used in investing activities	<u>(33,017,606)</u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidated and Combined Statement of Cash Flows
Year Ended December 31, 2021**

Cash flows from financing activities	
Contributions from investors	10,724
Repayments of mortgages, notes and bonds payable	(143,467,207)
Proceeds from mortgages, notes and bonds payable	132,501,210
Principal payments on capital lease obligations	(348,000)
Payments on client investment liabilities	(420,725)
Proceeds from client investment liabilities	3,320,000
Payments to related parties	(103,398)
Proceeds from related parties	102,926
	(8,404,470)
Net cash used in financing activities	(8,404,470)
Net decrease in cash and cash equivalents and restricted cash	(85,384,935)
Cash and cash equivalents and restricted cash, beginning	178,173,378
Cash and cash equivalents and restricted cash, end	\$ 92,788,443
Supplemental disclosures of cash flow information	
Interest paid during the year	\$ 498,690
Supplemental disclosures of noncash information	
Leasehold improvements included in accounts payable	\$ 1,258,896

See Notes to Consolidated and Combined Financial Statements.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Note 1 - Organization and nature of activities

National Council for Community Development, Inc. d.b.a. The National Development Council ("NDC") is a 501(c)(3) nonprofit corporation that was incorporated in the State of New York in 1969. NDC was organized and operates exclusively as a charitable organization to increase the flow of capital for investment, jobs and community development to underserved urban and rural areas across the United States. The mission of the organization is to use all available resources to provide training, technical assistance, and creative financing to serve as a catalyst in the creation of new jobs and affordable housing opportunities in low-income and distressed neighborhoods.

NDC also meets its mission through services provided by its principal controlled entities, for each of which NDC serves as the sole corporate member:

Grow America Fund, Inc. ("GAF")

GAF, a 501(c)(3) nonprofit corporation, carries out NDC's mission by increasing the flow of capital to small businesses for investment, job creation, and community development to underserved urban and rural areas across the country.

GAF is licensed by the United States Small Business Administration ("SBA") to operate as a Small Business Lending Organization or a "Non-Bank Lender". Under the license agreement, GAF is authorized to make loans to eligible small businesses throughout the United States and Puerto Rico. Such loans are partially guaranteed by the SBA. Generally, the SBA will guarantee seventy-five to ninety percent (75% to 90%) of the principal and accrued interest on such loans, although higher and lower guarantees are occasionally offered by the SBA. As a licensed Non-Bank Lender, GAF may sell the guaranteed portion of these loans in an established secondary market. By selling the guaranteed portion of its loans into the secondary market, GAF is able to leverage its capital base many times over. It is the organization's policy to obtain collateral from the borrower to support the amount of the loan provided.

GAF partners with partner-communities to establish partner-community loan funds. Generally, the partner-communities grant or invest funds into GAF, which GAF in turn uses to fund the unguaranteed portion of end loans with GAF providing the remainder.

GAF is a certified Community Development Financial Institution ("CDFI") in the United States Department of Treasury CDFI Program. The CDFI program is the primary vehicle for executing the objectives of the CDFI Fund in accordance with the Riegle Community Development and Regulatory Improvement Act of 1994, the goal of which is to promote economic revitalization in low-income communities.

During the year ended December 31, 2021, GAF also made loans under the Paycheck Protection Program ("PPP"), as more fully described in Note 7.

NDC Housing and Economic Development Corporation ("HEDC")

HEDC, a 501(c)(3) nonprofit corporation, was organized for the following charitable purposes: to construct new, low-income housing; to renovate, develop, manage, operate, promote, fund and support existing low-income housing for persons of limited financial means, handicapped persons, elderly persons and other persons in need of safe and adequate housing; to assist generally in the alleviation of housing shortages throughout the United States; and to assist in the erection and maintenance of public buildings, monuments, facilities, or works, to lessen the burdens of governments and to promote social welfare.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

HEDC carries out its mission through the activities of entities, in which it holds a controlling interest. HEDC holds controlling interest of its controlled affiliates through various means, including sole corporation membership and/or control of its Board of Directors. None of the controlled affiliates established as a limited partnership have substantive rights that would take away NDC's control, nor would they have recourse against NDC and/or HEDC for losses or indebtedness.

NDC Support I, Inc. ("Support I")

Support I, a 501(c)(3) nonprofit corporation, is organized and operated exclusively for the benefit of, or to perform functions of, or to carry out the charitable purposes of NDC. Support I achieves its mission by providing grants.

NDC Community Impact Loan Fund ("CILF")

CILF is a 501(c)(3) not-for-profit organization incorporated under the laws of the State of Delaware in 1992. CILF works with partner-communities and investors throughout the United States to stimulate economic development by providing capital for targeted growth in economically depressed areas.

CILF is a CDFI in the United States Department of Treasury CDFI Program. The CDFI program is the primary vehicle for executing the objectives of the CDFI Fund in accordance with the Riegle Community Development and Regulatory Improvement Act of 1994, the goal of which is to promote economic revitalization in low-income communities.

On December 16, 2021, CILF became a non-bank member of the Federal Home Loan Bank of New York ("FHLBNY"). Membership to the FHLBNY gives CILF access to reliable, low-cost funding to help meet liquidity needs.

CDP Washington Loan Fund ("WALF")

CDP Washington Loan Fund (dba Small Business Flex Fund) is a nonprofit corporation that was incorporated in the State of Washington in March 2021. WALF was formed for the purpose of establishing and administering a loan fund, distributing property and for extending or promoting financial aid and support through grants, gifts, contributions, low-barrier loans, or other assistance to qualified Section 501(c)(3) organizations and small businesses operating in the State of Washington that have experienced economic hardship as a result of the COVID-19 pandemic.

WALF, which was initially capitalized through a grant agreement with the State of Washington's Department of Commerce, partners with approved CDFI loan originators and executed a Loan Purchase Agreement to purchase 95% interests in program eligible loans ("Portfolio Loans") to small businesses and nonprofits made by such CDFIs. Partnering CDFIs retain servicing rights to the purchased loans and can access additional resources from WALF to provide technical assistance to potential and existing program borrowers. The CDFIs earn a servicing fee equal to the greater of 1.25% annually of the unpaid principal balance or \$360 per annum, calculated monthly.

The loans purchases by WALF are included in loans receivable on the consolidated and combined statement of financial position.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The following entities are included in the consolidated and combined financial statements:

National Development Council	
Not-for-profit entities	For-profit entities
NDC GAF Support I NDC Resources* NDC Green Renewable Energy Enterprise Nexus*	CDG Kentucky, Inc. CDG Renewable Energy, Inc. CDG Renewable Energy IVDA, LLC CDG Walla Walla, Inc. Housing Development Group III, Inc.* White River Village, LLP WRV GP, LLC

NDC Housing and Economic Development Corporation	
Not-for-profit entities	For-profit entities
NDC Community Impact Loan Fund NDC Housing and Economic Development Corporation NDC Economic Development Lending, Inc. Edison Development Corporation Greater Salt Lake Development Corporation HEDC New Markets, Inc. Housing Development Group, Inc. Housing Development Group II, Inc. Kingsborough Housing Development Fund Company, Inc.* Community Development Properties ("CDP") Abilene, Inc. CDP Atlanta, Inc. CDP Brooklyn, Inc. CDP Buffalo, Inc. CDP Carver, Inc. CDP Humboldt, Inc. CDP Macy, Inc. CDP Madison, Inc. CDP Madison II, Inc. CDP Madison Senior NFP CDP Nyack, Inc. CDP Rifle, Inc. CDP Scranton, Inc. CDP Texas, Inc. CDP Wilson, Inc. Goat Hill Properties Conservation Development Properties* CDP Port Arthur, Inc. CDP North Texas, Inc. CDP North Texas Richardson, Inc. CDP Washington, Inc. CDP Washington Loan Fund CDP Puerto Rico* CDP Saugerties* CDP TOM, Inc.*	800 Mesquite Street Associates, LP CDI Brooklyn, Inc. Greenwood Avenue, LP Humboldt School, LP Madison Senior Apartments, LP NDC Corporate Equity Fund III, LP NDC Corporate Equity Fund IV, LP NDC Corporate Equity Fund V, LP NDC Corporate Equity Fund VI, LP NDC Corporate Equity Fund VII, LP NDC Corporate Equity Fund VIII, LP Washington Avenue, LP Westview Lofts, LP Beacon Pointe, LLC NDC Affordable Housing, LLC

* Entity is dormant and therefore no activity is reported on the supplemental schedules

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Note 2 - Significant accounting policies

Basis of accounting

The accompanying consolidated and combined financial statements of NDC and its Controlled Affiliates (the "Organization") have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of consolidation

The consolidated and combined financial statements include the accounts of NDC and its Controlled Affiliates. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of estimates

The preparation of consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and other disclosures in the consolidated and combined financial statements. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all cash accounts, which are not subject to withdrawal penalties, and all highly-liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Restricted cash

Restricted cash represents amounts that are required to be maintained by contractual or other agreements. Restricted cash is held in separate bank accounts and generally are not available for operating purposes.

Loans

Loans receivable are stated at the principal amount outstanding, net of allowances for loan losses. Interest income on loans is accrued on the principal outstanding at the loans' stated interest rates.

Loan origination costs

Loan origination costs are deferred and amortized using the straight-line method over the respective lives of the related loans and recorded as an adjustment to loan fee revenue. Management has concluded that using the straight-line method would not be materially different from using the effective interest method. At December 31, 2021, loan origination costs are \$354,603, net of amortization of \$190,886 and are included in other assets on the consolidated and combined statement of financial position.

During the year ended December 31, 2021, the Organization received \$6,926,550 in PPP loan origination fees from the SBA. Those fees are deferred, net of origination costs of \$1,020,737 and amortized over the life of the underlying loans. For the year ended December 31, 2021, the Organization recognized \$6,155,779 of origination fee income that is included in interest income on the consolidated and combined statement of activities. At December 31, 2021, deferred revenue relating to origination fee income was \$1,057,198 and is included in recoverable grant, deferred revenue and advances payable on the consolidated and combined statement of financial position.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Loans sold

Loans sold by the Organization are removed from the consolidated and combined statement of financial position on the date of sale.

Non-accrual of loans

Loans are generally placed on non-accrual status for recognition of interest income when principal and interest are past due 90 days or more, and in the opinion of management, there is reasonable doubt as to the collectability of interest and principal. All interest accrued but not collected for loans that are placed on non-accrual basis is reversed against interest income. The non-recognition of interest income does not constitute forgiveness of interest. Nonaccrual loans are returned to accrual status when the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Subsequent payments received on non-accrual loans that do not bring the loan current are recorded on a cash basis.

Allowance for loan losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are recognized as a reduction to the provision for loan loss. The allowance is based upon management's periodic review of the collectability of loans and is maintained at a level believed adequate by management to absorb estimated potential losses after considering changes in internal and external factors, past loss experience, the nature and volume of the portfolio and current economic conditions. However, the allowance is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired, including troubled debt restructurings ("TDRs"). For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value for collateral-dependent loans or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical charge-off experience and incurred losses given the Organization's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal and interest when due according to contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a case-by-case basis using the fair value of the collateral.

Loans where the borrower is in financial difficulty and where the Organization has made a concession that it would not otherwise consider are deemed TDRs and are included in impaired loans.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Troubled debt restructurings

TDRs occur when a creditor, for economic or legal reasons related to a debtor's financial condition, grants a concession to the debtor that it would not otherwise consider, such as a below market interest rate, extending the maturity of a loan, or a combination of both. The Organization considers all loans modified in a troubled debt restructuring to be impaired, and includes loans individually evaluated for impairment in the allowance for loan losses.

At the time a loan is modified in a TDR, the Organization considers the following factors to determine whether the loan should accrue interest:

- Whether there is a minimum of six months of current payment history under the current terms;
- Whether the loan is current at the time of restructuring; and
- Whether the Organization expects the loan to continue to perform under the restructured terms with a debt coverage ratio that complies with the Organization's minimum underwriting policy.

COVID-19 relief loans receivable

As further discussed in Note 7, the Organization participated as a lender in the PPP and Emergency Business Assistance Programs. Under each of these programs, the Organization is guaranteed to receive payment from the borrower or governmental entity supporting the program. As such, management has concluded that it is not necessary to assess risk classification for these loans. Additionally, these loans are not classified as non-accrual, impaired, or TDRs at December 31, 2021. Management has evaluated the collectability of the loans based on their agreements with the SBA and governmental entities and concluded that no allowance was necessary at December 31, 2021.

Client investment liabilities

Client investment liabilities are amounts that are due back to client communities upon liquidation of client community funds, as more fully described in Note 12.

Investments

Investments in readily marketable securities are reported at fair value in the consolidated and combined statement of financial position. Other investments are recorded at cost or at fair value when received by contribution. Such investments are evaluated for impairment as described under long-lived assets below. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned.

Investments in operating partnerships

Investments in operating partnerships (the "Operating Partnerships") are reported on the equity method of accounting. Under the equity method, investments are increased by cash or property contributed and the investors' share of any partnership profits. Investments are decreased by cash or property distributed and the investors' share of any partnership losses until the carrying value of each investment is zero. Any additional losses are suspended and will be recorded only to the extent that the related investment reports future income.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The Organization regularly assesses the carrying value of its investments in Operating Partnerships for impairment. If the carrying value exceeds the estimated value derived by management, the Organization reduces its investment in any such Operating Partnership and includes such reduction in losses from Operating Partnerships. During 2021, as a result of management's assessment of the carrying value of its investments in Operating Partnerships, the Organization reduced its investment in certain Operating Partnerships by \$635,150.

Fixed assets

Land, land improvements, buildings and improvements, furniture, equipment and leasehold improvements are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated life</u>
Buildings and improvements	27.5-40 years
Land improvements	12-20 years
Furniture and equipment	5-7 years

Long-lived assets

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of the assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of the assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. Other than investments in operating partnerships, there were no impairment losses recognized during the year ended December 31, 2021.

Accounts receivables, net

Accounts receivable are stated net of allowances for doubtful accounts, when necessary, and are reported on the face of the Organization's consolidated and combined statement of financial position. The allowances are established via provisions for bad debts charged to operations. On a periodic basis, management evaluates its receivables and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible based on evaluations of the collectability of individual accounts, the Organization's history of prior loss experience and current economic conditions. Accounts are charged against the allowances when management believes that the collectability of the specific accounts is unlikely. The allowance for doubtful accounts receivable was \$520,897 at December 31, 2021.

Leasehold interest in parking garages

Upon lease commencement, the Organization analyzes the terms of the lease to determine if it qualifies as a capital lease in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 840, *Accounting for Leases*. If the Organization has determined that the lease is a capital lease, it is accounted for in accordance with ASC 840,

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

which states that the present value of the minimum lease payments due under the lease are capitalized in building and improvements and a corresponding liability is recorded on the statement of financial position. Amortization is then recorded on the leasehold interest over the shorter of the useful life of the asset or the lease term of the capital lease.

Fair value measurement

In accordance with the *Fair Value Measurements and Disclosures*, FASB ASC 820, the fair value of a financial instrument 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Assets and liabilities recorded at fair value in the consolidated and combined statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Pursuant to FASB ASC 820, level inputs are defined as follows:

- Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2: Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or that can be derived principally from or corroborated by observable market data.
- Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

For the year ended December 31, 2021, the application of valuation techniques applied to similar assets has been consistent. The fair value of investment securities is based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market price activity of the instrument.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no such transfers during the year ended December 31, 2021.

Net assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or board-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported in two categories of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions, including the net investment in fixed assets, gifts with no donor restrictions and current funds without donor restriction.

Net assets with donor restrictions - Net assets that are restricted by a donor for use for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Net assets may also be subject to donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise be removed by actions of the Organization.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

Contributions of cash and other assets, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor and are recognized as support in the period the unconditional promise is given. 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. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. At December 31, 2021, the Organization had no conditional promises to give.

The Organization reports gifts of land, buildings and equipment at fair value as without restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions in the period the asset is sold.

Technical assistance ("TA") revenue pertains to various contracts and agreements with municipalities and/or organizations in need of consulting services which may include but are not limited to professional training, project financing, direct developer services, equity for real estate development through the use of several tax credit programs and small business lending. These agreements can be long-term and ongoing or project specific. During 2020, TA was expanded to include the delivery of support and administration services to state and local governments related to their COVID-19 relief programs.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Training revenue pertains to the various training courses that NDC offers for building development finance capacity in professionals working in every sector of the economic, housing and community development profession. This includes governments, nonprofits, community banks, tax credit syndicators and investors, and many more. The Organization offers certification programs in both economic development finance and housing development finance.

Rental income is recognized as rents become due. Rental payments received in advance are deferred and classified as liabilities until earned. All leases between the Limited Partnerships or similar entities and the tenants of the property are operating leases.

The Organization provides asset management services on a contractual basis for local partnerships and public private partnerships. The Organization is compensated for its services through periodic asset management fees earned based on a fixed fee. These management services represent a series of distinct daily services rendered over time, and revenue is recognized at the end of each period for the fees associated with the services performed.

Loan and bond issuance costs

Loan and bond issuance costs represent various costs associated with the issuance of debt (mortgages, notes, and bonds payable) as more fully described in Note 9. At December 31, 2021, loan and bond issuance costs are \$2,640,629 net of accumulated amortization of \$611,009 and are recorded net against mortgages, notes and bonds payable on the consolidated and combined statement of financial position and amortized over the life of the related loan or bond. Loan and bond issuance costs are amortized using the effective interest method and these amounts are recorded as a component of interest expense.

Bond premiums

Bond premiums are accreted over the term of the related bond under the effective interest method and these amounts are recorded as a component of interest expense. At December 31, 2021, bond premiums are \$1,005,684, net of accumulated amortization of \$195,064 and are recorded net against mortgages, notes and bonds payable on the consolidated and combined statement of financial position.

Income taxes

NDC, GAF, HEDC, Support I, and the not-for-profit entities listed in Note 1 are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code ("IRC") and are also exempt from state and local taxes.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not recognize any unrelated business income tax liabilities for the year ended December 31, 2021.

The Organization files Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service ("IRS") annually.

In addition, HEDC holds a group tax-exemption letter from the IRS. Accordingly, certain entities that are included in the group tax-exemption annually file a group Form 990 with the IRS.

NDC and HEDC for-profit entities file Form 1120, Corporate Income Tax Return or Form 1065, Return of Partnership Income as required, with the IRS annually.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Risks and uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts of investments reported in the consolidated and combined statement of financial position.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, investments, and loans receivable. At times during the year, the Organization's cash balances may exceed the Federal Deposit Insurance Corporation insurance limit. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk associated with such accounts.

GAF is licensed by the SBA to operate as a Small Business Lending Organization or a "Non-Bank Lender". Under the license agreement, the Organization is authorized to make loans to eligible small businesses throughout the United States and Puerto Rico. Such loans are partially guaranteed by the SBA. Generally, the SBA will guarantee seventy-five to ninety percent (75% to 90%) of the principal and accrued interest on such loans, although higher and lower guarantees are occasionally offered by the SBA. Accordingly, the Organization is at risk for the amount of the loans not guaranteed by the SBA. As of December 31, 2021, GAF has approximately seventy-seven percent (77%) of its loans outstanding in four states (California, New York, Ohio and Washington).

The Organization has received a contribution from two donors that amounted to 39% of total revenue for the year ended December 31, 2021.

Functional expenses

Expenses are reported as decreases in net assets without donor restrictions. The cost of providing program and supporting services of the Organization have been summarized on a functional basis in the accompanying consolidated and combined financial statements. Accordingly, certain costs have been allocated between program services, management and general, and fundraising on a basis as determined by management.

Program services consist of costs directly incurred in connection with services provided and in conducting the programs.

Management and general consist of costs directly incurred in connection with overall activities of the Organization or based on estimates made by management, which are not allocable to program services.

The Organization reports certain categories of expenses that are attributable to both program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, fringe benefits and travel expenses are allocated based on individual job functions. The average of the allocation percentage based on job functions is then applied to other expenses such as rent, telephone, office supplies, postage, subscriptions and memberships, and equipment leases and maintenance.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Recent accounting pronouncement

In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which replaces existing lease accounting guidance and requires lessees to disclose key information about leasing arrangements and recognize right of use assets and corresponding lease liabilities on the statement of financial position. Topic 842 applies to most lease, including those classified as operating, except for short-term leases. In June 2020, FASB issued ASU 2020-05, which in part provides for the elective deferral of adoption to annual reporting periods beginning after December 15, 2021 for certain entities.

The Organization has elected to apply the deferral provided by ASU 2020-05 and therefore expects to adopt Topic 842 for the fiscal year beginning after December 15, 2021, on a modified retrospective basis. The Organization is currently evaluating the potential impact of adopting Topic 842 on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current GAAP which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-13 is applicable to loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU along with certain related ASUs clarifying the scope of ASU 2016-13 and providing transition relief will be effective for fiscal years beginning after December 15, 2022. The Organization is currently assessing the impact of ASU 2016-13 on its consolidated financial statements.

Subsequent events

The Organization has evaluated subsequent events through June 29, 2022, the date on which the consolidated and combined financial statements were available to be issued.

Subsequent to year end, the Organization repaid \$25,000,000 to Northern Trust Company.

The Organization participated as a PPP lender, with the Paycheck Protection Program Liquidity Facility ("PPP liquidity facility"), as more fully described in note 7, as the primary source of capital. The Organization is no longer originating PPP loans and through the date of the issuance of these consolidated and combined financial statements, has repaid \$38,691,911 to the Federal Reserve Bank of Minneapolis under the PPP liquidity facility.

See Note 11 for additional subsequent events described in detail.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Note 3 - Liquidity and availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments and grants receivable.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 75,084,363
Accounts receivable, net	13,485,569
Interest receivable	232,929
Loans receivable, current portion	6,472,840
COVID-19 relief loans receivable, current portion	59,313,010
Grants receivable	1,381,553
Investments	<u>9,531,525</u>
 Total financial assets at December 31, 2021	 165,501,789
 Less those not available for general expenditures within one year due to	
Donor-imposed restrictions	<u>14,991,697</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 150,510,092</u></u>

In addition to the financial assets, the Organization has a revolving line of credit in the amount of \$1 million with Citizens Bank that the Organization can draw on to meet its cash needs.

Note 4 - Loans receivable

Loans receivable, net of loans sold in the secondary market at December 31, 2021 consist of the following:

	Loans receivable, gross	Loans receivable sold in secondary market	Loans receivable, net
Small business commercial real estate	\$ 56,332,422	\$ 27,184,270	\$ 29,148,152
Small business equipment and/or working capital	71,620,189	34,491,745	37,128,444
Other real estate development	<u>21,581,988</u>	<u>15,713,268</u>	<u>5,868,720</u>
	149,534,599	77,389,283	72,145,316
Allowance for loan losses	<u>-</u>	<u>-</u>	<u>(3,119,958)</u>
	<u><u>\$ 149,534,599</u></u>	<u><u>\$ 77,389,283</u></u>	<u><u>\$ 69,025,358</u></u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Interest earned on loans receivable is shown net of interest expense and provision for loan losses on the consolidated and combined statement of activities. Interest income consists of the following as of December 31, 2021:

Interest income	\$ 10,479,970
Interest expense	(961,403)
Provision for loan losses	<u>(1,872,961)</u>
 Interest income, net	 <u><u>\$ 7,645,606</u></u>

Small business commercial real estate

Small business commercial real estate loans include loans for commercial real estate in which the small businesses generally operate. The loans are underwritten with mortgage liens on the borrower's real estate as collateral and loan to value ratios of less than 100% of the lesser of cost or appraised value. Most loans are originated at a loan to value ratio of less than 90%.

Small business equipment and/or working capital

Small business equipment and/or working capital loans include loans to small business to fund purchases of equipment and to provide working capital as the businesses expand. The loans are underwritten with Uniform Commercial Code filings as collateral and a pledge of personal assets of the business owners as needed.

Other real estate development

Other real estate development loans include loans for the acquisition, development, and operations of residential and community facilities. The loans may or may not be secured by real estate and borrowers rely on rental income to service their debt payments.

Outstanding loans have annual interest rates ranging from 0.75% to 11.06%. At December 31, 2021, approximately 23% of these loans have variable interest rates which are indexed to *The Wall Street Journal* prime rate. The remaining loans have a fixed rate. Loans receivable have various maturities through 2050.

An age analysis of past due loans segregated by class for outstanding loans - gross as of December 31, 2021, which includes the sold and unsold portions of loans receivable, is as follows:

	Loans 31-89 days past due	Loan 90 days and greater past due	Non-accrual loans (current) and past due	Total past due and non-accrual loans	Current loans	Total loans
Small business commercial	\$ -	\$ 173,585	\$ 1,903,687	\$ 2,077,272	\$ 54,255,150	\$ 56,332,422
Small business equipment and/or working capital	381,049	-	2,059,097	2,440,146	69,180,043	71,620,189
Other real estate development	-	-	-	-	21,581,988	21,581,988
	<u>\$ 381,049</u>	<u>\$ 173,585</u>	<u>\$ 3,962,784</u>	<u>\$ 4,517,418</u>	<u>\$ 145,017,181</u>	<u>\$ 149,534,599</u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

An age analysis of past due loans segregated by class for loans sold in the secondary market as of December 31, 2021, which, as noted in Note 2, are removed from the consolidated and combined statement of financial position, is as follows:

	Loans 31-89 days past due	Loan 90 days and greater past due	Non-accrual loans (current) and past due	Total past due and non-accrual loans	Current loans	Total loans
Small business commercial real estate	\$ -	\$ -	\$ -	\$ -	\$ 27,184,270	\$ 27,184,270
Small business equipment and/or working capital	-	-	-	-	34,491,745	34,491,745
Other real estate development	-	-	-	-	15,713,268	15,713,268
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,389,283</u>	<u>\$ 77,389,283</u>

An age analysis of past due loans segregated by class for loans receivable - net as of December 31, 2021 is as follows:

	Loans 31-89 days past due	Loan 90 days and greater past due	Non-accrual loans (current) and past due	Total past due and non-accrual loans	Current loans	Total loans
Small business commercial real estate	\$ -	\$ 173,585	\$ 1,903,687	\$ 2,077,272	\$ 27,070,880	\$ 29,148,152
Small business equipment and/or working capital	381,049	-	2,059,097	2,440,146	34,688,298	37,128,444
Other real estate development	-	-	-	-	5,868,720	5,868,720
	<u>\$ 381,049</u>	<u>\$ 173,585</u>	<u>\$ 3,962,784</u>	<u>\$ 4,517,418</u>	<u>\$ 67,627,898</u>	<u>\$ 72,145,316</u>

Loan origination/risk management

The Organization has lending policies and procedures that balance loan income and risk management with an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with periodic reports related to loan origination, asset quality, concentrations of credit, loan delinquencies and non-performing and emerging problem loans.

Credit quality indicators

Management uses internally assigned risk classifications as the best indicator of credit quality. Each loan's internal risk classification is reviewed quarterly and may be updated more frequently if circumstances warrant a change in risk classification. The Organization uses a risk classification system that follows the Organization's accepted definitions as follows:

Acceptable - Loans that are not covered by the below classifications.

Special mention - Loans that have potential weaknesses that deserve management's close attention.

Substandard - Loans that are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged.

Doubtful - Loans that have all the weaknesses inherent in one classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable.

Loss - Loans that are considered uncollectible.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The table below details the Organization's loans receivable - gross, as of December 31, 2021, which includes the sold and unsold portions of loans receivable, by class according to their credit quality indicators discussed above:

	<u>Acceptable</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Small business commercial real estate	\$ 50,141,837	\$ 3,008,647	\$ 1,137,129	\$ 317,897	\$ 1,726,912	\$ 56,332,422
Small business equipment and/or working capital	14,297,422	53,044,605	444,083	1,368,496	2,465,583	71,620,189
Other real estate development	21,581,988	-	-	-	-	21,581,988
	<u>\$ 86,021,247</u>	<u>\$ 56,053,252</u>	<u>\$ 1,581,212</u>	<u>\$ 1,686,393</u>	<u>\$ 4,192,495</u>	<u>\$ 149,534,599</u>

The table below details the Organization's loans sold in the secondary market, as of December 31, 2021, which as noted in Note 2 are removed from the consolidated and combined statement of financial position, by class according to their credit quality indicators discussed above:

	<u>Acceptable</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Small business commercial real estate	\$ 25,066,005	\$ 1,888,857	\$ 229,408	\$ -	\$ -	\$ 27,184,270
Small business equipment and/or working capital	7,255,843	26,906,413	10,332	224,157	95,000	34,491,745
Other real estate development	15,713,268	-	-	-	-	15,713,268
	<u>\$ 48,035,116</u>	<u>\$ 28,795,270</u>	<u>\$ 239,740</u>	<u>\$ 224,157</u>	<u>\$ 95,000</u>	<u>\$ 77,389,283</u>

The table below details the Organization's loans receivable - net, as of December 31, 2021, by class according to their credit quality indicators discussed above:

	<u>Acceptable</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Small business commercial real estate	\$ 25,075,832	\$ 1,119,790	\$ 907,721	\$ 317,897	\$ 1,726,912	\$ 29,148,152
Small business equipment and/or working capital	7,041,579	26,138,192	433,751	1,144,339	2,370,583	37,128,444
Other real estate development	5,868,720	-	-	-	-	5,868,720
	<u>\$ 37,986,131</u>	<u>\$ 27,257,982</u>	<u>\$ 1,341,472</u>	<u>\$ 1,462,236</u>	<u>\$ 4,097,495</u>	<u>\$ 72,145,316</u>

Impaired loans

The Organization identifies a loan as impaired when it is probable that interest and principal will not be collected according to the contractual terms of the original loan agreement. Not all impaired loans are non-accrual. Accordingly, the Organization recognizes interest income on impaired, accruing loans on an accrual basis. For impaired loans on non-accrual, the Organization records interest payments on the cash basis. To evaluate a loan for impairment, the Organization reviews a loan's internally assigned risk rating, its outstanding balance, guarantors, collateral, strategy, and a current report of the action being implemented.

Management determines and measures impairment based upon the fair value of associated collateral for collateral dependent loans. For all other impaired loans impairment is measured based upon the present value of expected future cash flows.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Impaired loans receivable - net as of December 31, 2021 are set forth in the following table:

	Unpaid principal balance	Total recorded impaired loans	Recorded loans with no allowance (1)	Recorded loans with allowance	Related allowance	Average recorded loans	Interest collected on impaired loans
Small business commercial real estate	\$ 2,805,750	\$ 2,805,750	\$ 1,726,912	\$ 1,078,838	\$ 322,118	\$ 3,636,799	\$ 126,471
Small business equipment and/or working capital	2,383,695	2,383,695	1,773,588	610,107	46,929	2,659,030	49,421
Other real estate development	-	-	-	-	-	-	-
	<u>\$ 5,189,445</u>	<u>\$ 5,189,445</u>	<u>\$ 3,500,500</u>	<u>\$ 1,688,945</u>	<u>\$ 369,047</u>	<u>\$ 6,295,829</u>	<u>\$ 175,892</u>

(1) The Organization recognized a charge against the allowance for the unguaranteed portion. The remaining (guaranteed) portion is expected to be collected from SBA; therefore, management has concluded that no allowance is necessary.

Troubled debt restructurings

During 2021, the Organization executed one TDR and it did not re-default in 2021. There were no TDRs executed in 2020 that subsequently defaulted in 2021.

The following is an analysis of performing and non-performing loans modified in a troubled debt restructuring and an analysis by concession:

	Loans restructured during 2021			Re-defaulted during 2021	
	Number of loans	Balance of loans at the time of restructure	Balance of loans after restructure	Number of loans	Balance of loans
Small business commercial real estate	-	\$ -	\$ -	-	\$ -
Small business equipment and/or working capital	1	56,039	22,288	-	-
Other real estate development	-	-	-	-	-
	<u>1</u>	<u>\$ 56,039</u>	<u>\$ 22,288</u>	<u>-</u>	<u>\$ -</u>

	Loans restructured during 2021		
	Number of loans	Balance of loans at the time of restructure	Balance of loans after restructure
Collateral sale and guarantor	1	\$ 56,039	\$ 22,288
Maturity extension	-	-	-
	<u>1</u>	<u>\$ 56,039</u>	<u>\$ 22,288</u>

As of December 31, 2021, the Organization had no commitments to lend additional funds to borrowers whose loans have been modified.

There were no TDRs that involved forgiveness of debt.

Loans sold

At times, the Organization sells portions of loans receivable at a premium or discount, which is reported as a gain or loss on the consolidated and combined statement of activities. During the year ended December 31, 2021, the Organization recognized a gain of \$632,950 from the sale of loans.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The Organization retains the servicing rights on the loans sold and earns servicing income. The fees are based on a contractual percentage of the outstanding principal and are recorded as income when earned. Servicing assets and liabilities are measured at fair value when initially recorded and in subsequent reporting periods. The change in fair value of servicing rights is netted against servicing fee income. Servicing fees totaled \$616,867 for the year ended December 31, 2021. The Organization evaluated the servicing rights at December 31, 2021 and recognized a net servicing asset of \$906,741 which is reported on the consolidated and combined statement of financial position as other assets. Late fees and ancillary fees related to loan servicing are not material.

The Organization's continuing involvement with the sold loans includes collecting principal and interest payments from borrowers; monitoring delinquencies; executing foreclosures, if necessary; and accounting for and remitting principal and interest payments to the third-party agent. The Organization holds a portion of its loans receivable, which remain exposed to default risk.

Loans sold for which the Organization has servicing rights at December 31, 2021 are as follows:

	<u>Portion retained</u>	<u>Portion sold</u>	<u>Total</u>
Small business commercial real estate	\$ 6,911,339	\$ 27,184,270	\$ 34,095,609
Small business equipment and/or working capital	1,854,942	34,491,745	36,346,687
Other real estate development	-	15,713,268	15,713,268
	<u>\$ 8,766,281</u>	<u>\$ 77,389,283</u>	<u>\$ 86,155,564</u>

Allowance for loan losses

The balance in the allowance for loan losses is determined based on management's review and evaluation of the loan portfolio in relation to past loss experience, the size and composition of the portfolio, current economic events and conditions, and other pertinent factors. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from management's estimates, additional provisions for loan losses may be required that would adversely impact results from operations in future periods.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The following table presents an analysis of the allowance for loan losses on the unsold portion of loans receivable for the year ended December 31, 2021:

	Small business commercial real estate	Small business equipment and/or working capital	Other real estate development	Total
Allowances for loan losses				
Balance, beginning of year	\$ 558,585	\$ 900,393	\$ 12,094	\$ 1,471,072
Provision for loan losses	(25,731)	1,394,915	(12,094)	1,357,090
Losses charged off	-	(26,345)	-	(26,345)
Recoveries	172,097	146,044	-	318,141
	<u>\$ 704,951</u>	<u>\$ 2,415,007</u>	<u>\$ -</u>	<u>\$ 3,119,958</u>
Balance, end of year				
Ending balance, individually evaluated for impairment	\$ 375,860	\$ 536,573	\$ -	\$ 912,433
Ending balance, collectively evaluated for impairment	329,091	1,878,434	-	2,207,525
	<u>\$ 704,951</u>	<u>\$ 2,415,007</u>	<u>\$ -</u>	<u>\$ 3,119,958</u>
Loans				
Ending balance, individually evaluated for impairment	\$ 3,955,752	\$ 3,826,566	\$ 5,868,720	\$ 13,651,038
Ending balance, collectively evaluated for impairment	25,192,400	33,301,878	-	58,494,278
	<u>\$ 29,148,152</u>	<u>\$ 37,128,444</u>	<u>\$ 5,868,720</u>	<u>\$ 72,145,316</u>

Note 5 - COVID-19 relief loans receivable

Paycheck Protection Program

The Organization participates as a lender in the PPP as passed into law by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020. Under the CARES Act, PPP was temporarily added to the SBA's 7(a) loan program to provide small businesses with funds to pay for certain expenses.

Loans made under the PPP carry an interest rate of 1% and have a five-year maturity. Loans issued before June 5, 2020 have a two-year maturity with an option to extend the term of the loan to five years. Initial payments on all PPP loans are deferred until (i) the date that SBA remits the forgiveness amount (or notifies the Lender that the borrower is not eligible for forgiveness) or (ii) for a borrower that does not submit a timely forgiveness application, 10 months after the end of the loan forgiveness covered period. The SBA is a counterparty to the loans made under PPP therefore payments received from the SBA to satisfy the loan are treated similar to payments received directly from the borrower.

At December 31, 2021, the Organization had \$61,147,433 in PPP loans outstanding and a corresponding allowance of \$206,562.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Emergency Business Assistance Programs

The Organization participated as a lender in emergency business assistance program in the State of Texas. These programs utilized funds from partnering units of local government to aid small businesses in the form of forgivable loans. All repayment generated by the loans are to be returned to the partnering unit of local government and any loans more than 90 days delinquent are to be assigned to partnering units for collection.

At December 31, 2021, the Organization had \$722,800 in loans outstanding under these programs.

Note 6 - Fair value measurements

Assets and liabilities, at fair value, and the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis, consist of the following as of December 31, 2021:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Total
Assets measured at fair value				
Mutual funds				
Fixed income	\$ 4,209,469	\$ -	\$ -	\$ 4,209,469
Domestic Equity	3,455,872	-	-	3,455,872
International Equity	1,814,518	-	-	1,814,518
Subtotal	9,479,859	-	-	9,479,859
Cash and cash equivalents	51,666	-	-	51,666
Total assets, at fair value	<u>\$ 9,531,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,531,525</u>
Liabilities measured at fair value				
Nonqualified 457(f) deferred compensation plan	<u>\$ 1,269,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,269,370</u>

In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated and combined statements of financial position.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by the Organization to measure different financial instruments at fair value:

Equity, bond and fixed income mutual funds: The fair value of equity, bond and fixed income mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Note 7 - Investments in operating partnerships

The Organization holds investments in Operating Partnerships through its controlled affiliates which are reported on the equity method of accounting. The following represents a summary of the underlying investments listed by the controlled affiliate that holds such investments, either directly or indirectly, as of December 31, 2021:

Entity name	# of Individual investments	Assets	Liabilities	Equity	Revenue	Expenses
HEDC New Markets	11	\$ 61,186,238	\$ 31,233	\$ 61,155,005	\$ 1,156,367	\$ 965,595
NDC Corporate Equity Fund III, LP	1	1,496,058	1,269,754	226,304	461,975	550,838
NDC Corporate Equity Fund IV, LP	2	1,496,058	1,269,754	226,304	1,020,032	1,192,673
NDC Corporate Equity Fund V, LP	4	7,694,823	6,486,417	1,208,406	3,317,476	3,052,694
NDC Corporate Equity Fund VI, LP	12	37,725,006	34,380,175	3,344,831	10,239,515	10,894,925
NDC Corporate Equity Fund VII, LP	25	100,503,202	97,823,415	2,679,787	32,688,251	33,761,252
NDC Corporate Equity Fund VIII, LP	12	54,565,672	45,985,665	8,580,007	5,779,184	8,543,158
CDI Brooklyn, Inc.	1	69,536,587	12,858,874	56,677,713	1,679,002	1,939,386
Total	<u>68</u>	<u>\$ 334,203,644</u>	<u>\$ 200,105,287</u>	<u>\$ 134,098,357</u>	<u>\$ 56,341,802</u>	<u>\$ 60,900,521</u>

The controlled affiliates' share of the equity in the underlying Operating Partnerships as of December 31, 2021 consisted of the following:

HEDC New Markets	\$ 8,393
NDC Corporate Equity Fund VII, LP	124,997
NDC Corporate Equity Fund VIII, LP	694,934
CDI Brooklyn, Inc.	<u>52,755,400</u>
	<u>\$ 53,583,724</u>

Note 8 - Fixed assets, net

Fixed assets, net at December 31, 2021 consisted of the following:

Land and land improvements	\$ 1,291,287
Buildings and improvements	31,777,165
Furniture and equipment	4,462,416
Leasehold improvements	11,338,646
Construction in progress	<u>1,761,562</u>
Fixed assets, gross	50,631,076
Less accumulated depreciation	<u>(22,417,541)</u>
Total	<u>\$ 28,213,535</u>

Depreciation expense for the year ended December 31, 2021 totaled \$1,908,455.

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

Notes to Consolidated and Combined Financial Statements
December 31, 2021

Note 9 - Assets and liabilities held for sale

During the year ended December 31, 2021, management committed to a plan to sell certain properties, relating principally to the Organization's affordable housing business (the "held for sale assets"). These held for sale assets are currently available for sale as is; plans have been made to actively market the held for sale assets; sale of the held for sale assets are reasonably expected to occur within one year; and management believes a change to the plan to sell the held for sale assets is unlikely. The estimated net gain or loss on the held for sale assets is immaterial.

At December 31, 2021, assets reported as held for sale on the consolidated statements of financial position include the following:

Cash and cash equivalents	\$	18,882
Restricted cash		5,152
Accounts receivable		30,400
Other assets		2,303
Fixed assets		<u>536,633</u>
Total	\$	<u><u>593,370</u></u>

At December 31, 2021, liabilities reported as held for sale on the consolidated statements of financial position include the following:

Interest payable	\$	49,560
Accounts payable and accrued expenses		7,192
Other liabilities		24,322
Due to related parties		79,005
Mortgages, notes and bonds payable		<u>369,232</u>
Total	\$	<u><u>529,311</u></u>

Note 10 - Recoverable grant, deferred revenue and advances payable

During the year ended December 31, 2021, the Organization received a \$31 million conditional contribution from the State of Washington for the purpose of purchasing loans and administering a loan fund. At December 31, 2021, the Organization substantially met the conditions outlined in the grant agreement and recognized \$27,742,940 in grant income. The remaining amount of \$3,257,060 is reported as recoverable grant, deferred revenue and advances payable on the consolidated and combined statement of financial position at December 31, 2021 and will be recognized in income in the year ending December 31, 2022.

In addition, Organization received a recoverable grant from Collin County, TX to capitalize and administer the Emergency Rental Assistance Program ("ERAP"). The purpose of the program is to provide assistance to eligible households living in Collin County which have suffered economic hardship due to the COVID-19 pandemic and are unable to pay rent and utilities. At December 31, 2021, \$3,186,819 is reported on the consolidated and combined statement of financial position and included in the balance of recoverable grant, deferred revenue and advances payable.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Note 11 - Mortgages, notes and bonds payable

The mortgages, notes and bonds payable are collateralized by either assignment of loan documents or underlying real estate properties. Each payable and related interest obligations are the responsibility of the specific borrowing entity and the specific borrowing entities and/or lenders have no recourse against NDC and/or HEDC. Mortgages, notes and bonds payable as of December 31, 2021 consist of the following:

Interest rate	Lender/trustee	Maturity date	Balance	Interest expense	Interest payable
3.159%	PNC Community Development Company LLC ("PNC CDC")	11/22/2033	\$ 282,536	\$ 9,470	\$ 1,512
Various	National Urban League	1/26/2025	499,146	27,204	10,008
0.00%	Urban Empowerment Fund	3/1/2025	100,000	-	-
0.00%	Urban Empowerment Fund	Various	100,000	-	-
2.50%	Urban Empowerment Fund	1/30/2027	60,000	1,500	1,500
2.50%	Urban Empowerment Fund	1/31/2027	40,000	1,000	1,000
2.50%	Urban Empowerment Fund	7/15/2027	50,000	625	625
2.50%	Urban Empowerment Fund	7/18/2027	70,000	896	896
2.50%	Urban Empowerment Fund	7/21/2027	30,000	375	375
1.00%	Discover Bank ("Discover")	10/31/2033	3,000,000	30,082	30,000
0.00%	City of Cleveland	2/1/2026	50,000	-	-
2.00%	Citizens Bank	4/21/2026	1,600,000	22,882	8,066
3.00%	Woodforest National Bank	2/12/2023	858,922	2,292	2,292
0.50%	City of Rifle, Colorado	10/1/2045	325,000	9,840	(380)
4.25%	U.S. Department of Agriculture	5/1/2057	1,527,556	65,274	5,410
4.68%	Wilson Community Improvement Association, Inc. (WCIA)	9/1/2024	400,000	35,692	398,327
0.00%	North Carolina Housing Finance Agency	4/4/2036	1,227,870	-	-
7.25%	Community Investment Corporation of the Carolinas	2/6/2033	499,113	37,121	3,015
5.00%	U.S. Bank National Association - Series A	1/1/2057	24,505,000	1,225,250	617,487
6.08%	U.S. Bank National Association - Series B	1/1/2026	1,465,000	89,072	44,536
5.24%	U.S. Bank National Association - Series C	1/1/2036	2,190,309	145,522	696,432
6.50%	U.S. Bank National Association - Series D	1/1/2057	8,899,527	730,369	3,576,475
5.00%	Sustainable Communities Reinvestment Partnership, Inc.	4/1/2030	1,735,300	86,765	1,022,876
2.63%	MS Warehouse CEF XVII	5/1/2023	3,200,000	-	3,267
2.63%	MS Warehouse CEF XVIII	5/1/2024	2,418,640	-	4,585
Various	Morgan Stanley Senior Fund, Inc. ("MSSF")	Various	1,113,899	25,975	6,498
0.00%	Redevelopment Agency of Salt Lake City	5/21/2044	200,000	-	-
3% + LIBOR	Citizens Bank	9/30/2021	1,000,000	34,135	2,700
6.75%	Northeast Bank	5/5/2021	-	20,664	-
6.31%	Madison County Community Development	9/1/2040	445,717	88,259	1,041,257
0.00%	Illinois Housing Development Authority	9/1/2040	670,802	-	-
1.00%	City of Alton, Madison County, Illinois	4/1/2041	200,000	2,375	39,839
1.00%	Madison County Community Development	8/18/2033	174,100	1,914	381,357
6.22%	Madison County Community Development	9/15/2032	174,961	-	19,260
0.00%	Illinois Housing Development Authority	9/1/2034	318,751	-	-
4.84%	Madison County Housing Authority	4/30/2036	660,000	61,470	671,502
4.68%	Madison County Community Development	4/30/2036	275,000	21,561	196,692
5.08%	Madison County Community Development	6/14/2036	225,000	23,764	255,775
0.00%	Illinois Housing Development Authority	4/1/2036	373,000	-	-
4.76%	Madison County Community Development	7/15/2036	169,746	14,757	155,238
Various	PNC Bank, N.A.	5/16/2024	682,638	19,067	827
Various	Discover Bank	3/31/2054	7,063,182	113,770	29,112
1.25%	JPMorgan Chase and Co. ("JPMorgan")	5/31/2026	4,639,253	125,334	15,931
3.00%	Good to Grow CDFI Investment Fund	9/30/2029	300,000	-	-
0.25%	Northern Trust Company	4/14/2022	25,000,000	-	-
2.50%	New York Community Bank	Various	500,000	-	-
0.35%	PPP Liquidity Facility	Various	61,031,260	394,186	164,641
0.00%	Inherent Foundation	4/30/2023	1,500,000	-	-
			161,851,228	\$ 3,468,462	\$ 9,408,933
			Less bond premiums and loan and bond issuance costs		
			1,854,275		
		Total	\$ 159,996,953		

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The following schedule represents scheduled payments of principal on the mortgages, notes and bonds over the next five years and thereafter:

<u>Year ending December 31,</u>	
2022	\$ 30,465,173
2023	1,602,506
2024	7,413,977
2025	1,436,030
2026	66,394,729
Thereafter	<u>54,538,813</u>
	<u>\$ 161,851,228</u>

In May 2018, the Organization entered into an agreement with Morgan Stanley Community Investment, LLC ("MSCI"), whereby MSCI has agreed to provide the Organization with a revolving line of credit facility of \$5,000,000. The revolving line of credit shall bear interest at a per annum rate equal to two and a half percent (2.5%) plus LIBOR and will mature on May 1, 2022. In May 2020, the agreement was amended to extend the maturity date to May 1, 2023. The revolving line of credit is secured by all tax credits related to any eligible low-income housing tax credit projects funded by any advance and any and all income, insurance proceeds, replacements, substitutions, distributions or products or proceeds of any and all of the foregoing.

During 2021, the agreement was amended to increase the line of credit facility to \$10,000,000 and extend the maturity date to May 1, 2024. As of December 31, 2021, \$5,618,640 had been advanced by MSCI.

Subsequent to year end, the agreement was amended to extend the maturity date to May 1, 2025 and modify the interest rate to two and a half percent (2.5%) plus Secured Overnight Financing Rate.

On September 22, 2021, the Organization entered into a Loan and Security Agreement (the "Agreement") with Chase New Markets Corporation, Heritage Bank, and Washington Federal Bank (collectively, the "Lenders") in the amount of \$40,000,000. The proceeds shall be used solely to purchase Portfolio Loans originated by the CDFI Originators that satisfy the eligibility criteria defined in the Agreement; pay fees, costs and expenses required under or not prohibited under the transaction documents; and for working capital and other general corporate purposes. The lenders agreed to make loans to the Organization from time to time during the availability period up to an aggregate principal amount not to exceed the amount set forth in the commitment schedule of the Agreement. The availability period in the Agreement is the period from the closing date to the earliest of the date that is 12 months following the closing date and the occurrence of an event of default. Under the agreement, they are Class A and B loans. Class A loans have a maximum leverage percentage of 70% and the Class B loans are subordinate to the Class A loans. Interest will accrue on the aggregate principal balance of the loans at a fixed rate equal to 2.25% per annum for the Class A loans and 3.0% per annum for the Class B loans. The loans are collateralized by the assets of the Organization.

On December 9, 2021, the Organization entered into an Increase Joinder Agreement with Umpqua Bank ("Umpqua"), whereby Umpqua has agreed to become a Class A lender under the Agreement with a Class A loan commitment of \$15,500,000.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

As of December 31, 2021, there were no balances outstanding to the Lenders. Subsequent to year end, the Organization obtained proceeds of \$22,846,257 under the agreement.

The Organization has a revolving line of credit in the amount of \$1 million with Citizens Bank. The line of credit shall bear interest at a per annum rate equal to three percent (3%) plus LIBOR and will mature on September 30, 2022. The revolving line of credit is secured by a security interest in all property and assets of the parent entity only of NDC. At December 31, 2021, the balance outstanding on the line of credit is \$1,000,000.

Note 12 - Client investment liabilities

The Organization entered into agreements with cities and other local governments to expand economic opportunities to residents of those municipalities through client investment funds. In those agreements, which have varying terms and conditions, the cities and other local governments agree to provide money to the Organization to establish funds for the purpose of making loans within the areas identified by the city or other local government. The Organization records these funds as client investment liabilities upon receipt of the funds. At December 31, 2021, the Organization had the following client investment liabilities:

Tacoma, WA	\$	1,992,830
Sacramento, CA		759,814
Wilmington, DE		810,545
Inglewood, CA		750,000
Sussex County, DE		3,750,000
Pierce County, WA		320,804
Seattle, WA		619,000
Long Beach, CA		716,364
San Bernardino, CA		744,828
Tracy, CA		500,000
City of East St. Louis, IL		270,000
Newark, NJ		388,666
Salinas, CA		275,000
Morgan Hill, CA		375,000
Port Arthur, TX		375,000
Nassau County, NY		71,556
Memphis, TN		99,000
Syracuse, NY		125,000
State of Delaware		850,000
Gainesville, FL		164,510
Seaside, CA		125,000
Vallejo, CA		100,000
Bridgeport, CT		47,500
Rock Hill, SC		45,305
		45,305
	\$	14,275,722

Certain city or other local governments allow for the Organization to retain a portion of the funds. The revenue recognized by the Organization as part of these agreements is recorded as net assets with donor restrictions until such time that the Organization and the city or other local government mutually agree to discontinue the loan program.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Income earned from loans is retained by the Organization and may be used to pay expenses incurred in servicing the loans. The net income earned may be subject to restrictions pursuant to the client community agreements. For the year ended December 31, 2021, the Organization earned \$173,344 of interest income and \$54,891 of loan servicing fee income, which are reported on the consolidated and combined statement of activities as revenue with donor restrictions.

Note 13 - Employee benefit plans

Qualified defined benefit plan

Employees of the Organization are provided benefits under a qualified defined benefit pension plan ("defined benefit plan"). Employees must be twenty-one (21) years of age and have completed one year of service with the Organization to become eligible under the defined benefit plan.

Eligible employees under the defined benefit plan become vested based on a graded system under the following schedule:

<u>Years of service</u>	<u>Percentage vested</u>
Three (3) years	20%
Four (4) years	40%
Five (5) years	60%
Six (6) years	80%
Seven (7) years	100%

In accordance with the plan document and regulatory regulations, the Organization is required to contribute an annual amount into the defined benefit plan sufficient to maintain a carryover balance and prefunding balance.

As of December 31, 2021, the Organization used the following factors to estimate pension liability: a) a discount rate of 2.69%; b) the weighted-average rate of compensation increase of 1.5%; and c) PRI-2012 Employee and Retiree Tables, with Scale MP-2021. The rate of return assumption is based on many factors including asset allocations, historical asset returns, current and expected future market conditions, risk and active management premiums. The discount rate used by the Organization for valuing the pension liability is based on a review of high-quality corporate bond yields with maturities approximating the remaining life of the projected benefit obligations.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The following table provides information with respect to the defined benefit plan as of December 31, 2021 and for the year then ended:

Reconciliation of the benefit obligation	
Benefit obligation, beginning of year	\$ 31,095,327
Service cost	1,482,838
Interest cost	738,834
Actuarial loss (gain)	(570,102)
Benefits paid	<u>(892,321)</u>
Benefit obligation, end of year	<u>31,854,576</u>
Reconciliation of fair value plan assets	
Fair value of plan assets, beginning	25,226,191
Employer contributions	1,200,000
Benefits paid	(892,321)
Investment yield during the year	<u>335,573</u>
Fair value of plan assets, end	<u>25,869,443</u>
Net unfunded status	<u>\$ (5,985,133)</u>

Net periodic benefit cost and other amounts recognized related to the defined benefit plan for the year ended December 31, 2021 are as follows:

Service cost	<u>\$ 1,482,838</u>
Other components of net period benefit cost	
Interest cost	738,834
Expected return on plan assets	(2,026,310)
Amortization of prior service cost	1,847
Amortization of net loss	<u>585,244</u>
Total other components of net period benefit cost	(700,385)
Total net periodic benefit cost	<u>\$ 782,453</u>

Net periodic benefit and other amounts not yet recognized related to the defined benefit plan for the year ended December 31, 2021 are as follows:

Beginning	\$ 8,827,364
Amortization of prior service cost	(1,847)
Amortization of net loss	(585,244)
Actuarial loss	<u>1,120,635</u>
End	<u>\$ 9,360,908</u>

The accumulated benefit obligation was \$31,854,576 as of December 31, 2021.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The Organization expects to contribute \$1,200,000 to the defined benefit plan in 2022. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the defined benefit plan:

2022	\$	1,314,011
2023		1,301,330
2024		1,367,040
2025		1,411,323
2026		1,387,687
2027-2031		<u>7,098,040</u>
	<u>\$</u>	<u>13,879,431</u>

The allocation of the defined benefit plan, by asset category, is as follows at December 31, 2021:

Pooled fixed income fund	78.93%
Pooled equity fund	20.78%
Short-term investments	<u>0.29%</u>
	<u>100.00%</u>

The Organization has examined the historical benchmarks for returns in each asset class in its portfolio and based on the target asset mix has developed a weighted-average expected return for the portfolio as a whole, taking into consideration of long-term expected inflation rates of 2.0% and 3.5%.

The Organization has established an expected rate of return on plan asset of eight percent (8%). This expected rate of return is a long-term rate based on anticipated plan asset returns over an extended period of time, taking into account market conditions and broad asset mix considerations. Based on these factors, management asserts that the expected rate of return is a reasonable long-term assumption.

The fair values of the Organization's pension plan assets consist of the following as of December 31, 2021:

	Quoted prices in active markets for identical assets	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Money market funds	\$ 75,912	\$ -	\$ -	\$ 75,912
Mutual funds				
Fixed income	20,418,660	-	-	20,418,660
Equity funds	<u>5,374,871</u>	<u>-</u>	<u>-</u>	<u>5,374,871</u>
	<u>\$ 25,869,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,869,443</u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Nonqualified plan - deferred compensation plan

A select group of individuals of the Organization are provided additional benefits under a nonqualified 457(f) deferred compensation plan ("457 plan"). Management intends for the 457 plan to be unfunded and maintained by the Organization primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, as defined by the Employee Retirement Income Security Act ("ERISA"). An individual becomes eligible to receive benefits under the 457 plan when the Organization's committee has provided written notification of inclusion and approved participation.

As of December 31, 2021, the Organization used the following factors to estimate pension liability: (a) a discount rate of 0.35%; (b) the weighted-average rate of compensation increase of 1.5%; (c) pre-retirement PRI-2012 Employee and Retire Tables, with Scale MP-2021 and (d) 2021 IRS-prescribed Mortality Tables under Section 417(e) for lump sums for post-retirement, respectively. The discount rate used by the Organization for valuing pension liability is based on a review of high quality corporate bond yields with maturities approximating the remaining life of the projected benefit obligations.

As of December 31, 2021, accumulated benefit obligations of the 457 plan in excess of assets and recognized in the consolidated and combined statement of financial position are as follows:

Accumulated benefit obligation	\$ 1,269,370
Obligation for future salary increases	<u>-</u>
Benefit obligation	1,269,370
Assets at fair value	<u>-</u>
Projected pension liability	<u><u>\$ 1,269,370</u></u>

Net periodic benefit and other amounts recognized related to the 457 plan for the year ended December 31, 2021 consist of the following:

Other components of net periodic benefit cost	
Interest cost	\$ 3,193
Amortization of net gain loss	<u>165,256</u>
Total other components of net periodic benefit cost	<u>168,449</u>
Total net periodic benefit cost	<u><u>\$ 168,449</u></u>

Net periodic benefit and other amounts not yet recognized related to the 457 plan for the year ended December 31, 2021 consist of the following:

Beginning	\$ 248,468
Amortization of net loss	(138,376)
Actuarial loss	<u>165,256</u>
End	<u><u>\$ 275,348</u></u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The estimated amount of prior service cost and net actuarial loss for the 457 plan that will be amortized from changes in net assets without restriction into net periodic benefit cost over the next fiscal year is \$0.

In 2022, a benefit payment of \$1,271,590 is expected to be made.

Note 14 - Related parties

Noninterest-bearing amounts due from entities related through common board membership consist of the following as of December 31, 2021:

NDC Corporate Equity Fund XIII	\$	853,351
NDC Corporate Equity Fund XV		5,700,000
NDC Corporate Equity Fund XVII		3,200,000
NDC Corporate Equity Fund XVIII		3,573,697
Other		<u>665,857</u>
		<u><u>\$ 13,992,905</u></u>

On a quarterly basis, management reviews due from related parties for potential impairment. As of and for the year ended December 31, 2021, management has determined that no allowance for due from related parties is deemed necessary.

The table below represents the noninterest-bearing amounts payable to related parties as of December 31, 2021:

Jonathan Reed & Associates, Inc.	\$	1,029,082
Other		<u>275,638</u>
		<u><u>\$ 1,304,720</u></u>

Note 15 - Commitments and contingencies

Leases

The Organization leases numerous office spaces throughout the country under noncancelable operating lease agreements, including the office space in New York City where its administrative office is located. These leases expire at different dates with the longest lease commitment expiring in November 2031.

The future minimum lease payments under these leases are as follows:

2022	\$	672,256
2023		675,916
2024		677,338
2025		678,198
2026		652,408
Thereafter		<u>3,109,734</u>
		<u><u>\$ 6,465,850</u></u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

The leases are subject to escalation clauses for the Organization's pro rata share of the increase in real estate taxes and operating expenses. Rent expense was approximately \$440,000 for the year ended December 31, 2021.

As part of the Organization's New York City lease agreement, the Organization obtained an active letter of credit in the amount of \$264,173, which is collateralized by its deposit accounts within the financial institution, in lieu of a cash security deposit. At December 31, 2021, the Organization had no outstanding balance on the letter of credit. The letter of credit expires on December 31, 2021.

Effective January 1, 2021, the Organization entered into an agreement, sub-leasing its current New York office space for the remaining term on the lease. The sub-lessee pays the Organization monthly rent of \$45,008 for the first 69 months increasing to \$50,878 for the remainder of the lease period. Payments from the sub-lessee are offset against rent paid on the leased office space.

Operating deficit guarantees

The Organization is contingently liable under certain partnership and development agreements to fund operating deficits. The terms of these agreements generally require the Organization to guarantee operating deficits of a particular partnership, up to a certain dollar amount, during the operating deficit guaranty periods as defined in the partnership agreements. Generally, deficits that are funded under these guarantees are in the form of noninterest-bearing loans and are repaid from future cash flows of the partnerships. Loans made under these guarantees have been eliminated in consolidation.

Tax compliance guarantees

The Organization has entered into various agreements with certain limited partnerships or their affiliated general partners whereby the Organization offers tax indemnification in the event of low-income housing tax credit recapture. The Organization's potential liability under these agreements is dependent upon IRS audits and final letters of determination of the limited partnerships' qualified basis in tax credit properties. Management is not aware of any known liability for tax credit recapture. The Organization has not been required to fund any amount under these guarantees and has not recorded any liabilities associated with these guarantees.

COVID-19

During the year ended December 31, 2021, the World Health Organization declared the COVID-19 virus a pandemic and the federal government declared a national emergency. Although the trajectory of this pandemic continues to be unknown, the impact to the Organization's business has not been significant. Management is continually monitoring the potential impact of the pandemic on the Organization.

7(a) and PPP lending

As a lender of 7(a) and PPP loans, the Organization is subject to certain requirements in accordance with the SBA's regulations. As such, the SBA could make a determination that a loan was originated, funded, or serviced in a deficient manner. If such a determination is made, the SBA could deny, or reduce the amount of the guaranty. Additionally, if the SBA has already paid the Organization under the guaranty, the SBA could seek to recover any loss on the loan from the Organization. Management is not currently aware of any such determinations by the SBA.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Litigation

The Organization is, from time to time, subject to claims that arise primarily in the ordinary course of its activities. Currently, management is not aware of any such claim or claims that would have a material adverse effect on the Organization's financial position or net assets. Events could occur, however, that would change this estimate materially in the near-term.

Summary of risk factors

The following is a summary of other significant risks and uncertainties that management believes could adversely affect the Organization's business, financial condition or results of operations.

- The unpredictability and uncertainty of future global events such as the COVID-19 pandemic or the recent turmoil in Europe and the related government regulatory responses, could have a material effect on the Organization's business, results of operations, and financial conditions.
- Changes to the SBA or other government-guaranteed lending programs by the federal government, or the loss of our status as an SBA Preferred Lender, could have a material adverse effect on the Organization's business.
- Unexpected credit losses could have a material adverse effect on the Organization's financial condition and results of operations.
- Unexpected changes to the benchmark interest rates cited in the Organization's credit facilities and loan agreements with its borrowers could have a material adverse effect on the Organization's results of operations if not managed effectively.

Other contingencies

The Organization is subject to various audits from various government and private entities that support its programs. The grants are subject to adjustments for disallowed costs, if any, based upon the results of the audits.

Note 16 - Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2021 are comprised of the following:

Subject to expenditures for specified purpose	
Client investment funds	\$ 7,235,533
Capital Access Fund - Morgan Stanley	100,000
Loans in specified location	825,000
Minority and women owned business loans in Delaware	
Client community loan funds available for allowable costs	21,814
Training and technical assistance	1,229,516
	<hr/>
	9,411,863
	<hr/>
Loan funds restricted in perpetuity	
Revolving loan fund	5,579,834
	<hr/>
	\$ 14,991,697
	<hr/>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Note 17 - Concession and service agreement

As part of the Concession and Service Agreement, the Organization paid the sum of \$32,144,930 to The Parking Authority of the City of Scranton, Pennsylvania (the "Parking Authority") in consideration of such agreement and the Facilities Agreement. Under the Concession and Service Agreement, the Organization shall perform the Metered Parking Services, as defined, for a term of 45 years, effective August 30, 2016, unless terminated earlier by the parties. The number of concession metered parking spaces designed and operating at any time may not exceed 1,650, which includes 1,500 spaces as of the bid date and an additional 150 spaces designed by the City of Scranton, Pennsylvania (the "City"). In consideration of the Concession and Service Agreement, the Organization is entitled to compensation derived from concession metered parking spaces, which also includes the base fines charged over such spaces.

The original payment is being expensed over the life of the Concession and Service Agreement. The expense for the year ended December 31, 2021 was \$714,332. The remaining balance of \$28,335,159 is included in service concession asset on the consolidated and combined statement of financial position.

Five years prior to the end of the term of the Concession and Service Agreement, the Organization shall establish a capital expenditure escrow fund with an escrow agent and shall deliver to the escrow agent 5% of the amount calculated equal to the amount that the City reasonably determines is appropriate to cover all costs of capital improvements for the remainder of the term.

The Organization will retain and segregate in a separate fund or account any excess of funds it receives over its debts and obligations, and any operating capital reserves it has accumulated, for use in making 501(c)(3) grants within the City as required by the Organization's by-laws. No such grants were required nor made during the year ended December 31, 2021.

Note 18 - Capital leases

On August 30, 2016, the Organization was assigned and assumed a lease (the "Electric Lease"), whereby it would obtain the rights to operate and manage the parking facilities known as the "Electric City Garage" from the Parking Authority. As part of the Electric Lease, the Organization is required to pay the lessor a monthly fee of \$19,000 for 40 years, for the purpose of covering the Organization's portion of current and any future capital improvement costs, maintenance costs, insurance costs, property taxes, overhead, administrative costs and any other costs associated with the maintenance of operation of the Electric City Garage.

In conjunction with the Electric Lease, an escrow agreement was entered into between Electric City Parking Co., LLC, the Parking Authority, and the Organization. Under this agreement, the Parking Authority was required to pay into escrow \$2,850,000, which is to be used for renovations related to the parking facilities described above. The funds shall be disbursed upon the submission of a draw request along with a joint written direction. Any remaining escrows at the end of renovations shall be returned to the Parking Authority upon evidence of completion of all renovations as provided for the agreement.

On August 30, 2016, the Organization was assigned and assumed a lease (the "Steamtown Lease"), whereby it would obtain the rights to operate and manage 500 spaces in a garage included in a mall (the "Mall Garage") from the Parking Authority. As part of the Steamtown Lease, the Organization is required to pay the lessor a monthly fee of \$10,000 for 22.5 years, to cover the

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Organization's portion of current and any future capital improvement costs, maintenance costs, insurance costs, property taxes, overhead, administrative costs and any other costs associated with the maintenance and operation of the Mall Garage. The lease term can be extended once for a period of seven years, based on certain criteria, as defined in the agreement.

The leases described above have been categorized as capital leases based on the criteria established by ASC 840. The leases were recorded upon the commencement of the lease at fair value, which equaled the present value of the future payments due under the leases. Assets acquired under the capital leases totaled \$5,268,599. The balance of the lease liabilities under the capital leases totaled \$4,889,735, representing the present value of the balance due in future years for lease payments. Interest expense and depreciation for the year ended December 31, 2021 related to capital leases totaled \$268,365 and \$169,960, respectively. There were additional leasehold improvements of \$102,246 under the capital leases during the year ended December 31, 2021.

The following is an analysis of the leased properties under capital leases as of December 31, 2021:

Electric city parking garage	\$	3,713,158
Steamtown mall garage		<u>1,555,441</u>
		5,268,599
Less accumulated depreciation		<u>(863,787)</u>
	\$	<u><u>4,404,812</u></u>

Future minimum lease payments, by year and in the aggregate, under the capital leases are due as follows for the years ending December 31:

	2022	\$	348,000
	2023		348,000
	2024		348,000
	2025		348,000
	2026		348,000
	Thereafter		<u>8,224,000</u>
			9,964,000
Amount representing interest			<u>(5,074,265)</u>
Present value of net minimum lease payments		\$	<u><u>4,889,735</u></u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Notes to Consolidated and Combined Financial Statements
December 31, 2021**

Note 19 - Consolidated and combined statement of cash flows

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on the consolidated and combined statement of financial position that sum to the total of the same such amounts shown in the consolidated and combined statement of cash flows:

Cash and cash equivalents	\$ 75,103,245
Restricted cash	<u>17,685,198</u>
 Total cash and cash equivalents and restricted cash shown on the statement of cash flows	 <u><u>\$ 92,788,443</u></u>

Supplementary Information

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

Consolidating and Combining Statement of Financial Position
December 31, 2021

	National Development Council	NDC Housing and Economic Development Corporation	Eliminations	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 52,793,385	\$ 22,290,978	\$ -	\$ 75,084,363
Restricted cash	1,507,763	16,765,675	-	18,273,438
Accounts receivable, net	4,736,073	8,749,496	-	13,485,569
Interest receivable	43,846	204,041	(14,958)	232,929
Loans receivable, gross	70,575,200	78,959,399	-	149,534,599
Loans receivable, sold in secondary market	(33,793,768)	(43,595,515)	-	(77,389,283)
Loans receivable, allowance	(1,054,527)	(2,065,431)	-	(3,119,958)
COVID-19 relief loans receivable	60,940,871	722,800	-	61,663,671
Grants receivable	678,334	703,219	-	1,381,553
Other assets	2,769,670	2,333,831	-	5,103,501
Due from related parties	7,574,737	11,944,687	(5,526,519)	13,992,905
Investments	9,531,525	-	-	9,531,525
Investments in operating partnerships	-	54,149,159	(565,435)	53,583,724
Leasehold interest in parking garages	-	4,404,812	-	4,404,812
Service concession asset, net	-	28,335,159	-	28,335,159
Fixed assets, net	3,795,524	24,418,011	-	28,213,535
Assets held for sale	-	593,370	-	593,370
Total assets	\$ 180,098,633	\$ 208,913,691	\$ (6,106,912)	\$ 382,905,412
<u>Liabilities and Net Assets</u>				
Interest payable	\$ 1,908,503	\$ 8,169,904	\$ (14,958)	\$ 10,063,449
Accounts payable and accrued expenses	1,634,785	2,128,457	-	3,763,242
Recoverable grant, deferred revenue and advances payable	1,132,185	11,717,417	-	12,849,602
Other liabilities	1,759,750	1,456,677	-	3,216,427
Due to related parties	1,199,537	1,822,478	(1,717,295)	1,304,720
Lease liabilities	-	4,889,735	-	4,889,735
Grant payable	84,971	3,007,065	(3,007,065)	84,971
Client investment liabilities	13,830,227	445,495	-	14,275,722
Non-qualified pension plan liability	1,269,370	-	-	1,269,370
Defined benefit pension liability	5,985,133	-	-	5,985,133
Mortgages, notes and bonds payable, net	105,211,985	55,605,143	(820,175)	159,996,953
Liabilities held for sale	-	529,311	-	529,311
Total liabilities	134,016,446	89,771,682	(5,559,493)	218,228,635
<u>Net assets</u>				
Without donor restrictions				
Controlling interest	37,963,152	93,219,843	(505,368)	130,677,627
Noncontrolling interest	-	19,007,453	-	19,007,453
	<u>37,963,152</u>	<u>112,227,296</u>	<u>(505,368)</u>	<u>149,685,080</u>
With donor restrictions	<u>8,119,035</u>	<u>6,914,713</u>	<u>(42,051)</u>	<u>14,991,697</u>
Total net assets	46,082,187	119,142,009	(547,419)	164,676,777
Total liabilities and net assets	\$ 180,098,633	\$ 208,913,691	\$ (6,106,912)	\$ 382,905,412

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	National Development Council			NDC Housing and Economic Development Corporation			Eliminations	Total
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total		
Revenue and other support								
Interest income	\$ 7,332,439	\$ 439,541	\$ 7,771,980	\$ (135,836)	\$ 9,462	\$ (126,374)	\$ -	\$ 7,645,606
Contributions from client communities	32,982	137,677	170,659	234,695	-	234,695	-	405,354
Grant income	16,902,776	8,452,665	25,355,441	36,262,373	6,274,465	42,536,838	(4,081,500)	63,810,779
Premium on sale of loans	504,107	128,843	632,950	-	-	-	-	632,950
Technical assistance and training income	14,298,112	-	14,298,112	38,138	-	38,138	(2,565,408)	11,770,842
Forgiveness of debt	98,600	-	98,600	-	-	-	-	98,600
Other income	481,687	-	481,687	3,933,073	-	3,933,073	-	4,414,760
Loan servicing fees	281,726	54,891	336,617	280,250	-	280,250	-	616,867
Rental income	309,768	-	309,768	2,022,047	-	2,022,047	-	2,331,815
Investment income	800,035	-	800,035	-	-	-	-	800,035
Investment income (loss) in operating partnerships	-	-	-	(228,359)	-	(228,359)	-	(228,359)
Management fee income	-	-	-	9,738,262	-	9,738,262	(52,088)	9,686,174
Net assets released from restrictions	11,388,636	(11,388,636)	-	2,457,238	(2,457,238)	-	-	-
Total revenue and other support	52,430,868	(2,175,019)	50,255,849	54,601,881	3,826,689	58,428,570	(6,698,996)	101,985,423
Expenses								
Program services	32,174,454	-	32,174,454	22,881,861	-	22,881,861	(4,081,500)	50,974,815
Management and general	5,547,628	-	5,547,628	8,019,980	-	8,019,980	(2,617,496)	10,950,112
Total expenses	37,722,082	-	37,722,082	30,901,841	-	30,901,841	(6,698,996)	61,924,927
Changes in net assets before other income (expenses)	14,708,786	(2,175,019)	12,533,767	23,700,040	3,826,689	27,526,729	-	40,060,496
Other income (expenses)								
Other components of net periodic benefit cost	22,234	-	22,234	-	-	-	-	22,234
Change in funded status of nonqualified pension plans other than net periodic pension costs	(26,881)	-	(26,881)	-	-	-	-	(26,881)
Change in funded status of qualified pension plan other than net periodic pension costs	(533,544)	-	(533,544)	-	-	-	-	(533,544)
Total other income (expenses)	(538,191)	-	(538,191)	-	-	-	-	(538,191)
Changes in net assets	\$ 14,170,595	\$ (2,175,019)	\$ 11,995,576	\$ 23,700,040	\$ 3,826,689	\$ 27,526,729	\$ -	\$ 39,522,305

See Independent Auditor's Report.

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

National Development Council - Not-for-Profit and For-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021

	Not-for-profit entities	For-profit entities	Eliminations	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 52,325,293	\$ 468,092	\$ -	\$ 52,793,385
Restricted cash	1,424,034	83,729	-	1,507,763
Accounts receivable, net	2,783,214	1,952,859	-	4,736,073
Interest receivable	43,846	-	-	43,846
Loans receivable, gross	70,575,200	-	-	70,575,200
Loans receivable, sold in secondary market	(33,793,768)	-	-	(33,793,768)
Loans receivable, allowance	(1,054,527)	-	-	(1,054,527)
COVID-19 relief loans receivable	60,940,871	-	-	60,940,871
Grants receivable	678,334	-	-	678,334
Other assets	2,425,948	343,722	-	2,769,670
Due from related parties	7,968,591	43,500	(437,354)	7,574,737
Investments	9,531,525	-	-	9,531,525
Investments in operating partnerships	-	-	-	-
Leasehold interest in parking garages	-	-	-	-
Service concession asset, net	-	-	-	-
Fixed assets, net	55,870	3,739,654	-	3,795,524
Assets held for sale	-	-	-	-
Total assets	\$ 173,904,431	\$ 6,631,556	\$ (437,354)	\$ 180,098,633
<u>Liabilities and Net Assets</u>				
Interest payable	\$ 398,402	\$ 1,510,101	\$ -	\$ 1,908,503
Accounts payable and accrued expenses	1,581,985	52,800	-	1,634,785
Recoverable grant, deferred revenue and advances payable	1,057,198	74,987	-	1,132,185
Other liabilities	1,735,833	23,917	-	1,759,750
Due to related parties	152,439	1,047,098	-	1,199,537
Lease liabilities	-	-	-	-
Grant payable	84,971	437,354	(437,354)	84,971
Client investment liabilities	13,830,227	-	-	13,830,227
Non-qualified pension plan liability	1,269,370	-	-	1,269,370
Defined benefit pension liability	5,985,133	-	-	5,985,133
Mortgages, notes and bonds payable, net	101,716,333	3,495,652	-	105,211,985
Liabilities held for sale	-	-	-	-
Total liabilities	127,811,891	6,641,909	(437,354)	134,016,446
Net assets				
Without donor restrictions				
Controlling interest	37,973,505	(10,353)	-	37,963,152
Noncontrolling interest	-	-	-	-
	37,973,505	(10,353)	-	37,963,152
With donor restrictions	8,119,035	-	-	8,119,035
Total net assets	46,092,540	(10,353)	-	46,082,187
Total liabilities and net assets	\$ 173,904,431	\$ 6,631,556	\$ (437,354)	\$ 180,098,633

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**National Development Council - Not-for-Profit and For-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Not-for-profit entities			For-profit entities	Eliminations	Total
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions		
Revenue and other support						
Interest income	\$ 7,332,353	\$ 439,541	\$ 7,771,894	\$ 86	\$ -	\$ 7,771,980
Contributions from client communities	32,982	137,677	170,659	-	-	170,659
Grant income	17,340,130	8,452,665	25,792,795	-	(437,354)	25,355,441
Premium on sale of loans	504,107	128,843	632,950	-	-	632,950
Technical assistance and training income	14,298,112	-	14,298,112	-	-	14,298,112
Forgiveness of debt	-	-	-	98,600	-	98,600
Other income	67,324	-	67,324	414,363	-	481,687
Loan servicing fees	281,726	54,891	336,617	-	-	336,617
Rental income	-	-	-	309,768	-	309,768
Investment income	800,035	-	800,035	-	-	800,035
Investment income (loss) in operating partnerships	-	-	-	-	-	-
Management fee income	-	-	-	-	-	-
Net assets released from restrictions	11,388,636	(11,388,636)	-	-	-	-
Total revenue and other support	52,045,405	(2,175,019)	49,870,386	822,817	(437,354)	50,255,849
Expenses						
Program services	31,667,042	-	31,667,042	944,766	(437,354)	32,174,454
Management and general	5,509,427	-	5,509,427	38,201	-	5,547,628
Total expenses	37,176,469	-	37,176,469	982,967	(437,354)	37,722,082
Changes in net assets before other income (expenses)	14,868,936	(2,175,019)	12,693,917	(160,150)	-	12,533,767
Other income (expenses)						
Other components of net periodic benefit cost	22,234	-	22,234	-	-	22,234
Change in funded status of nonqualified pension plans other than net periodic pension costs	(26,881)	-	(26,881)	-	-	(26,881)
Change in funded status of qualified pension plan other than net periodic pension costs	(533,544)	-	(533,544)	-	-	(533,544)
Total other income (expenses)	(538,191)	-	(538,191)	-	-	(538,191)
Changes in net assets	\$ 14,330,745	\$ (2,175,019)	\$ 12,155,726	\$ (160,150)	\$ -	\$ 11,995,576

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**National Development Council - Not-for-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	National Development Council	Grow America Fund, Inc.	NDC Support I, Inc.	Eliminations	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 6,113,773	\$ 43,124,283	\$ 3,087,237	\$ -	\$ 52,325,293
Restricted cash	-	1,424,034	-	-	1,424,034
Accounts receivable, net	2,783,214	-	-	-	2,783,214
Interest receivable	-	-	43,846	-	43,846
Loans receivable, gross	-	70,575,200	-	-	70,575,200
Loans receivable, sold in secondary market	-	(33,793,768)	-	-	(33,793,768)
Loans receivable, allowance	-	(1,054,527)	-	-	(1,054,527)
COVID-19 relief loans receivable	-	60,940,871	-	-	60,940,871
Grants receivable	88,334	590,000	-	-	678,334
Other assets	483,950	1,941,998	-	-	2,425,948
Due from related parties	13,693,663	-	2,146,911	(7,871,983)	7,968,591
Investments	974,883	-	8,556,642	-	9,531,525
Investments in operating partnerships	-	-	-	-	-
Leasehold interest in parking garages	-	-	-	-	-
Service concession asset, net	-	-	-	-	-
Fixed assets, net	55,870	-	-	-	55,870
Assets held for sale	-	-	-	-	-
Total assets	\$ 24,193,687	\$ 143,748,091	\$ 13,834,636	\$ (7,871,983)	\$ 173,904,431
<u>Liabilities and Net Assets</u>					
Interest payable	\$ 2,700	\$ 395,702	\$ -	\$ -	\$ 398,402
Accounts payable and accrued expenses	1,549,514	200,736	132,761	(301,026)	1,581,985
Recoverable grant, deferred revenue and advances payable	-	1,057,198	-	-	1,057,198
Other liabilities	1,356,702	379,131	-	-	1,735,833
Due to related parties	18,085	7,352,222	-	(7,217,868)	152,439
Lease liabilities	-	-	-	-	-
Grant payable	84,971	-	353,089	(353,089)	84,971
Client investment liabilities	-	13,830,227	-	-	13,830,227
Non-qualified pension plan liability	1,269,370	-	-	-	1,269,370
Defined benefit pension liability	5,985,133	-	-	-	5,985,133
Mortgages, notes and bonds payable, net	1,000,000	100,716,333	-	-	101,716,333
Liabilities held for sale	-	-	-	-	-
Total liabilities	11,266,475	123,931,549	485,850	(7,871,983)	127,811,891
<u>Net assets</u>					
Without donor restrictions					
Controlling interest	11,697,696	12,927,023	13,348,786	-	37,973,505
Noncontrolling interest	-	-	-	-	-
	11,697,696	12,927,023	13,348,786	-	37,973,505
With donor restrictions	1,229,516	6,889,519	-	-	8,119,035
Total net assets	12,927,212	19,816,542	13,348,786	-	46,092,540
Total liabilities and net assets	\$ 24,193,687	\$ 143,748,091	\$ 13,834,636	\$ (7,871,983)	\$ 173,904,431

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**National Development Council - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	National Development Council			Grow America Fund, Inc.			NDC Support I, Inc.	Eliminations	Total
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions		
Revenue and other support									
Interest income	\$ 80,380	\$ -	\$ 80,380	\$ 7,203,982	\$ 439,541	\$ 7,643,523	\$ 47,991	\$ -	\$ 7,771,894
Contributions from client communities	-	-	-	32,982	137,677	170,659	-	-	170,659
Grant income	17,698,932	6,036,400	23,735,332	10,000	2,416,265	2,426,265	-	(368,802)	25,792,795
Premium on sale of loans	-	-	-	504,107	128,843	632,950	-	-	632,950
Technical assistance and training income	14,298,112	-	14,298,112	-	-	-	-	-	14,298,112
Forgiveness of debt	-	-	-	-	-	-	-	-	-
Other income	25,313	-	25,313	42,011	-	42,011	-	-	67,324
Loan servicing fees	-	-	-	281,726	54,891	336,617	-	-	336,617
Rental income	-	-	-	-	-	-	-	-	-
Investment income	51,772	-	51,772	-	-	-	748,263	-	800,035
Investment income (loss) in operating partnerships	-	-	-	-	-	-	-	-	-
Management fee income	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	5,790,406	(5,790,406)	-	5,598,230	(5,598,230)	-	-	-	-
Total revenue and other support	37,944,915	245,994	38,190,909	13,673,038	(2,421,013)	11,252,025	796,254	(368,802)	49,870,386
Expenses									
Program services	28,781,034	-	28,781,034	2,883,552	-	2,883,552	371,258	(368,802)	31,667,042
Management and general	4,351,352	-	4,351,352	1,063,084	-	1,063,084	94,991	-	5,509,427
Total expenses	33,132,386	-	33,132,386	3,946,636	-	3,946,636	466,249	(368,802)	37,176,469
Changes in net assets before other income (expenses)	4,812,529	245,994	5,058,523	9,726,402	(2,421,013)	7,305,389	330,005	-	12,693,917
Other income (expenses)									
Other components of net periodic benefit cost	22,234	-	22,234	-	-	-	-	-	22,234
Change in funded status of nonqualified pension plans other than net periodic pension costs	(26,881)	-	(26,881)	-	-	-	-	-	(26,881)
Change in funded status of qualified pension plan other than net periodic pension costs	(533,544)	-	(533,544)	-	-	-	-	-	(533,544)
Total other income (expenses)	(538,191)	-	(538,191)	-	-	-	-	-	(538,191)
Changes in net assets	\$ 4,274,338	\$ 245,994	\$ 4,520,332	\$ 9,726,402	\$ (2,421,013)	\$ 7,305,389	\$ 330,005	\$ -	\$ 12,155,726

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**National Development Council - For-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	CDG Kentucky, Inc.	CDG Renewable Energy, Inc.	CDG Renewable Energy IVDA, LLC	CDG Walla Walla, Inc.	Housing Development Group III, Inc.	White River Village, LLP	WRV GP, LLC	Eliminations	Total
Assets									
Cash and cash equivalents	\$ 244	\$ -	\$ -	\$ 437,470	\$ -	\$ 30,378	\$ -	\$ -	\$ 468,092
Restricted cash	-	-	-	-	-	83,729	-	-	83,729
Accounts receivable, net	-	546,750	1,320,613	-	282,700	85,496	-	(282,700)	1,952,859
Interest receivable	-	-	-	-	-	-	-	-	-
Loans receivable, gross	-	-	-	-	-	-	-	-	-
Loans receivable, sold in secondary market	-	-	-	-	-	-	-	-	-
Loans receivable, allowance	-	-	-	-	-	-	-	-	-
COVID-19 relief loans receivable	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Other assets	-	-	31,251	-	-	312,471	-	-	343,722
Due from related parties	-	-	481,531	-	-	43,500	-	(481,531)	43,500
Investments	-	-	-	-	-	-	-	-	-
Investments in operating partnerships	-	743,700	-	-	-	-	(199)	(743,501)	-
Leasehold interest in parking garages	-	-	-	-	-	-	-	-	-
Service concession asset, net	-	-	-	-	-	-	-	-	-
Fixed assets, net	-	-	-	-	-	3,739,654	-	-	3,739,654
Assets held for sale	-	-	-	-	-	-	-	-	-
Total assets	\$ 244	\$ 1,290,450	\$ 1,833,395	\$ 437,470	\$ 282,700	\$ 4,295,228	\$ (199)	\$ (1,507,732)	\$ 6,631,556
Liabilities and Net Assets									
Interest payable	\$ -	\$ -	\$ 1,022,876	\$ -	\$ -	\$ 699,756	\$ -	\$ (212,531)	\$ 1,510,101
Accounts payable and accrued expenses	175	35,000	1,147	-	282,700	16,478	-	(282,700)	52,800
Recoverable grant, deferred revenue and advances payable	-	-	-	-	-	74,987	-	-	74,987
Other liabilities	-	-	-	-	-	23,917	-	-	23,917
Due to related parties	-	481,531	-	-	-	1,047,098	-	(481,531)	1,047,098
Lease liabilities	-	-	-	-	-	-	-	-	-
Grant payable	-	-	-	437,354	-	-	-	-	437,354
Client investment liabilities	-	-	-	-	-	-	-	-	-
Non-qualified pension plan liability	-	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	-	-	1,735,300	-	-	1,760,352	-	-	3,495,652
Liabilities held for sale	-	-	-	-	-	-	-	-	-
Total liabilities	175	516,531	2,759,323	437,354	282,700	3,622,588	-	(976,762)	6,641,909
Net assets									
Without donor restrictions									
Controlling interest	69	773,919	(925,928)	116	-	672,640	(199)	(530,970)	(10,353)
Noncontrolling interest	-	-	-	-	-	-	-	-	-
With donor restrictions	69	773,919	(925,928)	116	-	672,640	(199)	(530,970)	(10,353)
Total net assets	69	773,919	(925,928)	116	-	672,640	(199)	(530,970)	(10,353)
Total liabilities and net assets	\$ 244	\$ 1,290,450	\$ 1,833,395	\$ 437,470	\$ 282,700	\$ 4,295,228	\$ (199)	\$ (1,507,732)	\$ 6,631,556

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**National Development Council - For-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	CDG Kentucky, Inc.	CDG Renewable Energy, Inc.	CDG Renewable Energy IVDA, LLC	CDG Walla Walla, Inc.	Housing Development Group III, Inc.	White River Village, LLP	WRV GP, LLC	Eliminations	Total
	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions		
Revenue and other support									
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86	\$ -	\$ -	\$ 86
Contributions from client communities	-	-	-	-	-	-	-	-	-
Grant income	-	-	-	-	-	-	-	-	-
Premium on sale of loans	-	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	98,600	-	-	98,600
Other income	1,000	-	150,000	257,991	-	5,372	-	-	414,363
Loan servicing fees	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	27,141	-	282,627	-	-	309,768
Investment income	-	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	-	-	-	-	-	-	(3)	3	-
Management fee income	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Total revenue and other support	1,000	-	150,000	285,132	-	386,685	(3)	3	822,817
Expenses									
Program services	275	-	95,098	446,683	-	415,427	-	(12,717)	944,766
Management and general	-	-	-	2,000	-	36,201	-	-	38,201
Total expenses	275	-	95,098	448,683	-	451,628	-	(12,717)	982,967
Changes in net assets before other income (expenses)	725	-	54,902	(163,551)	-	(64,943)	(3)	12,720	(160,150)
Other income (expenses)									
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-	-
Changes in net assets	\$ 725	\$ -	\$ 54,902	\$ (163,551)	\$ -	\$ (64,943)	\$ (3)	\$ 12,720	\$ (160,150)

See Independent Auditor's Report.

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

NDC Housing and Economic Development Corporation - Not-for-Profit Entities and For-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021

	Not-for-profit entities	For-profit entities	Eliminations	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 20,638,207	\$ 1,652,771	\$ -	\$ 22,290,978
Restricted cash	4,824,575	11,941,100	-	16,765,675
Accounts receivable, net	8,784,346	8,274,330	(8,309,180)	8,749,496
Interest receivable	272,861	-	(68,820)	204,041
Loans receivable, gross	78,959,399	-	-	78,959,399
Loans receivable, sold in secondary market	(43,595,515)	-	-	(43,595,515)
Loans receivable, allowance	(2,065,431)	-	-	(2,065,431)
COVID-19 relief loans receivable	722,800	-	-	722,800
Grants receivable	703,219	-	-	703,219
Other assets	2,012,490	703,779	(382,438)	2,333,831
Due from related parties	7,648,694	5,618,640	(1,322,647)	11,944,687
Investments	-	-	-	-
Investments in operating partnerships	(234,402)	54,140,766	242,795	54,149,159
Leasehold interest in parking garages	4,404,812	-	-	4,404,812
Service concession asset, net	28,335,159	-	-	28,335,159
Fixed assets, net	11,025,875	13,392,136	-	24,418,011
Assets held for sale	-	593,370	-	593,370
	<u>\$ 122,437,089</u>	<u>\$ 96,316,892</u>	<u>\$ (9,840,290)</u>	<u>\$ 208,913,691</u>
<u>Liabilities and Net Assets</u>				
Interest payable	\$ 5,068,610	\$ 3,170,114	\$ (68,820)	\$ 8,169,904
Accounts payable and accrued expenses	1,939,331	189,126	-	2,128,457
Recoverable grant, deferred revenue and advances payable	11,717,417	-	-	11,717,417
Other liabilities	1,057,092	661,731	(262,146)	1,456,677
Due to related parties	1,987,396	8,576,930	(8,741,848)	1,822,478
Lease liabilities	4,889,735	-	-	4,889,735
Grant payable	3,007,065	-	-	3,007,065
Client investment liabilities	445,495	-	-	445,495
Non-qualified pension plan liability	-	-	-	-
Defined benefit pension liability	-	-	-	-
Mortgages, notes and bonds payable, net	44,722,778	11,510,198	(627,833)	55,605,143
Liabilities held for sale	-	529,311	-	529,311
	<u>74,834,919</u>	<u>24,637,410</u>	<u>(9,700,647)</u>	<u>89,771,682</u>
Net assets				
Without donor restrictions				
Controlling interest	40,687,457	52,672,029	(139,643)	93,219,843
Noncontrolling interest	-	19,007,453	-	19,007,453
	<u>40,687,457</u>	<u>71,679,482</u>	<u>(139,643)</u>	<u>112,227,296</u>
With donor restrictions	6,914,713	-	-	6,914,713
	<u>47,602,170</u>	<u>71,679,482</u>	<u>(139,643)</u>	<u>119,142,009</u>
Total net assets	<u>47,602,170</u>	<u>71,679,482</u>	<u>(139,643)</u>	<u>119,142,009</u>
Total liabilities and net assets	<u>\$ 122,437,089</u>	<u>\$ 96,316,892</u>	<u>\$ (9,840,290)</u>	<u>\$ 208,913,691</u>

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities and For-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Not-for-profit entities			For-profit entities	Eliminations	Total
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions		
Revenue and other support						
Interest income	\$ (125,413)	\$ 9,462	\$ (115,951)	\$ 303	\$ (10,726)	\$ (126,374)
Contributions from client communities	234,695	-	234,695	-	-	234,695
Grant income	36,262,373	6,274,465	42,536,838	-	-	42,536,838
Premium on sale of loans	-	-	-	-	-	-
Technical assistance and training income	38,138	-	38,138	-	-	38,138
Forgiveness of debt	-	-	-	-	-	-
Other income	4,251,574	-	4,251,574	328,060	(646,561)	3,933,073
Loan servicing fees	280,250	-	280,250	-	-	280,250
Rental income	22,911	-	22,911	1,999,136	-	2,022,047
Investment income	-	-	-	-	-	-
Investment income (loss) in operating partnerships	-	-	-	(228,359)	-	(228,359)
Management fee income	9,738,262	-	9,738,262	6,887,022	(6,887,022)	9,738,262
Net assets released from restrictions	2,457,238	(2,457,238)	-	-	-	-
Total revenue and other support	53,160,028	3,826,689	56,986,717	8,986,162	(7,544,309)	58,428,570
Expenses						
Program services	20,043,220	-	20,043,220	10,559,820	(7,721,179)	22,881,861
Management and general	7,500,846	-	7,500,846	519,134	-	8,019,980
Total expenses	27,544,066	-	27,544,066	11,078,954	(7,721,179)	30,901,841
Changes in net assets before other income (expenses)	25,615,962	3,826,689	29,442,651	(2,092,792)	176,870	27,526,729
Other income (expenses)						
Other components of net periodic benefit cost	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-
Changes in net assets	\$ 25,615,962	\$ 3,826,689	\$ 29,442,651	\$ (2,092,792)	\$ 176,870	\$ 27,526,729

See Independent Auditor's Report.

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021

	NDC Community Impact Loan Fund	NDC Housing and Economic Development Corporation	NDC Economic Development Lending, Inc.	Edison Development Corporation	Greater Salt Lake Development Corporation	HEDC New Markets, Inc.	Housing Development Group, Inc.	Subtotal
Assets								
Cash and cash equivalents	\$ 3,104,162	\$ 7,305,883	\$ 4,433	\$ 25,900	\$ 328,240	\$ 940,092	\$ -	\$ 11,708,710
Restricted cash	302,149	-	1,154,410	-	300,000	-	-	1,756,559
Accounts receivable, net	-	9,313,751	-	-	-	20,099	-	9,333,850
Interest receivable	102,300	4,801	14,958	-	7,080	1,800	-	130,939
Loans receivable, gross	59,821,057	-	353,271	438,030	1,094,386	-	-	61,706,744
Loans receivable, sold in secondary market	(50,351,856)	-	-	-	-	-	-	(50,351,856)
Loans receivable, allowance	(907,294)	-	-	(12,703)	-	-	-	(919,997)
COVID-19 relief loans receivable	-	-	-	-	-	-	-	-
Grants receivable	123,800	-	-	-	-	-	-	123,800
Other assets	488,833	12,009	-	-	-	120,000	-	620,842
Due from related parties	6,013,343	2,445,374	4,343,641	-	-	17,728	-	12,820,086
Investments	-	-	-	-	-	-	-	-
Investments in operating partnerships	-	-	-	-	-	8,393	(25)	8,368
Leasehold interest in parking garages	-	-	-	-	-	-	-	-
Service concession asset, net	-	-	-	-	-	-	-	-
Fixed assets, net	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 18,696,494	\$ 19,081,818	\$ 5,870,713	\$ 451,227	\$ 1,729,706	\$ 1,108,112	\$ (25)	\$ 46,938,045
Liabilities and Net Assets								
Interest payable	\$ 117,632	\$ -	\$ -	\$ 1,512	\$ 6,498	\$ -	\$ -	\$ 125,642
Accounts payable and accrued expenses	-	78,944	-	-	-	50,504	-	129,448
Recoverable grant, deferred revenue and advances payable	58,121	-	53,504	-	2,185	-	-	113,810
Other liabilities	137	207,737	-	-	-	-	-	207,874
Due to related parties	5,201,561	293,297	290,665	186,832	105,426	158,737	44,469	6,280,987
Lease liabilities	-	-	-	-	-	-	-	-
Grant payable	-	3,007,065	123,800	-	-	-	-	3,130,865
Client investment liabilities	445,495	-	-	-	-	-	-	445,495
Non-qualified pension plan liability	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	7,278,243	-	-	282,537	1,513,899	-	-	9,074,679
Liabilities held for sale	-	-	-	-	-	-	-	-
Total liabilities	13,101,189	3,587,043	467,969	470,881	1,628,008	209,241	44,469	19,508,800
Net assets								
Without donor restrictions								
Controlling interest	4,136,626	15,494,775	(177,090)	(19,654)	101,698	898,871	(44,494)	20,390,732
Noncontrolling interest	-	-	-	-	-	-	-	-
With donor restrictions	4,136,626	15,494,775	(177,090)	(19,654)	101,698	898,871	(44,494)	20,390,732
	1,458,679	-	5,579,834	-	-	-	-	7,038,513
Total net assets	5,595,305	15,494,775	5,402,744	(19,654)	101,698	898,871	(44,494)	27,429,245
Total liabilities and net assets	\$ 18,696,494	\$ 19,081,818	\$ 5,870,713	\$ 451,227	\$ 1,729,706	\$ 1,108,112	\$ (25)	\$ 46,938,045

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021

	Subtotal from previous page	Housing Development Group II, Inc.	CDP Abilene, Inc.	CDP Atlanta, Inc.	CDP Brooklyn, Inc.	CDP Buffalo, Inc.	CDP Scranton, Inc.	Subtotal
Assets								
Cash and cash equivalents	\$ 11,708,710	\$ -	\$ -	\$ -	\$ 29,107	\$ 56,800	\$ 251,013	\$ 12,045,630
Restricted cash	1,756,559	-	-	-	-	-	2,568,016	4,324,575
Accounts receivable, net	9,333,850	73,246	-	-	-	-	104,300	9,511,396
Interest receivable	130,939	56,699	-	-	-	-	-	187,638
Loans receivable, gross	61,706,744	-	-	-	-	-	-	61,706,744
Loans receivable, sold in secondary market	(50,351,856)	-	-	-	-	-	-	(50,351,856)
Loans receivable, allowance	(919,997)	-	-	-	-	-	-	(919,997)
COVID-19 relief loans receivable	-	-	-	-	-	-	-	-
Grants receivable	123,800	-	-	-	-	125,000	-	248,800
Other assets	620,842	-	-	-	-	7,228	-	628,070
Due from related parties	12,820,086	788,001	7,515	-	-	-	-	13,615,602
Investments	-	-	-	-	-	-	-	-
Investments in operating partnerships	8,368	-	-	-	53,397,153	-	-	53,405,521
Leasehold interest in parking garages	-	-	-	-	-	-	4,404,812	4,404,812
Service concession asset, net	-	-	-	-	-	-	28,335,159	28,335,159
Fixed assets, net	-	-	-	-	-	101,596	9,162,717	9,264,313
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 46,938,045	\$ 917,946	\$ 7,515	\$ -	\$ 53,426,260	\$ 290,624	\$ 44,826,017	\$ 146,406,407
Liabilities and Net Assets								
Interest payable	\$ 125,642	\$ 56,699	\$ -	\$ -	\$ -	\$ -	\$ 4,934,930	\$ 5,117,271
Accounts payable and accrued expenses	129,448	73,246	-	-	-	59,789	1,357,344	1,619,827
Recoverable grant, deferred revenue and advances payable	113,810	-	-	-	-	-	3,520,525	3,634,335
Other liabilities	207,874	-	-	-	55,550	252	-	263,676
Due to related parties	6,280,987	788,001	-	-	9,270	825	-	7,079,083
Lease liabilities	-	-	-	-	-	-	4,889,735	4,889,735
Grant payable	3,130,865	-	-	-	-	-	-	3,130,865
Client investment liabilities	445,495	-	-	-	-	-	-	445,495
Non-qualified pension plan liability	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	9,074,679	-	-	-	-	-	35,673,138	44,747,817
Liabilities held for sale	-	-	-	-	-	-	-	-
Total liabilities	19,508,800	917,946	-	-	64,820	60,866	50,375,672	70,928,104
Net assets								
Without donor restrictions								
Controlling interest	20,390,732	-	7,515	-	53,361,440	229,758	(5,549,655)	68,439,790
Noncontrolling interest	-	-	-	-	-	-	-	-
	20,390,732	-	7,515	-	53,361,440	229,758	(5,549,655)	68,439,790
With donor restrictions	7,038,513	-	-	-	-	-	-	7,038,513
Total net assets	27,429,245	-	7,515	-	53,361,440	229,758	(5,549,655)	75,478,303
Total liabilities and net assets	\$ 46,938,045	\$ 917,946	\$ 7,515	\$ -	\$ 53,426,260	\$ 290,624	\$ 44,826,017	\$ 146,406,407

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	Subtotal from previous page	CDP Carver, Inc.	CDP Humboldt, Inc.	CDP Madison, Inc.	CDP Madison II, Inc.	CDP Madison Senior NFP	CDP Rifle, Inc.	Subtotal
<u>Assets</u>								
Cash and cash equivalents	\$ 12,045,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,258	\$ 12,067,888
Restricted cash	4,324,575	-	-	-	-	-	-	4,324,575
Accounts receivable, net	9,511,396	(253,309)	-	-	-	-	-	9,258,087
Interest receivable	187,638	49,560	-	19,260	-	-	-	256,458
Loans receivable, gross	61,706,744	-	-	-	-	-	-	61,706,744
Loans receivable, sold in secondary market	(50,351,856)	-	-	-	-	-	-	(50,351,856)
Loans receivable, allowance	(919,997)	-	-	-	-	-	-	(919,997)
COVID-19 relief loans receivable	-	-	-	-	-	-	-	-
Grants receivable	248,800	-	-	-	-	-	-	248,800
Other assets	628,070	-	-	-	-	-	-	628,070
Due from related parties	13,615,602	448,237	96,913	199,942	359,988	59,666	-	14,780,348
Investments	-	-	-	-	-	-	-	-
Investments in operating partnerships	53,405,521	(73)	110,652	(231)	(582)	-	-	53,515,287
Leasehold interest in parking garages	4,404,812	-	-	-	-	-	-	4,404,812
Service concession asset, net	28,335,159	-	-	-	-	-	-	28,335,159
Fixed assets, net	9,264,313	-	-	-	-	-	-	9,264,313
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 146,406,407	\$ 244,415	\$ 207,565	\$ 218,971	\$ 359,406	\$ 59,666	\$ 22,258	\$ 147,518,688
<u>Liabilities and Net Assets</u>								
Interest payable	\$ 5,117,271	\$ -	\$ -	\$ 19,260	\$ -	\$ -	\$ -	\$ 5,136,531
Accounts payable and accrued expenses	1,619,827	-	-	-	-	-	-	1,619,827
Recoverable grant, deferred revenue and advances payable	3,634,335	-	-	-	-	-	-	3,634,335
Other liabilities	263,676	-	-	-	-	-	-	263,676
Due to related parties	7,079,083	244,488	96,913	24,981	244,922	59,666	10	7,750,063
Lease liabilities	4,889,735	-	-	-	-	-	-	4,889,735
Grant payable	3,130,865	-	-	-	-	-	-	3,130,865
Client investment liabilities	445,495	-	-	-	-	-	-	445,495
Non-qualified pension plan liability	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	44,747,817	-	-	174,961	83,640	-	-	45,006,418
Liabilities held for sale	-	-	-	-	-	-	-	-
Total liabilities	70,928,104	244,488	96,913	219,202	328,562	59,666	10	71,876,945
<u>Net assets</u>								
Without donor restrictions								
Controlling interest	68,439,790	(73)	110,652	(231)	30,844	-	22,248	68,603,230
Noncontrolling interest	-	-	-	-	-	-	-	-
	68,439,790	(73)	110,652	(231)	30,844	-	22,248	68,603,230
With donor restrictions	7,038,513	-	-	-	-	-	-	7,038,513
Total net assets	75,478,303	(73)	110,652	(231)	30,844	-	22,248	75,641,743
Total liabilities and net assets	\$ 146,406,407	\$ 244,415	\$ 207,565	\$ 218,971	\$ 359,406	\$ 59,666	\$ 22,258	\$ 147,518,688

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	Subtotal from previous page	CDP Texas, Inc.	CDP Wilson, Inc.	CDP Nyack, Inc.	CDP Port Arthur, Inc.	CDP North Texas, Inc.	CDP North Texas Richardson, Inc.	Subtotal
Assets								
Cash and cash equivalents	\$ 12,067,888	\$ -	\$ -	\$ 161,593	\$ 932,335	\$ 4,305,556	\$ -	\$ 17,467,372
Restricted cash	4,324,575	-	-	-	-	-	-	4,324,575
Accounts receivable, net	9,258,087	-	-	116,501	-	-	-	9,374,588
Interest receivable	256,458	-	-	-	-	-	-	256,458
Loans receivable, gross	61,706,744	-	-	-	-	-	-	61,706,744
Loans receivable, sold in secondary market	(50,351,856)	-	-	-	-	-	-	(50,351,856)
Loans receivable, allowance	(919,997)	-	-	-	-	-	-	(919,997)
COVID-19 relief loans receivable	-	-	-	-	-	663,800	59,000	722,800
Grants receivable	248,800	-	-	-	578,219	-	-	827,019
Other assets	628,070	-	-	-	-	-	-	628,070
Due from related parties	14,780,348	-	(6,945)	-	-	-	-	14,773,403
Investments	-	-	-	-	-	-	-	-
Investments in operating partnerships	53,515,287	55,619	470,843	-	-	-	-	54,041,749
Leasehold interest in parking garages	4,404,812	-	-	-	-	-	-	4,404,812
Service concession asset, net	28,335,159	-	-	-	-	-	-	28,335,159
Fixed assets, net	9,264,313	-	-	-	2,549,563	-	-	11,813,876
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 147,518,688	\$ 55,619	\$ 463,898	\$ 278,094	\$ 4,060,117	\$ 4,969,356	\$ 59,000	\$ 157,404,772
Liabilities and Net Assets								
Interest payable	\$ 5,136,531	\$ -	\$ -	\$ -	\$ 4,801	\$ -	\$ -	\$ 5,141,332
Accounts payable and accrued expenses	1,619,827	-	-	102,601	-	143,810	59,000	1,925,238
Recoverable grant, deferred revenue and advances payable	3,634,335	-	-	-	-	4,826,022	-	8,460,357
Other liabilities	263,676	-	-	-	848,966	-	-	1,112,642
Due to related parties	7,750,063	-	402,845	-	1,695,796	-	-	9,848,704
Lease liabilities	4,889,735	-	-	-	-	-	-	4,889,735
Grant payable	3,130,865	-	-	-	-	-	-	3,130,865
Client investment liabilities	445,495	-	-	-	-	-	-	445,495
Non-qualified pension plan liability	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	45,006,418	-	-	-	-	-	-	45,006,418
Liabilities held for sale	-	-	-	-	-	-	-	-
Total liabilities	71,876,945	-	402,845	102,601	2,549,563	4,969,832	59,000	79,960,786
Net assets								
Without donor restrictions								
Controlling interest	68,603,230	55,619	61,053	175,493	1,510,554	(476)	-	70,405,473
Noncontrolling interest	-	-	-	-	-	-	-	-
With donor restrictions	68,603,230	55,619	61,053	175,493	1,510,554	(476)	-	70,405,473
Total net assets	75,641,743	55,619	61,053	175,493	1,510,554	(476)	-	77,443,986
Total liabilities and net assets	\$ 147,518,688	\$ 55,619	\$ 463,898	\$ 278,094	\$ 4,060,117	\$ 4,969,356	\$ 59,000	\$ 157,404,772

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	Subtotal from previous page	CDP Washington, Inc.	CDP Washington Loan Fund	Eliminations	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 17,467,372	\$ 34	\$ 3,170,801	\$ -	\$ 20,638,207
Restricted cash	4,324,575	-	500,000	-	4,824,575
Accounts receivable, net	9,374,588	-	-	(590,242)	8,784,346
Interest receivable	256,458	-	93,926	(77,523)	272,861
Loans receivable, gross	61,706,744	-	24,008,996	(6,756,341)	78,959,399
Loans receivable, sold in secondary market	(50,351,856)	-	-	6,756,341	(43,595,515)
Loans receivable, allowance	(919,997)	-	(1,454,742)	309,308	(2,065,431)
COVID-19 relief loans receivable	722,800	-	-	-	722,800
Grants receivable	827,019	-	-	(123,800)	703,219
Other assets	628,070	-	1,384,420	-	2,012,490
Due from related parties	14,773,403	-	-	(7,124,709)	7,648,694
Investments	-	-	-	-	-
Investments in operating partnerships	54,041,749	-	-	(54,276,151)	(234,402)
Leasehold interest in parking garages	4,404,812	-	-	-	4,404,812
Service concession asset, net	28,335,159	-	-	-	28,335,159
Fixed assets, net	11,813,876	-	-	(788,001)	11,025,875
Assets held for sale	-	-	-	-	-
Total assets	\$ 157,404,772	\$ 34	\$ 27,703,401	\$ (62,671,118)	\$ 122,437,089
<u>Liabilities and Net Assets</u>					
Interest payable	\$ 5,141,332	\$ -	\$ -	\$ (72,722)	\$ 5,068,610
Accounts payable and accrued expenses	1,925,238	-	98,906	(84,813)	1,939,331
Recoverable grant, deferred revenue and advances payable	8,460,357	-	3,257,060	-	11,717,417
Other liabilities	1,112,642	-	-	(55,550)	1,057,092
Due to related parties	9,848,704	-	301,842	(8,163,150)	1,987,396
Lease liabilities	4,889,735	-	-	-	4,889,735
Grant payable	3,130,865	-	-	(123,800)	3,007,065
Client investment liabilities	445,495	-	-	-	445,495
Non-qualified pension plan liability	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-
Mortgages, notes and bonds payable, net	45,006,418	-	-	(283,640)	44,722,778
Liabilities held for sale	-	-	-	-	-
Total liabilities	79,960,786	-	3,657,808	(8,783,675)	74,834,919
<u>Net assets</u>					
Without donor restrictions					
Controlling interest	70,405,473	34	24,045,593	(53,763,643)	40,687,457
Noncontrolling interest	-	-	-	-	-
	70,405,473	34	24,045,593	(53,763,643)	40,687,457
With donor restrictions	7,038,513	-	-	(123,800)	6,914,713
Total net assets	77,443,986	34	24,045,593	(53,887,443)	47,602,170
Total liabilities and net assets	\$ 157,404,772	\$ 34	\$ 27,703,401	\$ (62,671,118)	\$ 122,437,089

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	NDC Community Impact Loan Fund			NDC Housing and Economic Development Corporation	NDC Economic Development Lending, Inc.			Subtotal
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Without donor restrictions	With donor restrictions	Total	
Revenue and other support								
Interest income	\$ 678,817	\$ -	\$ 678,817	\$ 5,047	\$ 6,599	\$ 9,462	\$ 16,061	\$ 699,925
Contributions from client communities	234,695	-	234,695	-	-	-	-	234,695
Grant income	-	2,035,065	2,035,065	200,000	-	4,363,200	4,363,200	6,598,265
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	625	-	625	520,117	-	-	-	520,742
Loan servicing fees	280,250	-	280,250	-	-	-	-	280,250
Rental income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	-	-	-	-	-	-	-	-
Management fee income	-	-	-	9,751,336	-	-	-	9,751,336
Net assets released from restrictions	<u>2,278,577</u>	<u>(2,278,577)</u>	<u>-</u>	<u>-</u>	<u>178,661</u>	<u>(178,661)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>3,472,964</u>	<u>(243,512)</u>	<u>3,229,452</u>	<u>10,476,500</u>	<u>185,260</u>	<u>4,194,001</u>	<u>4,379,261</u>	<u>18,085,213</u>
Expenses								
Program services	624,763	-	624,763	8,365,703	256,388	-	256,388	9,246,854
Management and general	280,609	-	280,609	1,534,250	32,031	-	32,031	1,846,890
Total expenses	<u>905,372</u>	<u>-</u>	<u>905,372</u>	<u>9,899,953</u>	<u>288,419</u>	<u>-</u>	<u>288,419</u>	<u>11,093,744</u>
Changes in net assets before other income (expenses)	2,567,592	(243,512)	2,324,080	576,547	(103,159)	4,194,001	4,090,842	6,991,469
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>\$ 2,567,592</u>	<u>\$ (243,512)</u>	<u>\$ 2,324,080</u>	<u>\$ 576,547</u>	<u>\$ (103,159)</u>	<u>\$ 4,194,001</u>	<u>\$ 4,090,842</u>	<u>\$ 6,991,469</u>

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Subtotal from previous page	Edison Development Corporation Without donor restrictions	Greater Salt Lake Development Corporation Without donor restrictions	HEDC New Markets, Inc. Without donor restrictions	Housing Development Group, Inc. Without donor restrictions	Housing Development Group II, Inc. Without donor restrictions	CDP Abilene, Inc. Without donor restrictions	Subtotal
Revenue and other support								
Interest income	\$ 699,925	\$ 10,418	\$ 31,481	\$ 2,400	\$ -	\$ 3,904	\$ -	\$ 748,128
Contributions from client communities	234,695	-	-	-	-	-	-	234,695
Grant income	6,598,265	1	85,700	-	-	-	4,460	6,688,426
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	520,742	-	-	54,709	-	788,001	-	1,363,452
Loan servicing fees	280,250	-	-	-	-	-	-	280,250
Rental income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	-	-	-	-	(3)	-	-	(3)
Management fee income	9,751,336	-	-	809,955	-	-	-	10,561,291
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenue and other support	18,085,213	10,419	117,181	867,064	(3)	791,905	4,460	19,876,239
Expenses								
Program services	9,246,854	13,256	65,484	519,278	-	791,905	-	10,636,777
Management and general	1,846,890	3,400	51,068	337,326	-	-	4,460	2,243,144
Total expenses	11,093,744	16,656	116,552	856,604	-	791,905	4,460	12,879,921
Changes in net assets before other income (expenses)	6,991,469	(6,237)	629	10,460	(3)	-	-	6,996,318
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-
Changes in net assets	\$ 6,991,469	\$ (6,237)	\$ 629	\$ 10,460	\$ (3)	\$ -	\$ -	\$ 6,996,318

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Subtotal from previous page	CDP Atlanta, Inc. Without donor restrictions	CDP Brooklyn, Inc. Without donor restrictions	CDP Buffalo, Inc. Without donor restrictions	CDP Scranton, Inc. Without donor restrictions	CDP Carver, Inc. Without donor restrictions	CDP Humboldt, Inc. Without donor restrictions	Subtotal
Revenue and other support								
Interest income	\$ 748,128	\$ -	\$ -	\$ -	\$ 290	\$ 49,560	\$ -	\$ 797,978
Contributions from client communities	234,695	-	-	-	-	-	-	234,695
Grant income	6,688,426	-	-	500,000	107,688	-	-	7,296,114
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	1,363,452	-	-	842	2,485,091	203,749	-	4,053,134
Loan servicing fees	280,250	-	-	-	-	-	-	280,250
Rental income	-	-	-	22,911	-	-	-	22,911
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	(3)	(35,937)	(396,097)	-	-	(7)	(122)	(432,166)
Management fee income	10,561,291	-	55,550	-	-	-	-	10,616,841
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenue and other support	19,876,239	(35,937)	(340,547)	523,753	2,593,069	253,302	(122)	22,869,757
Expenses								
Program services	10,636,777	77,215	126,513	96,677	4,491,388	253,309	-	15,681,879
Management and general	2,243,144	-	57,170	391,963	951,201	-	-	3,643,478
Total expenses	12,879,921	77,215	183,683	488,640	5,442,589	253,309	-	19,325,357
Changes in net assets before other income (expenses)	6,996,318	(113,152)	(524,230)	35,113	(2,849,520)	(7)	(122)	3,544,400
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-
Changes in net assets	\$ 6,996,318	\$ (113,152)	\$ (524,230)	\$ 35,113	\$ (2,849,520)	\$ (7)	\$ (122)	\$ 3,544,400

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	<u>Subtotal from previous page</u>	<u>CDP Madison, Inc.</u>	<u>CDP Madison II, Inc.</u>	<u>CDP Madison Senior NFP</u>	<u>CDP Rifle, Inc.</u>	<u>CDP Texas, Inc.</u>	<u>CDP Wilson, Inc.</u>	<u>Subtotal</u>
		<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	
Revenue and other support								
Interest income	\$ 797,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,978
Contributions from client communities	234,695	-	-	-	-	-	-	234,695
Grant income	7,296,114	-	-	-	-	-	-	7,296,114
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	4,053,134	-	-	-	459,978	-	-	4,513,112
Loan servicing fees	280,250	-	-	-	-	-	-	280,250
Rental income	22,911	-	-	-	-	-	-	22,911
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	(432,166)	(7)	(31)	1,341	-	(129,036)	(5)	(559,904)
Management fee income	10,616,841	-	-	-	-	-	-	10,616,841
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenue and other support	22,869,757	(7)	(31)	1,341	459,978	(129,036)	(5)	23,201,997
Expenses								
Program services	15,681,879	-	-	-	-	-	-	15,681,879
Management and general	3,643,478	-	-	-	-	-	-	3,643,478
Total expenses	19,325,357	-	-	-	-	-	-	19,325,357
Changes in net assets before other income (expenses)	3,544,400	(7)	(31)	1,341	459,978	(129,036)	(5)	3,876,640
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-
Changes in net assets	\$ 3,544,400	\$ (7)	\$ (31)	\$ 1,341	\$ 459,978	\$ (129,036)	\$ (5)	\$ 3,876,640

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Subtotal from previous page	CDP Nyack, Inc. Without donor restrictions	CDP Port Arthur, Inc. Without donor restrictions	CDP North Texas, Inc. Without donor restrictions	CDP North Texas Richardson, Inc. Without donor restrictions	CDP Washington, Inc. Without donor restrictions	CDP Washington Loan Fund Without donor restrictions	Subtotal
Revenue and other support								
Interest income	\$ 797,978	\$ -	\$ -	\$ 17,262	\$ -	\$ -	\$ (1,252,929)	\$ (437,689)
Contributions from client communities	234,695	-	-	-	-	-	-	234,695
Grant income	7,296,114	-	1,510,554	-	-	6,315,230	27,742,940	42,864,838
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	38,138	-	-	-	38,138
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	4,513,112	500,423	-	26,040	-	-	-	5,039,575
Loan servicing fees	280,250	-	-	-	-	-	-	280,250
Rental income	22,911	-	-	-	-	-	-	22,911
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	(559,904)	-	-	-	-	-	-	(559,904)
Management fee income	10,616,841	125,000	-	-	-	-	-	10,741,841
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenue and other support	23,201,997	625,423	1,510,554	81,440	-	6,315,230	26,490,011	58,224,655
Expenses								
Program services	15,681,879	552,815	-	43,750	417	4,563,184	651,604	21,493,649
Management and general	3,643,478	522,193	-	6,299	-	1,751,640	1,792,814	7,716,424
Total expenses	19,325,357	1,075,008	-	50,049	417	6,314,824	2,444,418	29,210,073
Changes in net assets before other income (expenses)	3,876,640	(449,585)	1,510,554	31,391	(417)	406	24,045,593	29,014,582
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-
Changes in net assets	\$ 3,876,640	\$ (449,585)	\$ 1,510,554	\$ 31,391	\$ (417)	\$ 406	\$ 24,045,593	\$ 29,014,582

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - Not-for-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Subtotal from previous page	Eliminations	Total
Revenue and other support			
Interest income	\$ (437,689)	\$ 321,738	\$ (115,951)
Contributions from client communities	234,695	-	234,695
Grant income	42,864,838	(328,000)	42,536,838
Premium on sale of loans	-	-	-
Technical assistance and training income	38,138	-	38,138
Forgiveness of debt	-	-	-
Other income	5,039,575	(788,001)	4,251,574
Loan servicing fees	280,250	-	280,250
Rental income	22,911	-	22,911
Investment income	-	-	-
Investment income (loss) in operating partnerships	(559,904)	559,904	-
Management fee income	10,741,841	(1,003,579)	9,738,262
Net assets released from restrictions	-	-	-
	<u>58,224,655</u>	<u>(1,237,938)</u>	<u>56,986,717</u>
Total revenue and other support			
Expenses			
Program services	21,493,649	(1,450,429)	20,043,220
Management and general	7,716,424	(215,578)	7,500,846
	<u>29,210,073</u>	<u>(1,666,007)</u>	<u>27,544,066</u>
Total expenses			
Changes in net assets before other income (expenses)	29,014,582	428,069	29,442,651
Other income (expenses)			
Other components of net periodic benefit cost	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other income (expenses)	-	-	-
Changes in net assets	<u>\$ 29,014,582</u>	<u>\$ 428,069</u>	<u>\$ 29,442,651</u>

See Independent Auditor's Report.

National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates

NDC Housing and Economic Development Corporation - For-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021

	800 Mesquite Street Associates, LP	CDI Brooklyn, Inc.	Greenwood Avenue, LP	Humboldt School, LP	Madison Senior Apartments, LP	NDC Corporate Equity Fund III, LP	NDC Corporate Equity Fund IV, LP	Subtotal
Assets								
Cash and cash equivalents	\$ 18,882	\$ 730,194	\$ 25,388	\$ 27,804	\$ 17,955	\$ -	\$ -	\$ 820,223
Restricted cash	5,152	-	44,391	229,254	20	1,281,469	2,078,799	3,639,085
Accounts receivable, net	30,400	-	3,466	8,369	276	-	-	42,511
Interest receivable	-	-	-	-	-	-	-	-
Loans receivable, gross	-	-	-	-	-	-	-	-
Loans receivable, sold in secondary market	-	-	-	-	-	-	-	-
Loans receivable, allowance	-	-	-	-	-	-	-	-
COVID-19 relief loans receivable	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Other assets	2,303	-	5,511	20,190	95,499	378	371	124,252
Due from related parties	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments in operating partnerships	-	52,755,400	-	-	-	-	-	52,755,400
Leasehold interest in parking garages	-	-	-	-	-	-	-	-
Service concession asset, net	-	-	-	-	-	-	-	-
Fixed assets, net	536,633	-	349,215	1,124,134	770,506	-	-	2,780,488
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 593,370	\$ 53,485,594	\$ 427,971	\$ 1,409,751	\$ 884,256	\$ 1,281,847	\$ 2,079,170	\$ 60,161,959
Liabilities and Net Assets								
Interest payable	\$ 49,560	-	\$ 400,617	\$ 1,081,096	\$ 230,837	\$ -	\$ -	\$ 1,762,110
Accounts payable and accrued expenses	7,192	86,441	9,069	27,246	9,183	-	-	139,131
Recoverable grant, deferred revenue and advances payable	-	-	-	-	-	-	-	-
Other liabilities	24,322	-	5,044	16,061	104,538	-	-	149,965
Due to related parties	79,005	2,000	24,981	-	59,666	-	-	165,652
Lease liabilities	-	-	-	-	-	-	-	-
Grant payable	-	-	-	-	-	-	-	-
Client investment liabilities	-	-	-	-	-	-	-	-
Non-qualified pension plan liability	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	369,232	-	349,061	1,316,519	542,746	-	-	2,577,558
Liabilities held for sale	-	-	-	-	-	-	-	-
Total liabilities	529,311	88,441	788,772	2,440,922	946,970	-	-	4,794,416
Net assets								
Without donor restrictions								
Controlling interest	64,092	53,397,153	(342,771)	(947,127)	(57,826)	(41,808)	(88,319)	51,983,394
Noncontrolling interest	(33)	-	(18,030)	(84,044)	(4,888)	1,323,655	2,167,489	3,384,149
With donor restrictions	64,059	53,397,153	(360,801)	(1,031,171)	(62,714)	1,281,847	2,079,170	55,367,543
Total net assets	64,059	53,397,153	(360,801)	(1,031,171)	(62,714)	1,281,847	2,079,170	55,367,543
Total liabilities and net assets	\$ 593,370	\$ 53,485,594	\$ 427,971	\$ 1,409,751	\$ 884,256	\$ 1,281,847	\$ 2,079,170	\$ 60,161,959

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - For-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	Subtotal from previous page	NDC Corporate Equity Fund V, LP	NDC Corporate Equity Fund VI, LP	NDC Corporate Equity Fund VII, LP	NDC Corporate Equity Fund VIII, LP	Washington Avenue, LP	Westview Lofts, LP	Subtotal
Assets								
Cash and cash equivalents	\$ 820,223	\$ -	\$ 244,106	\$ 315,389	\$ -	\$ 248,965	\$ -	\$ 1,628,683
Restricted cash	3,639,085	2,678,355	1,618,330	2,500,582	579,610	654,309	-	11,670,271
Accounts receivable, net	42,511	-	-	-	-	7,805	-	50,316
Interest receivable	-	-	-	-	-	-	-	-
Loans receivable, gross	-	-	-	-	-	-	-	-
Loans receivable, sold in secondary market	-	-	-	-	-	-	-	-
Loans receivable, allowance	-	-	-	-	-	-	-	-
COVID-19 relief loans receivable	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Other assets	124,252	175,038	-	188,735	192,916	10,541	-	691,482
Due from related parties	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments in operating partnerships	52,755,400	-	-	831,852.00	694,934	-	-	54,282,186
Leasehold interest in parking garages	-	-	-	-	-	-	-	-
Service concession asset, net	-	-	-	-	-	-	-	-
Fixed assets, net	2,780,488	-	-	-	-	6,638,448	-	9,418,936
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 60,161,959	\$ 2,853,393	\$ 1,862,436	\$ 3,836,558	\$ 1,467,460	\$ 7,560,068	\$ -	\$ 77,741,874
Liabilities and Net Assets								
Interest payable	\$ 1,762,110	\$ -	\$ -	\$ -	\$ -	\$ 1,160,079	\$ -	\$ 2,922,189
Accounts payable and accrued expenses	139,131	-	-	-	-	35,649	-	174,780
Recoverable grant, deferred revenue and advances payable	-	-	-	-	-	-	-	-
Other liabilities	149,965	-	-	-	-	10,104	-	160,069
Due to related parties	165,652	-	9,970	-	-	244,379	-	420,001
Lease liabilities	-	-	-	-	-	-	-	-
Grant payable	-	-	-	-	-	-	-	-
Client investment liabilities	-	-	-	-	-	-	-	-
Non-qualified pension plan liability	-	-	-	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-	-	-	-
Mortgages, notes and bonds payable, net	2,577,558	-	-	-	-	1,562,391	-	4,139,949
Liabilities held for sale	-	-	-	-	-	-	-	-
Total liabilities	4,794,416	-	9,970	-	-	3,012,602	-	7,816,988
Net assets								
Without donor restrictions								
Controlling interest	51,983,394	(5,352)	(6,904)	(7,551)	(3,718)	(582)	-	51,959,287
Noncontrolling interest	3,384,149	2,858,745	1,859,370	3,844,109	1,471,178	4,548,048	-	17,965,599
With donor restrictions	55,367,543	2,853,393	1,852,466	3,836,558	1,467,460	4,547,466	-	69,924,886
Total net assets	55,367,543	2,853,393	1,852,466	3,836,558	1,467,460	4,547,466	-	69,924,886
Total liabilities and net assets	\$ 60,161,959	\$ 2,853,393	\$ 1,862,436	\$ 3,836,558	\$ 1,467,460	\$ 7,560,068	\$ -	\$ 77,741,874

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - For-Profit Entities
Consolidating and Combining Statement of Financial Position
December 31, 2021**

	Subtotal from previous page	Beacon Pointe, LLC	NDC Affordable Housing, LLC	Eliminations	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 1,628,683	\$ 42,970	\$ -	\$ (18,882)	\$ 1,652,771
Restricted cash	11,670,271	275,981	-	(5,152)	11,941,100
Accounts receivable, net	50,316	10,628	8,243,786	(30,400)	8,274,330
Interest receivable	-	-	-	-	-
Loans receivable, gross	-	-	-	-	-
Loans receivable, sold in secondary market	-	-	-	-	-
Loans receivable, allowance	-	-	-	-	-
COVID-19 relief loans receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Other assets	691,482	14,600	-	(2,303)	703,779
Due from related parties	-	-	5,618,640	-	5,618,640
Investments	-	-	-	-	-
Investments in operating partnerships	54,282,186	-	-	(141,420)	54,140,766
Leasehold interest in parking garages	-	-	-	-	-
Service concession asset, net	-	-	-	-	-
Fixed assets, net	9,418,936	4,509,833	-	(536,633)	13,392,136
Assets held for sale	-	-	-	593,370	593,370
Total assets	\$ 77,741,874	\$ 4,854,012	\$ 13,862,426	\$ (141,420)	\$ 96,316,892
<u>Liabilities and Net Assets</u>					
Interest payable	\$ 2,922,189	\$ 401,342	\$ 7,852	\$ (161,269)	\$ 3,170,114
Accounts payable and accrued expenses	174,780	21,538	-	(7,192)	189,126
Recoverable grant, deferred revenue and advances payable	-	-	-	-	-
Other liabilities	160,069	797,597	-	(295,935)	661,731
Due to related parties	420,001	-	8,235,934	(79,005)	8,576,930
Lease liabilities	-	-	-	-	-
Grant payable	-	-	-	-	-
Client investment liabilities	-	-	-	-	-
Non-qualified pension plan liability	-	-	-	-	-
Defined benefit pension liability	-	-	-	-	-
Mortgages, notes and bonds payable, net	4,139,949	2,120,841	5,618,640	(369,232)	11,510,198
Liabilities held for sale	-	-	-	529,311	529,311
Total liabilities	7,816,988	3,341,318	13,862,426	(383,322)	24,637,410
<u>Net assets</u>					
Without donor restrictions					
Controlling interest	51,959,287	470,840	-	241,902	52,672,029
Noncontrolling interest	17,965,599	1,041,854	-	-	19,007,453
	69,924,886	1,512,694	-	241,902	71,679,482
With donor restrictions	-	-	-	-	-
Total net assets	69,924,886	1,512,694	-	241,902	71,679,482
Total liabilities and net assets	\$ 77,741,874	\$ 4,854,012	\$ 13,862,426	\$ (141,420)	\$ 96,316,892

See Independent Auditor's Report.

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - For-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	800 Mesquite Street Associates, LP	CDI Brooklyn, Inc.	Greenwood Avenue, LP	Humboldt School, LP	Madison Senior Apartments, LP	NDC Corporate Equity Fund III, LP	NDC Corporate Equity Fund IV, LP	Subtotal
	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	
Revenue and other support								
Interest income	\$ 1	\$ -	\$ 3	\$ 23	\$ 10	\$ -	\$ 242	\$ 279
Contributions from client communities	-	-	-	-	-	-	-	-
Grant income	-	-	-	-	-	-	-	-
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	864	-	22	4,046	3,752	-	-	8,684
Loan servicing fees	-	-	-	-	-	-	-	-
Rental income	141,217	-	75,301	261,226	74,625	-	-	552,369
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	-	(260,384)	-	-	-	(1,417)	(1,867)	(263,668)
Management fee income	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenue and other support	142,082	(260,384)	75,326	265,295	78,387	(1,417)	(1,625)	297,664
Expenses								
Program services	256,279	133,713	123,705	442,947	153,487	809	19,668	1,130,608
Management and general	10,440	2,000	15,823	46,909	15,370	18,160	675	109,377
Total expenses	266,719	135,713	139,528	489,856	168,857	18,969	20,343	1,239,985
Changes in net assets before other income (expenses)	(124,637)	(396,097)	(64,202)	(224,561)	(90,470)	(20,386)	(21,968)	(942,321)
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-
Changes in net assets	\$ (124,637)	\$ (396,097)	\$ (64,202)	\$ (224,561)	\$ (90,470)	\$ (20,386)	\$ (21,968)	\$ (942,321)

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - For-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Subtotal from previous page	NDC Corporate Equity Fund V, LP Without donor restrictions	NDC Corporate Equity Fund VI, LP Without donor restrictions	NDC Corporate Equity Fund VII, LP Without donor restrictions	NDC Corporate Equity Fund VIII, LP Without donor restrictions	Washington Avenue, LP Without donor restrictions	Westview Lofts, LP Without donor restrictions	Subtotal
Revenue and other support								
Interest income	\$ 279	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303
Contributions from client communities	-	-	-	-	-	-	-	-
Grant income	-	-	-	-	-	-	-	-
Premium on sale of loans	-	-	-	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-	-
Other income	8,684	-	9,240	-	-	8,350	734,902	761,176
Loan servicing fees	-	-	-	-	-	-	-	-
Rental income	552,369	-	-	-	-	595,916	97,793	1,246,078
Investment income	-	-	-	-	-	-	-	-
Investment income (loss) in operating partnerships	(263,668)	112,335	365,548	859,992	(1,302,377)	-	-	(228,170)
Management fee income	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenue and other support	297,664	112,359	374,788	859,992	(1,302,377)	604,266	832,695	1,779,387
Expenses								
Program services	1,130,608	76,129	395,721	719,006	95,975	832,976	98,406	3,348,821
Management and general	109,377	39,475	74,215	59,210	46,315	78,580	23,755	430,927
Total expenses	1,239,985	115,604	469,936	778,216	142,290	911,556	122,161	3,779,748
Changes in net assets before other income (expenses)	(942,321)	(3,245)	(95,148)	81,776	(1,444,667)	(307,290)	710,534	(2,000,361)
Other income (expenses)								
Other components of net periodic benefit cost	-	-	-	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-	-	-	-
Changes in net assets	\$ (942,321)	\$ (3,245)	\$ (95,148)	\$ 81,776	\$ (1,444,667)	\$ (307,290)	\$ 710,534	\$ (2,000,361)

**National Council for Community Development, Inc.
(d.b.a. The National Development Council) and its Controlled Affiliates**

**NDC Housing and Economic Development Corporation - For-Profit Entities
Consolidating and Combining Statement of Activities
Year Ended December 31, 2021**

	Subtotal from previous page	Beacon Pointe, LLC Without donor restrictions	NDC Affordable Housing, LLC Without donor restrictions	Eliminations	Total
Revenue and other support					
Interest income	\$ 303	\$ -	\$ -	\$ -	\$ 303
Contributions from client communities	-	-	-	-	-
Grant income	-	-	-	-	-
Premium on sale of loans	-	-	-	-	-
Technical assistance and training income	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-
Other income	761,176	(57,050)	-	(376,066)	328,060
Loan servicing fees	-	-	-	-	-
Rental income	1,246,078	753,058	-	-	1,999,136
Investment income	-	-	-	-	-
Investment income (loss) in operating partnerships	(228,170)	-	(189)	-	(228,359)
Management fee income	-	-	6,887,022	-	6,887,022
Net assets released from restrictions	-	-	-	-	-
Total revenue and other support	1,779,387	696,008	6,886,833	(376,066)	8,986,162
Expenses					
Program services	3,348,821	709,430	6,887,022	(385,453)	10,559,820
Management and general	430,927	88,207	-	-	519,134
Total expenses	3,779,748	797,637	6,887,022	(385,453)	11,078,954
Changes in net assets before other income (expenses)	(2,000,361)	(101,629)	(189)	9,387	(2,092,792)
Other income (expenses)					
Other components of net periodic benefit cost	-	-	-	-	-
Change in funded status of nonqualified pension plans other than net periodic pension costs	-	-	-	-	-
Change in funded status of qualified pension plan other than net periodic pension costs	-	-	-	-	-
Total other income (expenses)	-	-	-	-	-
Changes in net assets	\$ (2,000,361)	\$ (101,629)	\$ (189)	\$ 9,387	\$ (2,092,792)

See Independent Auditor's Report.



Independent Member of Nexia International

cohnreznick.com