

**NEIGHBORHOOD COMMUNITY
DEVELOPMENT FUND**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

Board of Directors
Neighborhood Community Development Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Neighborhood Community Development Fund ("Organization"), which comprise the statement of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.



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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

Zelenkofske Axelrod LLC

Pittsburgh, Pennsylvania
May 30, 2025

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSTION
YEARS ENDED DECEMBER 31, 2024 AND 2023

Assets	2024	2023
Current Assets		
Cash and cash equivalents	\$ 2,803,730	\$ 923,869
Restricted cash	5,115,125	7,513,779
Account receivable	85,537	38,830
Grant receivable	351,340	348,631
Loans receivable - Current portion	1,135,187	2,727,850
Investments	10,000	-
Other current assets	58,290	47,326
Total Current Assets	<u>9,559,209</u>	<u>11,600,285</u>
 Fixed assets, net	 <u>88,171</u>	 <u>111,533</u>
 Loans receivable, net of current portion	 15,649,208	 11,940,267
Less: Allowance for loan losses	(800,612)	(942,042)
Loans receivable, net of current portion and allowance for loan losses	<u>14,848,596</u>	<u>10,998,225</u>
 Other non-current assets	 147,303	 147,039
Right-of-use assets	<u>75,765</u>	<u>103,571</u>
 Total Assets	 <u><u>\$ 24,719,044</u></u>	 <u><u>\$ 22,960,653</u></u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 107,197	\$ 91,531
Accrued interest	79,265	60,957
Related party payable	-	370
Lease liabilities - Current portion	34,380	29,340
Notes payable - Current portion	362,889	851,673
Total Current Liabilities	<u>583,731</u>	<u>1,033,871</u>
 Lease liabilities - Long term portion, net	 42,633	 75,156
Notes payable, net	<u>14,415,743</u>	<u>14,332,503</u>
 Total Liabilities	 <u>15,042,107</u>	 <u>15,441,530</u>
 Net Assets:		
Without donor restrictions		
Board Designated for loan capital	880,000	-
Undesignated	8,692,618	7,186,540
With donor restrictions	<u>104,319</u>	<u>332,583</u>
 Total Net Assets	 <u>9,676,937</u>	 <u>7,519,123</u>
 Total Liabilities and Net Assets	 <u><u>\$ 24,719,044</u></u>	 <u><u>\$ 22,960,653</u></u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Federal grants	\$ -	\$ 581,059
Interest income	1,176,650	819,965
Advertising income	-	57,651
Loan fees	91,123	81,128
Non-Federal grants and donations	45,000	1,678,000
Miscellaneous income	86,916	57,363
Net assets released from restriction	4,167,392	1,758,296
Total Revenue and support	<u>5,567,081</u>	<u>5,033,462</u>
Expenses		
Programs		
Loan and investment programs	2,543,322	2,695,998
Chronicle programs	-	175,025
	<u>2,543,322</u>	<u>2,871,023</u>
Management and general	313,753	194,753
Fundraising	<u>323,928</u>	<u>153,798</u>
Total Expenses	<u>3,181,003</u>	<u>3,219,574</u>
Increase in Net Assets Without Donor Restrictions	<u>2,386,078</u>	<u>1,813,888</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Restricted grants	3,939,128	1,863,665
Net assets released from restriction	<u>(4,167,392)</u>	<u>(1,758,296)</u>
Change in net assets with donor restrictions	<u>(228,264)</u>	<u>105,369</u>
Change in Net Assets	<u>2,157,814</u>	<u>1,919,257</u>
Net Assets - Beginning of Year	<u>7,519,123</u>	<u>5,599,866</u>
Net Assets - End of Year	<u>\$ 9,676,937</u>	<u>\$ 7,519,123</u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2024

	Loans and Investment Programs	Management and General	Fundraising	Total
Salaries	\$ 669,113	\$ 185,126	\$ 183,738	\$ 1,037,977
Interest	580,769	412	412	581,593
Employee benefits	107,218	27,173	31,298	165,689
Professional fees	189,781	19,551	19,966	229,298
Advertising	186,287	161	291	186,739
Payroll taxes	51,136	14,071	13,523	78,730
Rent	27,446	3,431	3,431	34,308
Consultants	51,562	8	37,008	88,578
Miscellaneous	57,227	47,081	3,323	107,631
Printing and copying	276	-	-	276
Insurance	4,844	606	606	6,056
Equipment	10,952	1,217	1,176	13,345
Computer expenses	39,122	4,890	4,890	48,902
Loan fees	88,806	-	1,125	89,931
Utilities	12,376	1,547	1,547	15,470
Travel and meals	17,054	1,052	826	18,932
Office supplies	11,652	1,552	1,375	14,579
Postage and shipping	49	6	6	61
Meeting costs	54,463	1,907	15,425	71,795
Provision for Loan Loss	351,299	-	-	351,299
Depreciation	31,890	3,962	3,962	39,814
	<u>\$ 2,543,322</u>	<u>\$ 313,753</u>	<u>\$ 323,928</u>	<u>\$ 3,181,003</u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023

	Programs				
	Loans and Investment Programs	Northside Chronicle	Management and General	Fundraising	Total
Salaries	\$ 643,766	\$ 93,417	\$ 71,202	\$ 72,176	\$ 880,561
Interest	451,705	40	358	398	452,501
Employee benefits	108,109	17,012	11,067	19,868	156,056
Professional fees	161,764	1,988	23,620	17,134	204,506
Advertising	168,335	38	338	375	169,086
Payroll taxes	55,079	8,308	6,043	6,028	75,458
Rent	21,355	267	2,402	2,669	26,693
Consultants	42,953	195	3,981	1,915	49,044
Miscellaneous	119,981	27,812	59,246	2,470	209,509
Printing and copying	310	21,533	2,650	39	24,532
Insurance	4,212	53	474	526	5,265
Equipment	9,373	1,655	1,936	1,067	14,031
Computer expenses	25,440	318	2,862	3,180	31,800
Write-off of uncollectible receivables	504	750	-	-	1,254
Loan fees	70,383	-	-	-	70,383
Utilities	10,403	130	1,170	1,300	13,003
Travel and meals	16,300	161	1,673	804	18,938
Office supplies	10,977	362	1,190	1,322	13,851
Postage and shipping	209	373	1,281	15	1,878
Meeting costs	37,436	314	572	19,526	57,848
Provision for Loan Loss	713,514	-	-	-	713,514
Depreciation	23,890	299	2,688	2,986	29,863
	<u>\$ 2,695,998</u>	<u>\$ 175,025</u>	<u>\$ 194,753</u>	<u>\$ 153,798</u>	<u>\$ 3,219,574</u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Cash Flows From Operating Activities:	2024	2023
Change in net assets	\$ 2,157,814	\$ 1,919,257
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for loan losses	(141,430)	269,253
Write off of loans receivable	493,571	591,301
Interest added to long-term debt principal	30,925	16,839
Depreciation	39,814	29,863
Change in:		
Accounts receivable	(46,707)	91,526
Grants receivable	(2,709)	302,280
Investments	(10,000)	-
Lease asset and liabilities	(11,228)	653
Other assets	323	(171,972)
Account payable	15,666	(47,090)
Accrued interest	18,308	668
Deferred revenue	-	(1,995)
Other	(370)	370
Net cash provided by (used in) operating activities	<u>2,543,977</u>	<u>3,000,953</u>
Cash Flows From Investing Activities		
Disbursements of loans receivable	(6,047,933)	(7,459,606)
Payments on loans receivable	3,438,084	1,189,407
Purchases of property and equipment	<u>(16,452)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(2,626,301)</u>	<u>(6,270,199)</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	1,226,319	8,002,295
Payment on notes payable	<u>(1,662,788)</u>	<u>(1,952,527)</u>
Net cash provided by (used in) financing activities	<u>(436,469)</u>	<u>6,049,768</u>
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	<u>(518,793)</u>	<u>2,780,522</u>
Cash, Cash Equivalents and Restricted Cash		
Beginning of year	<u>8,437,648</u>	<u>5,657,126</u>
End of year	<u>\$ 7,918,855</u>	<u>\$ 8,437,648</u>
Cash and cash equivalents	\$ 2,803,730	\$ 923,869
Restricted cash	<u>5,115,125</u>	<u>7,513,779</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 7,918,855</u>	<u>\$ 8,437,648</u>
Supplemental Information		
Cash paid for interest	<u>\$ 581,593</u>	<u>\$ 452,501</u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statement represent the financial accounts of Neighborhood Community Development Fund (NCDF), a certified Community Development Finance Institution (CDFI) headquartered in Pittsburgh, Pennsylvania. NCDF provides lending, technical assistance and other financial services in underserved markets in Allegheny County, Pennsylvania. These programs are funded by federal, state and local governments, foundations, corporations, and CDFI intermediary organizations. NCDF's programs include loans to small businesses, non-profit organizations, housing and commercial developers along with development services to support borrowers with technical assistance and support for improving borrowers' business operations.

The organization was incorporated in Pennsylvania as a non-profit corporation in February, 2000 with a purpose to provide development services and financing products to promote community development. NCDF was initially structured as a member organization with one member, the Northside Leadership Conference. In March of 2024, the bylaws were amended to convert NCDF to an independent non-profit organization.

Until December, 2023, NCDF had a for-profit subsidiary called the Northside Chronicle, a hyper-local media company dedicated to supporting Northside communities in the City of Pittsburgh. At that time, the Board of Directors voted to dissolve the Limited Liability Company holding the Northside Chronicle and transition its operations to an independent non-profit organization, Northside Chronicle Community Media (NCCM). NCCM now has a separate 501-c-3 ruling from the IRS and began operations in January 2024. NCDF realized a loss on its investment in the Northside Chronicle LLC in January 2024.

The result is that the financial statements for 2024 no longer include a consolidated presentation with Northside Chronicle LLC. All significant intercompany transactions and balances were eliminated in the consolidation for the year ended December 31, 2023.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents. At times, the cash deposits may exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted cash consists of funds being held for use in NCDF loan programs and provision of technical assistance programs.

Accounts and Grants Receivable

Accounts and grant receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the credit quality of individual accounts through the use of a risk rating system. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and grant receivable. Management has determined that no valuation allowance was necessary as of December 31, 2024 and 2023. One grantor comprised 100% of grant receivable at December 31, 2024 and 2023.

Loans Receivable and Allowance for Credit Losses

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost, net of the allowance for credit losses. Amortized cost is the unpaid principal net of an allowance for credit losses. Interest on these loans is calculated by using the simple interest method on daily balances of the principal amount outstanding.

Loans receivable are considered to be on accrual status through the maturity date established by the terms of the agreement and interest is accrued accordingly. Loans receivable are placed on non-accrual status once there are clear instructions that collectability is in doubt. Principal-only payments are then recognized as long as such loans continue on non-accrual status. The Organization resumes accrual of interest only if a restructured loan agreement is established and such creditors have the ability to make regular payments and remain current with such restructure. In the event that such interest is accrued, a recoupment of interest revenue is recorded over the restructured payment terms.

An allowance for loan losses is established through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes collection of a loan balance is unlikely or when the value is deemed to be impaired. Subsequent recoveries of these loan losses are considered income to the organization and recognized as such in the Statement of Activities.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable and Allowance for Credit Losses (Continued)

The organization monitors the credit quality of loans receivable by first developing a pass risk rating at the time a new loan is disbursed and assigning a reserve based on that rating. The portfolio overall is then reviewed quarterly in accordance with NCDF's Current Expected Credit Loss (CECL) policy with adjustments made according to portfolio performance and evaluation of potential losses from non-payment of loans. This is then attenuated by an evaluation of any external factors that could impact portfolio performance. The following table summarizes the loans receivable aggregated by likely risk to the organization as of December 31:

<u>Assessed Risk of Credit Losses:</u>	<u>2024</u>	<u>2023</u>
Low	\$14,806,170	\$14,192,312
Moderate	1,837,866	195,488
High	140,359	280,317
Total	<u>\$16,784,395</u>	<u>\$14,668,117</u>

While management uses all available information to estimate losses on loans, it is reasonably possible that adjustments in the carrying amounts of loans may be necessary in the near term based on changes in local economic conditions.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs which are not considered to extend the useful lives of assets are charged to operations as incurred.

Depreciation and amortization of property and equipment is provided by use of the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	Term of lease
Office Equipment	5 years

Concentration of Credit and Investment Risk

As part of its loan and investment programs, the Organization makes loans and investments only to qualified business in the Allegheny County neighborhoods of Pittsburgh, Pennsylvania, and therefore, has a geographic concentration of credit and investment risk.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Organization does not have any short-term leases at December 31, 2024 and 2023.

Revenue Recognition

The Organization recognizes contributions from community grants and donations it receives when cash, securities or other assets, or an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's support is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance measurements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

All donor-restricted support that was initially a conditional contribution and for which the donor-imposed conditions and restrictions are met in the same reporting period are reported as increase in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include those noted in the accompanying statement of functional expenses, the most significant of which are personnel costs and interest expense. Personnel costs are based on the time incurred by employee's functional area and interest expense is directly related to the loan and investment programs.

Income Taxes

The Organization is exempt from federal income tax under sections 501(1) of the Internal Revenue Code as an organization described in section 501(c)(3), except on net income derived from unrelated business activities. Further the Organization annually files a Form 990.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and during the years ended December 31, 2024 and 2023, the Organization did not have a liability for unrecognized tax benefits.

Subsequent Events

Management has evaluated subsequent events through May 30, 2025, the date the financial statements were available to be issued.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The primary source of liquidity for the Organization is the repayments received for loans receivable and receipts of grants to support its programs. The Organization manages its liquid resources by aligning long-term loan receivable repayments with long-term debt payment obligations. In addition, the Organization focuses on obtaining grants to cover the program and administrative expenses.

Financial assets available to meet needs for general expenditures within one year were as follows at December 31:

	<u>2024</u>	<u>2023</u>
Financial assets - At year-end		
due within one year	\$ 9,490,919	\$ 11,552,959
Less those unavailable for general expenditures		
within one year, due to:		
Donor-imposed restrictions	(104,319)	(332,583)
Cash and cash equivalents		
designated for loan and grant programs	<u>(5,115,125)</u>	<u>(7,513,779)</u>
Financial assets available to meet cash needs for		
general expenditures within one year	<u>\$ 4,271,475</u>	<u>\$ 3,706,597</u>

The Board of Directors can release the designation of the board-designated net assets at any time, allowing for liquidity of \$880,000 and \$0 at December 31, 2024 and 2023, respectively.

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash consist of interest and non-interest-bearing accounts at various local banks. At December 31, 2024, \$1,644,993 was insured by federal depository insurance and \$6,273,862 was uninsured and uncollateralized. At December 31, 2023, \$1,529,160 was insured by federal depository insurance and \$6,906,036 was uninsured and uncollateralized. The majority of the sources for the loan programs require the Organization to establish separate bank accounts for the funds received from specific donors or funders. The book balances as of December 31, 2024 and 2023, are as follows:

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

	2024	2023
Bank Loan Funds (Secured Notes Payable)		
Citizens Bank:		
Loan funds	\$ 37,367	\$ 507,490
Loan loss reserve funds	101,454	101,201
PNC Bank:		
Loan funds	254,231	175,094
Loan loss reserve funds	49,960	49,960
Key Bank:		
Loan funds	7,249	7,249
First National Banks:		
Loan funds	51,512	160,793
SSB Bank		
Loan funds	-	4,545
WesBanco Bank:		
Loan funds	-	18,337
Loan loss reserve funds	-	25,054
Bank Loan Funds (EQ2)		
Citizens Bank EQ2 Program		
EQ2 funds	615,157	74,834
Dollar Bank EQ2 Program		
EQ2 funds	105,206	61,878
FNB EQ2 Program		
EQ2 funds	80,053	20,793
First Commonwealth Bank EQ2 Program		
EQ2 funds	126,864	20
Key Bank EQ2 Program		
EQ2 funds	62,362	2,000,000
Government Loans Funds		
PA Community Development Bank Program:		
Loan funds	132,313	136,301
SBA microloan programs:		
Loan funds	788,462	1,621,303
Loan loss reserve funds	411,572	502,656
SBLF Program		
Loan funds	53,370	80,022
CDFI Intermediary Funds		
Appalachian Community Capital (ACC) Program		
Loan funds	175,692	700,000
Opportunity Finance Network (OFN) Program		
Loan funds	293,448	42,685
Grant Funds		
CDFI Fund FA Grant	728,141	412,322
CDFI Fund Rapid Response Program	657,792	547,128
NSLC/Rivers Casino Grants	149,213	150,803
State Small Business Credit Initiative Grants	183,555	63,159
Program Account	50,152	50,152
Total cash and cash equivalents, designated for loan and grant programs	5,115,125	7,513,779
Sweep account	251,709	689,042
Security deposits	18,272	7,703
Operating funds	2,533,749	227,124
	\$ 7,918,855	\$ 8,437,648

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

The Small Business Administration (SBA) has a security interest in all deposit accounts holding the SBA loan and SBA loan loss reserve funds. Financial institutions with secured notes payable have a security interest in all of their respective deposit accounts and the underlying notes receivable maintained by the Organization. Note 10 offers details on the security interests of the Organization's various Notes Payable.

For the SBA Microloan Program, the Organization is required to maintain a separate loan loss reserve cash account equal to 15% of the total outstanding principal amount due on SBA microloan receivables. The SBA requires that any loan receivable originating under the SBA Microloan Program be charged against the loan loss reserve fund once there is an uncured default of 120 days. In addition, for other financial institution lending programs, the Organization maintains separate loan loss reserve cash accounts, as disclosed in the table above and as described further in Note 10.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2024	2023
Leasehold improvements	\$ 121,373	\$ 121,373
Office equipment and technology	40,062	23,610
	<u>161,435</u>	<u>144,983</u>
Less: Accumulated Depreciation	(73,264)	(33,450)
Total Property Plant and Equipment	<u>\$ 88,171</u>	<u>\$ 111,533</u>

Depreciation and amortization expenses in December 31, 2024 and 2023 was \$39,814 and \$29,863, respectively.

5. LOANS RECEIVABLE

The Organization's loan portfolio consisted of 294 and 231 loans outstanding at December 31, 2024 and 2023, respectively. The loans bear interest at rates ranging from 3.00% to 10.25% with final maturities through 2032. It is the Organization's policy to require collateral for each loan, which may consist of a variety of assets, including real estate, accounts receivable, equipment, or personal assets and guarantees.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

5. LOANS RECEIVABLE (CONTINUED)

The Organization had loans receivable under the following programs at December 31:

	# of Loans	2024	# of Loans	2023
Microloans	120	\$ 2,974,205	85	\$ 2,506,147
Small business loans	120	6,781,142	104	5,486,840
Affordable housing loans	31	4,533,851	26	4,261,646
Strategic commercial real estate loans	12	1,739,790	12	2,060,003
Community facilities loans	11	755,407	4	353,481
	294	16,784,395	231	14,668,117
Less: Allowance for loan losses		(800,612)		(942,042)
		<u>\$ 15,983,783</u>		<u>\$ 13,726,075</u>

As of December 31, 2024 there were seven loans totaling \$210,243 that were over 90 days past due. There were eight loans totaling approximately \$202,000 that were over 90 days past due as of December 31, 2023. The activity in the Organization's allowance for uncollectible notes consists of the following for the years ended December 31:

	2024	2023
Allowance - Beginning of year	\$ 942,042	\$ 672,789
Provision for loan losses	351,299	713,514
Write-off of nonperforming loans	(492,729)	(444,261)
Allowance - End of year	<u>\$ 800,612</u>	<u>\$ 942,042</u>

Loan Commitments

As of December 31, 2024 and 2023, approximately \$1,175,000 and \$1,060,000, respectively, of approved loans were not fully disbursed.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

6. NET ASSETS

Program restrictions

Net assets with donor restrictions represent funds restricted for use in the support of businesses located in Allegheny County and funds restricted for various CDFI programs. Net assets with donor restrictions were as follows for the years ended December 31:

	2024	2023
CDFI Fund Equitable Recovery Program	\$ -	\$ 169,264
CDFI Fund Financial Award	79,319	163,319
Local Business Support	25,000	-
Net Assets with Donor Restrictions	<u>\$ 104,319</u>	<u>\$ 332,583</u>

For the years ended December 31, 2024 and 2023, net assets released from donor restriction were as follows:

	2024	2023
Local Business Support	\$ 3,352,014	\$ 56,351
CDFI Fund Rapid Response Program	-	613,128
CDFI Fund Equitable Recovery Program	731,378	692,136
CDFI Fund Financial Award	84,000	396,681
Total releases	<u>\$ 4,167,392</u>	<u>\$ 1,758,296</u>

Net assets without donor restrictions

Net assets without donor restrictions are classified as undesignated or designated for loan and grant programs.

7. NORTHSIDE LEADERSHIP CONFERENCE

The Northside Leadership Conference (NSLC) is a related party to NCDF and retains the right to recommend up to 50% if the members of the Organization's Board of Directors (Board). The parties maintain consulting agreements between the two organizations with each organization paying the other party for services rendered in pursuit of their programmatic goals. At December 31, 2024, the Organization had \$0, in accounts payable due to NSLC and approximately \$45,000, in accounts receivable due from NSLC. At December 31, 2023, the Organization had approximately \$12,000, in accounts payable due to NSLC and approximately \$90,000, in accounts receivable due from NSLC.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

8. LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization uses the US Treasury Risk Free Rate per the start date of the leases. The Organization utilizes 3.48% for copier lease and 2.66% for the office lease. The right-of-use asset and lease liability are recorded as separate line items on the statement of financial position in the amount of \$75,765 and \$77,013, respectively.

The Organization entered into an office space lease agreement expiring in August 2027, with up to a five-year renewal option. The terms of the lease agreement call for monthly base rent for the first three years of approximately \$2,170 per month and for years four and five a monthly base rent of approximately \$2,306. During 2024, NCDF executed a lease modification for the office lease to increase rent approximately \$2,470 for January 2024 to April 2025 and for the remainder of the lease term a monthly base rent of \$2,630. Based on ASC 842 guidance on lease modifications, the Organization adjusted their right-of-use asset and lease liability for the modified lease payments and Risk Free Rate as of the date the modification is effective. The Organization used the US Treasury Risk Free Rate of 3.93%. If the organization elects to renew the agreement at the end of the lease term, the monthly base rent would increase annually at a rate of 50 cents per square foot. At the time of the agreement, the Organization was not reasonably certain that it would exercise the option; therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized as of December 31, 2024.

The Organization also holds a lease agreement for office equipment that has a monthly payment of approximately \$275, which expires in January 2028.

For the year ended December 31, 2024 and 2023, total operating lease costs were \$32,665 and \$29,065, respectively. There were no noncash investing and financing transactions related to leasing.

Approximate future maturities of lease liabilities are presented in the following table for the year ended December 31:

	<u>Amount</u>
2025	\$ 34,380
2026	34,860
2027	11,190
2028	3,300
2029	<u>275</u>
Total lease liabilities	84,005
Lease present value discount	<u>(6,992)</u>
Total lease obligations	<u>\$ 77,013</u>

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

9. RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan covering all full-time employees. Employee contributions are voluntary. Employee contributions are matched at the discretion of the Organization but will not exceed 50% of the employee's contributions up to the first 3% of compensation. Total contributions by the Organization were approximately \$25,000 in 2024 and \$22,000 in 2023.

10. NOTES PAYABLE

Future maturities of notes payable at December 31, 2024, are as follows:

	2025	2026	2027	2028	2029	Thereafter	Total
Secured Note Payables:							
Citizens Bank	\$ -	\$ -	\$ -	\$ -	\$ 181,150	\$ -	\$ 181,150
SBA - micro	359,277	363,566	367,924	368,521	286,463	1,544,141	3,289,892
FNB	-	-	-	-	-	286,794	286,794
PNC Bank	-	-	-	-	2,000,000	-	2,000,000
Unsecured Note Payables							
PCD Bank	-	-	-	-	214,071	406,725	620,796
FNB-EQ2	-	-	-	1,000,000	-	-	1,000,000
Citizens Bank - EQ2	-	-	-	2,000,000	-	-	2,000,000
Key Bank - EQ2	-	-	-	2,000,000	-	-	2,000,000
FCB-EQ2	-	-	-	-	-	500,000	500,000
Dollar Bank - EQ2	-	-	1,200,000	-	-	-	1,200,000
SBA - EIDL	3,612	3,713	3,816	3,923	4,032	130,904	150,000
ACC	-	-	-	-	750,000	-	750,000
OFN	-	-	-	-	300,000	500,000	800,000
Total	\$ 362,889	\$ 367,279	\$ 1,571,740	\$ 5,372,444	\$ 3,735,716	\$ 3,368,564	\$ 14,778,632

Secured Notes Payables

Citizens Bank of Pennsylvania

The Fund has had outstanding notes payable with Citizens Bank of Pennsylvania relationship since May, 2003. The Note and the subsequent modification agreements have certain debt covenants including furnishing borrower loan statements, maintaining a deposit account equal to 10% of the commitment amount and, with the most recent modification, tying the interest rate to the BSBY, to be reset on a daily basis. This note is secured with loans receivable.

In 2024, the Organization paid off four sub loans tied to the line of credit for approximately \$546,000.

In 2023, the Organization paid off two sub loans tied to the line of credit for approximately \$23,000.

At December 31, 2024 and 2023, interest rates on historical sub loans to the line of credit were approximately 7.92% and 7.93%, respectively. At December 31, 2024 and 2023, there was \$181,150 and \$850,885 outstanding on this note payable, respectively. Security for this note payable is provided by underlying third-party loans and a right to offset against all deposit accounts maintained by Citizens Bank of Pennsylvania.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

10. NOTES PAYABLE (CONTINUED)

U.S. Small Business Administration ("SBA")

Microloan Program

The Organization has multiple loans with the SBA under its Microloan Program. Each loan has the same terms: the loan is payable over 10 years. During the first twelve months, no payments or principal or interest are required. All loans disbursed to borrowers through the SBA Microloan program are \$50,000 or less.

In April 2015, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$300,000. The interest rate at December 31, 2023, was 0.25%, and the balance outstanding was \$75,382. As of December 31, 2024, the loan has been fully paid off.

In November 2016, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$500,000. The interest rate at December 31, 2023, was 0%, and the balance outstanding was \$172,413. As of December 31, 2024, the loan has been fully paid off.

In April 2019, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$300,000 and drew down the full amount during that year. The interest rate at December 31, 2024 and 2023, was 1.25%, and the balance outstanding was \$145,769 and \$181,616, respectively.

In August 2019, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$1,000,000. The interest rate at December 31, 2024 and 2023, was 0.625%, and the balance outstanding was \$545,907 and \$662,919, respectively.

In March 2022, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$400,000 and drew down the full amount during that year. The interest rate at December 31, 2024 and 2023 was 1.125%, and the balance outstanding was \$322,540 and \$366,800, respectively.

In September 2022, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$1,500,000 and drew down \$1,000,000 in 2022 and \$500,000 in 2023. The interest rate on December 31, 2024 and 2023 was 1.125%, and the balance outstanding was \$1,301,596 and \$1,456,379, respectively.

In September 2023, the Organization entered into a loan agreement with the SBA under its Microloan Program in the amount of \$2,500,000 and drew down \$1,000,000. The interest rate on December 31, 2024 and 2023 was 2.875%, and the balance outstanding was \$974,080 and \$1,000,000, respectively.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

10. NOTES PAYABLE (CONTINUED)

U.S. Small Business Administration ("SBA") (Continued)

Microloan Program (Continued)

All SBA Microloans Payable are collateralized with SBA Microloans Receivable and cash deposits in SBA Microloan Loan Loss Reserve Accounts which totaled \$411,572 at December 31, 2024 and SBA Microloan Revolving Loan Fund Accounts which totaled \$788,462 at December 31, 2024. In accordance with SBA guidelines, the Organization must maintain assets consisting of SBA Microloans receivable plus cash in revolving loan accounts + cash in loan loss reserve accounts equal to 115% of the outstanding balance of loans payable to the SBA from the Microloan Program. At year end December 31, 2024, the Organization had an asset to liability coverage percentage of 119%.

SBA Paycheck Protection Program

In April 2020, the Organization received proceeds totaling \$81,164 as guaranteed by the SBA's Paycheck Protection Program (PPP). In June 2021, the Organization received additional proceeds of \$72,155 as guaranteed by the SBA's PPP under the Consolidated Appropriations Act, 2021 (CAA Act) (PPP2). These PPP and PPP2 loans are 100% forgiven as long as specific criteria, as defined, are met for a specified covered period following receipt of the loan proceeds, including maintaining specific employee headcount and compensation during that time period, as well as demonstrating that the Organizations were used for payroll costs, rent, mortgage interest, or utilities. As of December 31, 2022, the outstanding balance of the PPP loan was \$5,645, which was forgiven in 2023.

Slovak Savings Bank ("SSB")

In April 2015, the Organization entered into a line of credit agreement with Slovak Savings Bank in the amount of \$750,000. The interest rate on the line of credit is the floating Wall Street Journal Prime Rate (7.50% at December 31, 2022). During October 2015, the agreement was amended, and the line of credit was increased to \$1,050,000. In March 2022, the loan maturity date was extended to January 2023. As of December 31, 2022, the balance outstanding was \$250,000. This note was secured by the underlying loans receivable made to borrowers with these funds. During 2023, the loan was paid off in full.

First National Bank ("FNB")

Notes Payable with FNB are offered under a master line of credit agreement. Each draw down is set-up as a separate sub-note that matches the term and amortization provided to the Organization's borrower. Each time the Organization draws down a sub-note, the available funds under the master line of credit are reduced by the amount of that sub-note.

In June 2022, the Organization received a \$250,000 loan for 84 months, maturing June 2029, for community development lending. The interest rate at December 31, 2022 was 4.50% and the balance outstanding was \$234,413. The loan was paid in full in 2023.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

10. NOTES PAYABLE (CONTINUED)

First National Bank ("FNB") (Continued)

In June 2023, the Organization entered into a line of credit agreement with FNB with a principal balance up to \$1,500,000. The loan is due on demand. The interest rate at December 31, 2024 and 2023 was 8.25% and the balance outstanding was \$286,794 and \$579,939, respectively.

PNC Bank

In 2012, the Organization entered into a line of credit with PNC Bank for borrowings up to \$500,000. The maximum borrowings under the agreement were increased to \$1,000,000 in 2012 and \$2,000,000 in 2022. The Organization drew down \$176,319 in 2024. Each loan disbursement from this credit facility must have a minimum principal balance of \$50,000. As of December 31, 2024, the interest rate was prime rate minus 0.75% or 7.00%. As of December 31, 2023, the interest rate was prime rate minus 0.75%, or 7.75%. Balances outstanding were \$2,000,000 and \$1,823,681 at December 31, 2024 and 2023, respectively. The loan is secured by deposits held in the Organization's PNC Bank accounts.

Unsecured Notes Payables

Pennsylvania Community Development Bank

In May 2009, the Organization was awarded a \$250,000 commitment from the Pennsylvania Community Development (PCD) Bank. The interest rate is 1% and the Organizations are to be used for the PCD Bank Direct Loan program. All principal and interest payments were deferred and were due upon maturity in June 2019. In April 2019, the note was extended for 10 years at the same rates and terms. The balance outstanding at December 31, 2024 and 2023, was \$214,071 and \$238,083, respectively. This note is unsecured.

In February 2012, the Organization was awarded a \$200,000 commitment from PCD Bank. In September 2012, the Organization made a drawdown of \$200,000 on the commitment with an interest rate of 1% and is to be used for the PCD Bank Direct Loan program. All principal and interest payments were deferred and were due upon maturity in October 2022. In March 2022, the commitment was extended an additional ten years to October 2032. The balance outstanding at December 31, 2024 and 2023, was \$156,725 and \$176,079, respectively. This note is unsecured.

In September 2023, the Organization was awarded a \$250,000 commitment from PCD Bank. In September 2023, the Organization made a drawdown of \$250,000 on the commitment with an interest rate of 1% to be used for the PCD Bank Direct Loan program. All principal and interest payments were deferred and are due upon maturity in October 2033. The balance outstanding at December 31, 2024 and 2023 was \$250,000. This note is unsecured.

FNB Equity Equivalent Investment Agreement

In November 2022, the Organization entered into an unsecured Equity Equivalent Investment (FNB EQ2) with FNB in the amount of \$500,000 and an interest rate of 3% and an initial term of 36 months. In February 2022, the Organization amended the unsecured Equity Equivalent Investment with FNB to increase the max borrowing to \$1,000,000. The balance outstanding at December 31, 2024 and 2023 was \$1,000,000 and \$500,000, respectively.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

10. NOTES PAYABLE (CONTINUED)

Citizen's Bank Equity Equivalent Investment Agreement

In March 2023, the Organization entered into an unsecured Equity Equivalent Investment (Citizens EQ2) with Citizen's Bank in the amount of \$2,000,000 at an interest rate of 3% and an initial term of 60 months. The balance outstanding at December 31, 2024 and 2023 was \$2,000,000.

Key Community Development Equity Equivalent Investment Agreement

In December 2023, the Organization entered into an unsecured Equity Equivalent Investment (Key EQ2) with Key Community Development Corporation in the amount of \$2,000,000 at an interest rate of 4.00% and an initial 5 year term. The balance outstanding at December 31, 2024 and 2023 was \$2,000,000.

First Commonwealth Bank Equity Equivalent Investment Agreement

In December 2023, the Organization entered into an unsecured Equity Equivalent Investment (FCB EQ2) with First Commonwealth Bank in the amount of \$500,000 at an interest rate of 5.00% and an initial term of 12 months that can be renewed for 10 years. The balance outstanding at December 31, 2024 and 2023 was \$500,000 and \$250,000, respectively.

Dollar Bank Equity Equivalent Investment Agreement

In November 2022, the Organization entered into an unsecured Equity Equivalent Investment (Dollar Bank EQ2) with Dollar Bank in the amount of \$1,200,000 with an initial term of five years. The interest rate as of December 31, 2024 and 2023, was 4.25%. The balance outstanding at December 31, 2024 and 2023 was \$1,200,000.

SBA Economic Injury Disaster Loan

In June 2020, the Organization entered into an Economic Injury Disaster Loan (EIDL) with the SBA for total proceeds of \$150,000 with 2.75% annual interest and a maturity date of June 15, 2050. During the first twelve months, no payments of principal or interest were required. In March 2021, the SBA extended the deferral period for EIDL by an additional twelve months. Beginning in June 2022, the Organization began repayment in monthly installments of \$641 that are first applied to accrued interest, with the remainder, if any, applied to principal.

Key Bank Line of Credit

The Organization had a line of credit agreement with Key Bank in the amount of \$1,000,000 at an interest rate of Prime Rate plus .5%. Balances outstanding at December 31, 2022, were \$899,000. The balance was paid in full in 2023.

Appalachian Community Capital Corporation

In November 2023, the Organization entered into an unsecured loan with Appalachian Community Capital Corporation in the amount of \$750,000 at an interest rate of 3.95% and a maturity date of October 30, 2029. The balance outstanding at December 31, 2024 and 2023 was \$750,000.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

10. NOTES PAYABLE (CONTINUED)

Opportunity Finance Network

In February 2023, the Organization entered into an unsecured loan with Opportunity Finance Network (OFN) in the amount of \$500,000 at an interest rate of 3.00% and an initial term of 10 years. The balance outstanding at December 31, 2024 and 2023 was \$500,000.

In May 2024, the Organization entered into an unsecured loan with Opportunity Finance Network (OFN) in the amount of \$300,000 at an interest rate of 4.00% and an initial term of 5 years. The balance outstanding at December 31, 2024 was \$300,000.

At December 31, 2024 and 2023, the Organization was in compliance with all covenants associated with its notes payable.

11. CDFI FUND GRANTS

Rapid Response Program (RRP)

During 2021, the Organization was awarded \$1,826,265 as part of Community Development Financial Institutions Fund (CDFI) Rapid Response Program (RRP). At that time, the Organization made an initial draw of \$934,000. The award was granted to close Financial Products in the Organization's approved Target Market in response to the economic impact of the COVID-19 pandemic, as defined in the award. To be considered compliant with the grant, the Organization must meet certain performance goals, as defined in the award. Expenditures for administering and closing the Financial Products, as defined in the award, are limited to approximately \$274,000. The grant term expired and was fully disbursed by December 31, 2023.

During 2023, the Organization made its final draw of \$442,265 on the CDFI RRP award. During 2023, approximately \$613,000 was disbursed in the form of loans.

Financial Award (FA)

During 2023, the Organization was awarded \$560,000 from CDFI Fund Financial Award program. During 2023, approximately \$397,000 was disbursed, of which \$86,000 was to cover operating expenses, and the remainder in the form of loans. During 2024, approximately \$84,000 was disbursed.

Equitable Recovery Program (ERP)

During 2023, the Organization was awarded \$861,400 from CDFI Fund Equitable Recovery Program. During 2023, approximately \$692,000 was disbursed, of which \$129,000 was to cover operating expenses, and the remainder in the form of loans.

During 2024, the Organization was awarded an additional \$562,114 from CDFI Fund Equitable Recovery Program. During 2024, approximately \$731,378 was disbursed, of which \$84,317 was to cover operating expenses, and the remainder in the form of loans; this included funds remaining from a grant received in 2023.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

12. RELATED PARTIES

In the normal course of business, the Organization maintains deposits at local banks whose employees may serve on the Loan Review Committee. The Organization has an established policy whereby local banks are no longer permitted to serve on the Board of Directors. Local banks where the Organization holds depository accounts also have employees on the Loan Review Committee. Likewise, local banks may participate in financing packages to the Organization's borrowers.

It is the Organization's policy that no director or officer of the Organization shall be invested directly or indirectly in any contract relating to the operations conducted by the Organization, nor in any contract for furnishing services or supplies to the Organization, unless such contract is expressly authorized by the Board and unless the fact of such interest shall have been disclosed or known to the Board at the meeting at which such contract is so authorized.

13. CONTINGENCIES

From time to time in the ordinary course of business, there are various matters of pending litigation in which the Organization is involved (e.g. collection activities for loans charged off). The amount of liability, if any, related to these matters at year-end is not subject to determination. Accordingly, the financial statements do not include any adjustment for possible effects of these cases. Management is of the opinion that these matters will not result in material adverse effect on the Organization's operations and financial position.

Additionally, in the ordinary course of business, the Organization is subject to state and federal audits by grantor agencies. These laws and regulations are complex and subject to interpretation. The Organization is not aware of any pending audit involving prior or current years; however, compliance with such laws and regulations can be subject to future reviews and interpretation, which could result in disallowed costs.

Laws and regulations over federal funds received by the Organization as a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Neighborhood Community Development Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Neighborhood Community Development Fund (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Zelenkofske Axelrod LLC

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Board of Directors
Neighborhood Community Development Fund
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zelenkofske Axelrod LLC

Zelenkofske Axelrod LLC

Pittsburgh, Pennsylvania
May 30, 2025



Zelenkofske Axelrod LLC

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

Board of Directors
Neighborhood Community Development Fund

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neighborhood Community Development Fund ("the Organization's") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2024. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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



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

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

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

Zelenkofske Axelrod LLC

Zelenkofske Axelrod LLC

Pittsburgh, Pennsylvania
May 30, 2025

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

	Assistance			
	Listing	Pass-Through Grantor Identifying	Federal	Expenditures to
<u>Federal Grantor/Pass-Though Grantor/Program Title</u>	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<u>Small Business Administration</u>				
Microloan Program	59.046	Loan No. 7510365007	\$ 76,452	\$ -
Microloan Program	59.046	Loan No. 8628805008	172,412	-
Microloan Program	59.046	Loan No. 3613047002	183,695	-
Microloan Program	59.046	Loan No. 3882287002	666,391	-
Microloan Program	59.046	Loan No. 3409619100	367,210	-
Microloan Program	59.046	Loan No. 4239899104	1,480,274	-
Microloan Program	59.046	Loan No. 5292249101	1,000,000	-
Microloan Program (Tech Assistance)	59.046	SBAOCAML210261	732,014	-
Total Small Business Administration			4,678,448 *	-
<u>U.S. Department of the Treasury</u>				
CDFI Equitable Recovery Program	21.033	22ERP060845	731,378	
Total US Department of the Treasury			731,378	-
Total expenditures of federal awards			\$ 5,409,826	\$ -

* Denotes tested as a major federal program

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of Neighborhood Community Development Fund (the Organization).

NOTE 2: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: FEDERAL EXPENDITURES

The amount of federal expenditures for the Microloan Programs represents the December 31, 2023 loan balances payable to the Small Business Administration (SBA) and the value of new loans received during the year. The amount for the Microloan technical assistance grant is the amount of technical assistance expended for each SBA Microloan Program.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results:

Financial Statements

Type of Auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses?

☐ yes ☒ none reported

Type of Auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance: ☐ yes ☒ no

Identification of major programs:

AL Numbers

Name of Federal Programs or Clusters

59.046

Microloan Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Section II –Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Summary of Prior Year Findings

None.