

**NEIGHBORHOOD COMMUNITY
DEVELOPMENT FUND**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

YEARS ENDED DECEMBER 31, 2025 AND 2024

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
YEARS ENDED DECEMBER 31, 2025 AND 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 20, 2026 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 20, 2026

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

Assets	2025	2024
Current Assets		
Cash and cash equivalents	\$ 1,531,852	\$ 2,803,730
Restricted cash	6,659,996	5,115,125
Account receivable	3,050	85,537
Grant receivable	374,587	351,340
Loans receivable - Current portion	2,184,262	1,135,187
Investments	10,000	10,000
Other current assets	125,219	58,290
Total Current Assets	10,888,966	9,559,209
Non-Current Assets		
Loans receivable, net of current portion	16,370,601	15,649,208
Less: Allowance for loan losses	(709,124)	(800,612)
Loans receivable, net of current portion and allowance for loan losses	15,661,477	14,848,596
Fixed assets, net	79,187	88,171
Other non-current assets	147,039	147,303
Right-of-use assets	44,097	75,765
Total Non-Current Assets	15,931,800	15,159,835
Total Assets	\$ 26,820,766	\$ 24,719,044
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 63,321	\$ 107,197
Accrued interest	9,348	79,265
Lease liabilities - Current portion	34,860	34,380
Notes payable - Current portion	367,222	362,889
Total Current Liabilities	474,751	583,731
Non-Current Liabilities		
Lease liabilities - Long term portion, net	10,197	42,633
Refundable Advances	1,489	79,319
Notes payable, net	16,711,112	14,415,743
Total Non-Current Liabilities	16,722,798	14,537,695
Total Liabilities	17,197,549	15,121,426
Net Assets:		
Without donor restrictions		
Board Designated for loan capital	116,541	880,000
Undesignated	9,506,676	8,717,618
Total Net Assets	9,623,217	9,597,618
Total Liabilities and Net Assets	\$ 26,820,766	\$ 24,719,044

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenue and support		
Federal grants	\$ 678,758	\$ 1,214,809
State and local grants	125,000	125,000
Interest income	1,219,245	1,136,161
Loan fees	47,278	91,123
Other grants and donations	1,082,475	2,565,000
Investment income	30,751	40,489
Recovery income from charged off loans	150,450	-
Miscellaneous income	<u>35,610</u>	<u>86,916</u>
Total Revenue and support	<u>3,369,567</u>	<u>5,259,498</u>
Expenses		
Loan and investment programs	2,661,861	2,543,322
Management and general	313,520	313,753
Fundraising	<u>368,587</u>	<u>323,928</u>
Total Expenses	<u>3,343,968</u>	<u>3,181,003</u>
Increase in Net Assets Without Donor Restrictions	<u>25,599</u>	<u>2,078,495</u>
Net Assets - Beginning of Year	<u>9,597,618</u>	<u>7,519,123</u>
Net Assets - End of Year	<u>9,623,217</u>	<u>9,597,618</u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025

	Loans and Investment Programs	Management and General	Fundraising	Total
Salaries	\$ 838,237	\$ 194,111	\$ 240,273	\$ 1,272,621
Interest	567,559	233	233	568,025
Employee benefits	132,115	40,855	36,229	209,199
Professional fees	206,425	18,995	20,659	246,079
Advertising	225,719	99	99	225,917
Payroll taxes	64,260	14,863	18,067	97,190
Rent	25,004	3,128	3,123	31,255
Consultants	70,395	6	6	70,407
Miscellaneous	173,491	22,048	2,281	197,820
Printing and copying	176	-	-	176
Insurance	4,527	566	566	5,659
Equipment	211	24	24	259
Computer expenses	33,208	4,112	4,112	41,432
Loan fees	102,925	-	-	102,925
Utilities	14,270	1,784	1,784	17,838
Travel and meals	5,267	1,222	943	7,432
Office supplies	12,959	1,937	1,514	16,410
Postage and shipping	239	47	43	329
Meeting costs	48,194	5,876	35,017	89,087
Provision for Loan Loss	107,765	-	-	107,765
Depreciation	28,915	3,614	3,614	36,143
	<u>\$ 2,661,861</u>	<u>\$ 313,520</u>	<u>\$ 368,587</u>	<u>\$ 3,343,968</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
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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Cash Flows From Operating Activities:	<u>2025</u>	<u>2024</u>
Change in net assets	\$ 25,599	\$ 2,157,814
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for loan losses	(107,765)	(141,430)
Write off of loans receivable	199,252	493,571
Interest added to long-term debt principal	-	30,925
Depreciation	36,143	39,814
Change in:		
Accounts receivable	82,487	(46,707)
Grants receivable	(23,247)	(2,709)
Investments	-	(10,000)
Lease asset and liabilities	(288)	323
Other assets	(66,665)	(11,228)
Account payable	(52,739)	15,666
Accrued interest	(69,917)	18,308
Refundable advances	(77,830)	-
Other	-	(370)
Net cash provided by (used in) operating activities	<u>(54,970)</u>	<u>2,543,977</u>
Cash Flows From Investing Activities		
Disbursements of loans receivable	(4,214,980)	(6,047,933)
Payments on loans receivable	2,261,537	3,438,084
Purchases of property and equipment	<u>(18,296)</u>	<u>(16,452)</u>
Net cash provided by (used in) investing activities	<u>(1,971,739)</u>	<u>(2,626,301)</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	3,000,000	1,226,319
Payment on notes payable	<u>(700,298)</u>	<u>(1,662,788)</u>
Net cash provided by (used in) financing activities	<u>2,299,702</u>	<u>(436,469)</u>
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	<u>272,993</u>	<u>(518,793)</u>
Cash, Cash Equivalents and Restricted Cash		
Beginning of year	<u>7,918,855</u>	<u>8,437,648</u>
End of year	<u>\$ 8,191,848</u>	<u>\$ 7,918,855</u>
Cash and cash equivalents	\$ 1,531,852	\$ 2,803,730
Restricted cash	<u>6,659,996</u>	<u>5,115,125</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 8,191,848</u>	<u>\$ 7,918,855</u>
Supplemental Information		
Cash paid for interest	<u>\$ 568,025</u>	<u>\$ 581,593</u>

See accompanying notes to the financial statements.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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.

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.

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, 2025 and 2024. One grantor comprised 100% of grant receivable at December 31, 2025 and 2024.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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>2025</u>	<u>2024</u>
Low	\$ 16,322,412	\$ 14,806,170
Moderate	1,855,937	1,837,866
High	<u>376,514</u>	<u>140,359</u>
Total	<u>\$ 18,554,863</u>	<u>\$ 16,784,395</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.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025 and 2024.

Refundable Advances

Amounts received under conditional grants and contracts for which the applicable barriers have not yet been met are recorded as refundable advances in the statement of financial position.

Federal refundable advances represent amounts received under cost-reimbursable federal awards for which allowable expenditures have not yet been incurred. Non-federal refundable advances represent amounts received under conditional foundation or other non-governmental grants for which the performance barriers have not yet been overcome.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances (Continued)

Federal refundable advances were \$1,489 and \$79,319 as of December 31, 2025 and 2024, respectively.

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 under these arrangements are recognized as contribution revenue as the Organization incurs expenditures in compliance with specific contract or grant provisions and the applicable barriers are overcome. Resources received before barriers are met are recorded as refundable advances (liabilities).

For reimbursable agreements (such as SBA and similar arrangements), revenue is recognized when the reimbursement invoice or required submission is dated and submitted. Expenses are recognized when incurred. When expenses are incurred and the reimbursement claim is not submitted until a subsequent fiscal year, the reimbursement claim is dated as of the last day of the fiscal year in the accounting system.

Revenue from exchange transactions — arrangements in which the funder receives commensurate value — is recognized in accordance with ASC 606, *Revenue from Contracts with Customers*. Under that model, revenue is recognized over time or at a point in time as performance obligations are satisfied. For fee-for-service or unit-price arrangements, revenue is recognized as units are delivered or services are performed.

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.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and during the years ended December 31, 2025 and 2024, the Organization did not have a liability for unrecognized tax benefits.

Change in Accounting Policy and Restatement of Prior Year Amounts

During the current year, the Organization adopted a formal revenue recognition policy in accordance with ASC 958-605 and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. As a result of applying this policy to prior year grants, management determined that certain amounts previously classified as net assets with donor restrictions did not meet the criteria for donor-restricted classification because the associated donor-imposed conditions had been satisfied and no purpose or time restriction remained. Accordingly, the prior year financial statements have been restated to reflect this reclassification with the following:

Management determined that a non-federal conditional grant donor-imposed conditions had been satisfied in the prior year and no purpose or time restriction remained; accordingly, the amounts should have been recognized as net assets without donor restrictions rather than classified as net assets with donor restrictions.

Management determined that a federal cost-reimbursable grant was reclassified from net assets with donor restrictions to refundable advances, a liability on the statement of financial position. Under ASU 2018-08, amounts received under conditional grants for which the performance barriers have not yet been overcome must be recorded as a liability rather than recognized as revenue or included in net assets, because the Organization retains an obligation to return those funds if the conditions are not ultimately met. As the allowable expenditures under this federal award had not yet been incurred a prior year end, the amounts received were required to be presented as refundable advances

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Policy and Restatement of Prior Year Amounts (Continued)

The following table summarizes the effect of the restatement on the prior year statement of financial position:

	As Previously Reported	Adjustment	As Restated
Liabilities			
Refundable Advances	\$ -	\$ 79,319	\$ 79,319
Total Liabilities	\$ -	\$ 79,319	\$ 79,319
Net Assets			
Without donor restrictions	\$ 9,572,618	\$ 25,000	\$ 9,597,618
With donor restrictions	104,319	(104,319)	-
Total Net Assets	\$ 9,676,937	\$ (79,319)	\$ 9,597,618
Total Liabilities and Net Assets	\$ 9,676,937	\$ -	\$ 9,676,937

The following table summarizes the effect of the restatement on the prior year statement of activity:

	As Previously Reported	Adjustment	As Restated
Statement of Activities			
Revenue Without Donor Restrictions			
Federal Grants	\$ -	\$ 1,214,809	\$ 1,214,809
State and local grants	-	125,000	125,000
Interest income	1,176,650	(40,489)	1,136,161
Loan fees	91,123	-	91,123
Other grants and donations	45,000	2,520,000	2,565,000
Investment income	-	40,489	40,489
Miscellaneous income	86,916	-	86,916
Net assets released from restriction	4,167,392	(4,167,392)	-
Total Revenue Without Donor Restrictions	2,386,078	(307,583)	2,078,495
Change in Net Assets With Donor Restrictions			
Restricted grants	3,939,128	(3,939,128)	-
Net assets released from restrictions	(4,167,392)	4,167,392	-
Total Change in Net Assets With Donor Restrictions	(228,264)	228,264	-
Total Change in Net Assets	\$ 2,157,814	\$ (79,319)	\$ 2,078,495

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED DECEMBER 31, 2025 AND 2024

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:

	2025	2024
Financial assets - At year-end due within one year	\$ 10,753,747	\$ 9,490,919
Less those unavailable for general expenditures within one year, due to:		
Cash and cash equivalents designated for loan and grant programs	(6,659,996)	(5,115,125)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 4,093,751	 \$ 4,375,794

The Board of Directors can release the designation of the board-designated net assets at any time, allowing for liquidity of \$116,541 and \$880,000 at December 31, 2025 and 2024, respectively.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025, \$2,097,835 was insured by federal depository insurance and \$6,120,563 was uninsured and uncollateralized. At December 31, 2024, \$1,644,993 was insured by federal depository insurance and \$6,273,862 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, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Bank Loan Funds (Secured Notes Payable)		
Citizens Bank:		
Loan funds	\$ 29,994	\$ 37,367
Loan loss reserve funds	7,677	101,454
PNC Bank:		
Loan funds	299,474	254,231
Loan loss reserve funds	49,960	49,960
Key Bank:		
Loan funds	-	7,249
First National Banks:		
Loan funds	103,503	51,512
Bank Loan Funds (EQ2)		
Citizens Bank EQ2 Program		
EQ2 funds	345,795	615,157
Dollar Bank EQ2 Program		
EQ2 funds	197,607	105,206
FNB EQ2 Program		
EQ2 funds	104,796	80,053
First Commonwealth Bank EQ2 Program		
EQ2 funds	28,382	126,864
Key Bank EQ2 Program		
EQ2 funds	187,648	62,362
PNC Bank EQ2 Program		
EQ2 funds	379,792	-
Government Loans Funds		
PA Community Development Bank Program:		
Loan funds	104,163	132,313
SBA microloan programs:		
Loan funds	2,005,921	786,381
Loan loss reserve funds	522,488	411,572
SBLF Program		
Loan funds	75,041	53,370

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	<u>2025</u>	<u>2024</u>
CDFI Intermediary Funds		
Appalachian Community Capital (ACC) Program		
Loan funds	687,159	175,692
Opportunity Finance Network (OFN) Program		
Loan funds	210,778	293,448
Grant Funds		
CDFI Fund FA Grant	35,898	728,141
CDFI Fund ERP Grant	435,540	-
CDFI Fund Rapid Response Program	-	657,792
NSLC/Rivers Casino Grants	268,206	149,213
State Small Business Credit Initiative Grants	372,485	183,555
Hillman Grant	192,164	2,081
Program Account	<u>15,525</u>	<u>50,152</u>
Total cash and cash equivalents, designated for loan and grant programs	<u>6,659,996</u>	<u>5,115,125</u>
Sweep account	429,650	251,709
Security deposits	4,235	18,272
Operating funds	<u>1,097,967</u>	<u>2,533,749</u>
	<u>\$ 8,191,848</u>	<u>\$ 7,918,855</u>

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 9.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 121,373	\$ 121,373
Office equipment and technology	<u>58,358</u>	<u>40,062</u>
	179,731	161,435
Less: Accumulated Depreciation	<u>(100,544)</u>	<u>(73,264)</u>
Total Property Plant and Equipment	<u>\$ 79,187</u>	<u>\$ 88,171</u>

Depreciation and amortization expenses in December 31, 2025 and 2024 was \$36,143 and \$39,814, respectively.

5. LOANS RECEIVABLE

The Organization's loan portfolio consisted of 341 and 294 loans outstanding at December 31, 2025 and 2024, respectively. The loans bear interest at rates ranging from 3.00% to 9.25% with final maturities through 2040. 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.

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

	# of Loans	2025	# of Loans	2024
Microloans	127	\$ 2,645,352	120	\$ 2,974,205
Small business loans	148	7,348,079	120	6,781,142
Affordable housing loans	30	5,675,015	31	4,533,851
Strategic commercial real estate loans	14	1,827,249	12	1,739,790
Community facilities loans	20	1,040,457	11	755,407
Resilient Finance	2	18,711	-	-
	<u>341</u>	<u>18,554,863</u>	<u>294</u>	<u>16,784,395</u>
Less: Allowance for loan losses		<u>(709,124)</u>		<u>(800,612)</u>
		<u>\$ 17,845,739</u>		<u>\$ 15,983,783</u>

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

5. LOANS RECEIVABLE (CONTINUED)

As of December 31, 2025 there were six loans totaling \$442,243 that were over 90 days past due. There were seven loans totaling \$210,243 that were over 90 days past due as of December 31, 2024. The activity in the Organization's allowance for uncollectible notes consists of the following for the years ended December 31:

	2025	2024
Allowance - Beginning of year	\$ 800,612	\$ 942,042
Provision for loan losses	107,765	351,299
Write-off of nonperforming loans	(199,253)	(492,729)
Allowance - End of year	<u>\$ 709,124</u>	<u>\$ 800,612</u>

Loan Commitments

As of December 31, 2025 and 2024, approximately \$1,210,000 and \$1,175,000, respectively, of approved loans were not fully disbursed.

6. 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, 2025, the Organization had \$0, in accounts payable due to NSLC and in accounts receivable due from NSLC. At December 31, 2024, the Organization had approximately \$0, in accounts payable due to NSLC and approximately \$45,000, in accounts receivable due from NSLC.

7. 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 \$44,097 and \$45,057, respectively, as of December 31, 2025. The right-of-use asset and lease liability are recorded in the amount of \$75,765 and \$77,013, respectively, as of December 31, 2024.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED DECEMBER 31, 2025 AND 2024

7. LEASES (CONTINUED)

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, 2025.

The Organization also holds a lease agreement for office equipment that has a monthly payment of approximately \$275, which expires in January 2029.

For the year ended December 31, 2025 and 2024, total rent paid were \$34,380 and \$32,665, respectively.

For the year ended December 31, 2025 and 2024, total operating lease costs were \$34,092. There were no noncash investing and financing transactions related to leasing.

The weighted average interest rates as of December 31, 2025 and 2024, were 3.86% and 3.87%, respectively. The weighted average remaining lease terms as of December 31, 2025 and 2024, were 1.53 years and 2.48 years, respectively

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

	<u>Amount</u>
2026	\$ 34,860
2027	11,190
2028	<u>275</u>
Total lease liabilities	46,325
Lease present value discount	<u>(1,268)</u>

8. 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 \$27,700 in 2025 and \$25,000 in 2024.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED DECEMBER 31, 2025 AND 2024

9. NOTES PAYABLE

Future maturities of notes payable at December 31, 2025, are as follows:

	2026	2027	2028	2029	2030	Thereafter	Total
Secured Note Payables:							
Citizens Bank	\$ -	\$ -	\$ -	\$ 48,205	\$ -	\$ -	\$ 48,205
SBA - micro	363,509	367,866	368,857	286,692	220,495	2,761,505	4,368,924
FNB	-	-	-	-	185,230	-	185,230
PNC Bank	-	-	-	2,000,000	-	-	2,000,000
Unsecured Note Payables							
PCD Bank	-	-	-	189,818	-	387,178	576,996
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
PNC-EQ2	-	-	-	-	1,000,000	-	1,000,000
Dollar Bank - EQ2	-	1,200,000	-	-	-	-	1,200,000
SBA - EIDL	3,713	3,816	3,923	4,032	4,144	129,351	148,979
ACC	-	-	-	-	750,000	500,000	1,250,000
OFN	-	-	-	-	300,000	500,000	800,000
Total	\$ 367,222	\$ 1,571,682	\$ 4,372,780	\$ 3,528,747	\$ 2,459,869	\$ 4,778,034	\$ 17,078,334

Secured Notes PayablesCitizens 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 2025, the Organization paid off one sub loan tied to the line of credit for approximately \$112,000.

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

At December 31, 2025 and 2024, interest rates on historical sub loans to the line of credit were approximately 6.41% and 7.92%, respectively. At December 31, 2025 and 2024, there was \$48,205 and \$181,150 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.

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.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

9. NOTES PAYABLE (CONTINUED)

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

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, 2025 and 2024, was 1.25%, and the balance outstanding was \$109,448 and \$145,769, 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, 2025 and 2024, was 0.625%, and the balance outstanding was \$428,132 and \$545,907, 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, 2025 and 2024 was 0.125%, and the balance outstanding was \$278,219 and \$322,540, 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, 2025 and 2024 was 1.875% and 1.125%, respectively, and the balance outstanding was \$1,143,903 and \$1,301,596, 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 in 2023 and \$1,500,000 in 2025. The interest rate on December 31, 2025 and 2024 was 2.875%, and the balance outstanding was \$2,409,222 and \$974,080, respectively.

All SBA Microloans Payable are collateralized with SBA Microloans Receivable and cash deposits in SBA Microloan Loan Loss Reserve Accounts which totaled \$522,488 at December 31, 2025 and SBA Microloan Revolving Loan Fund Accounts which totaled \$2,198,085 at December 31, 2025. 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, 2025, the Organization had an asset to liability coverage percentage of 117%.

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 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, 2025 and 2024 was 6.50% and 8.25%, respectively and the balance outstanding was \$185,230 and \$286,794, respectively.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

9. NOTES PAYABLE (CONTINUED)

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, 2025 and 2024, the interest rate was 5.59%. Balances outstanding were \$2,000,000 at December 31, 2025 and 2024. 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, 2025 and 2024, was \$189,818 and \$214,071, 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, 2025 and 2024, was \$137,178 and \$156,725, 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, 2025 and 2024 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, 2025 and 2024 was \$1,000,000.

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, 2025 and 2024 was \$2,000,000.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

9. NOTES PAYABLE (CONTINUED)

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, 2025 and 2024 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, 2025 and 2024 was \$500,000.

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, 2025 and 2024, was 4.25%. The balance outstanding at December 31, 2025 and 2024 was \$1,200,000.

PNC Bank Equity Equivalent Investment Agreement

In June 2025, the Organization entered into an unsecured loan Equity Equivalent Investment (PNC EQ2) with PNC Bank in the amount of \$1,000,000 at an interest rate of 3% and an initial term of five years. The balance outstanding at December 31, 2025 was \$1,000,000.

Bank of America Equity Equivalent Investment Agreement

In December 2025, the Organization entered into an unsecured loan Equity Equivalent Investment (Bank of America EQ2) with Bank of America in the amount of \$2,000,000 at an interest rate of 5.25% and an initial term of seven years. There was no balance outstanding at December 31, 2025. The Organization drew the total balance of \$2,000,000 as of April 2026.

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.

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

9. NOTES PAYABLE (CONTINUED)

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%. There were no balances outstanding at December 31, 2025 and 2024.

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, 2025 and 2024 was \$750,000.

In April 2025, the Organization entered into an unsecured loan with Appalachian Community Capital Corporation in the amount of \$500,000 at an interest rate of 4% and a maturity date of April 30, 2030. The balance outstanding at December 31, 2025 was \$500,000.

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, 2025 and 2024 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, 2025 and 2024 was \$300,000.

At December 31, 2025 and 2024, the Organization was in compliance with all covenants associated with its notes payable.

10. CDFI FUND GRANTS

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 2025 and 2024, approximately \$77,830 and \$84,000, respectively, 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, 2025 AND 2024

11. 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.

12. 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.

13. SUBSEQUENT EVENTS

Bank of America Equity Equivalent Investment Agreement

As of April 2026, the Organization drew the total balance of \$2,000,000 from the Equity Equivalent Investment (Bank of America EQ2) with Bank of America.

CNote Group, Inc.

In January 2026, the Organization entered into an unsecured loan with CNote Group, Inc., in the amount of \$2,000,000. As of the May 20, 2026, the Organization drew \$1,101,460 between three sub loans with interest rates between 4.50% and 4.80% and initial terms of 30 to 60 months.

Management has evaluated subsequent events through May 20, 2026, the date the financial statements were available to be issued.



Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

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, 2025, 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 20, 2026.

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 Axlerod LLC

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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 Axlerod LLC

Zelenkofske Axlerod LLC

Pittsburgh, Pennsylvania
May 20, 2026



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, 2025. 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, 2025.

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 Axlerod LLC

Zelenkofske Axlerod LLC

Pittsburgh, Pennsylvania
May 20, 2026

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>Small Business Administration</u>				
Microloan Program	59.046	Loan No. 3613047002	\$ 145,769	\$ -
Microloan Program	59.046	Loan No. 3882287002	545,907	-
Microloan Program	59.046	Loan No. 3409619100	322,540	-
Microloan Program	59.046	Loan No. 4239899104	1,301,596	-
Microloan Program	59.046	Loan No. 5292249101	2,474,080	-
Microloan Program (Tech Assistance)	59.046	SBAOCAML210261	600,928	-
Total Small Business Administration			<u>5,390,820</u> *	<u>-</u>
<u>U.S. Department of the Treasury</u>				
CDFI Financial Award	21.020	221FA060527	77,830	-
Total US Department of the Treasury			<u>77,830</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 5,468,650</u>	<u>\$ -</u>

* 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, 2025

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, 2024 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, 2025

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 X no

Significant deficiency(ies) identified not considered to be material weaknesses?
___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified not considered to be material weaknesses?
___ yes X 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 X no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Programs or Clusters</u>
59.046	Microloan Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? X yes ___ no

NEIGHBORHOOD COMMUNITY DEVELOPMENT FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

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.