



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2023

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Center for Family Philanthropy, Inc.

Opinion

We have audited the accompanying financial statements of National Center for Family Philanthropy, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 within one year after the date that the financial statements are available to be issued.

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 generally accepted 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 generally accepted 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

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
October 30, 2024

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Statement of Financial Position

December 31, 2023

Assets

Cash and cash equivalents	\$ 5,300,041
Accounts receivable	60,500
Pledges and grants receivable, net	1,216,872
Prepaid expenses	253,662
Security deposits	14,888
Property and equipment, net	98,779
Right-of-use-assets – operating lease	1,734,371
Right-of-use-assets – finance lease	16,140

Total assets \$ 8,695,253

Liabilities and Net Assets**Liabilities**

Accounts payable	\$ 146,706
Accrued payroll and benefits	70,614
Operating lease liability	1,913,904
Finance lease liability	16,434

Total liabilities 2,147,658

Net Assets

Without donor restrictions	5,386,069
With donor restrictions	1,161,526

Total net assets 6,547,595

Total liabilities and net assets \$ 8,695,253

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 7,420,670	\$ 1,095,692	\$ 8,516,362
Registrations and sponsorships	583,663	-	583,663
Subscribing partners	307,900	-	307,900
Consulting income	291,635	-	291,635
Investment income, net	172,601	-	172,601
Loss on disposal of property and equipment	(70,387)	-	(70,387)
Other income	3,411	-	3,411
Net assets released from restrictions	1,394,015	(1,394,015)	-
Total revenue and support	10,103,508	(298,323)	9,805,185
Expenses			
Program services:			
Learning and Action Cohort:			
Regrant	5,011,259	-	5,011,259
Other	319,856	-	319,856
Total Learning and Action Cohort	5,331,115	-	5,331,115
Member Resources and Support	1,022,207	-	1,022,207
Events	652,427	-	652,427
Program Support	547,942	-	547,942
Peer Networks	389,719	-	389,719
Conferences and Speaking Engagements	172,128	-	172,128
Fellows	166,022	-	166,022
Total program services	8,281,560	-	8,281,560
Supporting services:			
Management and general	1,490,931	-	1,490,931
Fundraising	927,882	-	927,882
Total supporting services	2,418,813	-	2,418,813
Total expenses	10,700,373	-	10,700,373
Change in Net Assets	(596,865)	(298,323)	(895,188)
Net Assets , beginning of year	5,982,934	1,459,849	7,442,783
Net Assets , end of year	\$ 5,386,069	\$ 1,161,526	\$ 6,547,595

See accompanying notes.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Expenses						
	Learning and Action Cohort	Member Resources and Support	Events	Program Support	Peer Networks	Conferences and Speaking Engagements	Fellows
Regrant	\$ 5,011,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and related expenses	93,428	569,126	226,200	406,343	258,085	103,920	42,725
Professional fees	200,945	225,928	114,168	39,240	55,796	11,470	104,047
Rent and utilities	4,565	27,329	10,723	19,072	12,495	4,906	2,007
Travel	4,635	21,861	75,074	20,070	14,745	13,648	8,397
Food and beverage	4,665	5,302	123,082	5,705	4,903	1,532	2,005
Accounting and payroll	279	1,689	669	1,200	768	308	126
Internet and technology	2,937	45,114	9,719	13,069	19,591	9,613	1,363
Marketing and media	1,723	60,817	9,297	7,354	4,733	1,888	1,590
Depreciation and amortization	3,001	18,654	7,520	13,716	8,339	3,500	1,425
Meetings, conferences and events	314	1,511	59,323	1,161	732	3,528	120
Office expense	872	6,516	2,991	5,782	2,610	1,443	577
Publications	61	23,262	7,191	4,158	173	161	471
Insurance	1,000	5,955	2,325	4,119	2,731	1,061	434
Dues and subscriptions	448	2,965	1,244	2,349	1,276	13,519	240
Bank charges	853	5,327	2,153	3,938	2,373	1,005	409
Telephone	106	691	288	540	300	594	55
Postage	17	113	440	89	49	23	27
Interest expense	7	47	20	37	20	9	4
Total Expenses	\$ 5,331,115	\$ 1,022,207	\$ 652,427	\$ 547,942	\$ 389,719	\$ 172,128	\$ 166,022

See accompanying notes.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Statement of Functional Expenses (continued)

Year Ended December 31, 2023

	<u>Supporting Services</u>				Total
	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Regrant	\$ 5,011,259	\$ -	\$ -	\$ -	\$ 5,011,259
Salaries and related expenses	1,699,827	921,766	676,065	1,597,831	3,297,658
Professional fees	751,594	124,137	68,039	192,176	943,770
Rent and utilities	81,097	118,647	31,539	150,186	231,283
Travel	158,430	32,359	31,731	64,090	222,520
Food and beverage	147,194	11,885	12,990	24,875	172,069
Accounting and payroll	5,039	160,736	1,972	162,708	167,747
Internet and technology	101,406	29,798	26,313	56,111	157,517
Marketing and media	87,402	19,282	20,887	40,169	127,571
Depreciation and amortization	56,155	26,974	22,817	49,791	105,946
Meetings, conferences and events	66,689	2,640	4,260	6,900	73,589
Office expense	20,791	15,073	10,331	25,404	46,195
Publications	35,477	706	1,444	2,150	37,627
Insurance	17,625	9,328	6,799	16,127	33,752
Dues and subscriptions	22,041	6,409	4,986	11,395	33,436
Bank charges	16,058	8,976	6,580	15,556	31,614
Telephone	2,574	1,241	915	2,156	4,730
Postage	758	205	151	356	1,114
Interest expense	144	769	63	832	976
Total Expenses	\$ 8,281,560	\$ 1,490,931	\$ 927,882	\$ 2,418,813	\$ 10,700,373

See accompanying notes.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Statement of Cash Flows

Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	\$ (895,188)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	105,946
Net realized and unrealized loss on investments	580
Amortization of operating lease right-of-use asset	176,055
Loss on disposal of property and equipment	70,387
Change in operating assets and liabilities:	
Accounts receivable	(60,500)
Pledges and grants receivable	(236,840)
Prepaid expenses	(177,888)
Accounts payable	23,284
Accrued payroll and benefits	(84,105)
Deferred revenue	(2,500)
Operating lease liability	<u>(179,332)</u>
Net cash used in operating activities	<u>(1,260,168)</u>
Cash Flows from Investing Activities	
Proceeds from sale of investments	53,313
Purchases of property and equipment	<u>(16,783)</u>
Net cash provided by investing activities	<u>36,530</u>
Cash Flows from Financing Activities	
Payments on finance leases	<u>(5,386)</u>
Net cash provided by financing activities	<u>(5,386)</u>
Net Decrease in Cash and Cash Equivalents	(1,228,957)
Cash and Cash Equivalents, beginning of year	<u>6,528,998</u>
Cash and Cash Equivalents, end of year	<u>\$ 5,300,041</u>
Supplemental Disclosure of Cash Flow Information	
Cash paid for interest	<u>976</u>
Supplemental Disclosure of Noncash Investing and Financing	
Right-of-use asset received in exchange for operating lease amendment	<u>\$ 1,450,604</u>
Right-of-use asset received in exchange for finance lease	<u>\$ 19,938</u>

See accompanying notes.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

1. Nature of Operations

National Center for Family Philanthropy, Inc. (the Organization) is a nonprofit organization which was incorporated in the State of Delaware in 1997. The Organization is the only national resource organization dedicated exclusively to families who give and those that work with them. The Organization's mission is to promote philanthropic values, vision, and excellence across generations of donors and donor families. The Organization's primary sources of revenue are grants and contributions, registration fees and sponsorships for conferences and educational events, and sales of publications.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recorded when the obligation is incurred.

Adoption of New Accounting Standards

Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB Accounting Standards Codification (ASC) Topic 326 were accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in updated disclosures.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers savings accounts, money market accounts, and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Accounts receivable are due under normal trade terms requiring payment within 30 days of the invoice date. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. However, the Organization has historically had insignificant write-offs due to bad debt. At December 31, 2023, the allowance for credit losses was not recorded due to immateriality.

Pledges and Grants Receivable

Pledges and grants receivable represent unconditional promises to give and are recorded at the earlier of the date received or the date of receipt of a donor's noncontingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. There is no allowance for doubtful accounts as of December 31, 2023 based on management's evaluation of the collectability of pledges and grants receivable. Conditional promises to give are not recognized until the specific barriers or conditions have been met.

Property and equipment

Property and equipment over \$5,000 with a projected useful life exceeding one year are capitalized at cost. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Leasehold improvements are amortized at the lesser of the useful life of the asset or the remaining term of the lease agreement. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reported on the statement of activities, as appropriate.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Leases

The Organization accounts for leases in accordance with FASB ASU No. 2016-02, *Leases (Topic 842), as amended*. The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

ROU assets for operating and finance leases are periodically evaluated for impairment losses. The Organization uses the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, issued by FASB, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. The Organization monitors for events or changes in circumstances that would require a reassessment of any of its leases. When a reassessment results in the remeasurement of lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded as a gain or loss.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations. The Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. At December 31, 2023, the Organization did not have any board designated net asset.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2023.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grants and Contributions

The Organization receives grants and contributions from corporations, foundations, and other organizations to support various program services. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There were no conditional promises to give at December 31, 2023.

Other Revenue Recognition

The Organization recognizes knowledge center revenue when revenue is received. Publications sales are recognized as revenue when the items are sold. Registration fees and sponsorships are recorded as revenue when the event takes place. Consulting and interest income are recorded as revenue when earned.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

3. Pledges and Grants Receivable

Pledges and grants receivable as of December 31, 2023, are as follows:

Receivable in less than one year	\$ 831,180
Receivable in one to five years	<u>425,000</u>
Total pledges and grants receivable	1,256,180
Less: unamortized discount	<u>(39,308)</u>
Pledges and grants receivable, net	<u>\$ 1,216,872</u>

Pledges and grants due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.27% as of December 31, 2023.

4. Concentrations

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash deposits. The Organization maintains cash deposits with various financial institutions that exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses on its cash deposits to date as it relates to FDIC limits. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

During the year ended December 31, 2023, the Organization received 51% of its revenue and support from a single source, which was subsequently regranted to another organization. Other than this regrating arrangement, there was no significant concentration of revenue. In addition, amounts due from three sources comprised 68% of the total accounts and pledges and grants receivable at December 31, 2023.

5. Property and Equipment

The Organization held the following property and equipment at December 31, 2023:

Website	\$ 277,775
Equipment	23,057
Furniture and fixtures	<u>16,783</u>
Total property and equipment	317,615
Less: accumulated depreciation	<u>(218,836)</u>
Property and equipment, net	<u>\$ 98,779</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

6. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use within one year.

Financial Assets:	
Cash and cash equivalents	\$ 5,300,041
Accounts receivable	60,500
Pledges and grants receivable	<u>1,216,872</u>
Total financial assets	6,577,413
Less: those unavailable for general expenditures within one year:	
Donor-imposed restrictions	<u>(1,161,526)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,415,887</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit of \$300,000 available.

7. Line of Credit

On January 28, 2020, the Organization obtained a Business Access Line of Credit for \$300,000 with the base interest based on the prime rate in effect on the first day of the month. There were no amounts outstanding as of December 31, 2023.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2023:

Subject to passage of time	\$ 931,526
Subject to expenditure for specified purposes:	
Fellows	100,000
Family Giving Lifecycle Curriculum	<u>130,000</u>
Total net assets with donor restrictions	<u>\$ 1,161,526</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

8. Net Assets With Donor Restrictions (continued)

During the year ended December 31, 2023, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions	\$ 700,833
Satisfaction of purpose restrictions:	
LAN Gender Equity	209,090
BMGF Donor Innovation	159,092
Revolving-reserve	150,000
Fellows	100,000
Impact Investing	<u>75,000</u>
Total net assets released from donor restrictions	<u>\$ 1,394,015</u>

9. Operating Leases

The Organization entered into a 120-month office space lease agreement effective January 2016. The lease required monthly payments of \$14,888, an annual escalation each year, and a pro rata share of operating expenses and real estate taxes. The lease agreement specifies a rent abatement of ten months over a six-year period and a leasehold improvements allowance of \$279,150.

On March 7, 2023, the Organization signed a lease amendment to relocate its office space within the same building, effective June 1, 2023. The amendment extends the lease term until August 30, 2031, and includes eight months of rent abatement, allocated over two months in each of the first four lease years.

The balance of ROU operating assets is as follows at December 31, 2023:

Operating lease ROU assets - building	\$ 1,847,744
Amortization of ROU operating assets - building	<u>(113,373)</u>
Net operating ROU assets	<u>\$ 1,734,371</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

9. Operating Leases (continued)

The table below presents a maturity analysis of the operating lease liability and a reconciliation of the total amount of the liability on the statement of financial position as of December 31, 2023:

For the year ended December 31, 2023:	
2024	\$ 214,011
2025	243,467
2026	249,554
2027	308,344
2028	316,053
Thereafter	<u>881,745</u>
Total future minimum lease payments	2,213,174
Less: amount of lease payments representing interest	<u>(299,270)</u>
Present value of future minimum lease payments	1,913,904
Less: current obligations under lease	<u>(156,167)</u>
Long-term lease obligations	<u>\$ 1,757,737</u>

The Organization records rent expense on the straight-line method over the term of the lease. Rent expense for the year ended December 31, 2023 was approximately \$229,000.

At December 31, 2023, the remaining lease term for the Organization's operating lease is 7.67 years.

Because the Organization generally does not have access to the rate implicit in the lease, it utilizes the practical expedient under ASC *Topic 842*, the risk-free rate from the US Treasury, as the discount rate. The weighted discount rate associated with operating lease as of December 31, 2023 is 3.61%.

10. Finance Lease

In January 2023, the Organization entered a finance lease obligation for equipment due to expire by March 2028. In connection with the lease, the Organization recorded ROU assets and corresponding finance lease liability in the amount of \$19,938 using a 3.72% per annum interest rate. The ROU asset and finance lease liability are being amortized over the life of the lease agreements. At December 31, 2023, the unamortized balance of the ROU assets is \$16,140.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

10. Finance Lease (continued)

Future minimum lease payments at December 31, 2023 are as follows:

2024	\$	4,187
2025		4,187
2026		4,187
2027		4,187
2028		<u>1,047</u>
Total future minimum lease payments		17,795
Less: amount of lease payments representing		<u>(1,361)</u>
Present value of future minimum lease payments		16,434
Less: current obligations under leases		<u>(3,637)</u>
Long-term lease obligations	\$	<u><u>12,797</u></u>

Interest expense related to the finance lease for the year ended December 31, 2023 was \$682.

11. Retirement Plan

The Organization has established a pension plan, qualified under the Internal Revenue Code (IRC) 403(b), for the benefit of its eligible employees. For the year ended December 31, 2023, the Organization contributed \$117,989 on behalf of its employees to the Plan which is included in salaries and related expenses on the accompanying statement of functional expenses.

12. Income Taxes

Under Section 501(c)(3) of IRC, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2023, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2023

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 30, 2024, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.