NORTHSHORE COMMUNITY FOUNDATION

COVINGTON, LOUISIANA

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors
Northshore Community Foundation
Covington, Louisiana

Opinion

We have audited the financial statements of Northshore Community Foundation (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, 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 Northshore Community Foundation as of December 31, 2021 and 2020, and the results of its changes in 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). 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 Northshore Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Northshore Community Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
July 8, 2022

NORTHSHORE COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 201,007	$ 463,471
Accounts receivable	-	5,068
Investments, at fair value	32,254,603	25,957,240
Property and equipment, net	1,597,671	1,646,064
Real estate held for sale	805,860	805,860
Contribution receivable - CEA land lease, net	341,473	365,864
Notes receivable	80,000	80,000
Deposits and other assets	1,575	1,275
Total assets	$ 35,282,189	$ 29,324,842
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 51,999	$ 38,524
Grants payable	11,000	-
Amounts held on behalf of others	18,986,368	15,918,113
Note payable - Payroll Protection Program	-	54,285
Deposits	5,125	5,125
Deferred revenue	18,000	18,500
Total liabilities	19,072,492	16,034,547
NET ASSETS:		
Without donor restrictions:		
Undesignated	10,853,341	8,766,644
Designated by the Board for endowment	133,751	123,916
Total without donor restrictions	10,987,092	8,890,560
With donor restrictions:		
Perpetual in nature	472,649	370,509
Restricted for a specified purpose	4,749,956	4,029,226
Total with donor restrictions	5,222,605	4,399,735
Total net assets	16,209,697	13,290,295
Total liabilities and net assets	$ 35,282,189	$ 29,324,842

The accompanying notes are an integral part of this statement.

NORTHSHORE COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	$ 3,147,736	$ 1,326,873	$ 4,474,609
Program service fees	-	27,431	27,431
Support from Baton Rouge Area Foundation	50,000	275,000	325,000
PPP loan forgiveness	123,015	-	123,015
Level 1 memberships	55,700	-	55,700
Net investment income	919,224	179,624	1,098,848
Rental revenue	-	36,450	36,450
In-kind contributions	5,100	-	5,100
Gross special events revenue	-	231,191	231,191
Less cost of direct benefit to donors	-	(26,283)	(26,283)
Net special events revenue	-	204,908	204,908
Net assets released from restriction pursuant to endowment spending-rate distribution formula	43,945	(43,945)	-
Net assets released from restriction - other	1,183,471	(1,183,471)	-
Total revenue, support, and gains	5,528,191	822,870	6,351,061
EXPENSES:			
Program services expense			
Grants	2,541,319	-	2,541,319
Projects	120,554	-	120,554
Other	264,910	-	264,910
Total program expenses	2,926,783	-	2,926,783
Supporting services expense			
Management and general	278,365	-	278,365
Fundraising	226,511	-	226,511
Total supporting services expenses	504,876	-	504,876
Total expenses	3,431,659	-	3,431,659
CHANGE IN NET ASSETS	2,096,532	822,870	2,919,402
Net assets - beginning of year	8,890,560	4,399,735	13,290,295
Net assets - end of year	$10,987,092	$ 5,222,605	$16,209,697

The accompanying notes are an integral part of this statement.

NORTHSHORE COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	$ 1,748,396	$ 407,368	$ 2,155,764
Program service fees	-	2,503	2,503
Support from Baton Rouge Area Foundation	175,000	-	175,000
Level 1 memberships	57,544	-	57,544
Net investment income	494,324	85,182	579,506
Rental revenue	(530)	33,413	32,883
In-kind contributions	32,390	-	32,390
Gross special events revenue	-	44,798	44,798
Less cost of direct benefit to donors	-	(1,560)	(1,560)
Net special events revenue	-	43,238	43,238
Net assets released from restriction pursuant to endowment spending-rate distribution formula	29,619	(29,619)	-
Net assets released from restriction - other	607,607	(607,607)	-
Total revenue, support, and gains	3,144,350	(65,522)	3,078,828
EXPENSES:			
Program services expense			
Grants	1,190,627	-	1,190,627
Projects	134,082	-	134,082
Other	318,079	-	318,079
Total program expenses	1,642,788	-	1,642,788
Supporting services expense			
Management and general	254,554	-	254,554
Fundraising	154,331	-	154,331
Total supporting services expenses	408,885	-	408,885
Total expenses	2,051,673	-	2,051,673
CHANGE IN NET ASSETS	1,092,677	(65,522)	1,027,155
Net assets - beginning of year	7,797,883	4,465,257	12,263,140
Net assets - end of year	$ 8,890,560	$ 4,399,735	$13,290,295

The accompanying notes are an integral part of this statement.

NORTHSHORE COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended December 31, 2021

	Program Services				Management	Fund-	
	Grants	Projects	Other	Total	and General	raising	Total
Grants and other assistance	$ 2,541,319	$ -	$ -	$ 2,541,319	$ -	$ -	$ 2,541,319
Salaries and wages	-	27,497	166,808	194,305	107,808	92,744	394,857
Employee benefits	-	-	19,571	19,571	12,649	10,881	43,101
Payroll taxes	-	-	12,136	12,136	7,843	6,748	26,727
Professional services	-	44,616	7,717	52,333	19,856	591	72,780
Office expenses	-	19,962	16,621	36,583	9,574	8,587	54,744
Insurance	-	-	545	545	352	303	1,200
Information technology	-	308	3,329	3,637	1,288	6,236	11,161
Printing	-	762	407	1,169	306	5,674	7,149
Rent	-	-	13,192	13,192	7,158	6,158	26,508
Travel and meetings	-	1,008	2,013	3,021	2,608	784	6,413
Depreciation	-	-	22,571	22,571	14,588	12,549	49,708
Other project expenses	-	26,401	-	26,401	-	-	26,401
Direct fundraising expenses	-	-	-	-	-	101,539	101,539
BRAF administrative fee	-	-	-	-	94,335	-	94,335
Total expenses by function	2,541,319	120,554	264,910	2,926,783	278,365	252,794	3,457,942
Less expenses included with revenues on the statement of activities							
Cost of direct benefit to donors	-	-	-	-	-	26,283	26,283
Total expenses included in the expenses section of the statement of activities	$ 2,541,319	$ 120,554	$ 264,910	$ 2,926,783	$ 278,365	$ 226,511	$ 3,431,659

The accompanying notes are an integral part of this statement.

NORTHSHORE COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended December 31, 2020

	Program Services				Management	Fund-	
	Grants	Projects	Other	Total	and General	raising	Total
Grants and other assistance	$ 1,190,627	$ -	$ -	$ 1,190,627	$ -	$ -	$ 1,190,627
Salaries and wages	-	2,503	187,430	189,933	99,662	68,158	357,753
Employee benefits	-	-	22,986	22,986	12,223	8,359	43,568
Payroll taxes	-	-	13,609	13,609	7,236	4,949	25,794
Professional services	-	64,522	18,842	83,364	16,258	5,132	104,754
Office expenses	-	-	16,438	16,438	8,341	6,257	31,036
Insurance	-	-	3,300	3,300	1,754	1,200	6,254
Information technology	-	383	15,741	16,124	1,271	4,075	21,470
Printing	-	376	218	594	116	21,530	22,240
Rent	-	-	12,869	12,869	6,843	4,679	24,391
Travel and meetings	-	431	726	1,157	2,716	8,653	12,526
Depreciation	-	-	25,920	25,920	13,782	9,426	49,128
Other project expenses	-	65,867	-	65,867	-	-	65,867
Direct fundraising expenses	-	-	-	-	-	13,473	13,473
BRAF administrative fee	-	-	-	-	84,352	-	84,352
Total expenses by function	1,190,627	134,082	318,079	1,642,788	254,554	155,891	2,053,233
Less expenses included with revenues on the statement of activities							
Cost of direct benefit to donors	-	-	-	-	-	1,560	1,560
Total expenses included in the expenses section of the statement of activities	$ 1,190,627	$ 134,082	$ 318,079	$ 1,642,788	$ 254,554	$ 154,331	$ 2,051,673

The accompanying notes are an integral part of this statement.

NORTHSHORE COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,919,402	$ 1,027,155
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	74,100	73,518
Contribution of stock and other investments	(1,207,957)	(212,672)
PPP loan forgiveness	(123,015)	-
Loss on disposal of property and equipment	880	-
Decrease (increase) in accounts receivable	5,068	7,311
Decrease (increase) in deposits and other assets	(300)	-
Increase (decrease) in accounts payable	13,475	1,448
Increase (decrease) in grants payable	11,000	-
Increase in amounts held on behalf of others	3,068,255	1,554,821
Increase (decrease) in deferred revenue and deposits	(500)	(16,102)
Share reduction (appreciation) in investment pools held by Baton Rouge Area Foundation	(3,826,857)	(1,733,714)
Net gains on investments	(195,933)	(97,440)
Other increases in long-term investments:		
Cash contributions to endowments	(102,140)	-
Net cash provided by (used in) operating activities	635,478	604,325
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(210,686)	(258,143)
Purchase of property and equipment	(2,196)	(2,916)
Proceeds from sale of stock and partnership interests	113,111	160,176
Investment pools held by Baton Rouge Area Foundation:		
Additional investments	(4,354,657)	(2,183,151)
Distributions	3,385,616	1,884,706
Net cash provided by (used in) investing activities	(1,068,812)	(399,328)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments received on notes receivable	-	5,000
Issuance of note receivable	-	(65,000)
Proceeds from Paycheck Protection Program loan	68,730	54,285
Cash contributions to endowments	102,140	-
Net cash provided by (used in) financing activities	$ 170,870	$ (5,715)

NORTHSHORE COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years ended December 31, 2021 and 2020

	2021	2020
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (262,464)	$ 199,282
Cash and cash equivalents - beginning of year	463,471	264,189
Cash and cash equivalents - end of year	$ 201,007	$ 463,471
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES:		
PPP loan forgiveness	$ 123,015	$ -

The accompanying notes are an integral part of this statement.

NORTHSHORE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies and Nature of Activities

Organization and nature of activities
Northshore Community Foundation (NCF or the Foundation) was organized on January 11, 2007 as a non-profit corporation and is operated exclusively for religious, charitable, scientific, medical, literacy, or educational purposes through and for the benefit of Baton Rouge Area Foundation (BRAF) and such other organizations located in the Louisiana Parishes of St. Helena, St. Tammany, Tangipahoa and Washington (Northshore Community). NCF is exempt from federal income tax under Section 501(c)(3) and qualifies as a non-private foundation under Sections 509(a)(1) and (2) of the Internal Revenue Code. NCF's office is in Covington, Louisiana. NCF serves the needs of the Northshore Community through charitable grants made and other Foundation projects carried out at the discretion of the Board of Directors.

In addition to annual support, BRAF continues to provide significant administrative and advisory services to NCF.

Basis of presentation
The financial statements have been prepared on the accrual basis of accounting.

NCF is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions: Net assets available to use in general operations and not subject to donor restrictions. As discussed in Note 9, the governing board has designated from net assets without donor restrictions, certain endowment funds.

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

Revenue recognition
NCF utilizes the accrual basis of accounting for recognizing revenue from Level 1 memberships, rental income, special events, and program service fees whereby income is recognized when earned. Revenue from program service fees and special events is recognized at a point in time when the goods or services are provided by NCF or the event is held. Revenue from Level 1 memberships and rental income is recognized over time in the period in which

Note 1 - Summary of Significant Accounting Policies (Continued)

the service is provided. Any payments received in advance from these sources of revenues are deferred and recognized in the period when the underlying performance obligation is satisfied.

Contributions

NCF recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. All contributions are considered available without donor restrictions unless specifically restricted by the donor.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such difference may be material.

A material estimate that is particularly susceptible to significant change relates to the determination of the fair value for investments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonable possible that changes in risks in the near term would materially affect account balances and the amounts reported in the accompanying financial statements.

Gifts of marketable securities and other items

Gifts of marketable securities and other noncash donations are recorded as contributions at their fair values at the date of the donation.

Donated services

No amounts have been reflected in the financial statements for donated services. NCF generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist NCF in the performance of its projects and various committee activities.

Cash and cash equivalents

Generally all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents for the purposes of the statement of cash flows.

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts receivable

Uncollectible accounts receivable are charged directly to earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Property and equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. The basis of property and equipment sold or otherwise disposed of and the accumulated depreciation thereon is eliminated, and any gain or loss is reported in operations.

The estimated useful lives for office furniture and equipment range from three to ten years, and the estimated useful live for the building is forty years.

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

NCF participates in the investment pools managed by Baton Rouge Area Foundation. The BRAF pools are currently managed by two investment advisors that are authorized to allocate the portion of the investment portfolio under their control within policy guidelines between equity, fixed income and cash, and alternative assets. These advisors select the various investment managers needed to accomplish the investment objectives that provide funding for current grant commitments, as well as providing income to fund future grant requests and to meet the operating needs of the Foundation. Investments held in the pools are stated at fair value. Increases and decreases in market value are recognized in the period in which they occur. Stocks, bonds, mutual funds and similar securities traded in established markets are valued at their quoted market price. Other securities are valued based on estimates prepared by the investment managers. Upon disposition, the cost of the specific investment is used to compute the realized gain or loss to be recognized except with regards to mutual funds whose costs are removed on the first-in, first-out basis.

Investments by BRAF in venture capital funds included in its investment pools are accounted for using the equity method of accounting and the net income or loss related to these investments is reflected in “earnings on investments and cash balances” on the accompanying statement of activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Grants

Grants are recorded as expenses at the time the recipient has met all the necessary qualifying conditions and has gained approval of the Board of Directors. Grants payable in future periods that do not require subsequent review and approval for continuance of payment are recorded as expenses and grants payable in the period the grant is approved.

Retirement plan

NCF has established a simplified employee plan (SEP) which is a defined contribution retirement plan covering all eligible employees with at least one year of service. Contributions are based upon employee compensation at rates determined annually by NCF not to exceed 15% of eligible compensation. During 2021 and 2020, the contribution rate was 12.5%. Contributions of $40,370 and $39,038 were made to the plan for the years ended December 31, 2021 and 2020, respectively.

Other employee benefit plan

NCF also provides group health and term life insurance coverage for all employees.

Functional expense allocation

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function, including salaries, employee benefits, and payroll taxes are charged to programs and supporting services based on time and usage considerations. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of NCF.

Advertising

NCF expenses advertising costs as incurred.

Income tax status

NCF is a not-for-profit organization that has qualified as a public charity under sections 501(c)(3) and 509(a)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made, however, should NCF engage in activities unrelated to the purpose for which it was created, taxable income and related taxes could result.

NCF files income taxes in the U.S. federal jurisdiction. With few exceptions, NCF is no longer subject to federal tax examinations by tax authorities for years before 2018. Any interest and penalties assessed by income taxing authorities are not significant and would be included in general and administrative expenses in these financial statements, as applicable.

Note 1 - Summary of Significant Accounting Policies (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, NCF may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2021 and 2020.

Real estate investment held for sale

Various tracts of land were donated to NCF during 2017 (with an estimated value of $805,860) and are classified as real estate held for sale as of December 31, 2021 and 2020 in these financial statements.

COVID-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon NCF's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities.

Adoption of new accounting standard

During the year ended December 31, 2020, NCF adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The standard improves the usefulness and understandability of NCF's financial reporting. Analysis of the various provisions of this standard resulted in no significant changes in the way NCF recognized revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Recent accounting pronouncements not yet adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. In November 2019, the FASB issued ASU No. 2019-10 delaying the effective date for non-public companies to fiscal years beginning after December 15, 2020. In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 842 to fiscal years beginning after December 15, 2021. NCF is evaluating the impact the pronouncement may have on the financial statements.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 201,007	$ 463,471
Accounts receivable	-	5,068
Portion of BRAF investment pool held in money-market accounts and available for liquidity	3,517,132	2,133,237
	$ 3,718,139	$ 2,601,776

The board-designated endowment of $133,751 and $123,916 at December 31, 2021 and 2020, respectively, is also available for expenditure. Although spending from this board designated endowment is not intended, these amounts could be available if necessary.

As part of the liquidity management plan, excess cash may be added to the BRAF investment pool on a weekly basis.

Note 3 – Spending Policy

NCF uses the total return concept to determine the amount of grantmaking dollars available each year. Under the total return concept amounts available for distribution are determined based upon total investment return, which consists of investment income and realized and unrealized gains and losses. Under this policy, distributions made during the year are not dependent on the availability of cash investment earnings. In December of each year, the Board of Directors of NCF establishes the amount of dollars available for grants for the following year stated as a percentage of the fair value of the individual endowment funds as of the end of each calendar quarter. The percentage per quarter was 1.25% for 2021 and 2020 and is subject to change in the future at the discretion of the Board of Directors.

Note 4 – Notes Receivable

Various donors have contributed notes to NCF with a stated value of $80,000 and $80,000 as of December 31, 2021 and 2020, respectively. These notes are receivable from over 1 to 3 years with an annual payment of $0 to $5,000, with a final original payment due December 31, 2023. These notes bear interest of 3%.

Note 4 – Notes Receivable (Continued)

The maturity on the notes receivable as of December 31, 2021 and 2020 follows:

	2021	2020
Due in less than one year	$ -	$ -
Due in one to five years	80,000	80,000
	$ 80,000	$ 80,000

Note 5 – Fair Value Measurements and Investments

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (Unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the assets and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Note 4 – Fair Value Measurements and Investments (Continued)

The beneficial interest in assets held by Baton Rouge Area Foundation in its investment pools have been valued, as a practical expedient, at the fair value of NCF's share of BRAF's investment pool as of the measurement date, utilizing valuations provided by the investment funds. BRAF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of BRAF, which include private placements and other securities for which prices are not readily available, are determined by the management of BRAF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair value values may differ significantly from the values that would have been used had a ready market existed for these investments. As of December 31, 2021 and 2020, BRAF's investments are composed of approximately:

	2021	2020
Cash and cash equivalents	15%	13%
Fixed income	14%	17%
US equity	31%	34%
Non-US equity	12%	6%
Alternative *	25%	27%
Other	3%	3%
	100%	100%

* Includes hedge funds, venture capital funds, and private equity funds

The assets held by Baton Rouge Area Foundation in its investment pools are redeemable by NCF upon request and is therefore considered a Level 2 fair value measurement.

Other investments held by NCF may include investments in securities with readily determinable fair values including common and preferred stocks, mutual funds, U. S. government bonds, and U. S. Treasury notes that are recorded at fair value based on quoted market prices. For those investments where quoted prices are unavailable (Level 2), management estimates fair value based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models, and collateral data. For investments (Level 3) where quoted prices are often unavailable, and pricing inputs are generally unobservable, NCF relies on the valuation procedures and methodologies used by external parties hired specifically to value such assets.

Note 5 – Fair Value Measurements and Investments (Continued)

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position that are measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	December 31, 2021			
	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets held by Baton Rouge Area Foundation	$ 30,874,955	$ -	$ 30,874,955	$ -
Mutual funds	43,111	43,111	-	-
Investment portfolios:				
Cash and cash equivalents	29,837	29,837	-	-
Mutual funds:				
Equities - unclassified	865,886	865,886	-	-
Fixed income - unclassified	440,814	440,814	-	-
	$ 32,254,603	$ 1,379,648	$ 30,874,955	$ -

	December 31, 2020			
	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets held by Baton Rouge Area Foundation	$ 24,871,100	$ -	$ 24,871,100	$ -
Investment portfolios:				
Cash and cash equivalents	47,426	47,426	-	-
Mutual funds:				
Equities - unclassified	675,028	675,028		
Fixed income - unclassified	363,686	363,686	-	-
	$ 25,957,240	$ 1,086,140	$ 24,871,100	$ -

Note 5 – Fair Value Measurements and Investments (Continued)

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2020:

2020		
Balance at January 1, 2020	$	50,000
Realized and Unrealized Gains (Losses)		(900)
Purchases/Donations		-
Sales and Withdrawals		(49,100)
Other Earnings, Distributions and Expenses		-
Balance at December 31, 2020	$	-

There were no Level 3 investments at December 31, 2021.

Changes in the BRAF investment pools for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Balance, Beginning of Year	$ 24,871,100	$ 22,654,269
Additional amounts invested in the fund	5,562,614	2,367,823
Share of appreciation (reduction) of the fund	3,826,857	1,733,714
Distributions received	(3,385,616)	(1,884,706)
Balance, End of Year	$ 30,874,955	$ 24,871,100

Note 6 – Property and Equipment

Property and equipment consists of the following:

	2021	2020
Buildings	$ 1,764,422	$ 1,764,422
Office Furniture and Equipment	99,885	98,667
	1,864,307	1,863,089
Less: Accumulated Depreciation	(266,636)	(217,025)
	$ 1,597,671	$ 1,646,064
Depreciation Expense	$ 49,708	$ 49,128

Note 7 – Amounts Held on Behalf of Others

Amounts held on behalf of others represent pass-through transactions that are transfers of assets from resource providers (contributors) to intermediary not-for-profit organizations that act as agents for resource providers by transferring those assets to specified third-party recipients. When contributors, acting in other than an advisory capacity, designate specific beneficiaries, NCF has no discretion in distributing those assets. Consequently, the transactions only pass through NCF in route to the specified beneficiary.

Additionally, endowment funds of NCF set up by non-profit organizations for their own benefit are also amounts held on behalf of others. That is, NCF is acting as a trustee on behalf of the non-profit organization.

These transactions for the years ended December 31, 2021 and 2020 are scheduled as follows:

	2021	2020
Balance - beginning of year	$ 15,918,113	$ 14,363,292
Amounts received on behalf of others	216,180	292,361
	16,134,293	14,655,653
Net Earnings (Losses) allocated to agency accounts	2,918,856	1,326,892
Less: administrative assessment	(65,781)	(62,432)
Net Earnings (Losses) allocated to agency accounts	2,853,075	1,264,460
Amounts remitted to others	(1,000)	(2,000)
Balance - end of year	$ 18,986,368	$ 15,918,113

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purposes		
Donor designated	$ 26,520	$ 22,548
Scholarship	52,343	53,244
Field of interest	3,796,003	3,245,927
Other	875,090	707,507
	4,749,956	4,029,226

Note 8 – Net Assets with Donor Restrictions (Continued)

	2021	2020
Perpetual in nature (endowments)		
Donor advised	$ 87,500	$ 87,500
Scholarship	149,699	47,559
Field of interest	235,450	235,450
	472,649	370,509
Total net assets with donor restrictions	$ 5,222,605	$ 4,399,735

In 2021 and 2020, $1,183,471 and $607,607, respectively, of net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

Included in NCF's net assets without donor restrictions is $8,249,312 and $6,808,890 of donor advised funds as of December 31, 2021 and 2020, respectively. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion as to the use of the funds lies with the Board of Directors.

Note 9 – Endowments

NCF's net assets with restrictions include 6 individual funds that function as endowments established by donors to provide funding for a variety of purposes. Additionally, certain net assets have been designated for endowment by the Board of Directors.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the preservation of the fair value of the original gift as of the date of the donor-restricted funds, unless there are explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were no such donor stipulations. As a result, the original value of initial and subsequent gift amounts donated to the endowment funds and any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added are retained in perpetuity. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. Seven criteria are to be used in deciding to appropriate or accumulate donor-restricted endowment funds:

(1) duration and preservation of the endowment funds
(2) the purposes of the Foundation and the endowment funds
(3) general economic conditions
(4) effect of inflation or deflation
(5) the expected total return from income and the appreciation of investments
(6) other resources of the Foundation
(7) the investment policy of the Foundation

Note 9 – Endowments (Continued)

The endowment net asset composition by type of fund as of December 31, 2021 and 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2020			
Board-designated endowment funds	$ 123,916	$ -	$ 123,916
Donor-restricted endowment funds	-	370,509	370,509
	$ 123,916	$ 370,509	$ 494,425
December 31, 2021			
Board-designated endowment funds	$ 133,751	$ -	$ 133,751
Donor-restricted endowment funds	-	472,649	472,649
	$ 133,751	$ 472,649	$ 606,400

As discussed in Note 3, the maximum amount to spend from these donor-restricted endowment funds, including those endowments deemed to be underwater, is determined by the spending policy. The spending rate is determined and adjusted from time to time by the Board of Directors with the objective of maintaining the purchasing power of the endowments over time.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). UPMIFA permits spending from underwater endowments in accordance with prudent measures included in the act. At December 31, 2021 and 2020, funds with original gift values of $83,900 and $83,900, fair values of $55,477 and $62,971, and deficiencies of $28,423 and $20,929, respectively, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred throughout 2018 after the spending policy rate had already been determined in 2017. The recoveries experienced during 2019, 2020, and 2021 were not sufficient to offset the losses incurred prior to December 31, 2018. The continued appropriation from these underwater endowments for certain programs was deemed prudent by the Board of Directors. Additionally, a donor was given a variance to the endowment policy and was allowed to use more than the available earnings to fulfill grant requests.

Note 9 – Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2021 and 2020 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2020			
Endowment net assets, beginning of year	$ 111,758	$ 370,509	$ 482,267
Contributions	2,500	-	2,500
Investment income	2,820	-	2,820
Net appreciation (depreciation)	7,285	-	7,285
Amounts appropriated for expenditure	(447)	-	(447)
Endowment net assets, end of year	$ 123,916	$ 370,509	$ 494,425
December 31, 2021			
Endowment net assets, beginning of year	$ 123,916	$ 370,509	$ 494,425
Contributions	4,000	102,140	106,140
Investment income	3,187	-	3,187
Net appreciation (depreciation)	18,402	-	18,402
Amounts appropriated for expenditure	(15,754)	-	(15,754)
Endowment net assets, end of year	$ 133,751	$ 472,649	$ 606,400

Note 10 – Leases – Lessee

St. Tammany Parish Government
In May 2015, NCF entered a cooperative endeavor agreement (Lease of Justice Center Property) with the St. Tammany Parish Government (STPG) to lease, develop and use the Justice Center property in accordance with the "West 30's Neighborhood Revitalization Plan" by constructing an office building and conference center (the "Coatney Conference Center") to provide administrative, conference and training facilities for non-profit organizations.

The initial term of the lease is 20 years, and there are renewal options that can extend the lease for a total of ninety-nine years. In connection with this agreement, NCF recorded a contribution receivable of $487,818, the estimated value of the land. The receivable is being amortized over the initial 20-year term of the lease as rent expense.

During the term, NCF shall have the sole and exclusive ownership of and right to depreciate the costs and expenses of construction of any buildings and improvements upon the property. On the last day of the entire term including all option periods, NCF will surrender the property to STPG. NCF began construction of the office building and conference center in December 2015, and it was completed and ready for occupancy in December 2016.

Note 10 – Leases – Lessee (Continued)

For the years ended December 31, 2021 and 2020, rent expense relating to the above-mentioned agreement was $24,391 annually. This amount is recognized as an expense annually during the initial twenty-year term of the lease.

Note 11 – Leases - Lessor

NCF subleases office space to other non-profit organizations and the payments received by NCF are referred to as "Level 1 Membership". These lease agreements are for a term of one year or less. Total revenue recognized from these agreements during 2021 and 2020 was $55,700 and $57,544, respectively.

NCF leases office space under a three-year agreement with two two-year renewal terms. Net rental income for the years ended December 31, 2021 and 2020 were $34,650 and $32,883, respectively. Rental income due for the year ending December 31, 2022 is $34,650.

Note 12 – Concentrations of Credit Risk

NCF deposits its cash in a national financial institution and at times the account balance may exceed the federally insured limit. At December 31, 2021 and 2020, NCF's checking account balances did not exceed the federally insured limit.

In addition, as part of NCF's investment in BRAF's investment pool at December 31, 2021 and 2020, a portion was held in cash money market funds which are in excess of FDIC insurance limits. Amounts in excess of this limit are not insured or guaranteed by the FDIC.

Note 13 – Related Parties

NCF utilizes facilities and personnel of the Baton Rouge Area Foundation for administrative assistance. NCF paid an administrative assessment of $94,335 and $84,352 to BRAF for these services during 2021 and 2020, respectively. BRAF was owed $27,583 and $25,299 as of December 31, 2021 and 2020, respectively.

Note 14 – Commitments and Contingencies

Grants

As of December 31, 2021, and 2020, NCF was committed to the payment of certain grants as follows, contingent upon the fulfillment of certain criteria by the potential grant recipient:

	2021	2020
St. Tammany Cancer Fund Scholarships	$ 45,000	$ 69,000
Fund for Bogalusa Scholarships	-	18,000
Greg Zelden Foundation Fund	12,000	15,000
Gene and Betty VanNorman Scholarship	6,250	12,500
Donna Kahl Manetta Scholarship	1,000	1,000
Southside Slidell Swin Club Scholarship	2,000	2,000
	$ 66,250	$ 117,500

PPP Loan Forgiveness

See Note 15 to these financial statements for the six year audit provisions related to the PPP loan forgiveness.

Note 15 – Notes Payable-Payroll Protection Program

In April 2020, NCF qualified for and received loan proceeds in the principal amount of $54,285 pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP loan was unsecured and guaranteed by the SBA. The principal amount of the PPP loan was subject to forgiveness under the PPP upon NCF's request to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by NCF. NCF applied for and received forgiveness of the PPP loan with respect to these covered expenses during the year ended December 31, 2021.

On December 27, 2020, as part of the Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) was signed into law to provide additional COVID-19 relief to small businesses, providing that if certain eligibility tests are met, NCF could apply for an additional loan under the Paycheck Protection Program (PPP). Management determined that NCF met the eligibility requirements, filed an application, and received additional loan proceeds of $68,730 in February 2021. Similar to the first PPP loan, if the funds were utilized to pay covered expenses as permitted by the PPP, the principal amount of the loan would be eligible for forgiveness. NCF applied for and received forgiveness of this additional PPP loan with respect to these covered expenses during the year ended December 31, 2021.

Note 15 – Notes Payable-Payroll Protection Program (Continued)

In accordance with generally accepted accounting principles, NCF recognized a gain of $123,015 on the forgiveness of both PPP loans during the year ended to December 31, 2021.

PPP loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over $2 million will be fully audited and loans under $2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness.

Note 16 – Subsequent Events

NCF evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 8, 2022, the date which the financial statements were available to be issued.