

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**AND
REPORT THEREON**

**REPORTS REQUIRED IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

FOR THE YEAR ENDED DECEMBER 31, 2022

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Foundation for Credit Counseling, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Foundation for Credit Counseling, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the National Foundation for Credit Counseling, Inc. as of December 31, 2022, and the changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 Foundation's ability to continue as a going concern for within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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.

Prior Period Financial Statements

The financial statements of the Foundation as of December 31, 2021 were audited by other auditors whose report dated September 22, 2022 expressed an unmodified opinion on the December 31, 2021 financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2023, on our consideration of the Foundation'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 Foundation'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 Foundation's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
July 25, 2023

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 5,104,849	\$ 6,572,266
Accounts receivable, net	219,539	244,993
Grants and contributions receivable, net	1,749,298	465,979
Prepaid expenses and other assets	96,154	161,324
Deferred compensation investments	99,050	154,610
Property and equipment, net	458,820	593,319
Right of use asset	1,674,477	--
Total Assets	\$ 9,402,187	\$ 8,192,491
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 309,440	\$ 71,360
Grants payable	1,469,303	918,095
Accrued payroll and related expenses	181,575	181,693
Refundable advances	43,175	1,078,090
Deferred compensation	99,050	154,610
Deferred rent	--	112,435
Operating lease liability	1,959,300	--
Total Liabilities	4,061,843	2,516,283
Net Assets		
Without donor restrictions:		
Undesignated	973,672	1,606,729
Designated	500,000	800,000
Total Net Assets Without Donor Restrictions	1,473,672	2,406,729
With donor restrictions	3,866,672	3,269,479
Total Net Assets	5,340,344	5,676,208
Total Liabilities and Net Assets	\$ 9,402,187	\$ 8,192,491

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor Restrictions	With Donor Restrictions	2022	Without Donor Restrictions	With Donor Restrictions	2021
Revenue and Support						
Contributions and corporate grants	\$ 222,331	\$ 3,186,000	\$ 3,408,331	\$ 1,618,799	\$ 2,669,000	\$ 4,287,799
Program income	2,463,505	--	2,463,505	2,420,604	--	2,420,604
Government grants	2,661,255	--	2,661,255	987,639	--	987,639
Dues	1,114,589	--	1,114,589	1,060,747	--	1,060,747
Donated goods and services	50,000	--	50,000	--	--	--
Other	861	--	861	3,315	--	3,315
Net assets released from restrictions:						
Satisfaction of program restrictions	<u>2,588,807</u>	<u>(2,588,807)</u>	<u>--</u>	<u>4,070,090</u>	<u>(4,070,090)</u>	<u>--</u>
Total Revenue and Support	<u>9,101,348</u>	<u>597,193</u>	<u>9,698,541</u>	<u>10,161,194</u>	<u>(1,401,090)</u>	<u>8,760,104</u>
Expenses						
Program services:						
Housing counseling	3,568,276	--	3,568,276	2,505,362	--	2,505,362
Membership support	3,153,001	--	3,153,001	2,413,253	--	2,413,253
General financial education	592,478	--	592,478	1,746,109	--	1,746,109
Small business counseling	230,666	--	230,666	754,865	--	754,865
Military financial education	6,867	--	6,867	81,573	--	81,573
Student loans counseling	11,459	--	11,459	45,171	--	45,171
Hispanic financial education	--	--	--	41,776	--	41,776
Total Program Services	<u>7,562,747</u>	<u>--</u>	<u>7,562,747</u>	<u>7,588,109</u>	<u>--</u>	<u>7,588,109</u>
Supporting services:						
Management and general	2,267,485	--	2,267,485	1,509,240	--	1,509,240
Fundraising	204,173	--	204,173	272,263	--	272,263
Total Supporting Services	<u>2,471,658</u>	<u>--</u>	<u>2,471,658</u>	<u>1,781,503</u>	<u>--</u>	<u>1,781,503</u>
Total Expenses	<u>10,034,405</u>	<u>--</u>	<u>10,034,405</u>	<u>9,369,612</u>	<u>--</u>	<u>9,369,612</u>
Change in Net Assets	(933,057)	597,193	(335,864)	791,582	(1,401,090)	(609,508)
Net Assets, Beginning of Year	<u>2,406,729</u>	<u>3,269,479</u>	<u>5,676,208</u>	<u>1,615,147</u>	<u>4,670,569</u>	<u>6,285,716</u>
Net Assets, End of Year	<u>\$ 1,473,672</u>	<u>\$ 3,866,672</u>	<u>\$ 5,340,344</u>	<u>2,406,729</u>	<u>3,269,479</u>	<u>\$ 5,676,208</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						Supporting Services				Total
	Housing Counseling	Membership Support	General Financial Education	Small Business Counseling	Military Financial Education	Student Loans Counseling	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 497,715	\$ 710,125	\$ 101,657	\$ 73,100	\$ 5,160	\$ 5,001	\$ 1,392,758	\$ 1,448,043	\$ 56,213	\$ 1,504,256	\$ 2,897,014
Agency counseling and support	2,495,262	--	306,895	48,625	--	--	2,850,782	--	--	--	2,850,782
Marketing	138,080	1,282,178	110,646	80,447	--	--	1,611,351	--	--	--	1,611,351
Information technology	205,690	456,412	27,535	3,741	--	5,026	698,404	163,321	--	163,321	861,725
Benefits	93,231	154,777	17,574	16,096	1,074	836	283,588	229,371	24,451	253,822	537,410
Consulting	41,081	227,349	9,111	80	33	35	277,689	67,563	112,913	180,476	458,165
Facility	32,386	47,400	6,534	4,888	342	320	91,870	91,930	4,421	96,351	188,221
Accounting and legal	33,928	34,647	2,116	--	--	--	70,691	48,109	--	48,109	118,800
Office and other expenses	--	45,602	--	--	--	--	45,602	80,084	1,601	81,685	127,287
Depreciation and amortization	24,442	35,773	4,931	3,689	258	241	69,334	69,379	3,336	72,715	142,049
Communications	600	88,143	880	--	--	--	89,623	28,451	480	28,931	118,554
Travel	5,362	68,120	3,855	--	--	--	77,337	36,062	758	36,820	114,157
Training	499	2,475	744	--	--	--	3,718	5,172	--	5,172	8,890
Total Expenses	\$ 3,568,276	\$ 3,153,001	\$ 592,478	\$ 230,666	\$ 6,867	\$ 11,459	\$ 7,562,747	\$ 2,267,485	\$ 204,173	\$ 2,471,658	\$ 10,034,405

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services							Supporting Services			Total	
	Housing Counseling	Membership Support	General Financial Education	Small Business Counseling	Military Financial Education	Student Loans Counseling	Hispanic Financial Education	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 444,354	\$ 939,983	\$ 213,875	\$ 26,242	\$ 8,661	\$ 1,705	\$ 3,365	\$ 1,638,185	\$ 830,082	\$ 173,972	\$ 1,004,054	\$ 2,642,239
Agency counseling and support	1,072,876	--	1,214,434	476,763	--	--	--	2,764,073	--	--	--	2,764,073
Marketing	432,713	301,183	170,900	231,661	68,309	--	36,302	1,241,068	--	--	--	1,241,068
Information technology	340,646	417,561	45,590	8,998	1,138	42,146	614	856,693	4,326	--	4,326	861,019
Benefits	65,822	188,930	52,912	6,619	1,957	384	888	317,512	170,122	41,537	211,659	529,171
Consulting	65,739	203,358	3,455	198	56	12	25	272,843	161,187	22,270	183,457	456,300
Facility	51,040	107,971	24,567	3,014	995	196	387	188,170	95,348	19,983	115,331	303,501
Accounting and legal	10,502	53,879	7,908	--	--	--	--	72,289	84,993	2,992	87,985	160,274
Office and other expenses	83	37,598	47	60	1	646	1	38,436	86,307	2,223	88,530	126,966
Depreciation and amortization	21,349	45,163	10,276	1,261	416	82	162	78,709	39,883	8,359	48,242	126,951
Communications	220	94,715	1,097	45	21	--	17	96,115	26,144	799	26,943	123,058
Travel	18	22,912	1,048	4	19	--	15	24,016	8,981	128	9,109	33,125
Training	--	--	--	--	--	--	--	--	1,867	--	1,867	1,867
Total Expenses	<u>\$ 2,505,362</u>	<u>\$ 2,413,253</u>	<u>\$ 1,746,109</u>	<u>\$ 754,865</u>	<u>\$ 81,573</u>	<u>\$ 45,171</u>	<u>\$ 41,776</u>	<u>\$ 7,588,109</u>	<u>\$ 1,509,240</u>	<u>\$ 272,263</u>	<u>\$ 1,781,503</u>	<u>\$ 9,369,612</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (335,864)	\$ (609,508)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt expense	10,843	18,012
Depreciation and amortization	142,049	126,951
Amortization right of use of asset	144,480	--
Deferred rent	--	45,869
Changes in assets and liabilities:		
Accounts receivable	14,611	73,223
Grants and contributions receivable	(1,283,319)	697,138
Prepaid expenses and other assets	120,730	294,128
Accounts payable and accrued expenses	238,080	(51,787)
Grants payable	551,208	106,440
Accrued payroll and related expenses	(118)	(46,666)
Refundable advances	(1,034,915)	1,078,090
Operating lease liability	27,525	--
Net Cash (Used in) Provided by Operating Activities	(1,404,690)	1,731,890
Cash Flows From Investing Activities		
Purchases of investments	(55,560)	(19,568)
Purchases of property and equipment	(7,167)	(453,914)
Net Cash Used in Investing Activities	(62,727)	(473,482)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,467,417)	1,258,408
Cash and Cash Equivalents – Beginning	6,572,266	5,313,858
Cash and Cash Equivalents – Ending	\$ 5,104,849	\$ 6,572,266
Supplemental Disclosure of Noncash Investing and Financing Transactions		
Leasehold improvements acquired via tenant allowance	\$ --	\$ 22,095
Noncash disclosure of investing and financing activities		
Right of use asset	\$ 1,818,957	\$ --
Operating lease liability	\$ 1,931,775	\$ --

The accompanying notes are an integral part of these financial statements.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The National Foundation for Credit Counseling, Inc. (the Foundation or NFCC) is a nonprofit, membership organization dedicated to personal and family preventative and rehabilitative financial education and counseling services. Its purpose is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality services in communities throughout the United States and its territories.

NFCC is creating awareness about nonprofit credit counseling (including housing) so that consumers in need know that help is available through numerous multi-media campaigns in addition to building relationships. The NFCC launched and is building-out a FaithBased Alliance focused on providing awareness through existing trusted faith based leaders, as well as building out video counseling in the United States, based on a program that originated in the United Kingdom. Video, both on personal devices as well as in private sound-proof booths, will provide unprecedented access to consumers in need in a more trusted, personal and safe way. NFCC is also working with lenders to provide access through their branch office systems.

Descriptions of the Foundation's significant programs and supporting services are as follows:

HOUSING COUNSELING

Develop and maintain partnerships with the United States Department of Housing and Urban Development (HUD) and industry leaders, including mortgage lenders and servicers, to help NFCC members assist consumers with pre-home ownership (pre-purchase) counseling, post-purchase counseling to help ensure that new owners can remain in their homes, eviction prevention (for renters) and foreclosure prevention (for home owners).

MEMBERSHIP SUPPORT

Foster member communications; member meetings and annual conference; counselor certification; provide a path to assistance for consumers via the consumer's preferred method (currently phone and online form, while building-out video and digital entry options). Maintain relationships with credit-granting organizations to support clients and member organizations, build awareness for mission through media outreach.

GENERAL FINANCIAL EDUCATION

Develop and make available educational materials to member agencies and consumers on the responsible use of credit; develop partnerships with other organizations to address the need for personal financial literacy. NFCC member agencies have helped almost 30 million people since 2006.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SMALL BUSINESS COUNSELING

The NFCC began development of a national small business counseling program which was initially integrated into the Sharpen Your Financial Focus® initiative. Member agencies support entrepreneurs' personal financial matters as they launch and manage their business.

VETERAN FINANCIAL EDUCATION

Partner with the Association of Military Banks of America (AMBA) to provide access to credit counseling for veterans, through their Veterans Benefits Banking Program, targeted at providing veterans access to direct deposit and other financial services.

STUDENT LOANS COUNSELING

Provide a national student loan program to train and support member agencies in counseling clients with student loan debt to reduce and manage their financial burden and help them on a path to financial security.

HISPANIC FINANCIAL EDUCATION

Make available educational materials and support to member agencies and consumers to assist the Hispanic community with financial literacy education and by addressing their responsible use of credit using the Sharpen Your Financial Focus® initiative. Counseling in Spanish and bilingual education materials are available. Develop and maintain partnerships with other national organizations.

MANAGEMENT AND GENERAL

Management of the human, financial and technical resources of the Foundation, administrative support for the Board of Trustees and governing bodies, government advocacy and the development and management of budget and statistical information.

FUNDRAISING

Provide funds for the Foundation's mission and other operating expenses.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of the Foundation's significant accounting policies follows:

BASIS OF PRESENTATION

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of each net asset group is as follows:

Without donor restrictions – undesignated: Net assets whose use is not restricted by donors or internally-designated for other purposes.

Without donor restrictions – designated: Designated reserve funds have been established by the Board of Trustees to provide funds for anticipated future projects and unbudgeted expenditures or unforeseen revenue shortfalls.

With donor restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, the Foundation considers all bank deposits and highly liquid investments to the cash equivalents.

FINANCIAL RISK

The Foundation maintains demand deposits at financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Foundation. However, the Foundation has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

The Foundation invests deferred compensation assets in a professionally managed portfolio that contains various mutual funds. Such investments are exposed to market and credit risks. Therefore, the Foundation's investments may be subject to significant fluctuations in fair

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL RISK (CONTINUED)

value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods. The mutual funds are presented at fair value using quoted prices in active markets for identical assets.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due for services rendered to members throughout the United States. The allowance for doubtful accounts is based upon specific identification of uncollectible accounts and the Foundation's historical collection experience. The allowance for doubtful accounts was \$24,175 and \$14,415 as of December 31, 2022 and 2021. Accounts receivable at December 31, 2020 was \$336,228.

GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of receivables from the federal government and corporate donors. The Foundation believes that all grants and contributions are collectible; therefore, an allowance for uncollectible amounts has not been established.

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than \$1,000 are recorded at cost. Depreciation and amortization is computed using the straight-line method over estimated service lives as follows: furniture and equipment – three to seven years; educational development – three to seven years; and leasehold improvements – over the remaining life of the lease.

REFUNDABLE ADVANCES

Refundable advances consist of cash payments received related to conditional contributions from the U.S. government for which the underlying conditions have not yet been satisfied by the Foundation.

CONTRIBUTIONS

Contributions, and grants that are contributions, are reported as revenue in the year in which they are unconditionally received or promised. The Foundation reports donor-restricted support that was initially received as a conditional contribution as net assets without donor restrictions when the donor-imposed conditions and restrictions are met simultaneously.

Conditional contributions are not recognized as revenue until the related conditions are satisfied.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND CORPORATE GRANTS

Contributions and corporate grants are recorded as support with or without donor restrictions, depending upon the existence and/or nature of any donor-imposed stipulations. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

GOVERNMENT GRANTS

Government grants are considered to be conditional promises to give until the Foundation meets the conditions under the grant agreements. As such, government grant revenue is recognized as costs qualified and other conditions under the grants are incurred. Government funds received in advance of costs incurred are recorded as refundable advances until expended for the purpose of the grants. Government costs incurred in excess of funds received in advance are recorded as grants receivable.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is derived primarily from program income and memberships dues. Revenue is recognized in the period in which it is earned. The Foundation performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Foundation is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the specific criteria are not met revenue is recognized at a point in time.

Economic factors are driven by consumer confidence, employment inflation, and other world events that impact the timing and level of cash received, and revenue recognized by the Foundation. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Foundation.

PROGRAM INCOME

Program income is recognized at a point in time as the related event occurs or service is provided. Program income consists primarily of National Locator Line fees and conference registrations and sponsorships. In addition, certification and recertification fees are included in this category. Amounts received in advance of the performance of the services are recorded as deferred until the services are provided.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DUES REVENUE

Dues income is billed on a monthly, quarterly, semi-annual, or annual basis over the membership period. Amounts invoiced are due by the 20th of the month. Member benefits include use the Foundation's brand and trademarks, industry advocacy and communications, access to the Foundation's suite of services and industry strategic guidance. All member benefits are considered one performance obligation and revenue is recognized ratably over the period of the dues cycle.

Prices for program service fees and membership dues are specific to distinct performance obligations and do not consist of multiple transactions. They do not include significant financing components as the performance obligations are typically satisfied within a year of receipts of payment. The Foundation did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components, and there are no significant changes in the judgements affecting the determination of the amount of timing of revenue from contracts with customers.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and administrative activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Occupancy, office expenses, and depreciation and amortization have been allocated among the program and supporting services benefited on the basis of direct labor costs. All other expenses are directly charged to the applicable functional areas.

ADOPTED ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *LEASES* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and a liability based on the value of the discounted future lease payments. The Foundation adopted this standard during the year ended December 31, 2022. The Foundation elected not to restate the comparative period. The Foundation also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of right of use asset of \$1,818,957 and operating lease liability of \$1,931,775 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Foundation's historical accounting treatment. The adoption of the standard did not result in a material change to the statement of activities.

In September 2020, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and provide additional disclosures about contributions of nonfinancial assets. The Foundation adopted ASU 2020-07 on January 1, 2022. The adoption of the standard did not result in a material change to the financial statements other than enhanced disclosures.

CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets and services are recognized as revenue and support and expenses in the accompanying statements of activities at their estimated fair value. Donated services were for 3rd party studies and surveys for the FinRegLab program. They are valued at the prices that would have been paid for the services. There were no donor restrictions related to the contributed nonfinancial services.

The Foundation received \$50,000 contributions of nonfinancial assets and services for the year ended December 31, 2022.

INCOME TAXES

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified by Internal Revenue Service as other than a private foundation. The Foundation is required to report unrelated business income to the Internal Revenue Service and appropriate state taxing authorities. The Foundation had no net unrelated business income for the years ended December 31, 2022 and 2021.

Management has analyzed the tax positions taken and has concluded that as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress. It is the Foundation's policy to recognize interest and /or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2022 and 2021, the Foundation had no accruals for interest and/or penalties.

USE OF 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 that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation manages its cash available to meet general expenditures following three guiding principles: (1) operating within a prudent range of financial soundness of stability, (2) maintain adequate liquid assets and (3) maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available to meet general expenditures within one year at December 31, 2022 and 2021. Board-designated reserve funds are not included in financial assets available to meet general expenditures; however, should the need arise it is anticipated the Board would allow the Foundation to access the designated fund in the event of a significant cash need. The Foundation has a line of credit should it need access to additional liquidity. See Note 9.

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 5,104,849	\$ 6,572,266
Accounts receivable, net	219,539	244,993
Grants and contributions receivable, net	<u>1,749,298</u>	<u>465,979</u>
	7,073,686	7,283,238
Less net assets with donor restrictions	(3,866,672)	(3,269,479)
Less net assets with board designated funds	(500,000)	(800,000)
Less refundable advances	<u>(43,175)</u>	<u>(1,078,090)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,663,839</u>	<u>\$ 2,135,669</u>

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Furniture	\$ 71,687	\$ 71,687
Equipment	350,323	368,037
Leasehold improvements	85,524	85,524
Educational development	<u>402,941</u>	<u>423,336</u>
	910,475	948,584
Less: Accumulated depreciation and amortization	<u>(451,655)</u>	<u>(355,265)</u>
Property and Equipment, Net	<u><u>\$ 458,820</u></u>	<u><u>\$ 593,319</u></u>

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$142,049 and \$126,951 respectively.

Note 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Promises to give to the Foundation, net of a discount to present value are due to be collected as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than one year	\$ 1,749,298	\$ 465,979
One to five years	<u>--</u>	<u>--</u>
	1,749,298	465,979
Less: Discount to present value	<u>--</u>	<u>--</u>
Total	<u><u>\$ 1,749,298</u></u>	<u><u>\$ 465,979</u></u>

The Foundation has conditional promises to give (conditional grants) from the U.S. government of \$903,214 as of December 31, 2022. Future payments are contingent upon the Foundation carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following for the years ended December 31, 2022 and 2021:

	January 1 2022	Contributions	Satisfaction of Restrictions	December 31, 2022
Housing Programs	\$ 2,219,014	\$ 1,075,000	\$ (1,050,229)	\$ 2,243,785
Sharpen Your Financial Focus	767,368	1,291,000	(817,132)	1,241,237
Surveys	217,183	570,000	(467,030)	320,153
Debt Reduction Program	<u>65,914</u>	<u>250,000</u>	<u>(254,417)</u>	<u>61,497</u>
Total	<u>\$ 3,269,479</u>	<u>\$ 3,186,000</u>	<u>\$ (2,588,807)</u>	<u>\$ 3,866,672</u>

	January 1 2021	Contributions	Satisfaction of Restrictions	December 31, 2021
Housing Programs	\$ 2,362,248	\$ 1,085,000	\$ (1,228,234)	\$ 2,219,014
Sharpen Your Financial Focus	1,935,198	1,149,500	(2,317,329)	767,368
Surveys	68,126	359,500	(210,443)	217,183
Debt Reduction Program	<u>304,997</u>	<u>75,000</u>	<u>(314,084)</u>	<u>65,914</u>
Total	<u>\$ 4,670,569</u>	<u>\$ 2,669,000</u>	<u>\$ (4,070,090)</u>	<u>\$ 3,269,479</u>

NOTE 6 - LEASES

The Foundation evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Foundation's right to use underlying asset for the lease term, and the operating lease liability represents the Foundation's obligation to make lease payments arising from the lease. The ROU asset and operating lease liability, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate of 1.51% in lieu of its incremental borrowing rate to discount future lease payments. The Foundation generally does not have access to the rate implicit in the lease. The Foundation elected to treat lease and non-lease components separately.

In September 2021, the Foundation entered into a lease agreement for new office space which commenced in September 2021 and expiration date of August 1, 2032. The initial base lease amount was \$15,737 per month payment commencing on September 1, 2021 with annual increase of 1.51% effective September 1, 2022, with an abatement of rent for the first 15 months of the lease term.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 6 - LEASES (CONTINUED)

The following summarizes the line items in the statements of financial position which includes amount of operating leases for office building as of December 31, 2022:

Right of use asset	\$ 1,674,477
Operating lease liability	\$ 1,959,300

The maturity of the operating lease liability as of December 31, 2022, was as follows:

For the Year Ending December 31,	
2023	\$ 196,942
2024	201,824
2025	206,826
2026	211,209
2027	215,433
Thereafter	<u>1,078,041</u>
Total Lease payments	<u>2,110,275</u>
Less: Interest	<u>(150,975)</u>
Present Value of Lease Liability	<u>\$ 1,959,300</u>

NOTE 7 - RETIREMENT PLAN

The Foundation maintains a defined contribution pension plan for all employees who meet certain eligibility requirements. The Foundation makes a 3% non-discretionary contribution to all eligible employees. In addition, employees may elect to contribute a portion of their annual compensation defined by the plan, up to limits established by the Internal Revenue Service. The Foundation matches 100% of employee contributions to a maximum of 3%. Annual contributions are allocated, as elected by the participant, to ordinary life policies, group annuity contracts and trust fund investments.

In addition, the Foundation provides a 457(b) deferred compensation plan to certain employees. Assets and liabilities related to the 457(b) plan equaled \$99,050 and \$154,610 as of December 31, 2022 and 2021, respectively. The assets of the plan are held in publicly-traded mutual funds which were valued based on quoted prices for identical assets in active markets on a recurring basis (Level 1 of the fair value hierarchy).

Retirement plan expense for the years ended December 31, 2022 and 2021 was \$139,924 and \$138,605 respectively.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

NOTE 8 - COMMITMENTS AND CONTINGENCIES

MEETINGS

The Foundation reserves hotel accommodations for various meetings up to one year in advance of an event. The contracts contain contingency clauses whereby the Foundation is liable for cancellations. The monetary restitution is based on a percentage of the peak room rate, the number of rooms contracted and the date of cancellation.

GOVERNMENT GRANTS

Federal award revenue provided to the Foundation by U.S. government agencies in relation to expenditures incurred under grant agreements may be subject to audit or adjustment by the government agencies. The expenditures which may be disallowed as a result of an audit cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

NOTE 9 - LINE OF CREDIT

The Foundation has a revolving line of credit agreement with a financial institution that has a borrowing limit of \$500,000, which is renewable annually, and expires on December 31, 2023. Funds drawn against this line of credit accrue interest at a variable rate based on the prime rate established by the bank plus 2%. As of December 31, 2022, the interest rate was 7.50%. At December 31, 2022, there was no outstanding balance and there were no borrowings on the line of credit during the year ended December 31, 2022.

NOTE 10 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for recognition or disclosure through July 25, 2023, the date the financial statements were available to be issued.

**INDEPENDENT AUDITORS' 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***

To the Board of Directors of the
National Foundation for Credit Counseling, Inc.

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 (*Government Auditing Standards*), the financial statements of the National Foundation for Credit Counseling, Inc. (the Foundation), which comprise the Foundation's statement of financial position as of December 31, 2022, and the related statement 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 July 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 statements. 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*.

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 entity'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.

Marcum LLP

Washington, DC
July 25, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
National Foundation for Credit Counseling, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the National Foundation for Credit Counseling, Inc.'s (the Foundation'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 each of the Foundation's major federal program for the year ended December 31, 2022. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2022.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation 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 Foundation'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 Foundation's federal programs.

Auditors' 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 Foundation'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 Foundation's compliance with the requirements of the 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 Foundation'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 Foundation'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 Foundation'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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Marcum LLP

Washington, DC
July 25, 2023

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Housing Counseling Assistance Program	14.169	HC210011015 and HC210011016	\$ 83,591	\$ 112,741
			<u>271,744</u>	<u>360,894</u>
Total U.S. Department of Housing and Urban Development			<u>355,335</u>	<u>473,635</u>
<i>Pass-through from:</i>				
NEIGHBORHOOD REINVESTMENT CORPORATION				
Housing Stability Counseling Program	99.U19	PL117-2	<u>1,823,457</u>	<u>2,187,620</u>
Total Neighborhood Reinvestment Corporation			<u>1,823,457</u>	<u>2,187,620</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,178,792</u>	<u>\$ 2,661,255</u>

See accompanying notes to this schedule.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the National Foundation for Credit Counseling, Inc. (the Foundation) for the year ended December 31, 2022. The information in this 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). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 3 - INDIRECT COST RATE

The Foundation elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Type of auditors’ report issued on compliance for major federal programs

UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal program:

*ASSISTANCE LISTING
NUMBER*

NAME OF FEDERAL PROGRAM OR CLUSTER

Housing Stability Counseling Program

99.U19

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None required to be reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None required to be reported.

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

There were no audit findings reported for the year ended December 31, 2021.