OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Financial Statements and Supplementary Schedules
For the Years Ended December 31, 2020 and 2019
With Independent Auditor's Report

MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Financial Statements and Supplementary Schedules
Years Ended December 31, 2020 and 2019

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MITCHELL TITUS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Opportunity Finance Network

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Opportunity Finance Network and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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MITCHELL TITUS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Finance Network and Subsidiaries as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information 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 consolidating 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements of Opportunity Finance Network and Subsidiaries for the year ended December 31, 2019, were audited by another auditor whose report dated April 29, 2020 expressed an unmodified opinion on those statements and included an emphasis of matter paragraph that described the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent ASUs that modified Topic 606.

Mitchell & Titus, LLP

April 28, 2021

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 38,973,724	$ 14,570,893
Restricted cash	5,502,517	-
Certificates of deposit	206,879	204,680
Short-term investments (Notes 2 and 4)	504,769	727,169
Current portion of loans receivable, net of allowance for loan losses (Notes 5 and 6)	34,501,182	20,431,285
Interest and other receivables	442,460	768,384
Current portion of grants receivable (Note 8)	2,130,000	555,000
Other assets	147,479	308,713
Total current assets	82,409,010	37,566,124
Noncurrent assets		
Long-term investments (Notes 2 and 4)	3,118,201	2,924,873
CDFI and other investments (Notes 2 and 4)	2,245,408	1,060,988
Loans receivable, net of current portion and allowance for loan losses (Notes 5 and 6)	100,268,112	107,755,306
Equity equivalent investments (Note 7)	29,500,000	28,000,000
Grants receivable, net of current portion (Note 8)	-	205,000
Fixed assets, net (Note 9)	971,273	1,100,860
Total noncurrent assets	136,102,994	141,047,027
Total assets	$ 218,512,004	$ 178,613,151
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 885,505	$ 1,329,467
Deferred revenue and advanced payments received	1,112,500	72,250
Deferred lease incentive and tenant allowance	1,537,618	1,163,795
Funds held for third party	5,502,517	-
Current portion of notes payable (Note 10)	18,866,560	13,280,528
Total current labilities	27,904,700	15,846,040
Noncurrent liabilities		
Notes payable (Note 10)	84,227,962	65,811,122
Other liabilities (Note 11)	12,000,000	12,000,000
Total noncurrent labilities	96,227,962	77,811,122
Total labilities	124,132,662	93,657,162
COMMITMENTS AND CONTINGENCIES (Notes 14 and 15)		
NET ASSETS (Note 13)		
Without donor restrictions		
Without donor restrictions	52,877,898	50,507,550
Non-controlling interest in consolidated subsidiaries	29,059,556	26,567,206
Total net assets without donor restrictions	81,937,454	77,074,756
With donor restrictions		
Operating	2,246,888	1,501,014
Re-granting	9,675,000	5,500,000
Financing	520,000	880,219
Total net assets with donor restrictions	12,441,888	7,881,233
Total net assets	94,379,342	84,955,989
Total labilities and net assets	$ 218,512,004	$ 178,613,151

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

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT						
Net financing income						
Interest income - loans	$ 5,670,575	$ -	$ 5,670,575	$ 5,188,492	$ -	$ 5,188,492
Less: Interest expense and loan fees	(1,726,463)	-	(1,726,463)	(1,546,263)	-	(1,546,263)
Less: Provision for loan losses	(1,000,246)	-	(1,000,246)	(162,891)	-	(162,891)
Total net financing income	2,943,866	-	2,943,866	3,479,338	-	3,479,338
OTHER REVENUE AND SUPPORT						
Dues (Note 18)	694,644	-	694,644	623,729	-	623,729
Fees - Registration (Note 18)	167,675	-	167,675	1,045,780	-	1,045,780
Fees - Strength (Note 18)	34,988	-	34,988	70,764	-	70,764
Fees - Financial Services (Note 18)	2,199,522	-	2,199,522	1,169,511	-	1,169,511
Sponsorships (Note 18)	1,403,000	-	1,403,000	1,678,750	-	1,678,750
Investment income, net	373,059	-	373,059	249,334	-	249,334
Grants - operating	641,500	3,226,443	3,867,943	175,000	1,474,871	1,649,871
Donations and in-kind services	114,800	-	114,800	96,769	-	96,769
Net assets released from restrictions (Note 18)	2,795,788	(2,795,788)	-	1,578,677	(1,578,677)	-
Total operating revenue and support	11,368,842	430,655	11,799,497	10,167,652	(103,806)	10,063,846
OPERATING EXPENSES						
Salaries, payroll taxes and benefits	5,235,226	-	5,235,226	4,639,182	-	4,639,182
Contractor fees	858,883	-	858,883	594,140	-	594,140
Program support (Note 1)	1,966,777	-	1,966,777	2,947,544	-	2,947,544
Professional services	632,856	-	632,856	396,496	-	396,496
Occupancy	496,649	-	496,649	552,971	-	552,971
Operating grants - other	-	-	-	5,000	-	5,000
Total operating expenses	9,190,391	-	9,190,391	9,135,333	-	9,135,333
Change in net assets - operating	2,178,451	430,655	2,609,106	1,032,319	(103,806)	928,513

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

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Statements of Activities *(continued)*
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
NON-OPERATING SUPPORT, EXPENSE AND LOSS						
Support - financing and pass-through grants						
Grants - financing and pass-through	$ 307,476	$ 16,924,787	$ 17,232,263	$ -	$ 5,340,213	$ 5,340,213
Net assets released from restrictions (Note 13)	12,794,787	(12,794,787)	-	970,213	(970,213)	-
Expenses - pass-through grants - grants to CDFIs	(12,229,787)	-	(12,229,787)	(270,213)	-	(270,213)
Loss on disposal of lease (Note 13)	-	-	-	(150,000)	-	(150,000)
Change In net assets - non-operating	872,476	4,130,000	5,002,476	550,000	4,370,000	4,920,000
Change in net assets before non-controlling interest capital contributions and distributions	3,050,927	4,560,655	7,611,582	1,582,319	4,266,194	5,848,513
Capital contributions from non-controlling interest members (Note 13)	2,375,000	-	2,375,000	18,525,000	-	18,525,000
Distributions to non-controlling interest members (Note 13)	(563,229)	-	(563,229)	(259,519)	-	(259,519)
Change In net assets	4,862,698	4,560,655	9,423,353	19,847,800	4,266,194	24,113,994
Net assets						
Beginning	77,074,756	7,881,233	84,955,989	57,226,956	3,615,039	60,841,995
Ending	$ 81,937,454	$ 12,441,888	$ 94,379,342	$ 77,074,756	$ 7,881,233	$ 84,955,989

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

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 9,423,353	$ 24,113,994
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Non-controlling Interest capital contributions	(2,375,000)	(18,525,000)
Non-controlling interest distributions	563,229	259,519
Amortization of accrued loss on disposal of lease	(24,013)	(23,994)
Depreciation and amortization	156,240	116,165
Provision for loan losses	1,000,246	162,891
Deferred loan fees, net	(7,089)	(7,308)
Amortization of premiums/discounts on investments	10,200	3,903
Deferred lease incentive expense	465,236	168,511
Amortization of deferred lease incentive and tenant allowance	(91,413)	(30,116)
Reimbursements received from landlord for tenant allowance	-	438,000
Distributions from CDFI and other Investments	-	5,397
Net realized/unrealized (gain} loss on Investments	(254,390)	(137,573)
(Increase) decrease in		
Interest and other receivables	325,924	(661,174)
Grants receivable	(1,370,000)	588,230
Other assets	161,234	(219,979)
Increase (decrease) in		
Accounts payable and accrued expenses	(419,949)	822,317
Deferred revenue and advanced payments received	1,040,250	6,500
Funds held for third party	5,502,517	-
Net cash provided by operating activities	14,106,575	7,080,283
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(26,653)	(515,077)
Purchases of certificates of deposit	(2,199)	(4,082)
Purchases of investments	(875,456)	(576,571)
Proceeds from sale of investments	1,148,718	665,268
Purchases of CDFI and other investments	(1,193,210)	(84,912)
Distributions from CDFI and other investments	8,790	25,420
Loans receivable repayments	14,124,140	11,601,732
Loans receivable disbursed	(21,700,000)	(13,346,665)
Equity equivalent investments repayments	1,000,000	-
Equity equivalent investments disbursed	(2,500,000)	(19,500,000)
Net cash used in investing activities	(10,015,870)	(21,734,887)

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

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Statements of Cash Flows *(continued)*
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable and other liabilities	$ 28,383,400	$ 8,294,562
Repayment of notes payable	(4,380,528)	(5,750,000)
Non-controlling interest capital contributions received	2,375,000	18,525,000
Non-controlling interest distributions paid	(563,229)	(259,519)
Net cash provided by financing activities	25,814,643	20,810,043
Increase in cash, cash equivalents, and restricted cash	29,905,348	6,155,439
Cash, cash equivalents, and restricted cash		
Beginning	14,570,893	8,415,454
Ending	$ 44,476,241	$ 14,570,893
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	$ 1,468,821	$ 1,521,575
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVTIES		
Leasehold improvements acquired via tenant allowance	$ -	$ 587,400

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

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Statements of Functional Expenses
Year Ended December 31, 2020

	Program				General and Administrative (Note 12)	Grand Total
	Financial Services	Strength	Voice	Program Sub-total		
Salaries, payroll taxes and fringe benefits	$ 1,610,106	$ 1,490,832	$ 953,399	$ 4,054,336	$ 1,180,890	$ 5,235,226
Contractor fees	58,550	503,199	225,895	787,644	71,239	858,883
Program support (Note 1)	308,363	1,033,377	337,209	1,678,949	287,828	1,966,777
Professional services	504,928	44,837	28,782	578,547	54,309	632,856
Occupancy	148,700	143,456	92,021	384,177	112,472	496,649
Interest and loan fees	1,726,463	-	-	1,726,463	-	1,726,463
Provision for loan losses	1,000,246	-	-	1,000,246	-	1,000,246
Grants to CDFIs	3,850,000	8,350,000	-	12,200,000	29,787	12,229,787
Total expenses	$ 9,207,355	$ 11,565,701	$ 1,637,306	$ 22,410,362	$ 1,736,525	$ 24,146,887

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

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidated Statements of Functional Expenses
Year Ended December 31, 2019

	Program				General and Administrative (Note 12)	Grand Total
	Financial Services	Strength	Voice	Program Sub-total		
Salaries, payroll taxes and fringe benefits	$ 1,378,072	$ 1,341,135	$ 805,783	$ 3,524,990	$ 1,114,192	$ 4,639,182
Contractor fees	142,505	251,314	73,261	467,080	127,060	594,140
Program support (Note 1)	445,627	2,014,271	357,050	2,816,948	130,596	2,947,544
Professional services	268,118	40,708	24,393	333,219	63,277	396,496
Occupancy	150,880	158,689	94,398	403,967	149,004	552,971
Interest	1,546,263	-	-	1,546,263	-	1,546,263
Provision for loan losses	162,891	-	-	162,891	-	162,891
Grants to CDFIs	-	275,213	-	275,213	-	275,213
Total expenses	$ 4,094,356	$ 4,081,330	$ 1,354,885	$ 9,530,571	$ 1,584,129	$ 11,114,700

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

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Opportunity Finance Network (OFN) was initially formed on July 2, 1986 and re-incorporated on February 9, 2006, in order to change the state of incorporation to Pennsylvania from California. The predecessor corporation to OFN, Opportunity Finance Corporation (formerly National Community Capital Association), was incorporated July 2, 1986 under the laws of the state of California. OFN incorporated a new organization on February 9, 2006 under the laws of the Commonwealth of Pennsylvania and is a publicly supported organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Effective December 31, 2008, OFN merged with its predecessor organization, Opportunity Finance Corporation.

OFN is the leading national network of community development financial institutions (CDFIs). Through its network of more than 330 members, OFN invests in opportunities that benefit low-income, low-wealth people and communities in all 50 states. OFN's core purpose is to align capital with social, economic and political justice. OFN's mission is to lead CDFIs and their partners to ensure that low-income, low-wealth people and underserved communities have access to affordable, responsible financial products and services. OFN believes that justice for all begins with opportunity for all.

In late 2017, OFN announced it would relocate its headquarters to Washington, DC from Philadelphia to strengthen its ability to expand partnerships and resources for the CDFI industry. This change was effective January 2019. OFN continues to maintain a satellite office in Philadelphia, Pennsylvania.

In 2020, OFN was re-certified as a CDFI as part of a required recertification process instituted by the Community Development Financial Institutions Fund (CDFI Fund) of the United States Department of the Treasury.

OFN operates in three key program areas:

Financial Services

Expanding access to responsible, affordable capital: OFN leverages capital to help member CDFIs provide opportunity in underserved markets.

Strength

Building potential for impact: OFN strengthens the CDFI industry by providing peer learning opportunities, research, innovative networking platforms (CDFI Connect® Community), and signature annual events-the OFN Conference and Small Business Finance Forum-for CDFI practitioners, partners and investors.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Organization *(continued)*

Voice

Amplifying the CDFI message and securing stakeholder support: Across multiple platforms and audiences, OFN's strategic communications and policy advocacy drive the message that CDFI investments transform communities and change lives-and increases resources to CDFIs.

OFN has two fund categories:

General: Represents resources to carry out the mission of the Organization other than the activities classified as Finance.

Finance: Represents resources available for the specific purpose of providing loans and investments to CDFIs.

Within OFN's Finance Fund, OFN started two programs in 2020: the Grow with Google Small Business Fund and the Finance Justice Fund.

Grow with Google Small Business Fund: In June 2020, OFN launched the Grow with Google Small Business Fund in partnership with Google Endeavor, LLC (Google). This program delivers responsible financing through CDFIs to help small businesses and nonprofits hit by the COVID-19 pandemic and other economic challenges. OFN closed a $170 million lending facility with Google, which includes a $33.75 million loan to OFN from Google, and a Delegated Servicing Agreement. For each CDFI loan closed, OFN holds 20% of the loan in the Finance Fund (funded through the Google-OFN loan) and syndicates 80% to Google. OFN began underwriting loans for the partnership in June 2020 and closed $92 million, of which $81.6 million is outstanding at December 31, 2020. OFN's 20% portion reflected in the Finance Fund is $16.32 million at December 31, 2020. OFN also received $10 million in grants from Google.org in 2020, of which $8.5 million is to be used for pass-through grants to CDFIs in conjunction with OFN financing.

Finance Justice Fund (FJF): The FJF, launched in November 2020, is OFN's latest CDFI industry capital-building initiative to aggregate capital from corporate and philanthropic sources and aims to make loans and grants to CDFIs, which will serve the most underserved communities, including Black, Latinx, Native and rural communities, and other areas of persistent poverty and disinvestment. In November 2020, OFN closed a $100 million lending facility with Twitter, Inc. (Twitter) which includes a $20 million loan to OFN from Twitter, and a Loan Purchase and Delegated Servicing Agreement. OFN will close and fund the CDFI loans, and assign 80% (or another agreed upon percentage) of each CDFI loan to Twitter. OFN also received a $1 million grant from Twitter in 2020 which will be used to make pass-through grants to CDFIs in conjunction with FJF loans. There was no activity in the program in 2020. OFN began underwriting loans in January 2021.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Organization *(continued)*

OFN is the sole member of NCCA General Partner, LLC.

In 2004, OFN formed a wholly controlled organization, NCCA General Partner, LLC to initially operate as the general partner of CDFI Tax Credit Fund I, LP. CDFI Tax Credit Fund I, LP was formed to manage an initial allocation *of* New Markets Tax Credits (NMTC) from the U.S. Department of Treasury. Its primary purpose is serving or providing investment capital for "low-income communities" or "low-income persons," consistent with the NMTC program requirements, and was dissolved in 2019 as the transaction under this allocation was fully repaid in 2018. In 2013, OFN formed an additional five entities to receive and manage new allocations under the NMTC program of the U.S. Department of Treasury: Opportunity Fund I, LP, Opportunity Fund II, LP, Opportunity Fund III, LP, Opportunity Fund IV, LP, and Opportunity Fund V, LP. NCCA General Partner, LLC serves as the general partner for these five new entities. In December 2013, OFN applied for and received community development entity (CDE) certification for all five newly formed entities from the CDFI Fund of the United States Department of the Treasury. Certification as a CDE means that an organization meets the CDE eligibility requirements set forth in the statute governing the NMTC program and the CDFI Fund's CDE Certification Guidance document (Federal Register Vol. 66, No. 245).

These requirements state that a CDE must be a legal entity; must demonstrate a primary mission of serving, or providing investment capital for low-income communities or low-income persons; and must maintain accountability to low-income communities through representation on the governing Board or advisory Board(s) of the CDE. The CDFI Fund approved a national service area for each of these new CDEs. As of December 31, 2020, Opportunity Fund I, LP, Opportunity Fund II, LP, and Opportunity Fund III, LP were capitalized and active (see Note 14). The remaining two entities were not yet capitalized and are not yet active.

In November 2016, OFN formed CDFI Community Investment Fund I, LLC (CCIF), a Delaware limited liability company, where OFN is the managing member and Woodforest National Bank (Woodforest), which is headquartered in Woodlands, Texas, is the limited member. CCIF was formed to make equity equivalent investments (EQ2) to CDFI and similar development organizations that serve low- and moderate-income populations in the United States and meet the certification requirements established by the CDFI Fund. The initial fund capitalization was $5,500,000; $5,000,000 from Woodforest and $500,000 from OFN. There is an option for additional follow-on investments up to a fund size of $22,000,000. As the managing member of the fund, OFN is responsible for underwriting, asset management, and servicing of the investments. As of December 31, 2020, Woodforest had made capital contributions of $5,000,000 in CCIF and OFN had made capital contributions $500,000 in CCIF, and CCIF had, in turn, made $5,500,000 in EQ2 investments to CDFIs.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Organization *(continued)*

In October 2018, OFN formed Good to Grow CDFI Investment Fund, LLC (G2G), a Delaware limited liability company, where OFN is the managing member and HSBC Bank USA, N.A. (HSBC) is the Limited Member. G2G was formed to make EQ2 investments to CDFIs and similar development organizations that serve low and moderate-income populations in the United States. The initial fund capitalization was $25,000,000; $23,750,000 from HSBC and $1,250,000 from OFN. As the managing member of the fund, OFN is responsible for underwriting, asset management, and servicing of the investments. As of December 31, 2020, HSBC had made capital contributions of $23,750,000 in G2G and OFN had made capital contributions of $1,250,000 in G2G, and G2G had, in turn, made $25,000,000 in EQ2 investments to CDFIs. One EQ2 for $1,000,000 was repaid in December 2020, resulting in $24,000,000 of EQ2s outstanding at December 31, 2020.

Consolidation

The consolidated financial statements (collectively, the financial statements) include the accounts of OFN, NCCA General Partner, LLC, CCIF, and G2G (collectively, the Organization). All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The financial statements of the Organization are prepared in conformity with accounting principles generally accepted in the United States of America {U.S. GAAP), and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reported periods. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

OFN held $5.5 million of restricted cash as of December 31, 2020 related to its partnership with Google under the Delegated Services Agreement. This is cash held for Google under this agreement that was pre-funded by Google and will be lent to CDFIs within a 30-day period, as well as interest payments from CDFIs on Google’s portion of loans. OFN holds a corresponding liability account (Funds Held for Third Party) related to this cash.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Concentration of Credit Risk

The Organization maintains cash in various financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The cash balances, including restricted cash, in excess of FDIC limits approximated $42 million as of December 31, 2020.

At December 31, 2020, most of OFN's loans receivable were due from various CDFIs. As such, the ability of the Organization's borrowers to honor their contracts is dependent upon the viability of the individual CDFIs and the CDFI industry.

Certificates of Deposit

These are deposits held with insured financial institutions and carried at cost.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Interest and dividend income is recognized when earned. Any unrealized gains or losses are reported in the statements of activities as a change in net assets without donor restrictions, unless explicit donor intent or law restricts their use. Specifically identified cost is used for investments sold.

Investments are recorded at fair value and are classified as Level 1, 2 or 3 (see Note 4).

The Organization determines the fair value of each investment at the consolidated statement of financial position date. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. Fair value measurements are separately disclosed by level within the fair value hierarchy. Fair value is best determined based upon quoted market prices. In many instances, however, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

Recent fair value guidance provides a consistent definition of fair value, focused on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. Any significant decrease in the volume and level of activity for the asset or liability may require a change in valuation technique or the use of multiple valuation techniques. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Organization groups its assets and liabilities carried at fair value in three levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Valuation is determined from observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or Indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3: Valuation is derived from model-based and other techniques in which one significant input is unobservable in the market and which may be based on the Organization's own estimates about assumptions that a market participant would use to value the asset or liability.

Loans Receivable

Loans

Loans receivable are stated at the principal amount outstanding, net of amortized deferred loan fees and allowance for losses. Interest income on loans is accrued on the principal outstanding at the loans' stated interest rate. Direct origination costs, if significant, would be deferred and amortized using the effective interest method over the respective lives of the related loans and recorded as an adjustment to loan fee revenue. At December 31, 2020 and 2019, direct origination costs were not deemed significant.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans Receivable *(continued)*

Non-Accrual Loans

The accrual of interest on outstanding loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. All interest accrued but not collected would be reversed against interest income. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. At December 31, 2020 and 2019, no loans were on non-accrual.

Allowance for Loan Losses

The allowance for loan losses is a valuation reserve that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. It is established through a provision for loan losses charged to expense. In addition, loans deemed to be uncollectible are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is based upon management's periodic review of the collectability of loans and is maintained at a level management believes is adequate to absorb estimated potential losses after considering changes in internal and external factors, past loss experience, the nature and volume of the portfolio and current economic conditions. The allowance, however, is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that would be classified impaired. For such loans, an allowance would be established when the discounted cash flows (or collateral value, less costs of disposal for collateral dependent loans, or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers loans not deemed impaired and would be based on historical loss experience adjusted for qualitative factors. These would include internal factors, such as trends in policies, underwriting standards, charge-offs, non-accruals and credit management processes, operating performance and management, as well as external factors, such as national and local economic conditions and industry trends. In the absence of historical losses, management determines the allowance based upon the Organization's risk rating system that considers, among other factors, borrower financial condition and other risks impacting the loan portfolio. As of December 31, 2020 and 2019, no loans in the portfolio were deemed impaired.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans Receivable *(continued)*

Allowance for Loan Losses (continued)

A loan would be considered impaired when, based on current information and events, it is probable that the Organization would be unable to collect the scheduled payments of principal or interest when due according to the contractual terms *of* the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a case-by-case basis using the fair value of the collateral, less estimated costs to sell, if the loan is collateral dependent, the present value of expected future cash flows discounted at the loan's effective interest rate or the loan's observable market price.

Impaired loans also include troubled debt restructurings (TDRs), if any, where management has modified loan terms and made concessions to borrowers in financial difficulty. Consequently, the allowance for loan losses related to TDRs that are performing under the modified terms is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral-dependent loans.

Below-Market Interest Rate Loans

U.S. GAAP requires that when a nonprofit organization receives or makes loans of cash that carry interest rates below the prevailing market rate, the imputed interest be recorded as contributions received or paid, respectively. OFN both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. However, OFN considers its market to be the CDFI industry as opposed to the financial institutions industry in general. Consequently, OFN believes there is no material difference between community development finance market rates and the stated rates of loans in its portfolio. OFN accounts for these loans at the stated rates.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of three to five years for equipment, seven years for furniture and five years for software.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred Revenue

Deferred revenue consists *of* amounts received in advance for fees for contracted services. Amounts will be recognized when such services are provided.

Contributions and Grants

The Organization accounts for contributions received as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

When the donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions receivable, which represent unconditional promises to give, are recognized as revenue in the period awarded and as assets, decreases of liabilities, or decreases of expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of the estimated cash flows beyond one year using a risk-adjusted rate of return appropriate for the expected term of the promise to give.

Contributions and Grants

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promiser, are recorded when the conditions on which they depend are substantially met.

Net Assets

Net assets are classified as net assets without donor restrictions or net assets with donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Net assets with donor restrictions are contributions with temporary, donor-imposed time or purpose restrictions. Net assets with donor restrictions become net assets without donor restriction when the time restrictions expire or the contributions are used for their restricted purpose, at which time they are reported in the statements of activities as net assets released from restrictions.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-controlling Interest in Consolidated Subsidiaries

The non-controlling interest represents the equity interest in CCIF and G2G, exclusive of OFN's interest. OFN consolidates CCIF's and G2G's financial statements as OFN is the managing member and presumed to control the entities as the non-managing member does not have substantive kick-out rights or substantive participating rights.

Other Revenue

Dues are billed on a calendar year basis for the current year. Fee revenue for contracted services is recognized as services are provided. Fee revenue for conferences and events are recognized when the event is held (see Note 18).

Sponsorships

Sponsorships are considered exchange transactions and recognized as revenue when the related event occurs (see Note 18).

Grants to Others

Unconditional grants to be awarded to others are recorded as an expense and a liability when approved by the Organization and communicated (promised) to the grantee.

Donated Goods and Services

OFN recognizes donated services that either create or enhance nonfinancial assets or require specialized skills are provided by individuals possessing those skills, which would typically need to be purchased if not provided by donation. OFN recognized donated legal services in the amounts of $77,000 and $95,978 in 2020 and 2019, respectively. These amounts are included in donations and in-kind services in the consolidated statements of activities.

Operating, Capital and Pass-Through Grants

Operating revenue and support include revenue from operating lines of business and grants for operating expenses. Operating expenses include all expenses of the Organization, with the exception of pass-through grants to CDFIs.

Capital grants and support are restricted by the donor or designated by the Board for lending capital, which will be used to finance CDFIs or otherwise support the Organization's lending activity.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating, Capital and Pass-Through Grants *(continued)*

Re-granting or pass-through grants (revenue and expenses) are defined as grants and donations that the Organization receives from donors that are restricted to re-granting to CDFIs. In 2020 and 2019, pass-through grant revenue and corresponding pass-through grant expenses relate to CDFI financing and capacity building programs.

Program Support Expenses

The expense line item for Program Support includes all third-party expenses except contractor fees, professional services, and occupancy. These include event-related costs; travel and meals; staff development; vendors; memberships; public relations; technology; publications; Board-related expenses; recruiting expense; and office expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that cannot be directly attributed to a specific program are charged to a program based on the most appropriate allocation base. Salary is allocated based on estimates of time and effort. Payroll taxes, fringe benefits, occupancy, and certain portions of program support (*e.g.*, Board-related expenses; recruiting expenses; and office expenses) are allocated based on budgeted payroll by business line.

Income Taxes

OFN is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the IRC. In addition, OFN qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no significant net unrelated business income for the years ended December 31, 2020 and 2019. NCCA General Partner, LLC is a wholly owned limited liability company of OFN and is a disregarded entity for income tax purposes.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment in the consolidated financial statements. Consequently, no accrual for interest and penalties was deemed necessary for the years ended December 31, 2020 and 2019. The Organization files tax returns in the U.S. federal and state jurisdictions. Generally, the Organization is no longer subject to tax examination by the U.S. federal or state tax authorities for years before 2017.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes *(continued)*

CCIF and G2G, consolidated subsidiaries of OFN, are Delaware limited liability companies. CCIF and G2G have elected to be treated as pass-through entities for income tax purposes and as such, are not subject to income taxes. Rather, all items of taxable income, deductions, gains, and losses are passed through to and are reported by its members on their respective income tax returns. CCIF and G2G are not required to take any tax positions in order to qualify as pass-through entities. CCIF are G2G are required to file and do file tax returns with the U.S. federal and state jurisdictions.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842),* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (*i.e.*, lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. This ASU is effective for OFN as of January 1, 2022.

In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases,* which makes narrow scope improvements to the standard for specific issues. This ASU is effective for OFN as of January 1, 2022.

In July 2018, FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements.* ASU 2018-11 provides lessors with a practical expedient, in certain circumstances, to not separate nonlease components from the associated lease component, similar to the expedient provided for lessees. This ASU is effective for OFN as of January 1, 2022.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncements Not Yet Adopted *(continued)*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement* of *Credit Losses on Financial Instruments,* which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for OFN as of January 1, 2023.

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements* to *Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.* This ASU was issued as part of the FASB's ongoing project to improve upon its Accounting Standards Codification (ASC), and to clarify and improve areas of guidance related to recently issued standards on credit losses, hedging, and recognition and measurement. This guidance contains several effective dates. The amendments related to ASC 326 are effective for the OFN as of January 1, 2023, the amendments related to ASC 815 are effective for the OFN as of January 1, 2021, and the amendments related to ASC 825 were effective for the OFN as of January 1, 2020. The amendments related to ASC 825 did not impact OFN’s consolidated financial statements.

In May 2019, the FASB issued ASU 2019-05, *Credit Losses (Topic 326): Targeted Transition Relief.* This ASU provides entities that have certain instruments within the scope of Subtopic 326-20, *Financial Instruments - Credit Losses - Measured at Amortized Cost*, with an option to irrevocably elect the fair value option in Subtopic 825-10, *Financial Instruments - Overall*, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. For entities that have not yet adopted the credit losses standard, the ASU is effective when they implement the credit losses standard. As such, the ASU is effective for the OFN as of January 1, 2023.

Reclassifications

Certain reclassifications were made in the 2019 consolidated financial statements to conform to the current year presentation with no effect on the changes in net assets or net assets.

NOTE 2 INVESTMENTS AND CDFI AND OTHER INVESTMENTS

Investments consisted of the following at December 31:

	2020	2019
U.S. Treasury securities	$ 813,226	$ 547,860
U.S. Government agency securities	1,069,383	1,339,307
Corporate bonds	1,739,741	1,764,255
Other marketable securities	620	620
	$ 3,622,970	$ 3,652,042
Short-term investments	$ 504,769	$ 727,169
Long-term investments	3,118,201	2,924,873
	$ 3,622,970	$ 3,652,042

CDFI and other investments consisted of the following at December 31:

	2020	2019
Common stock – Southern Bancorp, Inc.	$ 999,996	$ 999,996
Domestic Small Capital Pay for Success Fund I, LP	103,912	59,492
Bright Community Capital Holdings LLC	1,140,000	-
Investments in New Markets Tax Credit entities (Note 14)	1,500	1,500
	$ 2,245,408	$ 1,060,988

On December 10, 2018, OFN purchased 101,729 shares of Southern Bancorp, Inc. for $999,996. The investment does not have a readily determinable fair value and is accounted for at cost with adjustments to fair value when there are observable price changes in orderly transactions or indicators of impairment. Management evaluates periodically for impairment. No indicators of impairment or observable price changes were noted as of December 31, 2020 or 2019.

On January 28, 2019, OFN purchased 375 Class A units and 125 Class B units of the Domestic Small Cap Pay For Success Fund I, LP., becoming a limited partner in the fund. The fund invests in social welfare transactions that will be repaid through a performance-based contract between the borrower and a Government Authority, insurer, hospital or hospital system, or similar institution. OFN will make payments toward its $500,000 capital commitment as requested by the fund. No indicators of impairment or observable price changes were noted as of December 31, 2020 or 2019.

NOTE 2 INVESTMENTS AND CDFI AND OTHER INVESTMENTS *(continued)*

On October 1, 2018, OFN purchased 150 Class A units in Bright Community Capital Holdings LLC, becoming a Class A Member in the fund. The fund invests in renewable energy projects. OFN will make payments toward its $1,500,000 capital commitment as requested by the fund. No indicators of impairment or observable price changes were noted as of December 31, 2020 or 2019.

Investments in new markets tax credit entities are accounted for on the equity method (see Note 14). Investment income, net consists of the following at December 31:

	2020	2019
Interest income	$ 128,669	$ 121,769
Fees	(10,000)	(10,008)
Realized gains/(losses)	174,619	2,040
Unrealized gains/(losses)	79,771	135,533
	$ 373,059	$ 249,334

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

OFN has Investment and Cash Management Policies that guide its management of short- and long-term cash and investments. These policies relate to managing both operating and capital liquidity.

OFN has a policy to maintain operating reserves in highly liquid investments or accounts at a level equal to a minimum of three months of operating expenses (excluding loan-loss reserves). In addition, OFN has a policy to maintain liquidity reserves and/or have in place a line of credit equal to either 7.5% of total loans payable (including equity equivalent investments, EQ2) or the total of the six months of notes payable (including EQ2) due to investors and outstanding commitments to borrowers and investees or the total amount required by an investor covenant, whichever is greatest.

In practice, OFN maintains an Operating Fund for its operating activity and a Financing Fund for its lending and investment activity. As of December 31, 2020 and 2019, OFN had $22,902,467 and $10,985,332, respectively, of cash and short-term investments in its Operating Fund. Of this amount, $7,608,062 and $4,744,318 is without donor restrictions and $15,294,405 and $6,241,014 is not available due to donor restrictions to cover certain operating expenses and pass-through grant expenses at December 31, 2020 and 2019, respectively.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES *(continued)*

In its Financing Fund, OFN holds $24,060,505 and $7,327,518 in cash and marketable securities as of December 31, 2020 and 2019, respectively. All of this cash and investments is without donor restrictions, and can be used to make loans and for investor repayments. Of its cash and investments in the Financing Fund and Operating Fund, OFN has $3,622,970 and $2,924,873, which are invested through the investment firm, CIBC, in marketable securities, respectively.

To help manage its liquidity needs, OFN has a line of credit from Deutsche Bank for $10 million. Of this line of credit, $5 million was undrawn as of December 31, 2020 and is available to meet OFN's operating and capital liquidity needs.

Financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date are as follows:

	2020	2019
Total assets at December 31, 2020	$ 218,512,004	$ 178,613,151
Less: Financing Fund assets, net of elimination	(161,059,195)	(136,573,597)
Less: Good to Grow CDFI Investment Fund, LLC assets	(25,297,510)	(22,669,108)
Less: CDFI Community Investment Fund I, LLC assets	(5,571,858)	(5,567,803)
Total assets in general fund	26,583,441	13,802,643
Less: Other assets	(147,479)	(308,713)
Less: Fixed assets	(971,273)	(1,100,860)
Financial assets in general fund	25,464,689	12,393,070
Less: Restricted cash	(5,502,517)	-
Less: Assets not available due to donor restrictions	(11,921,888)	(7,001,014)
Financial assets available to meet cash needs for general expenditures within 1 year	$ 8,040,284	$ 5,392,056

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value on a Recurring Basis

The following presents the assets reported on the statements of financial position at their fair value as of December 31, by level within the fair value hierarchy:

	2020	Level 1	Level 2	Level 3
Investments				
U.S. Treasury securities	$ 813,226	$ 813,226	$ -	$ -
U.S. Government agency securities	1,069,383	-	1,069,383	-
Corporate bonds	1,739,741	-	1,739,741	-
Other marketable securities	620	-	620	-
	$ 3,622,970	$ 813,226	$ 2,809,744	$ -

	2019	Level 1	Level 2	Level 3
Investments				
U.S. Treasury securities	$ 547,860	$ 547,860	$ -	$ -
U.S. Government agency securities	1,339,307	-	1,339,307	-
Corporate bonds	1,764,255	-	1,764,255	-
Other marketable securities	620	-	620	-
	$ 3,652,042	$ 547,860	$ 3,104,182	$ -

Investments

The fair value of these securities is the market value provided by recognized broker dealers based upon quoted prices for identical securities (Level 1) or for similar securities (Level 2).

There were no assets or liabilities that were measured at fair value on a non-recurring basis as of December 31, 2020 or 2019.

NOTE 5 LOANS RECEIVABLE

Loans receivable at December 31 are as follows:

	2020	2019
Loans to CDFIs	$ 136,916,512	$ 127,333,423
Participation loans with CDFIs:		
Manufactured housing	834,628	852,554
Healthcare	2,526,848	2,589,910
Healthy foods	-	1,926,240
	3,361,476	5,368,704
	140,277,988	132,702,127
Less: Unamortized deferred loan fees	9,916	17,005
Less: Allowance for loan losses	5,498,778	4,498,532
	$ 134,769,294	$ 128,186,590

Loans to CDFIs are primarily unsecured loans for which interest on loans is calculated using the simple interest method on principal amounts outstanding. In most cases, quarterly payments of interest only, with rates ranging from 1.0% to 5.0%, are due during the term of the loans with lump-sum repayments of principal due upon maturity. Maturities vary through 2030.

Other loans consist of loan participations purchased from member CDFIs. These are amortizing loans with interest rates ranging from 4.9% to 7.0% and secured by the land, real estate, infrastructure and/or improvements. The loans are set to mature from 2021 to 2022.

The weighted-average interest rate on all loans receivables was 3.3% and 3.6% for the years ended December 2020 and 2019, respectively.

NOTE 6 CREDIT QUALITY

Loan Origination/Risk Management

OFN has lending policies and procedures in place that are designed to provide financing capital to support CDFIs within an acceptable level of risk. Management reviews and updates these policies and procedures on a regular basis. The Board of Directors approves any changes to policies. A reporting system supplements the review process by providing management with monthly, quarterly, and annual reports related to loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. Diversification in the loan portfolio by borrower, purpose, geography and loan type is a means of managing risk associated with fluctuations in economic conditions.

NOTE 6 CREDIT QUALITY *(continued)*

Loan Origination/Risk Management *(continued)*

OFN finances loans to, and in participation with, member CDFIs. For loans to CDFIs, the OFN conducts an analysis of the CDFI's capital structure, asset quality, earnings, operating cash flows, management, liquidity, and impact, as well as the structure of the loan. For participation loans, OFN conducts an analysis of both the member CDFI as well as evaluates the end project's mission, financial status and projections, cash flows, loan structure and collateral coverage.

Age Analysis of Past Due Loans

The following tables represent an aging of loans by category as of December 31, 2020 and 2019. All of the loans were current as to principal and/or interest payments contractually due:

2020	30-59 Days Past Due	60-89 Days Past Due	90+ Days and Still Accruing	Total Past Due	Current	Total Loans	Non-Accrual
CDFI loans	$ -	$ -	$ -	$ -	$ 136,916,512	$ 136,916,512	$ -
Participation loans							
Manufactured housing	-	-	-	-	834,628	834,628	-
Healthcare	-	-	-	-	2,526,848	2,526,848	-
Healthy foods	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ 140,277,988	$ 140,277,988	$ -

2019	30-59 Days Past Due	60-89 Days Past Due	90+ Days and Still Accruing	Total Past Due	Current	Total Loans	Non-Accrual
CDFI loans	$ -	$ -	$ -	$ -	$ 127,333,423	$ 127,333,423	$ -
Participation loans							
Manufactured housing	-	-	-	-	852,554	852,554	-
Healthcare	-	-	-	-	2,589,910	2,589,910	-
Healthy foods	-	-	-	-	1,926,240	1,926,240	-
	$ -	$ -	$ -	$ -	$ 132,702,127	$ 132,702,127	$ -

Credit Quality Indicators

OFN assigns internal credit classifications at the inception of each loan. These ratings are reviewed by OFN management on a quarterly or annual basis as well as periodic internal reviews when loans are renewed or if the borrower experiences delinquencies in contractual expectations that would cause a downgrade in the quality of the loan. The following definitions summarize the basis for each classification.

Outstanding

Credit classification reflects little to no credit risk. This assessment is supported by the borrower's superior asset quality, capitalization, liquidity and earnings capacity.

NOTE 6 CREDIT QUALITY *(continued)*

Strong

Credit classification reflects minimal credit risk. Borrowers in this category show overall solid asset quality with stable or improving delinquencies, substantial net assets, low leverage, surpluses from operations and stable liquidity.

Acceptable

Credit classification reflects moderate credit risk. Overall, minimum underwriting standards will be met as supported in satisfactory asset quality and performance, adequate capitalization, and limited, but sufficient liquidity. The Acceptable rating was split into three categories during 2020 for further distinction (Acceptable +, Acceptable, Acceptable -)

Acceptable with Care

Credit classification reflects borrowers with potential weaknesses that require more frequent staff attention. Watch credits are considered acceptable quality, but may have some, but not all of the characteristics of a substandard credit.

Substandard

Credit classification reflects borrowers with identifiable risks that require OFN management's close attention. Deterioration in asset quality, capitalization, earnings or incidence of operating deficits reflect potential weakness. If left uncorrected, performance may result in deterioration of the repayment prospects at some future date. The potential for credit loss will need to be assessed on a case-by-case basis.

Doubtful

Credit classification reflects inherent weaknesses of a substandard credit, plus added characteristics that make collection on the basis of currently existing facts and conditions that are highly questionable. There exists possibility of loss if identified deficiencies are not corrected.

However, important and reasonably specific pending factors may work to the advantage and strengthening of the credit. Potential for credit loss will need to be assessed on a case-by-case basis.

NOTE 6 CREDIT QUALITY *(continued)*

Doubtful *(continued)*

The following tables summarize the portfolio by category of loan and the internally assigned credit quality ratings for those categories at December 31, 2020 and 2019, excluding deferred loan fees:

	2020				
		Participation Loans			
	CDFI Loans	Manufactured Housing	Healthcare	Healthy Foods	Total
Outstanding	$ -	$ -	$ -	$ -	$ -
Strong	52,918,186	-	-	-	52,918,186
Acceptable +	8,397,727	-	-	-	8,397,727
Acceptable	65,902,038	834,628	2,526,848	-	69,263,514
Acceptable -	7,045,000	-	-	-	7,045,000
Acceptable with care	2,653,562	-	-	-	2,653,562
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
	$ 136,916,513	$ 834,628	$ 2,526,848	$ -	$ 140,277,989

	2019				
		Participation Loans			
	CDFI Loans	Manufactured Housing	Healthcare	Healthy Foods	Total
Outstanding	$ -	$ -	$ -	$ -	$ -
Strong	49,220,459	-	-	-	49,220,459
Acceptable	75,011,772	852,554	2,589,910	1,926,240	80,380,476
Acceptable with care	2,114,286	-	-	-	2,114,286
Substandard	986,906	-	-	-	986,906
Doubtful	-	-	-	-	-
	$ 127,333,423	$ 852,554	$ 2,589,910	$ 1,926,240	$ 132,702,127

Allowance for Loan Losses

The following tables summarize the allowance for loan losses as of and for the years ended December 31, 2020 and 2019, by loan category and the amount by category of the loans evaluated individually or collectively for impairment.

	2020				
		Participation Loans			
	CDFI Loans	Manufactured Housing	Healthcare	Healthy Foods	Total
Allowance for loan losses					
Beginning balance	$ 4,297,204	$ 31,972	$ 97,122	$ 72,234	$ 4,498,532
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Provision for loan losses	1,075,518	(673)	(2,365)	(72,234)	1,000,246
Ending balance	$ 5,372,722	$ 31,299	$ 94,757	$ -	$ 5,498,778

NOTE 6 CREDIT QUALITY *(continued)*

Allowance for Loan Losses *(continued)*

	2019				
		Participation Loans			
	CDFI Loans	Manufactured Housing	Healthcare	Healthy Foods	Total
Allowance for loan losses					
Beginning balance	$ 4,141,872	$ 32,601	$ 86,934	$ 74,234	$ 4,335,641
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Provision for loan losses	155,332	(629)	10,188	(2,000)	162,891
Ending balance	$ 4,297,204	$ 31,972	$ 97,122	$ 72,234	$ 4,498,532

The following is a summary of the current and noncurrent portions of the allowance for loans losses at December 31:

	2020	**2019**
Current	$ 1,212,072	$ 809,134
Noncurrent	4,286,706	3,689,398
	$ 5,498,778	$ 4,498,532

The allowance for loan losses as a percentage of loans outstanding was 3.4% of OFN's loan portfolio at December 31, 2019 and 3.9% of OFN's loan portfolio at December 31, 2020.

The allowance for loan losses is based on management's estimates of the creditworthiness of its borrowers, current economic conditions and historical information. Ultimate losses, however, may vary materially from current estimates. Management reviews these estimates on an ongoing basis and, as changes become necessary, adjusts the provision accordingly. The Finance Committee and the Board of Directors review the portfolio and loan-loss reserves at least annually.

Impaired loans include loans modified in TDRs where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance or other actions intended to maximize collection. At December 31, 2020 and 2019, OFN had no loans classified as impaired or as TDRs.

NOTE 6 CREDIT QUALITY *(continued)*

Loans to Related Interests

OFN extends loans to CDFIs in accordance with its Financing and Portfolio Management Policies. Consistent with these policies, OFN may extend loans to organizations whose representatives are elected to OFN's Board of Directors by OFN's members; however, no Board member sits on the Investment Committee that approves all loans. At December 31, 2020 and 2019, loans in the amounts of approximately $10.0 million and $12.4 million, respectively, were receivable from CDFIs whose representatives are members of OFN's Board of Directors at December 31, 2020 and 2019, respectively.

NOTE 7 EQUITY EQUIVALENT INVESTMENTS

As of December 31, 2020 and 2019, CCIF had $5.5 million in EQ2 investments outstanding to 14 CDFIs. The EQ2s are unsecured and due between 2023 and 2028, with two one-year options to extend the maturity date. All EQ2s carry an interest rate of 3.0% and interest is paid quarterly. As of December 31, 2020, all EQ2s were current on payments. The EQ2s were underwritten based on credit quality and considerations related to geography.

As of December 31, 2020 and 2019, G2G had $24.0 million and $22.5 million in EQ2 investments outstanding to 21 and 17 CDFIs, respectively. The EQ2s are unsecured and due between 2028 and 2029, with two one-year options to extend the maturity date. All EQ2s carry an interest rate of 3.0% and interest is paid quarterly. As of December 31, 2020, all EQ2s were current on payments. The EQ2s were underwritten based on credit quality and considerations related to geography.

Management evaluates periodically for impairment. No impairment was noted as of December 31, 2020 or 2019.

NOTE 8 GRANTS RECEIVABLE

Grants were receivable from the following organizations at December 31:

	2020	2019
Google.org	$ 1,750,000	$ -
Robert Wood Johnson Foundation	50,000	250,000
Bank of America	-	100,000
Surdna Foundation	125,000	-
Wells Fargo	205,000	410,000
	$ 2,130,000	$ 760,000

NOTE 8 GRANTS RECEIVABLE *(continued)*

Grants receivable are due in the normal course of the Organization's operations and are unsecured.

Grants receivable are due to be collected as follows at December 31:

	2020	2019
Receivable in one year or less	$ 2,130,000	$ 555,000
Receivable in one to five years	-	205,000
	$ 2,130,000	$ 760,000

In addition, the Organization has a conditional grant receivable from Wells Fargo Foundation as of December 31, 2020 for $300,636 and as of December 31, 2019 for $555,479, and from Goldman Sachs in the amount of $246,600 as of December 31, 2019. Both of these grants are conditional on the occurrence of a specified future and uncertain event. As such, the conditional grants receivable are not reflected above.

NOTE 9 FIXED ASSETS

Fixed assets consist of the following at December 31:

	2020	2019
Equipment	$ 881,545	$ 863,542
Furniture and fixtures	350,712	352,127
Software	69,705	69,705
Leasehold improvements	763,436	753,371
	2,065,398	2,038,745
Less: Accumulated depreciation	1,094,125	937,885
	$ 971,273	$ 1,100,860

Total depreciation and amortization expense for the years ended December 31, 2020 and 2019, was $156,240 and $116,165, respectively.

NOTE 10 NOTES PAYABLE

The following is a summary of notes payable at December 31:

Lender	Interest Rate	Final Maturity Date	Amount 2020	Amount 2019
Bank of America	2.50%	December 2024	$ 10,500,000	$ 10,500,000
Bank of America	1.00%	March 2022	2,250,000	3,250,000
Calvert Social Investment Foundation	3.50%	May 2021	3,000,000	3,000,000
Calvert Social Investment Foundation	3.50%	May 2021	2,000,000	2,000,000
Capital One	2.00%	March 2022	1,000,000	1,000,000
CNote Group, Inc.	3.00% - 3.50%	May 2022	861,122	1,241,650
Dignity Health (formerly Catholic Healthcare West)	2.50%	June 2021	1,000,000	1,000,000
Google Endeavor LLC	0.00%	June, 2030	16,320,000	-
John D. and Catherine T. MacArthur Foundation	1.00%	October 2023	25,000,000	25,000,000
John D. and Catherine T. MacArthur Foundation	1.00%	January 2025	5,000,000	5,000,000
NY Quarterly Meeting of the Religious Society of Friends	2.00%	October 2020	-	200,000
NY Quarterly Meeting of the Religious Society of Friends	2.75%	September 2020	-	500,000
NY Quarterly Meeting of the Religious Society of Friends	2.30%	September, 2023	700,000	-
Oportun Inc.	2.00%	September 2021	1,000,000	1,000,000
PNC Bank	2.75%	March 2022	7,500,000	7,500,000
PNC Bank	3.25%	June 2026	2,500,000	2,500,000
PNC Bank (PPP Loan)	1.00%	June 2026	538,400	-
Presbyterian Church (USA) Foundation	2.00%	November 2025	1,000,000	1,000,000
Prudential Foundation	1.00%	January 2027	5,000,000	5,000,000
Republic Bank	3.00%	September 2020	-	500,000
The Kresge Foundation	1.00%	December 2022	5,000,000	7,500,000
Deutsche Bank Trust Company Americas (a)	LIBOR plus 2.00%	December 2023	5,000,000	-
Other	0.50% - 2.75%	2021 to 2025	7,925,000	1,400,000
			$ 103,094,522	$ 79,091,650
Current portion of notes payable			$ 18,866,560	$ 13,280,528
Note payable, noncurrent			84,227,962	65,811,122
			$ 103,094,522	$ 79,091,650

(a) At December 31, 2020, undrawn amount of the total borrowing available under this revolving line of credit was $5 million.

The weighted-average interest rate on loans payable was 1.4% and 1.6% for the years ended December 31, 2020 and 2019, respectively.

Some of OFN's loan agreements include financial covenants, including current ratios, loan loss reserve ratios, net operating income, and net worth requirements. There are also various reporting requirements. As of December 31, 2020, OFN was in full compliance with all financial covenants to which it was subject.

The minimum annual repayment requirements on notes payable as of December 31, 2020, are as follows:

Years Ending December 31:	2020
2021	$ 18,866,560
2022	22,269,562
2023	25,325,000
2024	8,275,000
2025	7,050,000
Thereafter	21,308,400
	$ 103,094,522

NOTE 11 OTHER LIABILITIES

Other liabilities are comprised of EQ2s. An EQ2 investment has a renewable long-term maturity or an indefinite evergreen maturity term as of the closing date, has limited call provisions and is fully subordinate to all other OFN liabilities. Additional information on EQ2 investments is described in a letter published by the Office of the Comptroller of the Currency on June 27, 1996, and in a technical memo published by OFN in 2001, "An Equity Equivalent Primer." The following is a summary of the equity equivalent investments at December 31:

Lender	Repayment Terms	Interest Rate	Maturity Date	Amount 2020	Amount 2019
BBVA USA	Quarterly interest only	2.50%	August 2029	$ 5,000,000	$ 5,000,000
Wells Fargo	Quarterly interest only	2.00%	October 2026	5,000,000	5,000,000
Wells Fargo	Quarterly interest only	2.00%	April 2026	1,000,000	1,000,000
Wells Fargo	Quarterly interest only	2.00%	December 2029	1,000,000	1,000,000
				$ 12,000,000	$ 12,000,000

NOTE 12 FUNCTIONAL EXPENSES

Total expenses per the consolidated statements of functional expenses are reflected in the consolidated statements of activities as follows for the years ended December 31:

	2020	2019
Included in net financing income	$ 2,726,709	$ 1,709,154
Operating expenses	9,190,391	9,130,333
Expenses – pass-through grants	12,229,787	275,213
	$ 24,146,887	$ 11,114,700

The 2020 breakout of expenses, as a percentage of total functional expenses, are as follows: program expenses (92.8%) and general and administrative expenses (7.2%). The 2019 breakout of expenses, as a percent of total functional expenses, are as follows: program expenses (85.8%) and general and administrative expenses (14.2%). The general and administrative category includes fundraising expenses of $334,408 and $326,075 for the years ended December 31, 2020 and 2019, respectively.

NOTE 13 NET ASSETS

Net assets without donor restrictions as of December 31 were as follows:

	2020	2019
Net assets without donor restrictions	$ 52,877,898	$ 50,507,550
Non-controlling interest in consolidated subsidiaries	29,059,556	26,567,206
Total net assets without donor restrictions	$ 81,937,454	$ 77,074,756

The non-controlling interest in consolidated subsidiaries represents Woodforest's capital account in CCIF and HSBC's capital account in G2G. OFN presents the non-controlling interest in CCIF and G2G, its consolidated subsidiaries, as a separate line item within net assets in the consolidated statements of financial position. A summary of the members' equity of CCIF and G2G for the years ended December 31, 2020 and 2019 were as follows:

<u>CCIF</u>

	OFN	Woodforest	Total
Balance, December 31, 2018	$ 505,778	$ 5,057,783	$ 5,563,561
Capital contributions	-	-	-
Net income	10,133	101,325	111,458
Distributions	(10,118)	(101,182)	(111,300)
Balance, December 31, 2019	505,793	5,057,926	5,563,719
Capital contributions	-	-	-
Net income	10,141	101,414	111,555
Distributions	(10,114)	(101,136)	(111,250)
Balance, December 31, 2020	$ 505,820	$ 5,058,204	$ 5,564,024

<u>G2G</u>

	OFN	HSBC	Total
Balance, January 1, 2019	$ 150,252	$ 2,854,795	$ 3,005,047
Capital contributions	975,000	18,525,000	19,500,000
Net income	15,149	287,822	302,971
Distributions	(8,333)	(158,337)	(166,670)
Balance, December 31, 2019	1,132,068	21,509,280	22,641,348
Capital contributions	125,000	2,375,000	2,500,000
Net income	30,482	579,165	609,647
Distributions	(24,320)	(462,093)	(486,413)
Balance, December 31, 2020	$ 1,263,230	$ 24,001,352	$ 25,264,582

NOTE 13 NET ASSETS *(continued)*

Any income received in the funds, including interest and principal payments, net of expenses and reinvestment options, shall be distributed on a quarterly basis; provided that OFN, as managing member, will be entitled to withhold distribution amounts necessary for: (i) creating reserves for reasonable and necessary expenses (ii) creating reasonable reserves for repayment of indebtedness, and (iii) fund a loan loss reserve. Each distribution would be made to members in proportion to their respective percentage interest. Any loss or deduction would be allocated to the member's capital accounts in a manner consistent with distributions.

Net assets with donor restrictions at December 31 consist of the following:

	December 31, 2019	Grants and Contributions	Grant Modification	Net Assets Released	December 31, 2020
Operating					
Program support	$ 1,501,014	$ 3,226,443	$ -	$ (2,480,569)	$ 2,246,888
Financing					
Financing capital	880,219	520,000	-	(880,219)	520,000
Re-granting					
CDFI capacity building	5,500,000	16,404,787	-	(12,229,787)	9,675,000
Total net assets with donor restrictions	$ 7,881,233	$ 20,151,230	$ -	$ (15,590,575)	$ 12,441,888

	December 31, 2018	Grants and Contributions	Grant Modification	Net Assets Released	December 31, 2019
Operating					
Program support	$ 1,503,966	$ 1,474,871	$ -	$ (1,477,823)	$ 1,501,014
Financing					
Financing capital	1,116,073	565,000	-	(800,854)	880,219
Re-granting					
CDFI capacity building	995,000	4,775,213	-	(270,213)	5,500,000
Total net assets with donor restrictions	$ 3,615,039	$ 6,815,084	$ -	$ (2,548,890)	$ 7,881,233

NOTE 14 NEW MARKETS TAX CREDIT PROGRAM

In 2013, OFN received a NMTC program allocation for Round 10 of $15,000,000 from the CDFI Fund. OFN formed the following five entities to receive and manage new allocations under the NMTC program: Opportunity Fund I, LP, Opportunity Fund II, LP, Opportunity Fund III, LP, Opportunity Fund IV, LP, and Opportunity Fund V, LP. NCCA General Partner, LLC also serves as the general partner for these five new entities. In December 2013, OFN applied for and subsequently received CDE certification for all five newly formed entities from the CDFI Fund.

In December 2014, OFN closed a $5,000,000 transaction under its Round 10 NMTC $15,000,000 allocation, through Opportunity Fund I, LP, in partnership with Community Health Center Capital Fund, for an NMTC-related financing to a qualified low-income community business that owns a medical facility located in Ironton, Ohio.

NOTE 14 NEW MARKETS TAX CREDIT PROGRAM *(continued)*

In December 2014, OFN closed a second $5,000,000 transaction under its Round 10 NMTC $15,000,000 allocation, through Opportunity Fund II, LP, in partnership with Leviticus 25:32 Alternative Fund, for an NMTC-related financing to a qualified low-income community business that owns a community health center located in Brockton, Massachusetts.

In April 2016, OFN closed a third $5,000,000 transaction under its Round 10 NMTC $15,000,000 allocation, through Opportunity Fund III, LP, in partnership with South Carolina Community Loan Fund, for an NMTC-related financing to a health foods-related grocery-anchored community shopping center called the Renaissance Shops, located in Greensboro, North Carolina, which was identified as a USDA-designated Food Desert.

As a 0.01% general partner, NCCA General Partner, LLC, is entitled to 0.01% of any income of Opportunity Fund I, LP, Opportunity Fund II, LP, and Opportunity Fund III, LP. In addition, as general partner, NCCA General Partner, LLC, is entitled to an annual management fee of 0.5% of the aggregate amount of the Qualified Equity Investments. In 2020 and 2019, NCCA General Partner, LLC earned $71,000 and $71,000, respectively, in management fees related to qualified equity investments under management.

NCCA General Partner, LLC's investment in Opportunity Fund I, LP, Opportunity Fund II, LP and Opportunity Fund III, LP is accounted for under the equity method of accounting. OFN's contributions in the amount of $500 for each entity is included in CDFI and other investments on the consolidated statements of financial position.

The following is a summary of the combined unaudited financial information of Opportunity Fund I, LP, Opportunity Fund II, LP, and Opportunity Fund III, LP, as of and for the years ended December 31:

	2020	2019
Total assets	$ 14,798,281	$ 14,840,792
Total liabilities	8,750	8,750
Partners' capital	$ 14,789,531	$ 14,832,042
Total revenue	$ 460,044	$ 459,754
Total expenses	88,857	88,858
Net income	$ 371,187	$ 370,896
Partner contributions	$ -	$ -
Partner distributions	$ 413,697	$ 413,165

NOTE 14 NEW MARKETS TAX CREDIT PROGRAM *(continued)*

As part of the three $5,000,000 NMTC transactions, OFN provided a guarantee to the investors and administrative partner in the event OFN or its affiliates cause an NMTC recapture event. The guarantee obligation is limited to the amount of fees that have been paid to OFN as part of the NMTC transaction. Management of OFN believes the likelihood that OFN will become obligated under this contingent liability is remote.

NOTE 15 COMMITMENTS AND CONTINGENCIES

In 2019, OFN moved both its headquarters in Washington, DC to a new location and moved its satellite office in Philadelphia to a new location.

In late 2017, OFN announced it would relocate its headquarters to Washington, DC from Philadelphia to strengthen its ability to expand partnerships and resources for the CDFI industry. This change was effective January 2019. OFN continues to maintain a satellite office in Philadelphia, Pennsylvania.

In 2018, OFN entered into a new one-year lease in Washington, DC to accommodate a growing DC-based staff while it looked for permanent space for its DC headquarters. In March 2019, OFN signed a new month-to-month lease at the same property for additional space. This additional space was needed as OFN hired new DC-based staff until OFN moved into its new headquarters in August 2019. Those two leases expired in August 2019 when OFN moved into its new DC headquarters.

When OFN entered into the 2018 DC lease, OFN also subleased its existing DC office to a third party. As a result of this sublease, OFN recorded a $153,524 loss on the disposal of the lease in 2018, which amounts to the difference in OFN's lease obligation and the sublease payments over the life of the lease, as well as other expenses related to the sublease.

The accrued loss on the disposal of the lease is $69,325 and $93,428 as of December 31, 2020 and 2019, respectively, and is reflected in accounts payable and accrued expenses. Amortization of the accrued disposal loss was $24,103 and $23,994 in 2020 and 2019, respectively.

OFN entered in a new 11-year lease in August 2019 for its new DC headquarters. This lease includes 15 months of free rent and $1,025,399 in a tenant improvement allowance.

In 2019, OFN entered into a new three-year lease in Philadelphia to better accommodate a smaller Philadelphia-based staff as the headquarters moved to Washington, DC. When OFN entered into the 2019 Philadelphia lease, OFN also signed a termination agreement on its existing Philadelphia lease, and recorded a $150,000 loss on the disposal of the lease in 2019.

NOTE 15 COMMITMENTS AND CONTINGENCIES *(continued)*

For the years ended December 31, 2020 and 2019, total rental expenses under leases amounted to approximately $650,302 and $586,980, respectively, before sublease payments and amortization of tenant improvements.

At December 31, 2020, total future minimal lease payments under the leases and future sublease rentals are as follows:

Years Ending December 31:	**Operating Lease**	**Sublease**
2021	$ 656,271	$ (52,408)
2022	659,944	(54,505)
2023	611,219	(18,646)
2024	626,896	-
2025	642,962	-
Thereafter	2,998,812	-
	$ 6,196,104	$ (125,559)

Commitments to extend credit amounted to $2,080,000 and $2,080,000 as of December 31, 2020 and 2019, respectively.

OFN has an employment agreement with its Chief Executive Officer and President, which renews annually subject to the terms of the agreement and provides for severance payments under certain circumstances.

On October 1, 2018, OFN purchased 150 Class A units in Bright Community Capital Holdings LLC, becoming a Class A Member in the fund. The fund will invest in renewable energy projects in the United States, with the goal of helping to create economically and environmentally healthy communities, particularly for low-income people. OFN will make payments toward its $1,500,000 capital commitment as requested by the fund. As of December 31, 2020, OFN has $360,000 remaining on its capital commitment. As a Class A Member, OFN is a non-voting member of the fund with its liabilities limited to its capital commitment.

In 2019, OFN became a limited partner in Domestic Small Cap Pay for Success Fund I, LP. OFN will make payments toward its $500,000 capital commitment as requested by the fund. As of December 31, 2020, OFN has $361,878 remaining on its capital commitment. As a limited partner, OFN does not participate in the management of the fund and has no liability beyond its capital commitment.

NOTE 16 CDFI FUND BOND GUARANTEE PROGRAM

The CDFI Bond Guarantee Program (BGP or Bond Program) was enacted through the Small Business Jobs Act of 2010 (Public Law 111-240) on September 27, 2010. The legislation directs the Treasury Department to guarantee the full amount of bonds issued to support CDFIs that make investments for eligible community or economic development purposes. The bonds provide a source of long-term capital to CDFIs. The Federal Financing Bank, a financing arm of the U.S. Treasury, will purchase all of the bonds issued under the BGP, including the OFN Bonds, (detailed below) and the U.S. Treasury will guarantee repayment. The bonds will not be remarketed or sold to any other investors.

In 2013, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a $100 million 29.5-year bond on behalf of Clearinghouse CDFI, an Eligible CDFI under the Bond Program. In 2014, OFN and Clearinghouse CDFI executed bond documents. As of December 31, 2020 and 2019, Clearinghouse CDFI had drawn down the entire $100 million under this facility and the amount outstanding was $86,429,574 and $89,956,991, respectively.

In 2015, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue two bonds totaling $227 million 29.5-year bond on behalf of two groups of Eligible CDFIs under the Bond Program: (1) $100 million on behalf of Clearinghouse CDFI and (2) $127 million on behalf of the following seven CDFIs: Community Ventures Corporation, Community Loan Fund of New Jersey, Citizen Potawatomi Community Development Corporation, Bridgeway Capital, Inc., FAHE, Kentucky Highlands Investment Corporation, and the Chicago Community Loan Fund. As of December 31, 2020 and 2019, $221,297,349 and $184,304,662, respectively, was drawn down under these two bond facilities, and $204,545,453 and $173,632,243, respectively, was outstanding.

In 2017, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a $145 million 29.5-year bond on behalf of one group of eight eligible CDFIs under the Bond Program: Building Hope, Coastal Enterprises, Inc., Community First Fund, Florida Community Loan Fund, Greater Minnesota Housing Fund, Homewise, Inc., Housing Trust Silicon Valley, and Impact Seven. During 2019, Coastal Enterprises, Inc. withdrew from the Bond Program, leaving a total bond commitment of $125 million. As of December 31, 2020 and 2019, $67,569,232 and $53,901,852, respectively, was drawn down under this facility, and $66,296,971 and $53,475,521, respectively, was outstanding.

In 2019, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a $100 million 29.5-year bond on behalf of one group of three Eligible CDFIs under the Bond Program: Community Loan Fund of New Jersey, FAHE, and Greater Minnesota Housing Fund. As of December 31, 2020 and 2019, $16,986,138 and $7,711,684, respectively, was drawn down under this bond facility and was outstanding.

NOTE 16 CDFI FUND BOND GUARANTEE PROGRAM *(continued)*

OFN earned $713,957 and $920,565 in fees related to the Bond Program for the years ended December 31, 2020 and 2019, respectively.

All bonds issued by OFN, as a Qualified Issuer, under the Bond Program are off-balance-sheet transactions and a 100% non-recourse obligation of OFN. The bonds are payable solely from the payments made by the eligible CDFIs and their related collateral. The bonds are full-recourse, on-balance-sheet transactions for the eligible CDFIs. No bond proceeds or bond loan repayment proceeds flow through OFN or accounts controlled by OFN. As a Qualified Issuer, OFN's primary duties are as a program administrator, monitoring eligible CDFIs' compliance with all Bond Program requirements.

NOTE 17 DEFERRED COMPENSATION

OFN has a tax-deferred annuity plan qualified under Section 403(b) of the IRC, which covers all employees of the Organization. For the years ended December 31, 2020 and 2019, OFN contributed $36,567 and $27,496, respectively.

NOTE 18 REVENUE RECOGNITION

The following disclosures discuss the Organization’s revenue recognition practices upon the adoption of ASU 2014-09 on January 1, 2019.

Disaggregation of Revenue: The following table presents our revenue disaggregated by primary performance obligation:

	2020		2019	
	At a Point in Time	Over Time	At a Point in Time	Over Time
Sponsorships	$ 1,403,000	$ -	$ 1,678,750	$ -
Registration fees	167,675	-	1,045,780	-
Strength fees	-	34,988	-	70,764
Financial Services - Bond QI fees, asset management fees, NMTC	-	1,071,117	-	869,511
Financial Services - Bond QI Closing fees, structuring fees	1,300,000	-	300,000	-
Dues	-	694,644	-	623,729
	$ 2,870,675	$ 1,800,749	$ 3,024,530	$ 1,564,004

Performance Obligations

Sponsorships: Sponsorship revenue is generated from organizations that commit to being sponsors for OFN events, including the annual conference, small business finance forum, regional meetings, and other trainings. The Organization has sponsor brochures and materials which detail various sponsor level amounts and benefits. Revenue is recognized at a point in time when the event takes place.

NOTE 18 REVENUE RECOGNITION *(continued)*

Registration Fees: Registration fees are generated from fees to participants to attend OFNs events, including the annual conference, small business finance forum, regional meetings, and other trainings. Prices vary by event and type of registrant (*e.g.*, members, nonmembers). OFN has websites that detail the registration fees. Revenue is recognized at a point of time when the event takes place.

Strength Fees: OFN receives fees for performing certain capacity building services for the CDFI industry. Fees are earned over a period of time based on estimate of work completed under the contracts.

Financial Services Fees: Asset Management and Ongoing Bond Qualified Issuer Fees: OFN asset management fee revenue is substantially generated from the Organization's involvement in managing the following entities: CCIF, GTG, and three New Markets Tax Credit Entities, Opportunity Fund I, Opportunity Fund II, and Opportunity Fund III, as well as fees from its new Grow with Google Small Business Fund. The fees for managing CCIF and G2G are earned based on the outstanding principal amount of EQ2 investments in the funds, and the fees for the NMTC entities are earned based on fixed amounts specified in the agreements. Revenue is recognized over time for CCIF, G2G, and the NMTC entities as the entities simultaneously receives and consume the benefits provided by the Organization's performance under the agreements. Fees are paid monthly for CCIF and G2G and quarterly for the NMTC entities. A closing fee from Grow with Google was paid and recognized at closing of the transaction with Google, and asset management fees are earned based on the outstanding principal amount of loans serviced for Google.

The Organization receives ongoing fees in its role as qualified issuer under the Bond Guarantee Program, based on responsibilities outlined in the bond loan agreements. The fees are earned based on the outstanding principal amount of bond loans. Revenue is recognized over time as the CDFIs simultaneously receives and consume the benefits provided by the Organization's performance under the agreements. Fees are paid monthly.

Financial Services: Bond Qualified Issuer Closing Fees: The Organization receives closing fees from the eligible CDFIs in a bond at the time of closing based on fee agreements with the CDFIs for its role as qualified issuer under the Bond Guarantee Program. Revenue is recognized at a point in time when all obligations are met for bond closing.

Dues: The Organization receives Member and Ally dues for certain benefits CDFIs and other partners received for being a Member or Ally of OFN. Revenue is recognized over time as Members and Allies receive and consume the benefits provided by the Organization's over the year.

NOTE 18 REVENUE RECOGNITION *(continued)*

Contract Balances: The timing of revenue recognition, billings, cash collections results in billed accounts receivable and customer advances (deferred revenue and advanced payments received) on the consolidated statements of financial position. Accounts receivable include amounts due from customers that are unconditional. Deferred revenue and advanced payments received consists of advance payments and billings in excess of revenue recognized. The following table provides information about receivables, and deferred revenue and advanced payments received from contracts with customers as of December 31:

	2020	2019
Accounts receivable	$ 115,597	$ 177,824
Deferred revenue	1,086,250	42,463

NOTE 19 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 28, 2021, the date the consolidated financial statements were available to be issued, and noted the following that would warrant disclosure in the consolidated financial statements.

On March 19, 2021, OFN closed a line of credit with TD Bank N.A. for $7.5 million. There were no funds drawn down on the line of credit.

SUPPLEMENTARY INFORMATION

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidating Statement of Financial Position

December 31, 2020

	General	Financing	Total OFN (1)	CCIF	G2G	Elimination	Total
ASSETS							
Current assets							
Cash and cash equivalents	$ 16,688,302	$ 20,942,304	$ 37,630,606	$ 64,358	$ 1,278,760	$ -	$ 38,973,724
Restricted cash	5,502,517	-	5,502,517	-	-	-	5,502,517
Certificates of deposit	206,879	-	206,879	-	-	-	206,879
Short-term Investments	504,769	-	504,769	-	-	-	504,769
Current portion of loans receivable, net of allowance for loan losses	-	34,501,182	34,501,182	-	-	-	34,501,182
Interest and other receivables	430,722	-	430,722	7,500	18,750	(14,512)	442,460
Current portion of grants receivable	2,130,000	-	2,130,000	-	-	-	2,130,000
Other assets	147,479	-	147,479	-	-	-	147,479
Total current assets	25,610,668	55,443,486	81,054,154	71,858	1,297,510	(14,512)	82,409,010
Noncurrent assets							
Long-term investments	-	3,118,201	3,118,201	-	-	-	3,118,201
CDFI and other investments	1,500	4,012,958	4,014,458	-	-	(1,769,050)	2,245,408
Loans receivable, net of current portion and allowance for loan losses	-	100,268,112	100,268,112	-	-	-	100,268,112
Equity equivalent investments	-	-	-	5,500,000	24,000,000	-	29,500,000
Grants receivable, net of current portion	-	-	-	-	-	-	-
Fixed assets, net	971,273	-	971,273	-	-	-	971,273
Total noncurrent assets	972,773	107,399,271	108,372,044	5,500,000	24,000,000	(1,769,050)	136,102,994
Total assets	$ 26,583,441	$ 162,842,757	$ 189,426,198	$ 5,571,858	$ 25,297,510	$ (1,783,562)	$ 218,512,004

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidating Statement of Financial Position *(continued)*
December 31, 2020

	General	Financing	Total OFN (1)	CCIF	G2G	Elimination	Total
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	$ 885,505	$ -	$ 885,505	$ 4,084	$ 10,428	$ (14,512)	$ 885,505
Deferred revenue and advanced payments received	1,086,250	-	1,086,250	3,750	22,500	-	1,112,500
Deferred lease incentive and tenant allowance	1,537,618	-	1,537,618	-	-	-	1,537,618
Funds held for third party	5,502,517	-	5,502,517	-	-	-	5,502,517
Current portion of notes payable	-	18,866,560	18,866,560	-	-	-	18,866,560
Total current labilities	9,011,890	18,866,560	27,878,450	7,834	32,928	(14,512)	27,904,700
Noncurrent liabilities							
Notes payable	538,400	83,689,562	84,227,962	-	-	-	84,227,962
Other liabilities	-	12,000,000	12,000,000	-	-	-	12,000,000
Total noncurrent labilities	538,400	95,689,562	96,227,962	-	-	-	96,227,962
Total labilities	9,550,290	114,556,122	124,106,412	7,834	32,928	(14,512)	124,132,662
COMMITMENTS AND CONTINGENCIES							
NET ASSETS							
Without donor restrictions							
Without donor restrictions	5,111,263	47,766,635	52,877,898	505,820	1,263,230	(1,769,050)	52,877,898
Non-controlling interest in consolidated subsidiaries	-	-	-	5,058,204	24,001,352	-	29,059,556
Total net assets without donor restrictions	5,111,263	47,766,635	52,877,898	5,564,024	25,264,582	(1,769,050)	81,937,454
With donor restrictions							
Operating	2,246,888	-	2,246,888	-	-	-	2,246,888
Re-granting	9,675,000	-	9,675,000	-	-	-	9,675,000
Financing	-	520,000	520,000	-	-	-	520,000
Total net assets with donor restrictions	11,921,888	520,000	12,441,888	-	-	-	12,441,888
Total net assets	17,033,151	48,286,635	65,319,786	5,564,024	25,264,582	(1,769,050)	94,379,342
Total labilities and net assets	$ 26,583,441	$ 162,842,757	$ 189,426,198	$ 5,571,858	$ 25,297,510	$ (1,783,562)	$ 218,512,004

(1) Includes OFN and NCCA General Partner, LLC

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidating Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total OFN (1)	CCIF	G2G	Elimination	Total
OPERATING REVENUE AND SUPPORT							
Net financing income							
Interest income - loans	$ 4,768,658	$ -	$ 4,768,658	$ 165,000	$ 736,917	$ -	$ 5,670,575
Less: Interest expense and loan fees	(1,726,463)	-	(1,726,463)	-	-	-	(1,726,463)
Less: Provision for loan losses	(1,000,246)	-	(1,000,246)	-	-	-	(1,000,246)
Total net financing income	2,041,949	-	2,041,949	165,000	736,917	-	2,943,866
OTHER REVENUE AND SUPPORT							
Dues	694,644	-	694,644	-	-	-	694,644
Fees - Registration	167,675	-	167,675	-	-	-	167,675
Fees - Strength	34,988	-	34,988	-	-	-	34,988
Fees - Financial services	2,371,117	-	2,371,117	-	-	(171,595)	2,199,522
Sponsorships	1,403,000	-	1,403,000	-	-	-	1,403,000
Investment income, net	413,682	-	413,682	-	-	(40,623)	373,059
Grants - operating	641,500	3,226,443	3,867,943	-	-	-	3,867,943
Donations and in-kind services	114,800	-	114,800	-	-	-	114,800
Net assets released from restrictions	2,795,788	(2,795,788)	-	-	-	-	-
Total operating revenue and support	10,679,143	430,655	11,109,798	165,000	736,917	(212,218)	11,799,497
OPERATING EXPENSES							
Salaries, payroll taxes and benefits	5,235,226	-	5,235,226	-	-	-	5,235,226
Contractor fees	858,883	-	858,883	-	-	-	858,883
Program support	1,957,657	-	1,957,657	53,445	127,270	(171,595)	1,966,777
Professional services	632,856	-	632,856	-	-	-	632,856
Occupancy	496,649	-	496,649	-	-	-	496,649
Operating grants - other	-	-	-	-	-	-	-
Total operating expenses	9,181,271	-	9,181,271	53,445	127,270	(171,595)	9,190,391
Change in net assets - operating	1,497,872	430,655	1,928,527	111,555	609,647	(40,623)	2,609,106

OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES
Consolidating Statement of Activities *(continued)*
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total OFN (1)	CCIF	G2G	Elimination	Total
NON-OPERATING SUPPORT, EXPENSE AND LOSS							
Support - financing and pass-through grants							
Grants - financing and pass-through	307,476	16,924,787	17,232,263	-	-	-	17,232,263
Net assets released from restrictions	12,794,787	(12,794,787)	-	-	-	-	-
Expenses - pass-through grants - grants to CDFIs	(12,229,787)	-	(12,229,787)	-	-	-	(12,229,787)
Change In net assets - non-operating	872,476	4,130,000	5,002,476	-	-	-	5,002,476
Change in net assets before non-controlling interest capital contributions and distributions	2,370,348	4,560,655	6,931,003	111,555	609,647	(40,623)	7,611,582
Capital contributions - managing member	-	-	-	-	125,000	(125,000)	-
Capital contributions - non-controlling interest member	-	-	-	-	2,375,000	-	2,375,000
Distributions to members	-	-	-	(111,250)	(486,413)	34,434	(563,229)
Change in net assets	2,370,348	4,560,655	6,931,003	305	2,623,234	(131,189)	9,423,353
Net assets							
Beginning	50,507,550	7,881,233	58,388,783	5,563,719	22,641,348	(1,637,861)	84,955,989
Ending	$ 52,877,898	$ 12,441,888	$ 65,319,786	$ 5,564,024	$ 25,264,582	$ (1,769,050)	$ 94,379,342

(1) Includes OFN, NCCA General Partner, LLC and OFN GP, LLC (dormant entity).