



**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Northwest Federal Credit Union Foundation

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Northwest Federal Credit Union Foundation
Herndon, Virginia**

Opinion

We have audited the accompanying financial statements of Northwest Federal Credit Union Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Federal Credit Union Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Federal Credit Union Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Federal Credit Union Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Federal Credit Union Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Federal Credit Union Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors
Gaithersburg, Maryland
April 25, 2022

Northwest Federal Credit Union Foundation
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Assets:		
Cash and cash equivalents	\$ 474,262	\$ 384,827
Restricted cash	113,136	103,852
Investments	973,334	864,573
Accounts receivable	430	430
Accounts receivable, related party	5,886	2,935
Prepaid expenses	4,730	5,530
TOTAL ASSETS	\$ 1,571,778	\$ 1,362,147
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,188	\$ 10,084
Total liabilities	6,188	10,084
Net assets:		
Without donor restrictions	1,452,454	1,248,211
With donor restrictions	113,136	103,852
Total net assets	1,565,590	1,352,063
TOTAL NET LIABILITIES AND NET ASSETS	\$ 1,571,778	\$ 1,362,147

Northwest Federal Credit Union Foundation
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions, individual	\$ 128,935	\$ 33,776	\$ 162,711	\$ 115,046	\$ 4,151	\$ 119,197
Contributions, corporate	136,525	-	136,525	136,946	12,500	149,446
In-kind contributions	418,810	-	418,810	400,306	-	400,306
Investment income, net of fees	109,012	-	109,012	123,844	-	123,844
Net assets released from restrictions	24,492	(24,492)	-	23,940	(23,940)	-
Total revenue and support	817,774	9,284	827,058	800,082	(7,289)	792,793
Expenses:						
Program services	388,040	-	388,040	379,132	-	379,132
Supporting services	225,491	-	225,491	217,140	-	217,140
Total expenses	613,531	-	613,531	596,272	-	596,272
Change in net assets	204,243	9,284	213,527	203,810	(7,289)	196,521
Net assets, beginning of year	1,248,211	103,852	1,352,063	1,044,401	111,141	1,155,542
Net assets, end of year	\$ 1,452,454	\$ 113,136	\$ 1,565,590	\$ 1,248,211	\$ 103,852	\$ 1,352,063

**Northwest Federal Credit Union Foundation
Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020**

	2021							
	Program Services				Supporting services			
	Grants	Scholarships	Community Outreach	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Salaries and fringe	\$ -	\$ 129,764	\$ 92,689	\$ 222,453	\$ 55,613	\$ 92,689	\$ 148,302	\$ 370,755
Scholarships	-	55,000	-	55,000	-	-	-	55,000
DeFelice scholarships	-	45,000	-	45,000	-	-	-	45,000
Banquets and events	-	-	39,087	39,087	-	-	-	39,087
Fundraising Fees	-	-	-	-	27,363	-	27,363	27,363
CIRA scholarships	-	25,000	-	25,000	-	-	-	25,000
Rent	-	-	-	-	-	18,460	18,460	18,460
Printing and copying	-	-	-	-	-	12,803	12,803	12,803
Professional fees	-	-	-	-	-	7,760	7,760	7,760
Postage and delivery	-	-	-	-	-	4,883	4,883	4,883
Equipment and Supplies	-	-	-	-	-	3,576	3,576	3,576
Grants to other organizations	1,500	-	-	1,500	-	-	-	1,500
Miscellaneous	-	-	-	-	-	811	811	811
Membership dues	-	-	-	-	-	790	790	790
Travel	-	-	-	-	-	495	495	495
Telephone	-	-	-	-	-	220	220	220
Credit card processing fees	-	-	-	-	-	28	28	28
Total expenses	\$ 1,500	\$ 254,764	\$ 131,776	\$ 388,040	\$ 82,976	\$ 142,515	\$ 225,491	\$ 613,531

(Continued)

Northwest Federal Credit Union Foundation
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2021 and 2020

	2020							
	Program Services				Supporting services			
	Grants	Scholarships	Community Outreach	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Salaries and fringe	\$ -	\$ 124,597	\$ 88,997	\$ 213,594	\$ 53,398	\$ 88,997	\$ 142,395	\$ 355,989
Scholarships	-	55,000	-	55,000	-	-	-	55,000
DeFelice scholarships	-	50,000	-	50,000	-	-	-	50,000
Fundraising Fees	-	-	-	-	29,682	-	29,682	29,682
CIRA scholarships	-	25,000	-	25,000	-	-	-	25,000
Banquets and events	-	500	23,038	23,538	-	-	-	23,538
Rent	-	-	-	-	-	18,460	18,460	18,460
Grants to other organizations	12,000	-	-	12,000	-	-	-	12,000
Printing and copying	-	-	-	-	-	10,501	10,501	10,501
Professional fees	-	-	-	-	-	7,200	7,200	7,200
Postage and delivery	-	-	-	-	-	4,558	4,558	4,558
Equipment and Supplies	-	-	-	-	-	3,396	3,396	3,396
Credit card processing fees	-	-	-	-	-	404	404	404
Telephone	-	-	-	-	-	240	240	240
Miscellaneous	-	-	-	-	-	159	159	159
Travel	-	-	-	-	-	145	145	145
Total expenses	\$ 12,000	\$ 255,097	\$ 112,035	\$ 379,132	\$ 83,080	\$ 134,060	\$ 217,140	\$ 596,272

Northwest Federal Credit Union Foundation
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 213,527	\$ 196,521
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(40,757)	(93,346)
Realized gain on investments	(9,918)	(20,974)
Decrease (increase) in operating assets:		
Accounts receivable, related party	(2,951)	(1,565)
Prepaid expenses	800	1,500
Increase in operating liabilities:		
Accounts payable and accrued expenses	(3,896)	8,790
Total adjustments	(56,722)	(105,595)
Net cash provided by operating activities	156,805	90,926
<u>Cash Flows From Investing Activities:</u>		
Purchases of investments, net	(58,086)	(9,332)
Net cash used in investing activities	(58,086)	(9,332)
Net increase in cash, cash equivalents, and restricted cash	98,719	81,594
Cash, cash equivalents, and restricted cash, beginning of year	488,679	407,085
Cash, cash equivalents, and restricted cash, end of year	\$ 587,398	\$ 488,679

Northwest Federal Credit Union Foundation
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1 - ORGANIZATION

The Northwest Federal Credit Union Foundation (the Foundation) is a nonprofit organization formed under the laws of Virginia in 2004. The Foundation provides scholarship, mentoring, and youth outreach programs for the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Net Assets

Net assets are classified based on existence or absence of donor imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets that are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.
- *Net Assets With Donor Restrictions* -- Net assets that are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose. Net assets with donor restrictions at December 31, 2021 and 2020 were \$113,136 and \$103,852, respectively.

Cash and Cash Equivalents

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

Northwest Federal Credit Union Foundation
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash represents monies held, which are subject to donor-imposed restrictions that require that they are held separately from cash and cash equivalents. The following table adapted from ASU 2016-18 provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 474,262	\$ 384,827
Restricted cash	<u>113,136</u>	<u>103,852</u>
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 587,398</u>	<u>\$ 488,679</u>

Investments

Investments consist of exchange traded funds and mutual funds. These investments are reported at fair value based on quoted market prices on active markets (Level 1) for identical securities because quoted market prices are readily available. Net unrealized gains and losses on investments are reflected in the statements of activities, netted with investment fees. Interest and dividends are reflected as income when earned.

Accounts Receivable

The Foundation is funded through individual donations, corporate donations, and fundraisers. Revenue is recognized as an increase in the statement of activities and changes in net assets as donations are made and promises to give are agreed upon. A receivable is recorded when a promise to give is agreed upon and the donation has not yet been received. Account balances over 90 days past due are considered delinquent and, unless strong mitigating factors exist, a dollar for dollar allowance is established. At December 31, 2021 and 2020, there were no accounts receivable in delinquent status. No allowance for uncollectible accounts was required at December 31, 2021 or 2020.

Northwest Federal Credit Union Foundation
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions

The Foundation receives donations of office space, salaries and fringe, public relations and marketing, and other goods and services from individual and corporate donors. These contributions are recorded at their estimated fair market value at the date the donation is made.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. Otherwise, volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

Expense Allocation

The Foundation allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with specific programs or supporting services are recorded directly according to their natural expenditure classification. Joint costs are allocated based on various identifiable bases (i.e. allowable occupancy costs are allocated based on the percentage of space occupied). Salaries and fringe is attributable to multiple programs and is allocated based on time spent for the program.

Advertising

The Foundation expenses the costs of advertising as they are incurred.

Income Taxes

The Foundation complies with the provisions of the FASB Accounting Standards Codification topic *Accounting for Uncertainty in Income Taxes*. For the years ended December 31, 2021 and 2020, no unrecognized tax provision or benefit exists.

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Service.

The Foundation's tax returns may be subject to audit for three years after filing; hence, the Foundation's tax returns for years 2018 and onward are open to tax examination.

Reclassification

Certain reclassifications have been made to the 2020 financial statements' presentation to correspond to the current year's format.

Northwest Federal Credit Union Foundation
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated the financial statements for subsequent events requiring accrual or disclosure through April 25, 2022, the date which the financial statements were available to be issued. There were no events identified requiring recognition in or disclosure to the financial statements.

NOTE 3 - INVESTMENTS

The cost, fair values and unrealized gain of investments at December 31, 2021 and 2020 are as follows:

	2021		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Liquid funds	\$ 6,705	\$ 6,705	\$ -
Mutual Funds	765,884	966,629	200,745
Total	<u>\$ 772,589</u>	<u>\$ 973,334</u>	<u>\$ 200,745</u>
	2020		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Liquid funds	\$ 9,478	\$ 9,478	\$ -
Mutual Funds	695,107	855,095	159,988
Total	<u>\$ 704,585</u>	<u>\$ 864,573</u>	<u>\$ 159,988</u>

Investment income for the years ended December 31, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest, dividends and realized gains	\$ 74,564	\$ 35,578
Unrealized gain	40,757	93,346
Investment fees	(6,309)	(5,080)
	<u>\$ 109,012</u>	<u>\$ 123,844</u>

Northwest Federal Credit Union Foundation
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

NOTE 4 - RELATED PARTY TRANSACTIONS AND REVENUE CONCENTRATION

The Foundation is related to Northwest Federal Credit Union (NWFCU) who donates office space, equipment, and services to the Foundation. The Secretary/Treasurer of the Foundation also sits on the Board of Directors for NWFCU. NWFCU has agreed to reimburse the Foundation for expenses staff incurs for mileage, supplies, and various other expenses. The Foundation was owed \$5,886 and \$2,935, respectively at December 31, 2021 and 2020. Total support provided by NWFCU for the years ended December 31, 2021 and 2020 was \$387,678 and \$345,221, respectively. This amounts to approximately 49% and 38% of total revenue for the years ended December 31, 2021 and 2020, respectively. All cash accounts are held at the Credit Union.

NOTE 5 - IN-KIND CONTRIBUTIONS

During the years ended December 31, 2021 and 2020, the Foundation received in-kind contributions in the form of office space, salaries and fringe, public relations and marketing, and other goods and services from individual and corporate donors, which reflect the fair market value of similar materials and services. In-kind contributions on the statements of activities consisted of the following:

	2021	2020
Salaries and fringe	\$ 370,655	\$ 355,989
Office space	18,460	18,460
Fundraising fees	13,066	3,576
Postage and delivery	4,883	4,558
Printing and copying	3,638	10,501
Equipment and supplies	3,576	3,396
Banquet and Events	3,500	3,280
Miscellaneous	812	306
Telephone	220	240
	<u>\$ 418,810</u>	<u>\$ 400,306</u>

Northwest Federal Credit Union Foundation
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

NOTE 6 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundation's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31,:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 474,262	\$ 384,827
Investments, at fair value	973,334	864,573
Accounts receivable	430	430
Accounts receivable, related party	<u>5,886</u>	<u>2,935</u>
Subtotal	1,453,912	1,252,765
Less: Net assets with donor restrictions	<u>(113,136)</u>	<u>(103,852)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,340,776</u>	<u>\$ 1,148,913</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash at a single financial institution that, at times, may exceed federally insured limits. At December 31, 2021 and 2020, \$238,679 and \$157,085, respectively, was uninsured. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant concentration of credit risk on its cash and cash equivalents.