A Message from Michael Novogradac

On behalf of my partners, I’m pleased to introduce Novogradac’s first social impact report. As founder and managing partner, I welcome you to explore who we are, what we do, what makes us unique and where we plan to grow.

The report comes during a challenging period, coming off two years in which a pandemic, social unrest and contentious political turmoil brought long-simmering issues to the forefront. Over the past two years, Novogradac worked to find more ways to engage—to support our employees, partners and clients who were deeply affected by the events of 2020.

Novogradac has long focused its work on community development. We specialize in federal and state incentives and programs that foster positive outcomes such as affordable housing creation, urban and rural revitalization, historic preservation and renewable energy generation. Some of these beneficial businesses and projects we have touched are highlighted throughout this report. We have incorporated diversity, equity and inclusion (DEI) topics in our conferences, publications, and in internal initiatives for years, but 2020 underscored the need to do more.

One of our strengths as a firm is rooted in our ability to acknowledge the need for change, and act accordingly.

Novogradac has a renewed dedication to address issues of DEI. In 2020, we committed to increasing efforts to use our role as an employer and as an industry leader to help end racism and other forms of cultural oppression. We added a social impact office and brought onboard a chief social impact officer and a diversity, equity and inclusion manager. The social impact office is responsible for this report and will help guide Novogradac in future social impact initiatives.

The business future is bright for Novogradac—the expansion and extension of tax incentives (a 4% floor for the low-income housing tax credit, a five-year extension of the new markets tax credit, the extension of the renewable energy investment tax credit and production tax credit) provide opportunity for even more impactful results; we recently promoted 11 principals to partner and 19 managers to principal; our marketing team adjusted to the COVID-19 reality and leveraged technology to expand our industry-best conferences, offering both in-person and virtual options, allowing important education opportunities and community conversations to continue, safely. We’re proud of our progress over the past two years and we are optimistic about the future.

This social impact report is another important and foundational step in our growth as a firm. The content explains where we are and where we’re headed. In 2022, we stand on the precipice of a challenging, but exciting, future and I’m confident Novogradac will do what we’ve always done: find creative and substantive ways to grow and improve, and to assist our clients and our communities to do the same.

My partners and I invite you to get to know Novogradac better and learn about the social impact progress we’ve made in 2020 and 2021.
Below and throughout this report, you will see photos provided by our clients that highlight the unique and socially beneficial businesses and projects we work on in partnership with them.
Novogradac 2021 Social Impact Report Highlights

We are accounting and valuation professionals and community development and revitalization experts who are passionate about the effective implementation of tax incentives and government programs that drive social and environmental impact.

Responsible Business

- 18 partner-led committees to support strong governance framework
- Each employee signs an agreement annually to abide by our Code of Business Ethics & Compliance Reporting Policy
- Multiple pathways for our colleagues to reach out when they have questions or concerns about policy or conduct

Novogradac Colleagues

- Flexible and Remote Work Policy established
- 71.5 hours of training per employee on average
- Diversity Equity and Inclusion Statement released
- 2 mandatory DEI trainings
- Annual Pay Equity Analysis
  - Employees who identify as women in the same roles and positions made 100% of what those who identify as men made
  - Employees who identify as BIPOC in the same roles and positions made 108% of what those who identify as white made

COVID-19 Response

- 94% of employees felt their safety and well-being during the pandemic was a top priority for management
- 94% of employees felt Novogradac established effective policies to address pandemic-related issues

Community Engagement

Opportunities for Engagement and Education

- 4,600+ attendees at conferences
- 12 DEI-related sessions in conferences
- 22,223 episodes of Tax Credit Tuesday podcast downloaded
- 15 DEI and social impact-based articles in the Novogradac Journal of Tax Credits

Opportunities for Change

- Launched Building Opportunities: A Novogradac Student Development Program
- Open Access founding partner: 3 fellows hosted in Valuation and Policy Groups, all Open Access Fellows received free Novogradac education and conference attendance
Get to Know Novogradac

Novogradac serves its clients and the community through a wide range of professional and educational services.

We work with clients in a broad range of industries with a major emphasis in the real estate sector, providing a full spectrum of audit, tax, valuation, litigation support and consulting services.

The firm opened its doors in San Francisco on Oct. 17, 1989—the day the Loma Prieta earthquake hit the Bay Area. Since starting with just three people, the company has grown to more than 654 people in 28 offices.

28 Offices Nationwide
Services and Focus Areas

We are accounting and valuation professionals and community development and revitalization experts who are passionate about the effective implementation of tax incentives and government programs that drive social and environmental impact. We provide innovative guidance and skilled assistance to clients, as well as best-in-class digital, written and in-person resources to the development, investment and management of communities and renewable energy facilities, all of which contribute to results that align with congressional and policy making intent.

Novogradac has consulted for more than 30 years on thousands of community developments, businesses and projects and maintains client relationships with leaders in the community development and urban revitalization spaces. We are dedicated to meeting client needs in a thorough, efficient and creative manner.

LEARN MORE >>

Services and Solutions

Tax and Audit Services
Advisory Services
Affordable Property Compliance
Cost Certification Audits
Cost Segregation Studies
Due Diligence Services
Government Consulting
Housing Agency Administration and Policies
Litigation Support and Expert Witness Testimony
Market Analysis
Project Finance Advisory
Technical Accounting Advisory
Transaction Advisory

Education and Events
Conferences and Awards
Novogradac Working Groups
Publications
Podcasts
Resource Centers
Software
Trainings and Certifications

Focus Areas

Community Development
Financial Institutions
Historic Tax Credits
HUD: Multifamily and Public Housing
Investment Tax Credit
Low-Income Housing Tax Credits
New Markets Tax Credits
Nonprofit Organizations
Opportunity Zones
Production Tax Credit
Public Policy/Government
Renewable Energy
State and Local Taxes and Tax Credits

Image: Courtesy of National Housing Trust/Enterprise Preservation Corporation
The rehabilitation of the St. Dennis Apartments in Washington, D.C. was financed using HUD funding, LIHTCs and HTC.
Social Impact at Novogradac

Social impact has always been in focus at Novogradac. The firm was founded to assist affordable housing developers working with low-income housing tax credits and has grown to assist clients with meeting the true intent of many socially beneficial state and federal tax incentives and programs.

Our Moment of Recognition and Commitment to Change

Since inception, Novogradac has maintained a firm culture that is built on dignity and respect. Our work focuses on community development finance, a field that predominately supports communities of color. That said, we recognize we need to do more—we can do more. Michael Novogradac, Novogradac’s managing partner, released a statement in the summer of 2020 in response to the killings of Breonna Taylor, George Floyd, and others. In that statement he outlined some of the initial steps the firm would take toward meeting the moment.

The Novogradac social impact office is focused on using our strengths as a firm to create positive change in society. In partnership with other operational departments and partners, the office identifies opportunities for growth and advancement of material issues relevant to our stakeholders and creates avenues to embrace and realize those opportunities.

Initial Movement in 2020

- Established a social impact office
- Hired a chief social impact officer
- Hired a diversity, equity and inclusion manager
- Donated $50,000 to the National Urban League
- Established a 2-1 employee match program with the National Urban League
Material Issues Relevant to our Stakeholders

Novogradac bases our social impact strategy on what is most material to the firm, as determined by a combination of various stakeholder engagement opportunities, including our materiality assessment and employee engagement survey, firm strategy and the Sustainability Accounting Standards Board (SASB) standards.

Novogradac completed our first materiality assessment in 2021 to better understand the perspective of internal and external stakeholders, including Novogradac colleagues, clients, vendors and community engagement partners.

We asked our stakeholders a number of questions to better understand their prioritization of major environmental, governance, and social topics in five major categories: environment and climate change; responsible business practices; company operations; community engagement; and Novogradac colleagues. After the stakeholder engagement period, we consolidated, analyzed and scored the results.

As follows are Novogradac’s material topics as determined by SASB and our materiality assessment.

<table>
<thead>
<tr>
<th>SASB Disclosure Topics for Professional Commercial Services:</th>
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<tbody>
<tr>
<td>• Business Ethics</td>
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<tr>
<td>• Data Security</td>
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<td>• Workforce Diversity &amp; Engagement</td>
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Materiality Assessment Areas:

- Business Ethics and Integrity
- Career Development and Growth
- Climate Emissions from Operations
- Community Development Education (training, workshops, publications)
- Employee Well-being and Engagement
- Skills-based Volunteerism and Mentoring
- Thought Leadership
- Trust and Transparency
- Waste Reduction from Operations

Novogradac has been focusing on these topics and will continue to assess our material topics and ways to embrace opportunities and mitigate risks associated with each one over time.
United Nations Sustainable Development Goals

While Novogradac is a domestic limited liability partnership, we understand the critical role the private sector plays in providing support to solve societal challenges.

Novogradac’s work impacts clients, the beneficiaries of our clients, as well as the clients’ businesses, developments and surrounding communities.

How we operate impacts our employees and their families and communities. Who we employ impacts the communities we serve. We see the connections between our work and the world around us.

While our work could touch on most of the 17 United Nations Sustainable Development Goals (SDGs) at some level, Novogradac specifically chose to focus on those below in this initial social impact report. Our social impact office will continue to assess additional SDGs in subsequent annual reports.

Photo: Courtesy of Applied Photography
Lotus Garden, built in Los Angeles’ Chinatown neighborhood, offers 60 units of affordable housing and targets working families earning up to 60 percent of the area median income (AMI).
Responsible Business

The past two years have been challenging. There has been social unrest, divisive political discourse and a life-threatening pandemic. All the while, we’ve faced personal and professional challenges. Realizing what our people were going through, we came together as a firm to support Novogradac team members and clients. We are using the lessons learned during this period of time to refine policies and practices to create a more sustainable firm.

COVID-19 Response

The business continuity team, led by our Chief Risk Officer, meets regularly to refine plans, policies, guidelines and communications based on the rapidly changing information cycle surrounding COVID-19. As a firm, we adapted to working from home, continued to meet client demands and maintained frequent communication with colleagues.

In addition to pre-existing communications channels, Novogradac also has an email address that goes directly to the business continuity team, as well as an HR contact to use for COVID-related issues.

At the onset of the pandemic, Novogradac had three priorities for the firm: providing for the safety and well-being of our people; supporting our clients; and maintaining sustainable growth and expansion.

Those priorities remain in focus as we continue to navigate the many unknowns related to the COVID pandemic.

Safety and Well-being of Our People

Novogradac’s number one priority when facing the COVID pandemic in 2020 was the safety and well-being of our colleagues.

Office Safety

Out of an abundance of caution and prior to any colleagues testing positive for COVID, we began working from home on March 16, 2020.

As the first wave of the pandemic began to wane and some of our colleagues voiced their desire to return to the offices, we created an office entry protocol that all colleagues are required to follow. All team members are
provided a decision tree to determine, in accordance with CDC guidelines and federal, state and local ordinances, if they were eligible to return to the office to work—either daily or intermittently. Cleaning stations with hand sanitizer and wipes are provided in key locations for colleagues to use. Where needed, face coverings for office use had been distributed to colleagues at the beginning of the pandemic.

In addition to routine building janitorial services provided to our office spaces daily, we took additional measures to double down on maintaining a clean and safe working environment for our colleagues when in the office. Examples of what some of our offices implemented include:

- Ionizers for cleaner, improved indoor air quality,
- Electrostatic sprayers to clean air and surfaces throughout the space during the workday, and
- Cleaning of shared surfaces daily.

**A focus on flexibility, support and employee engagement**

Aside from systematic cleanings of every office at more frequent intervals, we also instituted many well-being initiatives to ensure our team members felt heard and appreciated. We prioritized giving people the tools and resources to be safe and not have to worry about their jobs.

**Expanding benefits and awareness.**

Novogradac instituted a few practices to help support our colleagues in the use of their benefits and in gaining firm-wide awareness of current conditions
and practices. We care deeply about the health and well-being of our workforce and also recognize that healthier, supported employees are better equipped to support our clients. To support our employees focusing on recovery, we provided continued pay even if their accrued paid time off balance was insufficient for their COVID-19 recovery needs, up to 80-hours.

• We increased employee engagement and communication through regular firmwide emails from Michael Novogradac, our managing partner.

• We sent additional targeted emails on a variety of employee benefits including telehealth, mental health support through our Employee Assistance Program; flu precautions and reminders to get flu shots; as well as updated COVID-related information.

Changing work schedules to suit all. The size of our firm allows us to handle and customize for each employee. We work with employees to determine their needs, balance their needs with ours and the needs of our clients, and create a working environment that works well for all. In 2020 and prior to our employee engagement survey, we asked our employees—with an option for the response to remain confidential—when they would like to come back into their offices once the risk of COVID has dissipated. We also asked about preferred daily start times in efforts to suit the preferences of our workforce, while limiting office populations as we begin to open back up. In 2021, we rolled out a new Flexible Work Arrangements Policy that provides employees with options related to working from home, hybrid work schedules and flexible work.

Support for those who are COVID-19 positive. In accordance with all federal, state and local laws, as well as CDC guidelines, Novogradac implemented a process to identify potential COVID-19 exposure in our offices, mitigate COVID-19 transmission, and support our colleagues who required time to recover and return to the office with the health and safety of everyone in mind. As a testament to our comprehensive policies and firm culture, the firm has had no indication of COVID-19 transmission in our offices.

“I am proud of how so many stakeholders and leaders came together to ensure that the safety and well-being of our colleagues was the top priority from the beginning of the pandemic. We engaged with the workforce, making decisions and creating policies based on the needs of our colleagues. We thought about factors such as parents who now had to teach their children at home, about the needs of those who were feeling the stress of the pandemic and limited social interaction, and considered how to offer other support, like additional paid leave. Now, some of the initiatives we put in place during the most challenging times have become opportunities for long-term employee well-being.”

STACEY WATANABE, DIRECTOR OF HUMAN RESOURCES
Support for Clients

The continued success of our clients has been another primary focus throughout the pandemic. Our ability to continue providing our clients with best-in-class service during this time is a testament to the flexibility, determination and professionalism of our entire workforce.

Throughout 2020 and 2021, Novogradac was continuously heartened by the resiliency and determination members of the tax credit community showed, including Novogradac colleagues. In efforts to help support our shared community during such a challenging time, Novogradac created a page on our website dedicated to COVID-19 resources for the affordable housing, community development and renewable energy communities. The page contains legislative and regulatory updates of interest to clients and the development and investment community, as well as Novogradac event notifications and updates, Novogradac resources and the opportunity to suggest other resources and links to be added to the page.

Knowing that a disruptive situation such as a pandemic was always a possibility, Novogradac has long invested heavily in the technology and practices needed to serve our clients from any location. Our finance department successfully encouraged more clients to make electronic payments and converted more recurring vendors to electronic payments.

As a result of years of preparation, all Novogradac professionals are equipped with hardware and software that allows them to securely and efficiently connect to the firm’s Wide Area Network. The Novogradac IT department expanded many of our technical capabilities all while maintaining careful and strict data security measures including:

- Expanding VPN licensing and capabilities,
- Expanding video-conferencing and screen sharing capabilities for internal and external collaboration, and
- Increasing bandwidth at key locations for better performance.

The Novogradac events team pivoted all 2020 Novogradac live events to virtual starting with the opportunity zones conference held in July. The team worked tirelessly to create a social and educational virtual environment at all nine of our 2020 virtual conferences, gathering feedback from attendees and adjusting after each event to create a better experience for attendees. In 2021, we were pleased to return to offering in-person events, while maintaining an online attendance option for those that preferred it. We are proud of the fact that, through navigating and embracing the challenges of COVID, we now have an enduring way to reach more community members through hybrid virtual and in-person events.

“We’ve worked diligently to make sure our virtual conferences have the same benefits and opportunities as our in-person conferences.”

JOHN SCIARRETTI, CPA, NOVOGRADAC PARTNER AND OPPORTUNITY ZONES CONFERENCE CHAIR
Business Ethics and Integrity

Novogradac understands our responsibility to society, our clients and our colleagues to act with integrity, objectivity and independence. We take due care with every engagement to ensure we are using the highest technical and ethical standards while remaining focused on continuous improvement and transparency. Every Novogradac partner and employee is expected to act with integrity and the highest ethical standards and is provided with the tools to understand these standards to which they are subject.

The partner-led Audit Committee is responsible for establishing policies and procedures, as well as monitoring activities and engagements for compliance in our accounting and audit practices.

To achieve high quality professional performance, and to comply with the registration requirements of the Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA), the Firm has adopted policies and procedures, the Novogradac Quality Control Manual, that implement the quality control standards for the conduct of accounting and auditing engagements established by the PCAOB, the Securities and Exchange Commission (SEC), the AICPA, the Government Accounting Office (GAO) and state licensing boards. The policies and procedures contained in the Novogradac Quality Control Manual are reviewed and updated annually by the Audit Committee.

In addition to every employee signing and abiding by the Novogradac Code of Business Ethics & Compliance Reporting Policy, we have established policies and procedures set forth in the Novogradac Quality Control Manual that guide the conduct of audit and attest services engagements.

The adequacy of Novogradac’s quality control system for accounting and auditing practices and our compliance with that system are independently evaluated every three years through a peer review conducted under the auspices of the AICPA. The peer review report is available to our clients and other interested parties online at www.novoco.com.
Novogradac maintains a partner listing with their aligned areas of expertise for consulting and tax areas. Our professionals understand the ethical rules behind the preparation of and signing a tax return and take the same measured approach with consulting engagements.

Our partner-led Tax Committee is responsible for the Firm’s compliance with IRS and industry standards of practice and interprets news and changes from those sources. It also disseminates information to the firm, ensuring our professionals are aware of changes with applicable federal and state tax laws, regulations and industry best practices. We also have topic-specific internal engagement platforms to ensure there is a space to discuss changes in policy, share best practices, and seek the professional advice from fellow experts. The Tax Committee also oversees technical trainings for employees to ensure the topics are relevant and growth oriented.

Novogradac continues to foster a culture of transparency and openness. We encourage employees to address any work-related questions, concerns and suggestions with their managers as a starting point for solving problems and promoting sharing and growth of ideas. In the event concerns cannot be resolved through dialogue or employees are not comfortable engaging directly, we provide access to an independent ethics and compliance hotline.

- Employees are encouraged to utilize our HR department as a resource for their needs. Led and maintained by our director of human resources, we provide a human resources investigatory process that allows for anonymity, objective investigation and a non-retaliation policy.
- Employees are also afforded access to training and resources provided by the firm’s Legal & Risk Department. Led and maintained by our general counsel and chief risk officer, we provide an ethics and risk investigatory process that allows for anonymity, objective investigation and a non-retaliation policy.
- Our independently managed ethics and compliance hotline for internal and external stakeholders is accessible through multiple access points.

All Novogradac professionals are required to complete diversity, equity and inclusion training annually and anti-harassment training every 2-3 years. Novogradac accountants pursue ethics trainings through applicable state requirements, along with other continuing education requirements. Online training portal where colleagues manage training plans for required and optional trainings.
Customer Privacy and Data Security

Novogradac values the trust that our clients have placed in us to safeguard their data, and we take that responsibility seriously. We have implemented security and compliance controls and programs, codified policies and employ dedicated information security personnel to ensure the continued integrity and confidentiality of our clients’ data. Our information security program and controls are audited annually by a third party in an industry standard SOC 1 Type II report, available to our clients as requested.

Led by our chief information officer and guided by the partner technology committee, Novogradac focuses on customer privacy and data security through a multi-layered approach. Our management information systems team uses ongoing awareness and pursues constant adaptation to be prepared in a rapidly evolving landscape for any new threats to the security of our system. We regularly perform phishing tests and are working to increase colleague awareness of phishing scams through employee engagement mechanisms including written and verbal communication channels, as well as trainings. In 2022, we will be releasing a more robust new hire information security training.

Novogradac follows the PCI standards, as well as all applicable regulatory requirements. Technology and security requirements for colleagues are outlined in the Novogradac Employee Handbook. These requirements, and more, are reinforced in a required annual training that covers a variety of topics including:

- Data loss prevention
- Physical security of equipment
- Client data confidentiality
- Spam, malware, and phishing
- Partner and employee role in ensuring data is protected

“Novogradac expects our colleagues to apply professional skepticism and think critically in all aspects of their work, to include protecting the information our clients share with us. We encourage employees to talk to their clients about their security and privacy needs and requirements as a part of their engagement.”

CHRIS JONES, PARTNER AND CFO, NOVOGRADAC PARTNER TECHNOLOGY COMMITTEE

Image: Courtesy of Randall Duryea Photography
Kamana Elderly Housing in Hilo, Hawaii, was renovated leveraging federal state low-income housing tax credits (LIHTCs).
Novogradac Colleagues

The past two years have been challenging for everyone and our people have responded with compassion, determination, flexibility and resiliency. Our largest and most valuable stakeholder group is our employees and we have focused on ensuring increased engagement with them over the past two years, including creating additional internal communications pathways and a customized employee engagement survey.

Based on what we’ve heard from our employees, we made changes to create a better environment for them during the pandemic and will continue to engage and create the work culture they envision.

The culture at Novogradac has been described by our employees as embracing, friendly and warm, learning-focused, flexible, open, empowering, results-oriented and adaptable. Our people feel like all team members take pride in their work, that we’re all using our individual strengths to achieve the greater good, and that we’re all impact driven.

- Flexible and remote work policy
- 71.5 hours of training per employee on average in 2021
- 2 mandatory DEI-focused trainings in 2021
- Pay equity analysis completed annually
  - In 2021, employees who identify as women in the same roles and positions made 100% of what those who identify as men made
  - In 2021, employees who identify as BIPOC in the same roles and positions made 108% of what those who identify as white made.

“I have heard colleagues describe our culture as innovative, supportive, open and empowering, and results-oriented. I agree with all of these descriptions and would also add that our culture is one that is focused on providing pathways for enriching careers. We have so many Novies who move from one area to another, who are able to hone their skillset and knowledge in a way that aligns with their personal goals.”

RENEE BEAVER, PARTNER, NOVOGRADAC PERSONNEL COMMITTEE
Novogradac strongly believes that diversity in the perspectives and experiences of our workforce leads to a more inclusive, equitable, and therefore successful, business. We are focused on continuing to recruit a more diverse workforce. Diverse recruiting efforts in 2020 and 2021 included working directly with minority serving institutions and HBCU’s and expanding outreach to members of LGBTQ+ clubs and organizations. We partnered with the Open Access initiative and created our own Building Opportunities program not only to help with increasing diversity within our industries, but to further our own diversity initiatives. Novogradac is committed to fostering a diverse and inclusive workforce so that we may continue to offer superior service and support for our clients and communities they serve.

Equality in the Path to Promotions

Novogradac embraces a methodical approach to pay and promotions. By ensuring there is clear guidance on expectations for advancement within our firm, we provide better opportunities to our employees to achieve their career and compensation goals. We also provide employees alternatives to the traditional partnership track, including an accelerated partnership track and a non-partnership track.
Diversity, Equity and Inclusion

Diversity, equity and inclusion (DEI) has been at the center of Novogradac’s work since its founding. The organization has for decades specialized in incentives and programs designed to benefit disadvantaged communities, from affordable housing to community development, historic preservation, renewable energy and much more. Novogradac brings that same commitment of DEI to its employees through our company culture.

Novogradac’s DEI efforts are led by our social impact office. Our chief social impact officer, who reports directly to a member of our executive committee, leads the social impact office. Aside from DEI, the office’s work includes other internal culture-building initiatives, as well as community engagement programming like volunteerism, matching gifts, and partnerships directed toward increasing BIPOC and LGBTQ+ representation in community development finance and the accounting industry.

**Governance** focusing on systemic change

- Annual pay equity reviews
- Juneteenth now firm holiday
- Institutional reviews of firm documents and processes
- Increase the usage of inclusive language
- Remove gender-specific terms and salutations
- Find opportunities to increase equity

**Education** to increase the intercultural knowledge and competence of our workforce

- 2 mandatory DEI trainings in 2021
  - DEI in the workplace
  - Unconscious bias
- 2 infographics
- DEI terms to know
- Gender identity and pronouns

**Engagement and communication** pathways to celebrate diversity and create greater inclusivity

- Signature lines with gender pronouns options
- Celebratory and educational firm-wide communications for diversity months and important dates
- Employee engagement surveys
Above all, our strategy puts people at the center.

In 2021, Novogradac released our statement on DEI. The statement describes how Novogradac defines diversity, equity and inclusion, our strategic approach to DEI, and DEI-related commitments we have made. It signifies to all stakeholders that Novogradac has adopted a strategic approach to DEI and demonstrates our continuing commitment to do more.

Novogradac is proud of the societal benefits generated by our focus areas including affordable housing, urban and rural revitalization, historic preservation and renewable energy. We also recognize that opportunities exist to help our communities beyond the tax incentives and programs in which we specialize. For that reason, Novogradac supports a number of charitable organizations, encourages employees to participate in charitable programs, and is developing partnerships directed toward increasing BIPOC and LGBTQ+ representation in community development finance and the accounting industry. Some of these efforts include:

- Founding sponsor of the Open Access initiative designed to increase Latinx and Black representation in community development finance. Novogradac provides virtual educational resources and free conference attendance to all fellows (23 in 2021) on an annual basis.

- Matching gift program that includes a partnership with the National Urban League, whereby Novogradac matches, on a 2-1 basis, all donations made by active Novogradac employees.

- Partnership with AICPA for the George C. Willie Internship and Scholarship program, focusing on increasing diverse representation in the accounting industry.

- Building Opportunities Program focused on introducing students to the possibility of creating a career based on purpose. This year’s selected participants class is over 48% BIPOC and over 58% female (self-identification).
Employee and Partner Growth and Development

The tax credit and incentive programs we work in are highly complex and the accounting and valuation industries require continuously updated education and technical knowledge of our professionals. Our own training team provides a robust set of trainings to help our professionals continue to grow and excel in their chosen paths. From technical trainings to human resources-focused conversations, Novogradac provides employees with 80 hours of training time on average.

- Total CPE courses offered in 2021: 100+
- Average number of CPE hours per employee in 2021: 89

Novogradac has a formal review process, including biannual check-ins, and technology systems that allow our managers to highlight strengths and potential growth opportunities for team members. We consider work with clients, time spent contributing to the success of the firm, including individual training and educational achievements, in addition to in the employee’s own self-reflective feedback.

Novogradac has a standard pay structure for all entry and mid-career level accounting and valuation employees. Merit-based increases are considered and reviewed by our director of human resources to ensure equity is considered. We also conduct annual pay equity analysis by role and location. The most recent pay equity analysis showed that our training, programming, oversight and governance tactics currently in place are successful both in limiting discrepancies and catching them.

“Training is an essential component of professional growth and development. Our training team works closely with our partners and employees to create a robust internal training program that not only provides our professionals with necessary CPE, but also topics for professional and technical growth both inside and outside of their areas of expertise.”

TONYA PHONGSAVANH, PARTNER, NOVOGRADAC TRAINING TEAM LEAD
Richard B. Hutchins Founders Scholarship

A fundamental purpose of Novogradac over the past 31 years has been to nurture opportunities for meaningful growth and development—of our clients, our communities and especially our employees.

Richard B. Hutchins (Rick), who retired in 2020 and was a founder and former executive committee member, contributed in immeasurable ways to establishing the culture of our firm, particularly in the recruitment and development of many Novogradac colleagues.

As part of continuing Rick’s legacy, we recognize and hope to encourage promising interns to further their careers in public accounting and/or real estate valuation by awarding five $1,000 awards.

The awards are given annually and are based on work the intern accomplishes while at Novogradac. A committee representing diverse perspectives and business functions across the firm selects the awardees based on predetermined objective criteria.

2021 Recipients

4 out of 5 recipients self-identify as female

3 out of 5 recipients self-identify as racially diverse

Image: Courtesy of Crescent Growth Capital LLC

The student center at Talladega College in Alabama provides a central location for students to congregate for the first time in school history.
Community Engagement

Novogradac has a long history of making an impact in communities through the work we do and through our community engagement efforts.

Novogradac offers all employees paid time off to volunteer with the organization of their choosing. Unfortunately, in-person volunteerism was put on pause during the COVID-19 pandemic, but are looking forward to reengaging in the future.

Novogradac colleagues from the San Francisco office participating in a community service day with Habitat for Humanity.
Opportunities for Engagement and Education

Training

Novogradac offers training to professionals in the community development, economic development, renewable energy, historic preservation and affordable housing communities. Known for the expertise of our colleagues, our training department launched a new online learning platform in 2021 that will continue to support our robust training efforts. The new online learning platform has a growing library of webinars, recordings, on-demand courses, video shorts and certifications.

Our training team currently offers two certifications, the Novogradac Community Development Certificate and the Novogradac Property Compliance Certification. The Novogradac Community Development Certificate provides participants with an entry-level knowledge base in community development tax incentives including the low-income housing tax credit (LIHTC) and new markets tax credit (NMTC) with an additional course in one of the following community development areas: the historic rehabilitation tax credit (HTC); renewable energy tax credits (RETCs); and the opportunity zones (OZ) incentive.

The Novogradac Property Compliance Certification (NPCC) is a certification for members of the LIHTC industry. The NPCC is an indication of the individual’s up-to-date knowledge of compliance matters and program trends critical to owners and property managers. Obtaining the NPCC is achieved by attending the 11-hour Novogradac LIHTC Property Compliance Workshop (either in person or online) and passing the accompanying NPCC Exam online.

2021 Training Stats

- 6 public online LIHTC Property Compliance Workshops
- 289 new Novogradac Property Compliance Certificates distributed
- 41 Novogradac Community Development Certificates distributed
- 32 renewals of Novogradac Property Compliance Certificates distributed
Events

Novogradac sponsors affordable housing, community development, historic rehabilitation, opportunity zones, renewable energy and real estate-related virtual and in-person conferences coast to coast. These conferences attract thousands of the industry’s leading experts and participants nationwide. The conferences typically last two days and are well known for providing opportunities for professionals to make new connections, solidify potential opportunities, and get the most accurate and timely updates to regulatory programs in the social and environmental sectors.

More than 4,600 attendees to conferences in 2021

Incorporate diverse representation on session panels where possible

12 sessions focused on diversity, equity and inclusion topics in 13 conferences
Publications

Novogradac partners are regularly quoted in national newspapers and have contributed numerous articles to highly regarded trade journals. They are also the authors of:

- Low-Income Housing Tax Credit Handbook, the nation’s leading authoritative guide to affordable housing development,
- Novogradac Tax-Exempt Bond Handbook,
- Novogradac LIHTC Property Management Handbook,
- Novogradac LIHTC Year 15 Handbook,
- Novogradac New Markets Tax Credit Handbook, and
- Novogradac Historic Rehabilitation Handbook.

The firm also publishes the Novogradac Journal of Tax Credits, a full color, monthly publication offering news, features and commentary on the LIHTC, LIHTC compliance, valuation and tax-exempt bond housing arenas as well as coverage of the new markets tax credit, opportunity zones, renewable energy and HTC and HUD programs.

Our professionals also keep our clients and other industry practitioners up to date on the latest news, issues and trends in these industries through the weekly Tax Credit Tuesday podcast and breaking news alerts via email and social media.

Novogradac provides free tools and resources through our online resource centers, which received more than 2.5 million pageviews in 2021. Each center provides a basic understanding of the incentive, relevant legislation and regulations, and tools and resources. For example, the Affordable Housing Resource Center provides valuable tools like the LIHTC mapping tool and the Rent & Income Limit Calculator©.
The Novogradac public policy team hosts the Novogradac working groups, each led by firm partners. Every month, members of the groups participate in conference calls organized by Novogradac. Members are encouraged to participate in discussions and provide input regarding pending action items as agreed to by the members of the group. These working groups encourage and facilitate the collaboration of industry professionals in their efforts to resolve technical and administrative incentive issues. These groups also provide comments and suggestions submitted directly to IRS, Treasury, the CDFI Fund, members of Congress, as well as various state agencies.

Benefits of Novogradac Working Groups

- Access to a platform where members can collaborate on similar opportunities and issues to better understand how they can implement the respective incentive.
- Access to Novogradac legislative and economic analysis of key issues in the respective incentive.
- The opportunity to keep abreast of emerging issues and provide input for shaping proposed rulemaking so that the rules and markets work well together.
- The ability to cost share in resolving similar issues more efficiently as a group rather than paying for them individually.
- The chance to participate directly but have ideas and suggestions included anonymously in letters submitted to governmental agencies.
- Access to Novogradac’s congressional updates on issues as they happen.

Outside of the Novogradac Working Groups, our public policy team also works in collaboration with other organizations in the community development and affordable housing arenas. The coalitions and groups work together to advocate for realizing the intent of these tax incentive programs. This advocacy work leads to a greater number of partnerships and opportunities, as well as helping to achieve shared goals around the true intent of the programs we work with.
Opportunities for Change

In our community engagement programming, Novogradac focuses on increasing awareness and diverse representation in the accounting and community development finance fields. We also have corporate partnerships with the American Red Cross, the National Urban League and the Arbor Day Foundation.

Increasing Awareness and Representation in Accounting and Community Development Finance

Novogradac has initiated partnerships and programs to support the increase of awareness of and diverse representation in community development finance industry.

Open Access

Novogradac is a founding partner in the Open Access initiative. Open Access is a movement within the community development finance space to increase representation of Latinx and Black professionals. Co-founded by Gina Nisbeth, former director at Citi and founder and president of 9th & Clinton, LLC, and Jeff Monge, managing partner of Monge Capital, the initiative is focused on mid-career professionals looking to change industries or redirect their careers to the community development space.

Novogradac provides education, fellowship(s) and other organizational support to Open Access. In 2021, we provided education and conference attendance to 23 fellows and welcomed three Novogradac fellows in our valuation and policy groups.

“From the moment I heard Jeff and Gina’s idea, I knew Novogradac would want to be elemental in Open Access. We could use the work of our strong training and events teams to increase Black and Latinx diversity in community development finance. Participating in Open Access has been personally and professionally gratifying for me and so many other Novies and I hope that this work helps to make some of the necessary and long-overdue change in our space.”

BLAIRE KINCER, PARTNER; OPEN ACCESS FOCUS; MEMBER OF THEIR BOARD; SOCIAL IMPACT COMMITTEE:
Novogradac created the Building Opportunities program in 2021. The program is designed to introduce accounting and real estate finance students to a career focused on building opportunities for their communities. Leveraging some of Novogradac’s strongest assets including its talented employees as well as industry-leading publications, trainings and conferences, Building Opportunities provides professional networking, mentoring and educational resources to selected accounting and real estate finance students to expose them to career paths in affordable housing, community development, historic preservation and renewable energy.

George C. Willie Scholarship and Internship

In 2021, Novogradac was chosen to participate in the George C. Willie Scholarship and Internship program with the American Institute of CPAs for the 2023 accounting busy season.

The George Willie program provides a scholarship and internship to ten ethnic minority accounting students who intend to pursue a CPA. The AICPA provides a scholarship of up to $10,000 to each student to assist with their final academic year. Novogradac will participate in the 2022 selection committee to award the internship opportunities and will host an intern in the 2023 accounting busy season (January-April).

Novogradac is excited about this new partnership and looks forward to working more closely with the AICPA on this important initiative to increase BIPOC representation in the accounting profession.

ULI’s Real Estate Diversity Initiative (REDi)

Novogradac’s Rachel Denton, MAI, partnered with ULI Kansas City on their 2021 Real Estate Diversity Initiative.

The 15-week long competitive program is offered to women and minorities in the Kansas City area (other ULI Chapters have similar programs) and aims to increase the number of minorities in the real estate industry. Program participants learn from real estate experts in a variety of sectors and professions.

Rachel worked with ULI to create classwork designed to educate the 30 program participants on site visioning, market analysis, and project feasibility.

“I enjoyed having the opportunity to give back to my local community in a way that aligns with the goals Novogradac has around increasing BIPOC representation in community development finance.”

RACHEL DENTON, MAI, NOVOGRADAC PARTNER, KANSAS CITY

We received more than 250 applications from students attending more than 150 schools

2021 Class of Awardees

50% identified as female

48% identified as BIPOC
Donations and Matching Gifts

Novogradac has a firm donation and matching gifts program. We partner with three national non-profits to further the issues that are materially linked to our organization and what our employees want to support.

Our three non-profits we support through a mix of donations and matching gift programs are:

- National Urban League
- American Red Cross
- Arbor Day Foundation
# Appendix

## SASB Table: Novogradac

**Industry: Professional and Commercial Services**

<table>
<thead>
<tr>
<th>Accounting Metric</th>
<th>Novogradac Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disclosure Topic: Data Security</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SV-PS-230a.1</strong></td>
<td>Description of approach to identifying and addressing data security risks</td>
</tr>
<tr>
<td></td>
<td>Led by our chief information officer and guided by the partner technology committee, Novogradac focuses on customer privacy and data security through a multi-layered approach. Our management information systems team uses ongoing awareness and pursues constant adaptation to be prepared in a rapidly evolving landscape for any new threats to the security of our system. We follow the PCI standards, as well as all applicable regulatory requirements. We have implemented security and compliance controls and programs, codified policies and employ dedicated information security personnel to ensure the continued integrity and confidentiality of our clients’ data. Our information security program and controls are audited annually by a third party in an industry standard SOC 1 Type II report, available to our clients as requested. (pg. 16)</td>
</tr>
<tr>
<td><strong>SV-PS-230a.2</strong></td>
<td>Description of policies and practices relating to collection, usage, and retention of customer information</td>
</tr>
<tr>
<td></td>
<td>Technology and security requirements for colleagues are outlined in the Novogradac Handbook. These requirements, and more, are reinforced in a required annual training that covers a variety of topics including: data loss prevention; physical security of equipment; client data confidentiality; spam, malware, and phishing; partner and employee role in ensuring data is protected. (pg. 16)</td>
</tr>
<tr>
<td><strong>SV-PS.230a.3</strong></td>
<td>(1) Number of data breaches, (2) percentage involving customers’ confidential business information (CBI) or personally identifiable information (PIII), (3) number of customers affected</td>
</tr>
<tr>
<td></td>
<td>Novogradac did not have any reported data breaches in 2021</td>
</tr>
</tbody>
</table>
## Disclosure Topic: Workforce Diversity & Engagement

<table>
<thead>
<tr>
<th>Accounting Metric</th>
<th>Novogradac Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>SV-PS-330a.1</td>
<td>All Employees</td>
</tr>
</tbody>
</table>
| Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees | Gender Identity:  
Female 45% | Male 55%  
Race/Ethnicity:  
American Indian or Alaskan Native 0% | Asian 19%  
Black or African American 2% | Hispanic or Latino 8%  
Native Hawaiian or other Pacific Islander 0% | Two or more races 3% | White 67%  
| Executive Management |  |
| Gender Identity |  
Female 30% | Male 70%  
Race/Ethnicity |  
Asian 12% | Hispanic or Latino 3% | White 85%  |

| SV-PS-330a.3      | Employee engagement as a percentage | 61% of our employee base participated in the Great Place to Work engagement process. We did not include our partners in that survey, but their feedback is gathered through a different process that was held in August 2021 with 100% participation. |

## Disclosure Topic: Professional Integrity

| SV-PS-510a.1      | Description of approach to ensuring professional integrity |  |
| Description of approach to ensuring professional integrity | As a tax and advisory services organization, Novogradac has used the AICPA Code of Professional Conduct to guide our ethics and professional conduct since our inception in 1989. Since that time, we have continued to place ethics and integrity at the forefront of our culture. Each employee signs an agreement annually to abide by our Code of Business Ethics and Compliance Reporting Policy.  
We provide multiple avenues for employees and partners to report work-related questions, concerns and suggestions, including an independent ethics and compliance hotline. Novogradac has a rigid non-retaliation policy and a methodical response process to all reports received. (pg. 14-15)  
Novogradac has implemented security and compliance controls and programs, codified polices and employ dedicated information security personnel to ensure the continued integrity and confidentiality of our clients’ data. Our information security program and controls are audited annually by a third party in an industry standard SOC 1 Type II report, available to our clients as requested. (pg. 16) |