CONSOLIDATED FINANCIAL STATEMENTS

CENTER FOR COMMUNITY CHANGE

FUND FOR THE CENTER FOR COMMUNITY CHANGE

FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Community Change
Fund for the Center for Community Change
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of the Center for Community Change (CCC) and the Fund for the Center for Community Change (the Fund), collectively "the Organization", which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2023 and 2022, and the consolidated 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Gelman Rosenberg & Freedman

April 5, 2024

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 12,500,744	$ 19,280,260
Investments	4,994,805	4,920,716
Grants, contributions and pledges receivable	4,439,803	5,019,384
Miscellaneous receivables	1,101,668	1,441,715
Loan receivable	500,000	-
Prepaid expenses and other assets	362,130	114,365
Deposits	200,000	200,000
Total current assets	24,099,150	30,976,440
PROPERTY AND EQUIPMENT		
Furniture and equipment	112,977	107,254
Leasehold improvements	707,068	707,068
	820,045	814,322
Less: Accumulated depreciation and amortization	(782,864)	(717,439)
Net property and equipment	37,181	96,883
NONCURRENT ASSETS		
Loan receivable, net	700,000	1,000,000
Investments, net	13,102,364	12,297,107
Grants, contributions and pledges receivable, net of current portion and present value discount	1,554,523	664,664
Total noncurrent assets	15,356,887	13,961,771
TOTAL ASSETS	**$ 39,493,218**	**$ 45,035,094**

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,132,719	$ 1,564,833
NET ASSETS		
Without donor restrictions	12,473,547	17,033,309
With donor restrictions	24,886,952	26,436,952
Total net assets	37,360,499	43,470,261
TOTAL LIABILITIES AND NET ASSETS	**$ 39,493,218**	**$ 45,035,094**

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants, contributions, pledges and other income	$ 3,906,415	$ 21,979,599	$ 25,886,014	$ 6,083,858	$ 9,706,402	$ 15,790,260
Fee for service income	420,514	-	420,514	172,263	-	172,263
Investment income (loss), net of related expenses	112,090	1,005,272	1,117,362	(548,248)	(3,058,104)	(3,606,352)
Net assets released from donor restrictions	24,534,871	(24,534,871)	-	19,557,352	(19,557,352)	-
Total support and revenue	28,973,890	(1,550,000)	27,423,890	25,265,225	(12,909,054)	12,356,171
EXPENSES						
Program Services	22,971,527	-	22,971,527	21,465,021	-	21,465,021
Supporting Services:						
Management and General	8,848,018	-	8,848,018	6,720,056	-	6,720,056
Fundraising	1,714,107	-	1,714,107	1,467,183	-	1,467,183
Total supporting services	10,562,125	-	10,562,125	8,187,239	-	8,187,239
Total expenses	33,533,652	-	33,533,652	29,652,260	-	29,652,260
Changes in net assets	(4,559,762)	(1,550,000)	(6,109,762)	(4,387,035)	(12,909,054)	(17,296,089)
Net assets at beginning of year	17,033,309	26,436,952	43,470,261	21,420,344	39,346,006	60,766,350
NET ASSETS AT END OF YEAR	**$ 12,473,547**	**$ 24,886,952**	**$ 37,360,499**	**$ 17,033,309**	**$ 26,436,952**	**$ 43,470,261**

See accompanying notes to consolidated financial statements.

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Personnel	$ 8,651,047	$ 4,002,945	$ 1,104,734	$ 5,107,679	$ 13,758,726
Contractual services	4,083,992	1,738,301	29,169	1,767,470	5,851,462
Payroll taxes and fringe	2,670,239	1,268,851	348,021	1,616,872	4,287,111
Partner support	3,526,500	2,000	-	2,000	3,528,500
Meetings and convenings	1,439,355	261,323	64,467	325,790	1,765,145
Occupancy	704,962	345,184	98,797	443,981	1,148,943
Media outreach	792,293	261,049	11,945	272,994	1,065,287
Travel	529,064	279,545	20,339	299,884	828,948
Miscellaneous	316,401	169,990	9,323	179,313	495,714
Professional fees	106,337	285,364	6,480	291,844	398,181
Insurance	82,262	44,464	12,624	57,088	139,350
Software and equipment	4,407	110,964	465	111,429	115,836
Office supplies	32,556	63,080	2,783	65,863	98,419
Depreciation and amortization	32,112	14,958	4,960	19,918	52,030
TOTAL	**$ 22,971,527**	**$ 8,848,018**	**$ 1,714,107**	**$ 10,562,125**	**$ 33,533,652**

See accompanying notes to consolidated financial statements.

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Personnel	$ 7,351,642	$ 2,583,426	$ 859,117	$ 3,442,543	$ 10,794,185
Partner support	6,443,174	5,000	-	5,000	6,448,174
Contractual services	2,889,984	1,684,905	156,233	1,841,138	4,731,122
Payroll taxes and fringe	2,294,207	896,876	275,407	1,172,283	3,466,490
Occupancy	675,518	319,073	81,820	400,893	1,076,411
Meetings and convenings	730,525	84,981	26,016	110,997	841,522
Miscellaneous	245,125	309,349	12,690	322,039	567,164
Media outreach	294,738	198,736	13,128	211,864	506,602
Travel	271,449	119,824	7,095	126,919	398,368
Professional fees	63,107	301,364	4,766	306,130	369,237
Insurance	92,252	35,467	11,569	47,036	139,288
Software and equipment	22,946	118,785	2,400	121,185	144,131
Depreciation and amortization	56,435	20,392	12,683	33,075	89,510
Office supplies	33,919	41,878	4,259	46,137	80,056
TOTAL	**$ 21,465,021**	**$ 6,720,056**	**$ 1,467,183**	**$ 8,187,239**	**$ 29,652,260**

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (6,109,762)	$ (17,296,089)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	65,425	108,368
Unrealized (gain) loss on investments	(1,013,168)	4,649,221
Realized loss (gain) on investments	108,074	(921,141)
Change in discount on grants and contributions receivable	22,441	22,875
(Increase) decrease in:		
Grants, contributions and pledges receivable	(332,719)	7,897,896
Miscellaneous receivables	340,047	(899,407)
Prepaid expenses and other assets	(247,765)	43,791
Increase (decrease) in:		
Accounts payable and accrued expenses	567,886	(544,967)
Net cash used by operating activities	(6,599,541)	(6,939,453)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,723)	(9,936)
Purchases of investments	(3,363,460)	(2,252,221)
Proceeds from sales of investments	3,389,208	3,473,392
Loan funding	(200,000)	(500,000)
Net cash (used) provided by investing activities	(179,975)	711,235
Net decrease in cash and cash equivalents	(6,779,516)	(6,228,218)
Cash and cash equivalents at beginning of year	19,280,260	25,508,478
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 12,500,744**	**$ 19,280,260**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Center for Community Change (CCC) is a not-for-profit organization, based in Washington, D.C. CCC's mission is to build the power and capacity of low-income people,especially low-income people of color, to change their communities and public policies for the better. CCC does this primarily by helping them develop strong organizations controlled by community people. CCC also works to help low-income people have a voice on national policies that affect their communities. All projects of CCC support this mission. CCC is primarily supported by grants and contributions.

The Fund for the Center for Community Change (the Fund), was established as a supporting organization to CCC to hold and invest CCC's endowment fund assets. CCC controls the Fund (based on majority Board control).

Consolidated financial statements -

The accompanying consolidated financial statements include all accounts and transactions of CCC and the Fund, collectively "the Organization". All intercompany transactions between CCC and the Fund have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions -** Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions." Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements adopted -

During 2023, the Organization adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organization applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market amounts held in investments totaling $176,634 and $316,359 for the years ended September 30, 2023 and 2022, respectively. The Organization maintains its cash and cash equivalents at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC), in an amount up to $250,000 per institution. The Organization does not believe it is subject to any significant risk with respect to its cash balances.

Grants, contributions and pledges receivable -

Grants, contributions and pledges receivable are recorded at their net realizable value, which approximates fair value. Grants, contributions and pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants, contributions and pledges revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants, contributions and pledges receivable are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Miscellaneous receivables -

Miscellaneous receivables consist of related party receivables for expenses paid by the Organization, sublease receivables, employee loans, and travel advances. Miscellaneous receivables are stated at their unpaid balances, which approximate fair value. No interest or late fees accrue on unpaid receivables. Receivables are considered impaired if full principal payments are not received in accordance with contract terms. It is the Organization's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. In making that determination, management evaluates the financial condition of the Organization, historic experience and current economic conditions. At September 30, 2023 and 2022, management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment -

Property and equipment in excess of $5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three years for computer equipment, five years for furniture and other equipment, and leasehold improvements are amortized over ten years.

Expenditures for maintenance, repairs, and minor improvements are charged to expense when incurred. Depreciation and amortization expense totaled $65,425 and $108,368, of which $13,395 and $18,858 was allocated to CCA for the years ended September 30, 2023 and 2022, respectively.

Loan receivable -

Loan receivable is carried at the original loan agreement amount less an estimate made for doubtful accounts based on a review of outstanding amounts. Loan receivables are written off when deemed uncollectable. Based on management's evaluation of the collectability of loan receivables, no allowance was deemed necessary at September 30, 2023 and 2022. Interest income on loan receivables is recognized over the period of the loan. Related fees and costs of the loan are amortized over the life of the loan.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses, net of fees paid to external investment advisors are included in investment income in the Consolidated Statements of Activities and Changes in Net Assets.

Income taxes -

CCC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund is organized as a Section 501(c)(3) Type I supporting organization to CCC and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CCC and the Fund are also exempt from District of Columbia franchise, sales and personal property taxes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. CCC and the Fund are not private foundations.

Uncertain tax positions -

For the years ended September 30, 2023 and 2022, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Grants, contributions and pledges -

The majority of the Organization's revenue is received through grants, contributions and pledges. Grants, contributions and pledges are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution, grant, or contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants, contributions and pledges (continued) -

For grants, contributions and pledges qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants, contributions and pledges qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, the Organization had $14,000,000 in unrecognized conditional awards as of September 30, 2023. There were no unrecognized conditional awards as of September 30, 2022.

Fee for service revenue -

Fee for service contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and record revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

Receivables from contracts with customers totaled $230,616 and $122,672 as of September 30, 2023 and 2022, respectively. There was no deferred revenue from contracts with customers as of September 30, 2023 and 2022.

Use of estimates -

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

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 Activities and Changes in Net Assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses (continued) -

Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Consolidated Statements of Functional Expenses present expenses by function and natural classification.

Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses which benefit more than one function are allocated on a reasonable basis that is consistently applied. The basis of allocation is estimates of time and effort maintained for each employee. Expenses allocated include salaries and wages, occupancy, depreciation, benefits, payroll taxes, professional services, information technology, office expenses, interest, insurance, and other expenses.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

New accounting pronouncement not yet adopted -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending September 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASUs at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

2. PROGRAM AND SUPPORTING SERVICES

Supporting Capacities - Departments under this area are Communications, including digital media activities, Policy and Advocacy, Leadership Development, and Program Support. Work is also conducted to support the incubation and development of new projects for the Organization, as well as a multitiered social justice Fellowship program.

Core Strategies - Community Change is working to enact sweeping, systemic change in our country. Our strategy includes four interconnected threads:

Build Black and Immigrant Power, strengthening Black, brown, and immigrant organizing infrastructure on the ground so that these communities have substantial power in key geographies, are networked nationally and across communities, create and advance a shared vision, and play a leadership role in a broader multi-racial movement for economic, racial, and social justice.

2. PROGRAM AND SUPPORTING SERVICES (Continued)

Reinvent Community Organizing, partnering with community groups that are experimenting with different methods to collectively reimagine and co-create vibrant new models of organizing that are capable of achieving scale and sustainability in low-income communities of color while retaining the soulfulness of real relationship.

Advance a Governing Agenda, generating big ideas to advance economic, racial, and immigrant justice and building power to enact them.

Increase Civic Engagement, changing the electorate so that it looks more like the country and building grassroots capacity for lasting civic engagement in communities of color.

Special Projects - Acting as fiscal sponsor for emerging initiatives housed at Community Change. All of these projects align with the Organization's mission to improve material conditions, reduce inequity, and amplify the voices of vulnerable communities.

Management and General - Management and General activities include the administrative functions of human resources, talent, administration and facilities management, finance, information technology, operations and executive management.

Fundraising - The Institutional Advancement department is responsible for researching and cultivating funding prospects for the Organization. The department works to raise the Organization's annual operating budget, including project restricted funding and general support.

3. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value:

- *Money Market Funds* - The money market funds are open-end mutual funds that are registered with the Securities and Exchange Commission and are deemed to be actively traded.

3. INVESTMENTS (Continued)

- *Corporate Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Mutual Funds and Exchange Traded Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded.
- *Interest in Common Collective Trusts* - Fair value is derived from the relative interest of each participating investor in the fair value of the underlying assets. The underlying assets are valued at net asset value (NAV).
- *U.S. Government Securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Equities	$ 6,541,969	$ -	$ -	$ 6,541,969
Mutual funds	5,788,499	-	-	5,788,499
Common collective trust	-	4,708,262	-	4,708,262
Corporate bonds	-	681,119	-	681,119
Money market funds	176,634	-	-	176,634
Equities - Real estate investment trusts	200,686	-	-	200,686
TOTAL	**$ 12,707,788**	**$ 5,389,381**	**$ -**	**$ 18,097,169**

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of September 30, 2022:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Equities	$ 5,867,812	$ -	$ -	$ 5,867,812
Mutual funds	5,596,130	-	-	5,596,130
Common collective trust	-	2,504,979	-	2,504,979
Government obligations	1,949,708	-	-	1,949,708
Corporate bonds	-	678,940	-	678,940
Money market funds	316,359	-	-	316,359
Equities - Real estate investment trusts	256,418	-	-	256,418
Equities - Publicly traded partnerships	47,477	-	-	47,477
TOTAL	**$ 14,033,904**	**$ 3,183,919**	**$ -**	**$ 17,217,823**

3. INVESTMENTS (Continued)

During the years ended September 30, 2023 and 2022, total investment income (loss) is comprised of the following items:

	2023	2022
Unrealized gain (loss) on investments	$ 1,013,168	$ (4,649,221)
Realized (loss) gain on investments	(108,074)	921,141
Interest and dividends	305,496	218,181
Management fees	(93,228)	(96,453)
TOTAL INVESTMENT INCOME (LOSS), NET	**$ 1,117,362**	**$ (3,606,352)**

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization has received commitments for support, of which $6,054,261 and $5,721,542 remained due as September 30, 2023 and 2022, respectively. Payments expected to be received beyond one year have been recorded at the net present value of the estimated cash flows, using a variable discount rate based on rates for a five-year treasury bill at the time of the award.

Grants and contributions are due as follows at September 30, 2023 and 2022:

	2023	2022
Less than one year	$ 4,439,803	$ 5,019,384
One to five years	1,614,458	702,158
Subtotal	6,054,261	5,721,542
Less: Present value discount	(59,935)	(37,494)
Less: Current portion	(4,439,803)	(5,019,384)
NONCURRENT PORTION	**$ 1,554,523**	**$ 664,664**

5. LOAN RECEIVABLE

During the year ended September 30, 2021, the Organization issued a loan receivable in the amount of $500,000 to CNote Group, Inc., for use in the borrower's Community Development Financials lending pool. During the year ended September 30, 2022, an additional $500,000 in loan receivables was issued to CNote Group, Inc. During the year ended September 30, 2023, an additional $200,000 was issued to CNote Group, Inc. Each note matures 36 months after initial issuance. The loans carry an interest rate of 1% per annum, with interest paid quarterly. The loans are non-recourse and requires no principal payments until collections have been received by the borrower. At September 30, 2023 and 2022, the loans are considered fully collectable and accordingly, no allowance has been recorded. Future payments are due as follows:

Year Ending September 30,	
2024	$ 500,000
2025	500,000
2026	200,000
	$ 1,200,000

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2023 and 2022:

	2023	2022
Subject to expenditure of specified purpose:		
Advancing A Governing Agenda	$ 2,957,652	$ 7,373,516
Special Projects	6,484,760	2,051,593
Supporting Capacities	330,491	487,410
Civic Engagement	-	357,278
Reinvent Community Organizing	-	50,000
Time restricted	1,311,685	3,320,048
Accumulated net earnings on endowment to be invested in perpetuity	9,452,364	8,447,107
Endowment to be invested in perpetuity	4,350,000	4,350,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 24,886,952**	**$ 26,436,952**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2023	2022
Advancing A Governing Agenda	$ 15,410,864	$ 13,374,141
Civic Engagement	784,464	1,516,099
Special Projects	6,019,246	1,954,538
Reinvent Community Organizing	90,000	432,000
Supporting Capacities	221,919	413,703
Passage of time	2,008,363	1,866,871
Appropriated for expenditures from endowment	15	-
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 24,534,871**	**$ 19,557,352**

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	2023	2022
Cash and cash equivalents	$ 12,500,744	$ 19,280,260
Investments, current portion	4,994,805	4,920,716
Loan receivable	500,000	-
Deposits	200,000	200,000
Grants, contributions and pledges receivable, current portion	4,439,803	5,019,384
Miscellaneous receivables	1,101,668	1,441,715
Subtotal financial assets available within one year	23,737,020	30,862,075
Less: Donor restricted funds	(9,772,903)	(10,319,797)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 13,964,117**	**$ 20,542,278**

7. LIQUIDITY AND AVAILABILITY (Continued)

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. To help manage unanticipated liquidity needs and to respond to operational and cash flow needs, the Organization has a committed line of credit of $1,000,000 available.

8. LINE OF CREDIT

During the year ended September 30, 2023, the Organization maintained a $1,000,000 line of credit with Amalgamated Bank. Borrowings from the line of credit bear interest at a variable interest rate (8.50% and 6.25% at September 30, 2023 and 2022, respectively). There were no draws on the line of credit during the years ended September 30, 2023 and 2022.

The terms of the agreement require the Organization to maintain a cash collateral account (with Amalgamated Bank) with a balance of at least $1,000,000 at all times. As of the date of this report, the Organization is in compliance with this requirement.

9. RETIREMENT PLAN

The Organization has a defined-contribution retirement plan (under Section 401(k) of the Internal Revenue Code) covering substantially all employees. Employees are eligible for employer contributions after six months of service. For the years ending September 30, 2023 and 2022, contributions were made by the Organization to the Plan at the rate of 8% of an employee's salary. The employee obtains an immediate vested interest in the amount contributed to his or her pension account. Upon retirement, the employee has several options for payment of the balance in his/her pension account. Pension plan expense during the years ended September 30, 2023 and 2022 totaled $1,166,547 and $946,979, respectively.

The Organization also administers a 403(b) retirement plan, in which the Organization makes no contributions.

10. OPERATING LEASES

On March 2, 2015, the Organization entered into a fifteen year operating lease agreement (for office space located at 1536 U Street, NW, Washington, D.C.) with the Center for Community Change Action (CCCA). Base rent of $51,667 per month is required during the first year, with 3% increases annually; additionally, the Organization is responsible for reimbursing CCCA its proportionate share of property taxes. During the year ended September 30, 2020, the lease was amended to a new one year term, with the option to renew each year through the end of the lease. The current renewal is set to expire in March 2024, which the Organization plans to extend into 2025. The Organization has the option to renew the lease seventeen more times, which would then terminate in 2040.

Additionally, the Organization leases office space on a month-to-month basis in Cincinnati, Ohio.

The following is a schedule of the future minimum lease payments required under all long-term operating leases:

Year Ending September 30, 2024	$ 312,358

Lease expense during the years ended September 30, 2023 and 2022 totaled $767,662 and $748,388, respectively, and is included in Occupancy in the accompanying Consolidated Statements of Functional Expenses.

11. RELATED PARTY

The Center for Community Change Action (“CCCA") is a related, tax-exempt organization (under Section 501(c)(4) of the Internal Revenue Code), whose purpose is to increase the profile of policy issues that matter to low income people and people of color, as well as educate and empower low-income people and people of color to act on those issues.

CCCA and the Organization share office space and staff; however, the criteria for financial combination or consolidation (significant influence/control and economic interest) have not been met; therefore, the financial activities of the organizations are not consolidated.

CCCA reimburses the Organization for salaries and other administrative costs. The Organization also reimburses CCCA for program expenses paid on the Organization’s behalf.

During the years ended September 30, 2023 and 2022, the Organization billed CCCA for expenses totaling $5,887,305 and $3,949,652, respectively, and CCCA billed the Organization for expenses totaling $969,685 and $887,846, respectively.

As of September 30, 2023 and 2022, $846,961 and $1,312,871, respectively, was due to the Organization from CCCA. These amounts are included in miscellaneous receivables in the accompanying Consolidated Statements of Financial Position.

As of September 30, 2023 and 2022, $9,880 and $148,814 were due to CCCA from the Organization. These amounts are included in accounts payable and accrued expenses in the accompanying Consolidated Statements of Financial Position.

During the years ended September 30, 2023 and 2022, the Organization granted $0 and $200,000, respectively. This amount is included in grants and contributions on the accompanying Consolidated Statements of Activities and Changes in Net Assets. The Organization did not receive any grants from CCCA during the years ended September 30, 2023 and 2022.

12. ENDOWMENT

In April of 1985, the Fund for the Center for Community Change (the Fund) was organized and incorporated to operate exclusively for the benefit of CCC. The Fund received an initial contribution from a donor who stipulated that the contribution of $2,850,000 be used to establish a permanent endowment fund. The donor also required the Fund to raise additional matching funds. The initial contribution and required matching contributions are reported in the net assets with donor restrictions class, along with a contribution in the amount of $500,000, which was received during the year ended September 30, 1998. Subsequently, additional contributions totaling $1,000,000 were recorded as net assets with donor restrictions. Earnings and appreciation of the fund principal are reported as net assets with donor restrictions until spent. Endowment assets are included in investments and loans receivable as of September 30, 2023 and 2022.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

12. ENDOWMENT (Continued)

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organization.

Endowment net asset composition by type of fund as of September 30, 2023:

	With Donor Restrictions
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 4,350,000
Accumulated investment earnings	9,452,364
TOTAL ENDOWMENT FUNDS	**$ 13,802,364**

Changes in endowment net assets for the year ended September 30, 2023:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 12,797,107
Investment income:	
Investment income	164,503
Net appreciation (realized and unrealized)	840,769
Total investment income	1,005,272
Appropriation of endowment assets for expenditure	(15)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 13,802,364**

Endowment net asset composition by type of fund as of September 30, 2022:

	With Donor Restrictions
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 4,350,000
Accumulated investment earnings	8,447,107
TOTAL ENDOWMENT FUNDS	**$ 12,797,107**

12. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended September 30, 2022:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 15,855,211
Investment return:	
Investment income	107,234
Net depreciation (realized and unrealized)	(3,165,338)
Total investment return	(3,058,104)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 12,797,107**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of new contributions for donor-restricted endowment funds. As of years end September 30, 2023 and 2022, the Organization did not have any funds with deficiencies.

Investment Return Objectives, Risk Parameters and Strategies -

The Fund's Investment Policy reflects the Organization's long-term sustainability approach. It includes an investment time horizon of 10 years and goals to: (1) grow the Fund and increase the real (inflation adjusted) value of its assets over time; (2) generate gains to provide predictable supplemental support for the Organization's operations; (3) preserve permanently restricted assets; (4) avoid investing in companies whose environmental or social impacts contribute to problems and issues that the Organization addresses; and (5) aim for a minimum five percent (5%) annual return.

The Fund accepts market fluctuations and volatility as an unavoidable reality, given its desire to achieve average or above market rates of return. Funds are managed to ensure preservation and safety for permanently restricted assets, and with generally accepted and prudent asset diversification and allocation strategies to minimize losses during difficult economic circumstances.

The Fund's risk tolerance may be considered "moderate." Within the Fund's portfolio, assets are diversified both by asset class (U.S. and global equities, fixed income, alternative and community investments, and cash) and within each asset class. The Fund Board recommends rebalancing of assets, annually or as needed, to align the portfolio with asset allocation targets, and address the Organization's liquidity needs.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organization's annual budget and revenue planning does not typically include assumptions for support from the Endowment. When deemed prudent, draws are generally limited to three to five percent (3-5%) of the Endowment's fair market valuation. If two draws are taken in the same fiscal year, both calculations are averaged and the total may not exceed seven percent (7%), as recommended by the UPMIFA.

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 5, 2024, the date the consolidated financial statements were issued.