COMBINED FINANCIAL STATEMENTS

CENTER FOR COMMUNITY CHANGE

FUND FOR THE CENTER FOR COMMUNITY CHANGE

FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

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.

We have audited the accompanying combined financial statements of the Center for Community Change (CCC) and the Fund for the Center for Community Change (the Fund), collectively "the Organization", as of September 30, 2019 and 2018, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related combined statement of functional expenses for the year ended September 30, 2019, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of September 30, 2019 and 2018, and the combined changes in their net assets and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rozenberg & Freedman

March 14, 2020

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 3,960,197	$ 6,427,534
Investments	5,772,839	5,374,354
Grants and contributions receivable	4,535,459	8,375,971
Advances and miscellaneous receivables	188,382	415,756
Prepaid expenses and other assets	163,028	93,496
Deposits	200,000	200,000
Total current assets	14,819,905	20,887,111
PROPERTY AND EQUIPMENT		
Furniture and equipment	288,624	230,326
Leasehold improvements	707,068	707,068
	995,692	937,394
Less: Accumulated depreciation and amortization	(590,673)	(475,400)
Net property and equipment	405,019	461,994
NONCURRENT ASSETS		
Investments	12,121,718	12,114,616
Grants and contributions receivable, net of current portion and present value discount	4,153,925	685,360
Artwork	11,250	11,250
Total noncurrent assets	16,286,893	12,811,226
TOTAL ASSETS	**$ 31,511,817**	**$ 34,160,331**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 924,420	$ 1,339,785
NET ASSETS		
Without donor restrictions	6,764,791	7,139,564
With donor restrictions	23,822,606	25,680,982
Total net assets	30,587,397	32,820,546
TOTAL LIABILITIES AND NET ASSETS	**$ 31,511,817**	**$ 34,160,331**

See accompanying notes to combined financial statements.

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants, contributions and other income	$ 4,541,107	$ 11,567,991	$ 16,109,098	$ 5,430,581	$ 7,476,770	$ 12,907,351
Investment income (loss), net of related expenses	427,644	500,583	928,227	(30,996)	921,722	890,726
Net assets released from donor restrictions	13,926,950	(13,926,950)	-	13,007,601	(13,007,601)	-
Total support and revenue	18,895,701	(1,858,376)	17,037,325	18,407,186	(4,609,109)	13,798,077
EXPENSES						
Program Services	15,110,122	-	15,110,122	13,992,953	-	13,992,953
Supporting Services:						
Management and General	2,721,120	-	2,721,120	2,688,225	-	2,688,225
Fundraising	1,439,232	-	1,439,232	1,708,317	-	1,708,317
Total supporting services	4,160,352	-	4,160,352	4,396,542	-	4,396,542
Total expenses	19,270,474	-	19,270,474	18,389,495	-	18,389,495
Changes in net assets	(374,773)	(1,858,376)	(2,233,149)	17,691	(4,609,109)	(4,591,418)
Net assets at beginning of year	7,139,564	25,680,982	32,820,546	7,121,873	30,290,091	37,411,964
NET ASSETS AT END OF YEAR	**$ 6,764,791**	**$ 23,822,606**	**$ 30,587,397**	**$ 7,139,564**	**$ 25,680,982**	**$ 32,820,546**

See accompanying notes to combined financial statements.

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019					2018
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Contractual services	$ 1,924,602	$ 245,238	$ 84,941	$ 330,179	$ 2,254,781	$ 1,684,110
Depreciation and amortization	70,090	11,608	11,200	22,808	92,898	238,525
Insurance	74,933	16,233	10,632	26,865	101,798	97,806
Media outreach	83,838	3,111	1,510	4,621	88,459	31,050
Meetings and convenings	893,827	113,850	89,970	203,820	1,097,647	1,082,168
Miscellaneous	27	2,508	-	2,508	2,535	81,595
Occupancy	697,954	163,578	98,272	261,850	959,804	1,031,142
Office supplies	179,014	77,004	20,957	97,961	276,975	128,108
Partner support	2,290,894	19,459	808	20,267	2,311,161	2,619,134
Payroll taxes and fringe	1,489,588	331,046	210,858	541,904	2,031,492	1,948,812
Personnel	6,468,492	1,318,392	839,399	2,157,791	8,626,283	8,153,737
Professional fees	44,150	294,372	7,569	301,941	346,091	278,187
Software and equipment	60,732	64,625	12,920	77,545	138,277	116,753
Travel	831,981	60,096	50,196	110,292	942,273	898,368
TOTAL	**$ 15,110,122**	**$ 2,721,120**	**$ 1,439,232**	**$ 4,160,352**	**$ 19,270,474**	**$ 18,389,495**

See accompanying notes to combined financial statements.

CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (2,233,149)	$ (4,591,418)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	115,273	286,993
Unrealized gain on investments	(427,859)	(193,924)
Realized gain on investments	(278,166)	(542,619)
Change in discount on grants and contributions receivable	34,845	(21,710)
Loss on disposal of assets	-	991
Decrease (increase) in:		
Grants and contributions receivable	337,102	4,508,572
Advances and miscellaneous receivables	227,374	(235,000)
Prepaid expenses and other assets	(69,532)	25,730
(Decrease) increase in:		
Accounts payable and accrued expenses	(415,365)	370,556
Net cash used by operating activities	(2,709,477)	(391,829)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(58,298)	(86,315)
Purchases of investments	(4,412,034)	(4,279,183)
Proceeds from sales of investments	4,712,472	5,262,411
Net cash provided by investing activities	242,140	896,913
Net (decrease) increase in cash and cash equivalents	(2,467,337)	505,084
Cash and cash equivalents at beginning of year	6,427,534	5,922,450
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 3,960,197**	**$ 6,427,534**

See accompanying notes to combined financial statements.

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 help low-income people, especially low-income people of color, develop the power and capacity to improve their communities and change policies and institutions that affect their lives. 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).

Combined financial statements -

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

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. The ASU was adopted during the year ended September 30, 2019 and applied retrospectively. As permitted under the ASU, the Combined Statement of Functional Expenses has been presented for one year only with prior year summarized information.

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.

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. Although the Organization takes appropriate steps to limit the amounts on deposit at any one financial institution, such amounts exceeded the FDIC insurance limits by approximately $3,710,000 and $6,429,000 at September 30, 2019 and 2018, respectively. The Organization does not believe it is subject to any significant risk with respect to its cash balances.

Grants and contributions receivable -

Current grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Grants and contributions 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 and contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met.

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

Grants and contributions receivable (continued) -

All grants and contributions receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Advances and miscellaneous receivables -

Advances and 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 uncollectible 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, 2019 and 2018, management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of $1,000 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 and five years for furniture and other equipment. During the year ended September 30, 2019, the Organization changed its accounting estimate of useful lives for leasehold improvements to ten years. The change was applied prospectively. Expenditures for maintenance, repairs, and minor improvements are charged to expense when incurred. Depreciation and amortization expense totaled $115,273 and $286,993 of which $22,375 and $48,468 was allocated to CCA for the years ended September 30, 2019 and 2018, respectively.

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 (loss) in the Combined 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 combined financial statements. CCC and the Fund are not private foundations.

Uncertain tax positions -

For the years ended September 30, 2019 and 2018, 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 combined financial statements.

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

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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 Combined 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.

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions with 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 combined financial statements. Grants and contributions received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

Use of estimates -

The preparation of combined 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 combined 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 Combined Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Combined Statement 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.

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

Functional allocation of expenses (continued) -

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 combined financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of September 30, 2018 as unrestricted net assets in the amount of $7,139,564 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of $21,330,982 and $4,350,000, respectively, are now classified as "net assets with donor restrictions".

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by one year; thus, the effective date is for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its combined financial statements.

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

New accounting pronouncements (not yet adopted) -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,* which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

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

2. PROGRAM AND SUPPORTING SERVICES

Supporting Capacities - Departments under this area are Communications, including digital media activities, 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.

Programs -
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 and immigrant organizing infrastructure on the ground so that these communities have substantial power in key geographies, are networked nationally, have shared vision, have strong relationships with *each other*, can move collectively and can play a leadership role in a broader multi-racial movement for economic and social justice.
- **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 reduce poverty and advance racial justice and immigrant rights and building power to test them locally.

2. PROGRAM AND SUPPORTING SERVICES (Continued)

Programs (Continued) -

- **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 - Special Projects of the Center of Community Change include Rights for Girls, a project that works to advance public policy by protecting the dignity and rights of young women and girls, especially in vulnerable communities. Other projects include the Future of Workers Project, the Accountability Project, and the Progressive Multiplier Fund.

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 - Development and Fundraising 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

Investments, at fair value, consisted of the following at September 30, 2019 and 2018:

	2019	2018
Money market	$ 406,544	$ 417,566
Corporate bonds	640,577	650,895
Mutual funds	4,991,627	4,793,950
Common collective trust	3,303,699	2,995,848
Government obligations	2,260,264	2,174,487
Equities	6,076,224	6,316,280
Real estate investment trusts	215,622	139,944
TOTAL INVESTMENTS	**$ 17,894,557**	**$ 17,488,970**

During the years ended September 30, 2019 and 2018, total investment income is comprised of the following items:

	2019	2018
Interest and dividends	$ 291,521	$ 227,328
Unrealized gain on investments	427,859	193,924
Realized gain on investments	278,166	542,619
Management fees	(69,319)	(73,145)
TOTAL INVESTMENT INCOME	**$ 928,227**	**$ 890,726**

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization has received commitments for support, of which $8,794,289 and $9,131,391 remained due as September 30, 2019 and 2018, respectively.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

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, 2019 and 2018:

	2019	2018
Less than one year	$ 4,535,459	$ 8,375,971
One to five years	4,258,830	755,420
	8,794,289	9,131,391
Less: Present value discount	(104,905)	(70,060)
Less: Current portion	(4,535,459)	(8,375,971)
NONCURRENT PORTION	**$ 4,153,925**	**$ 685,360**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2019 and 2018:

	2019	2018
Supporting Capacities	$ 1,414,135	$ 2,205,641
Civic Engagement	571,941	465,019
Advancing Governing Agenda	2,967,902	8,604,818
Special Projects	453,489	445,850
Time Restricted	6,564,634	2,109,732
Endowment to be invested in perpetuity	4,350,000	4,350,000
Accumulated net earnings on Endowment to be invested in perpetuity	7,500,505	7,499,922
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 23,822,606**	**$ 25,680,982**

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:

	2019	2018
Supporting Capacities	$ 1,002,102	$ 1,277,030
Civic Engagement	1,048,877	1,860,965
Advancing Governing Agenda	8,018,288	6,882,233
Special Projects	1,177,891	847,547
Passage of Time	2,179,792	1,414,826
Appropriated for Expenditures from Endowment	500,000	725,000
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 13,926,950**	**$ 13,007,601**

6. LIQUIDITY AND AVAILABILITY

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

	2019	2018
Cash and cash equivalents	$ 3,960,197	$ 6,427,534
Investments, current portion	5,772,839	5,374,354
Grants and contributions receivable, current portion	4,535,459	8,375,971
Advances and miscellaneous receivables	188,382	415,756
Subtotal financial assets available within one year	14,456,877	20,593,615
Less: Donor restricted funds	(5,348,801)	(11,721,328)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 9,108,076**	**$ 8,872,287**

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.

7. LINE OF CREDIT

During the year ended September 30, 2019, 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 (4.75% at September 30, 2019). There were no draws on the line of credit during the years ended September 30, 2019 and 2018.

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.

8. PENSION PLAN

The Organization has a defined-contribution pension 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, 2019 and 2018, 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, 2019 and 2018 totaled $614,083 and $581,878, respectively.

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

9. OPERATING LEASES

On March 2, 2015, the Organization entered into a five year operating lease agreement (for office space located at 1536 U Street, NW, Washington, D.C.) with the Center for Community Change Action (CCA). Base rent of $51,667 per month is required during the first year, with 3% increases annually; additionally, the Organization is responsible for reimbursing CCA its proportionate share of property taxes. The lease also contains an option to renew for two additional five year periods.

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 Ended September 30, 2020	$ 287,944

Rent expense during the years ended September 30, 2019 and 2018 totaled $691,034 and $569,789, respectively, and is included in Occupancy in the accompanying Combined Statements of Functional Expenses.

The Organization subleases a portion of its office space under a month-to-month agreement. Rental income for the years ended September 30, 2019 and 2018 totaled $20,752 and $17,257, respectively and is included in "Grants, contributions and other income" in the Combined Statements of Activities and Changes in Net Assets.

10. 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 an Executive Director; however, the criteria for financial combination (significant influence/control and economic interest) have not been met; therefore, the financial activities of the organizations are not combined.

CCCA reimburses the Organization for salaries and other administrative costs. The Organization pays CCCA for its ratable share of office space (see Note 9), and reimburses CCCA for program expenses paid on the Organization’s behalf.

During the years ended September 30, 2019 and 2018, the Organization billed CCCA for expenses totaling $2,067,920 and $2,485,231, respectively, and CCCA billed the Organization for expenses totaling $840,413 and $799,657, respectively.

As of September 30, 2019 and 2018, $183,812 and $414,816, respectively, was due to the Organization from CCCA; as of those same dates, $0 and $17,026 were due to CCCA from the Organization. These amounts are included in advances and miscellaneous receivables in the accompanying Combined Statements of Financial Position.

There were no grants between the Organization and CCCA during the years ended September 30, 2019 and 2018.

11. FAIR VALUE MEASUREMENT

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 Combined 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. There have been no changes in the methodologies used at September 30, 2019 and 2018.

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

- *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* - 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.

- *Real estate investment trusts and publicly traded partnerships* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

11. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of September 30, 2019:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 406,544	$ -	$ -	$ 406,544
Corporate bonds	-	640,577	-	640,577
Mutual funds	4,991,627	-	-	4,991,627
Common collective trust	-	3,303,699	-	3,303,699
Government obligations	2,260,264	-	-	2,260,264
Equities	6,076,224	-	-	6,076,224
Real estate investment trusts	-	-	215,622	215,622
TOTAL	$ 13,734,659	$ 3,944,276	$ 215,622	$ 17,894,557

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of September 30, 2018:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 417,566	$ -	$ -	$ 417,566
Corporate bonds	-	650,895	-	650,895
Mutual funds	4,793,950	-	-	4,793,950
Common collective trust	-	2,995,848	-	2,995,848
Government obligations	2,174,487	-	-	2,174,487
Equities	6,316,280	-	-	6,316,280
Real estate investment trusts	-	-	139,944	139,944
TOTAL	$ 13,702,283	$ 3,646,743	$ 139,944	$ 17,488,970

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended September 30, 2019:

	Real Estate Investment Trusts	Publicly Traded Partnerships	Total
Beginning balance as of September 30, 2018	$ 139,944	$ -	$ 139,944
Unrealized and realized gains	6,106	-	6,106
Sales	(25,687)	-	(25,687)
Purchases	95,259	-	95,259
BALANCE AS OF SEPTEMBER 30, 2019	$ 215,622	$ -	$ 215,622

11. FAIR VALUE MEASUREMENT (Continued)

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended September 30, 2018:

	Real Estate Investment Trusts	Publicly Traded Partnerships	Total
Beginning balance as of September 30, 2017	$ 219,623	$ 41,378	$ 261,001
Unrealized and realized losses	(7,886)	(7,072)	(14,958)
Sales	(80,550)	(34,306)	(114,856)
Purchases	8,757	-	8,757
BALANCE AS OF SEPTEMBER 30, 2018	**$ 139,944**	**$ -**	**$ 139,944**

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.

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.

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.

12. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of September 30, 2019:

	With Donor Restrictions
Donor Restricted Endowment Funds	**$ 11,850,505**

Changes in endowment net assets for the year ended September 30, 2019:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 11,849,922
Investment return:	
Investment income	147,920
Disbursed for operations	(500,000)
Net appreciation (realized and unrealized)	352,663
Total investment return	583
ENDOWMENT NET ASSETS, END OF YEAR	**$ 11,850,505**

Endowment net asset composition by type of fund as of September 30, 2018:

	With Donor Restrictions
Donor Restricted Endowment Funds	**$ 11,849,922**

Changes in endowment net assets for the year ended September 30, 2018:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 11,653,200
Investment return:	
Investment income	118,766
Disbursed for operations	(725,000)
Net depreciation (realized and unrealized)	802,956
Total investment return	196,722
ENDOWMENT NET ASSETS, END OF YEAR	**$ 11,849,922**

12. ENDOWMENT (Continued)

Description of amounts classified as net assets with donor restrictions (Endowment only):

	2019	2018
Net Assets with Donor Restrictions:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 4,350,000	$ 4,350,000
The portion of perpetual endowment funds subject to a restriction under UPMIFA:		
With purpose restrictions	7,500,505	7,499,922
Total Endowment Funds Classified as Net Assets with Donor Restrictions	**$ 11,850,505**	**$ 11,849,922**

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, 2019 and 2018, 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 combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 14, 2020, the date the combined financial statements were issued.