

CONSOLIDATED FINANCIAL STATEMENTS

CENTER FOR COMMUNITY CHANGE

**FUND FOR THE CENTER FOR
COMMUNITY CHANGE**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE**

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Consolidated Statement of Financial Position, as of September 30, 2024	4
EXHIBIT B - Consolidated Statement of Activities and Change in Net Assets, for the Year Ended September 30, 2024	5
EXHIBIT C - Consolidated Statement of Functional Expenses, for the Year Ended September 30, 2024	6
EXHIBIT D - Consolidated Statement of Cash Flows, for the Year Ended September 30, 2024	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8 - 19



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 statement of financial position as of September 30, 2024, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year 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, 2024, and the consolidated change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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.



March 31, 2025

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 12,548,865
Investments	4,511,412
Grants, contributions and pledges receivable	9,120,500
Miscellaneous receivables	1,931,099
Prepaid expenses and other assets	205,751
Deposits	<u>200,000</u>
Total current assets	<u>28,517,627</u>

PROPERTY AND EQUIPMENT

Furniture and equipment	112,977
Leasehold improvements	<u>759,457</u>
	872,434
Less: Accumulated depreciation and amortization	<u>(811,043)</u>
Net property and equipment	<u>61,391</u>

NONCURRENT ASSETS

Loans receivable, net	1,200,000
Investments, net	15,934,871
Grants, contributions and pledges receivable, net	<u>7,104,063</u>
Total noncurrent assets	<u>24,238,934</u>

TOTAL ASSETS **\$ 52,817,952**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>2,541,206</u>
---------------------------------------	---------------------

NET ASSETS

Without donor restrictions	11,772,944
With donor restrictions	<u>38,503,802</u>
Total net assets	<u>50,276,746</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 52,817,952**

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants, contributions, pledges and other income	\$ 3,060,061	\$ 40,460,837	\$ 43,520,898
Fee for service income	606,470	-	606,470
Net investment return	478,304	2,832,501	3,310,805
Net assets released from donor restrictions	<u>29,036,488</u>	<u>(29,036,488)</u>	<u>-</u>
Total support and revenue	<u>33,181,323</u>	<u>14,256,850</u>	<u>47,438,173</u>
EXPENSES			
Program Services	<u>26,849,726</u>	<u>-</u>	<u>26,849,726</u>
Supporting Services:			
Management and General	5,578,401	-	5,578,401
Fundraising	<u>1,453,799</u>	<u>-</u>	<u>1,453,799</u>
Total supporting services	<u>7,032,200</u>	<u>-</u>	<u>7,032,200</u>
Total expenses	<u>33,881,926</u>	<u>-</u>	<u>33,881,926</u>
Change in net assets before other item	(700,603)	14,256,850	13,556,247
OTHER ITEM			
Return of grant commitment	<u>-</u>	<u>(640,000)</u>	<u>(640,000)</u>
Change in net assets	(700,603)	13,616,850	12,916,247
Net assets at beginning of year	<u>12,473,547</u>	<u>24,886,952</u>	<u>37,360,499</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,772,944</u>	<u>\$ 38,503,802</u>	<u>\$ 50,276,746</u>

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 10,854,054	\$ 2,521,429	\$ 1,016,052	\$ 3,537,481	\$ 14,391,535
Contractual services	6,309,975	1,027,564	10,575	1,038,139	7,348,114
Payroll taxes and fringe	3,274,157	695,863	327,006	1,022,869	4,297,026
Partner support	2,558,713	-	174	174	2,558,887
Meetings and convenings	1,055,436	45,955	19,210	65,165	1,120,601
Occupancy	1,093,358	210,472	54,879	265,351	1,358,709
Media outreach	540,323	332,246	5,549	337,795	878,118
Travel	534,092	88,600	7,794	96,394	630,486
Miscellaneous	276	232,121	-	232,121	232,397
Professional fees	239,588	208,430	40	208,470	448,058
Insurance	110,045	25,590	5,958	31,548	141,593
Office supplies	279,709	190,131	6,562	196,693	476,402
TOTAL	\$ 26,849,726	\$ 5,578,401	\$ 1,453,799	\$ 7,032,200	\$ 33,881,926

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 12,916,247
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	28,179
Unrealized gain on investments	(2,807,170)
Realized gain on investments	(248,132)
Change in discount on grants, contributions and pledges receivable	412,133
(Increase) decrease in:	
Grants, contributions and pledges receivable	(10,642,370)
Miscellaneous receivables	(829,431)
Prepaid expenses and other assets	156,379
Increase in:	
Accounts payable and accrued expenses	<u>408,487</u>
Net cash used by operating activities	<u>(605,678)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(52,389)
Purchases of investments	(2,213,640)
Proceeds from sales of investments	<u>2,919,828</u>
Net cash provided by investing activities	<u>653,799</u>
Net increase in cash and cash equivalents	48,121
Cash and cash equivalents at beginning of year	<u>12,500,744</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 12,548,865</u></u>

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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, contributions and pledges.

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 accounts of CCC and the Fund (collectively, "the Organization") have been consolidated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. 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." Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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. Money market funds held by investment managers totaled \$190,233 for the year ended September 30, 2024. 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.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Grants, contributions and pledges receivable -

Grants, contributions and pledges receivable include unconditional promises to give that are expected to be collected in future years. Grants, contributions and pledges receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants, contributions and pledges receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants, contributions and pledges revenue.

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 recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

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.

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$28,179 of which \$5,976 was allocated to CCCA for the year ended September 30, 2024. Depreciation and amortization expense is included in occupancy in the accompanying Consolidated Statement of Functional Expenses.

Loans receivable -

Loans receivable are carried at the original loan agreement amount less an estimate made for allowance for credit losses, which is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific loans receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Interest income on loans receivable is recognized over the period of the loan. Related fees and costs of the loan are amortized over the life of the loan. The allowance for credit loss was determined to be immaterial as of September 30, 2024.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

Income taxes -

CCC is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). The Fund is organized under Section 501(a) as a 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.

Support from contributions, grants, pledges and other income -

The majority of the Organization's revenue is received through contributions, grants, and pledges. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution and grant agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions and grants 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. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions and grants contain a right of return and a measurable barrier. Contributions and grants are recognized when conditions have been satisfied. Conditional contributions and grants received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Organization had no refundable advances as of September 30, 2024.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. The Organization had \$7,000,000 of conditional contributions to be received as of September 30, 2024.

Revenue from contracts with customers -

The Organization's fee for service income is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organization has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on assigned cost by deliverable. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization's contracts with customers generally have initial terms of one year or less. There were no receivables from contracts with customers or deferred revenue from contracts with customers as of September 30, 2024.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

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 Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Consolidated 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. During the year ended September 30, 2024, the Organization went through several changes to include restructuring and a change in approach to its functional allocation methodologies. Expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

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.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

2. PROGRAM AND SUPPORTING SERVICES (Continued)

Core Strategies (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 AND FAIR VALUE MEASUREMENTS

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 Statement 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.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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.
- *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.
- *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).
- *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, 2024:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 9,442,701	\$ -	\$ -	\$ 9,442,701
Mutual funds	5,671,498	-	-	5,671,498
Common collective trust	-	4,206,368	-	4,206,368
Corporate bonds	-	694,453	-	694,453
Money market funds	190,233	-	-	190,233
Equities - Real estate investment trusts	<u>241,030</u>	<u>-</u>	<u>-</u>	<u>241,030</u>
TOTAL	<u>\$ 15,545,462</u>	<u>\$ 4,900,821</u>	<u>\$ -</u>	<u>\$ 20,446,283</u>

Net investment return consisted of the following for the year ended September 30, 2024:

Unrealized gain on investments	\$ 2,807,170
Realized gain on investments	248,132
Interest and dividends	342,597
Management fees	<u>(87,094)</u>
NET INVESTMENT RETURN	<u>\$ 3,310,805</u>

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

4. GRANTS, CONTRIBUTIONS AND PLEDGES RECEIVABLE

The Organization has received commitments for support, of which \$16,696,631 remained due as of September 30, 2024. 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, contributions and pledges receivable are due as follows at September 30, 2024:

Less than one year	\$ 9,120,500
One to five years	<u>7,576,131</u>
Subtotal	16,696,631
Less: Present value discount	(472,068)
Less: Current portion	<u>(9,120,500)</u>
NONCURRENT PORTION	<u>\$ 7,104,063</u>

5. LOANS RECEIVABLE

The Organization periodically issues loans to CNote Group, Inc., for use in the borrower's Community Development Financial lending pool. The loan amounts range from \$200,000 to \$500,000 and carry an interest rate of 1% per annum, with interest paid quarterly. The terms of the agreements have maturities that range from 36 months to 60 months after issuance. The loans are non-recourse and requires no principal payments until collections have been received by the borrower. At September 30, 2024, the allowance for credit losses is deemed to be immaterial.

Future payments are due as follows:

Year Ending September 30,

2027	\$ 1,000,000
2028	<u>200,000</u>
	<u>\$ 1,200,000</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2024:

Subject to expenditure of specified purpose:	
Advancing A Governing Agenda	\$ 7,338,544
Special Projects	5,391,351
Supporting Capacities	213,829
Civic Engagement	1,039,768
Time restricted	7,885,445
Accumulated net earnings on endowment to be invested in perpetuity	12,284,865
Endowment to be invested in perpetuity	<u>4,350,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 38,503,802</u>

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended September 30, 2024:

Advancing A Governing Agenda	\$ 11,759,108
Civic Engagement	1,017,689
Special Projects	9,524,911
Reinvent Community Organizing	25,000
Supporting Capacities	176,662
Passage of time	<u>6,533,118</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 29,036,488</u>

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following at September 30, 2024:

Cash and cash equivalents	\$ 12,548,865
Investments, current portion	4,511,412
Deposits	200,000
Grants, contributions and pledges receivable, current portion	9,120,500
Miscellaneous receivables	<u>1,931,099</u>
Subtotal financial assets available within one year	28,311,876
Less: Donor restricted funds	<u>(13,983,492)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 14,328,384</u>

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, 2024, 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% at September 30, 2024). There were no draws on the line of credit during the year ended September 30, 2024.

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.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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 year ending September 30, 2024, 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 year ended September 30, 2024 totaled \$2,004,338 and is included personnel in the accompanying Consolidated Statement of Functional Expenses.

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

10. OPERATING LEASES

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also evaluated the guidance for Related Party Leases under FASC ASC 842.

Related Party 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. During the year ended September 30, 2024, the lease was renewed for another term.

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 operating leases:

Year Ending September 30, 2025	\$ <u>329,775</u>
---------------------------------------	--------------------------

Lease expense and cash paid during the year ended September 30, 2024 totaled \$786,891, and is included in Occupancy in the accompanying Consolidated Statement of Functional Expenses.

11. RETURN OF GRANT COMMITMENT

During the year ended September 30, 2024, the Organization determined it necessary to cease the programmatic work under a previously committed grant agreement. Accordingly, the Organization notified the donor and reduced their restricted net assets by the remaining \$640,000 of previously committed funds.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

12. 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 year ended September 30, 2024, the Organization billed CCCA for expenses totaling \$4,029,861 and CCCA billed the Organization for expenses totaling \$910,436.

As of September 30, 2024, \$1,878,502 was due to the Organization from CCCA. These amounts are included in miscellaneous receivables in the accompanying Consolidated Statement of Financial Position. There were no amounts due to CCCA as of September 30, 2024.

From time to time, CCC and CCCA may provide grants between organizations. During the year ended September 30, 2024, there were no grants provided to or from CCCA and CCC.

13. 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, 2024.

Interpretation of relevant law -

The Fund has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the District of Columbia as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, the Fund classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

13. ENDOWMENT (Continued)

When reviewing its donor-restricted endowment funds, the Fund 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 Fund 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, 2024:

	<u>With Donor Restrictions</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,350,000
Accumulated investment earnings	<u>12,284,865</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 16,634,865</u>

Changes in endowment net assets for the year ended September 30, 2024:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ <u>13,802,364</u>
Investment return:	
Investment income	190,242
Net appreciation (realized and unrealized)	<u>2,642,259</u>
Total investment return	<u>2,832,501</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 16,634,865</u>

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 Fund 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 the year end September 30, 2024, the Fund did not have any funds with deficiencies.

**CENTER FOR COMMUNITY CHANGE
FUND FOR THE CENTER FOR COMMUNITY CHANGE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

13. ENDOWMENT (Continued)

Investment Return Objectives, Risk Parameters and Strategies -

The Fund's Investment Policy reflects the Fund'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.

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2025, the date the consolidated financial statements were issued.