

# **COMMUNITY ORGANIZING AND FAMILY ISSUES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

*As of and for the Years Ended September 30, 2023 and 2022*

*And Report of Independent Auditor*

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
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## Report of Independent Auditor

To the Board of Directors  
Community Organizing and Family Issues  
Orland Park, Illinois

### Opinion

We have audited the accompanying consolidated financial statements of Community Organizing and Family Issues (a not-for-profit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, 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 financial position of Community Organizing and Family Issues as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Community Organizing and Family Issues 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.

### Prior Period Consolidated Financial Statements

The consolidated financial statements as of September 30, 2022, were audited by PKF Mueller, LLP which was acquired by Cherry Bekaert LLP as of December 31, 2023, and whose report dated February 27, 2023, expressed an unmodified opinion on those statements.

### Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, Community Organizing and Family Issues changed its method of accounting for leases as of October 1, 2022, due to the adoption of Accounting Standards Update 2016-02, *Leases (Topic 842)*, as amended. Our opinion is not modified with respect to this matter.

### 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 Community Organizing and Family Issues' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **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 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 Community Organizing and Family Issues' 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 Community Organizing and Family Issues' 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 audits.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Cherry Bekaert LLP*

Orland Park, Illinois  
March 25, 2024

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 1,126,108	\$ 3,673,967
Investments	2,731,677	-
Receivables:		
Foundation grants	2,198,751	926,630
Government grants	345,874	450,000
Other	31,619	9,883
Prepaid expenses	47,879	9,935
Security deposit	20,779	20,779
Furniture and equipment, less accumulated depreciation of \$71,841 and \$58,642 in 2023 and 2022, respectively	30,288	43,487
Right-of-use asset, operating lease, net	719,622	-
<b>Total Assets</b>	<u>\$ 7,252,597</u>	<u>\$ 5,134,681</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 31,357	\$ 45,181
Accrued vacation and benefits	82,590	90,132
Deferred rent	-	52,363
Deferred revenue	33,500	10,750
Operating lease liability	773,183	-
Total Liabilities	<u>920,630</u>	<u>198,426</u>
Net Assets:		
Without donor restrictions	3,141,205	3,090,966
With donor restrictions	3,190,762	1,845,289
Total Net Assets	<u>6,331,967</u>	<u>4,936,255</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 7,252,597</u>	<u>\$ 5,134,681</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Foundation grants	\$ 1,226,113	\$ 2,754,000	\$ 3,980,113
Government grants	636,450	-	636,450
Contributions	28,995	-	28,995
Contract income	84,037	-	84,037
In-kind contributions	45,345	-	45,345
Other income	22,365	-	22,365
Investment return	91,422	-	91,422
Net assets released from restrictions	1,408,527	(1,408,527)	-
Total Support and Revenue	<u>3,543,254</u>	<u>1,345,473</u>	<u>4,888,727</u>
Expenses:			
Program services	3,040,591	-	3,040,591
Supporting Services:			
Management and general	298,247	-	298,247
Fundraising	154,177	-	154,177
Total Expenses	<u>3,493,015</u>	<u>-</u>	<u>3,493,015</u>
Change in net assets	50,239	1,345,473	1,395,712
Net assets, beginning of year	<u>3,090,966</u>	<u>1,845,289</u>	<u>4,936,255</u>
Net assets, end of year	<u>\$ 3,141,205</u>	<u>\$ 3,190,762</u>	<u>\$ 6,331,967</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Foundation grants	\$ 1,085,607	\$ 1,324,979	\$ 2,410,586
Government grants	778,297	40,310	818,607
Contributions	2,032,604	-	2,032,604
Contract income	79,823	-	79,823
In-kind contributions	31,540	-	31,540
Other income	19,214	-	19,214
Interest income	5,548	-	5,548
Net assets released from restrictions	1,652,584	(1,652,584)	-
Total Support and Revenue	<u>5,685,217</u>	<u>(287,295)</u>	<u>5,397,922</u>
Expenses:			
Program services	3,026,134	-	3,026,134
Supporting Services:			
Management and general	243,326	-	243,326
Fundraising	114,572	-	114,572
Total Expenses	<u>3,384,032</u>	<u>-</u>	<u>3,384,032</u>
Change in net assets	2,301,185	(287,295)	2,013,890
Net assets, beginning of year	<u>789,781</u>	<u>2,132,584</u>	<u>2,922,365</u>
Net assets, end of year	<u>\$ 3,090,966</u>	<u>\$ 1,845,289</u>	<u>\$ 4,936,255</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 1,678,348	\$ 197,798	\$ 127,634	\$ 2,003,780
Consulting fees	443,025	7,421	14,696	465,142
Depreciation	-	13,199	-	13,199
Fundraising	-	-	1,683	1,683
Insurance	-	7,657	-	7,657
Meetings	118,753	2,704	926	122,383
Miscellaneous	-	181	-	181
Occupancy	152,093	8,681	5,905	166,679
Office expenses	29,987	9,140	1,301	40,428
Printing and publications	4,381	30	21	4,432
Professional development	15,228	1,069	996	17,293
Professional fees	384,703	46,995	285	431,983
Supplies	27,918	574	93	28,585
Travel	186,155	2,798	637	189,590
Total Expenses	<u>\$ 3,040,591</u>	<u>\$ 298,247</u>	<u>\$ 154,177</u>	<u>\$ 3,493,015</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 1,711,572	\$ 137,350	\$ 94,561	\$ 1,943,483
Consulting fees	471,334	17,414	10,092	498,840
Depreciation	-	15,686	-	15,686
Fundraising	-	-	2,274	2,274
Insurance	-	9,257	-	9,257
Meetings	144,845	592	99	145,536
Miscellaneous	-	1,566	-	1,566
Occupancy	141,748	7,439	4,594	153,781
Office expenses	39,398	5,227	1,438	46,063
Printing and publications	13,337	1,088	186	14,611
Professional development	4,768	272	157	5,197
Professional fees	223,522	46,176	248	269,946
Supplies	46,328	784	373	47,485
Travel	229,282	475	550	230,307
Total Expenses	<u>\$ 3,026,134</u>	<u>\$ 243,326</u>	<u>\$ 114,572</u>	<u>\$ 3,384,032</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,395,712	\$ 2,013,890
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	13,199	15,686
Amortization of right-of-use asset, operating lease, net	81,862	-
Unrealized loss on investments	18,323	-
Changes in:		
Receivables	(1,189,731)	(113,874)
Prepaid expenses	(37,944)	(6,963)
Security deposit	-	(1,850)
Accounts payable	(13,824)	29,919
Accrued vacation and benefits	(7,542)	37,834
Deferred rent	(52,363)	8,816
Deferred revenue	22,750	(19,600)
Operating lease liability, net	(28,301)	-
Net cash flows from operating activities	<u>202,141</u>	<u>1,963,858</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(3,000,000)	-
Proceeds from sale of investments	250,000	-
Purchase of furniture and equipment	-	(5,823)
Net cash flows from investing activities	<u>(2,750,000)</u>	<u>(5,823)</u>
Change in cash	(2,547,859)	1,958,035
Cash, beginning of year	<u>3,673,967</u>	<u>1,715,932</u>
Cash, end of year	<u>\$ 1,126,108</u>	<u>\$ 3,673,967</u>
<b>Noncash investing and financing transactions:</b>		
Operating lease right-of-use asset obtained in exchange for operating lease liability	<u>\$ 859,000</u>	<u>\$ -</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# COMMUNITY ORGANIZING AND FAMILY ISSUES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

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### Note 1—Nature of operations

Community Organizing and Family Issues (“COFI”) is a not-for-profit corporation organized in the state of Illinois in 1995. COFI is dedicated to strengthening the voice of low-income families both at the community level and in the public policy arena to create more family supportive and family friendly communities in Illinois, primarily in the Chicagoland area.

Parents United for Change (“PUFC”) is a not-for-profit corporation organized in the state of Illinois in 2021. PUFC’s purpose is to identify and address issues facing low-income families primarily in the East St. Louis, Illinois area. COFI is the sole corporate member of PUFC, therefore is required to be consolidated with COFI.

### Note 2—Significant accounting policies

*Basis of Presentation* – The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to not-for-profit organizations.

*Principles of Consolidation* – The accompanying consolidated financial statements include the accounts of COFI and PUFC. Together, COFI and PUFC will be referred to as “COFI.” All significant interorganizational transactions and balances have been eliminated in consolidation.

*Cash* – For purposes of the consolidated statements of cash flows, COFI considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

*Concentration of Credit Risk* – COFI maintains its cash in bank deposits which, at times, may exceed federally insured limits. COFI believes it is not exposed to any significant credit risk on cash.

*Foundation and Government Grants Receivable* – COFI records grants receivable that are expected to be collected within one year at net realizable value. Grants receivable expected to be collected in future years are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. COFI determines the allowance for uncollectible grants receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Grants receivable are written off when deemed uncollectible. At September 30, 2023 and 2022, an allowance for uncollectible grants receivable was not deemed necessary.

*Furniture and Equipment* – Furniture and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. COFI capitalizes furniture and equipment over \$1,000 that have a useful life of more than one year. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. The useful lives of furniture and equipment for purposes of computing depreciation are 3 to 5 years.

*Net Assets* – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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-imposed restrictions are classified as net assets without donor restrictions.

# COMMUNITY ORGANIZING AND FAMILY ISSUES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

### Note 2—Significant accounting policies (continued)

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions are classified as net assets with donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. COFI reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

*Support and Revenue Recognition - Revenue from Contracts with Customers* – COFI derives a minimal portion of its revenue from revenue sources that involve contracts with customers. Those sources include contract income for training and consulting. Revenues are recognized when control of these services is transferred to its customers in an amount that reflects the consideration COFI expects to be entitled to in exchange for those services.

Revenue from training and consulting is recognized at a point in time as this most accurately reflects the transfer of control. Training and consulting fees received in advance are deferred to the applicable period in which the related services are performed. COFI's single performance obligation relating to training and consulting is to provide the training or consulting on a specific date to an individual client. As a result, control transfers to the client on the date the training or consulting was held. Payments are generally due within thirty days. Payments received in advance are deferred to the applicable period in which the related services are performed.

*Contract Balances* – The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the statements of financial position. The beginning and ending contract balances were as follows:

	<u>October 1, 2023</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 2,000	\$ 9,883	\$ 2,825
Deferred revenue	\$ 33,500	\$ 10,750	\$ 30,350

*Contributions* – COFI recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of September 30, 2023 and 2022, there were no grants for which the conditions have not been satisfied.

*In-Kind Contributions* – COFI receives in-kind contributions from members of the community and volunteers related to program operations and fund-raising activities. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by COFI.

COFI recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. COFI's policy related to in-kind contributions is to utilize the assets given to carry out the mission of COFI. If an asset is provided that does not allow COFI to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

# COMMUNITY ORGANIZING AND FAMILY ISSUES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

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### Note 2—Significant accounting policies (continued)

*Functional Expenses* – The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and supplies, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. The remainder of expenses are directly identified to the functional category to which it applies.

*Accounting Estimates* – The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes* – COFI and PUFC have been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

COFI has evaluated the tax positions taken for all open tax years. Currently, the tax returns for the prior three years are open and subject to examination by the Internal Revenue Service; however, COFI is not currently under audit nor has COFI been contacted by this jurisdiction.

Based on the evaluation of COFI's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended September 30, 2023 and 2022.

*Adoption of New Accounting Standard - Leases* – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("Topic 842"). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases in the consolidated statements of financial position. The ASUs are effective for fiscal years beginning after December 15, 2021. As a result, COFI recorded a right of use ("ROU") asset and lease liability of approximately \$859,000 effective October 1, 2022. The adoption of the new standard did not impact COFI's change in net assets and had no impact on cash flows.

*Leases* – COFI leases office space. COFI determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of the identified property or equipment for a period of time in exchange for consideration. COFI has a lease agreement with lease and non-lease components, which are generally accounted for separately.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term, if it is reasonably certain that these options would be exercised by COFI. Lease assets are amortized over the lease term, unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. In order to determine the present value of lease payments, COFI uses the implicit rate when it is readily determinable. As COFI's lease does not provide an implicit rate, COFI has elected the practical expedient to utilize the risk-free discount rate (3.79% as of October 1, 2022) to calculate the lease asset and liability.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023 AND 2022

**Note 2—Significant accounting policies (continued)**

COFI's lease agreement does not contain any material residual value guarantees or material restrictive covenants. COFI does not have leases where it is involved with the construction or design of an underlying asset. COFI has no material obligation for leases signed but not yet commenced as of September 30, 2023. COFI does not have any sublease activities.

COFI has elected the practical expedient not to recognize leases with terms of 12 months or less on the statement of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease. Therefore, our short-term lease expense for the period does not reflect our ongoing short-term lease commitments.

*New Accounting Standard - Credit Losses* – In June 2016, FASB issued guidance to change the accounting for credit losses. The guidance requires an entity to utilize a new impairment model known as the current expected credit loss (“CECL”) model to estimate its lifetime “expected credit losses” and record an allowance that presents the net amount expected to be collected on the financial assets. The CECL framework is expected to result in earlier recognition of credit losses. The CECL framework is effective for fiscal years beginning after December 15, 2022. COFI is currently evaluating the effect that adoption is expected to have on its consolidated financial statements and related disclosures.

*Subsequent Events* – Subsequent events have been evaluated through March 25, 2024, the date that the consolidated financial statements were available to be issued.

**Note 3—Liquidity and availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 1,126,108	\$ 3,673,967
Investments	2,731,677	-
Receivables	<u>2,576,244</u>	<u>1,386,513</u>
Total financial assets	6,434,029	5,060,480
Less amounts not available for general expenditures within one year, due to:		
Net assets with time restrictions to be met in more than one year	<u>808,393</u>	<u>356,603</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,625,636</u>	<u>\$ 4,703,877</u>

COFI's goal is to maintain available financial assets sufficient to meet its general expenditures, liabilities, and other obligations as they become due.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023 AND 2022

**Note 4—Fair value measurements**

U.S. GAAP established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

*Level 2* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

*Certificates of Deposit* – Based upon face value of certificate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30:

	<b>Assets at Fair Value (Level 2)</b>	
	<b>2023</b>	<b>2022</b>
Certificates of deposit	\$ 2,731,677	\$ -

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023 AND 2022

**Note 5—Foundation and government grants receivable**

COFI has received the following grants receivable which are recognized as assets in the statements of financial position. Grants receivable are expected to be collected in the following periods:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 1,736,232	\$ 1,020,027
One to five years	808,393	356,603
Total grants receivable	<u>\$ 2,544,625</u>	<u>\$ 1,376,630</u>

**Note 6—Net assets with donor restrictions**

Net assets with donor restrictions at September 30, 2023 and 2022 of \$3,190,762 and \$1,845,289, respectively, are restricted to be used in future periods. There were no net assets with donor restrictions that were restricted by purpose at September 30, 2023 and 2022.

**Note 7—Employee benefit plan**

COFI sponsors an Internal Revenue Code Section 403(b) retirement savings plan covering all employees who meet the eligibility requirements. The plan provides for discretionary employer contributions based on a percentage of each employee's deferred compensation. COFI made a discretionary matching contribution of \$19,155 and \$22,015 to the plan for the years ended September 30, 2023 and 2022, respectively.

**Note 8—Leases**

*As of and for the Year Ended September 30, 2023* – COFI has a noncancelable operating lease agreement for office space. The lease expires in August 2030. Monthly payments of \$10,130 are required and escalate every December. COFI's lease includes fixed rental payments and includes property taxes assessed on the property, as well as a portion of the common area maintenance associated with the property. As a result of the adoption of ASU No. 2016-02, *Leases (Topic 842)*, COFI recorded a ROU asset and lease liability of approximately \$859,000 effective October 1, 2022. Because COFI does not have access to the rate implicit in the lease, COFI utilizes the risk free rate as the discount rate. The discount rate associated with the operating lease as of September 30, 2023 is 3.79%. Lease expense is included in occupancy expense in the consolidated statements of functional expenses.

Lease expense for the year end September 30, 2023 was as follows.

Operating leases:	
Fixed rent expense	\$ 114,134
Short-term rent expense	24,267
	<u>\$ 138,401</u>

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023 AND 2022

**Note 8—Leases (continued)**

Aggregate future minimum lease payments and the present value of net future minimum payments at September 30, 2023 is as follows:

2024	\$	117,108
2025		118,837
2026		121,687
2027		124,662
2028		127,636
Thereafter		<u>276,095</u>
Total lease payments		886,025
Less Interest		<u>(112,842)</u>
Present value of lease liabilities	\$	<u><u>773,183</u></u>

*As of and for the Year Ended September 30, 2022* – COFI leased office space under operating lease agreements that expire at various times through August 2030. The leases provide for monthly base rent payments plus its share of operating costs and real estate taxes. Rent is recognized on the straight-line basis over the term of the leases. Rent expense for the year ended September 30, 2022 was \$147,543, and is included in occupancy expense in the consolidated statements of functional expenses.

**Note 9—In-kind contributions**

COFI received the following in-kind contributions for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Consulting	\$ 40,000	\$ 30,000
Donated supplies	<u>5,345</u>	<u>1,540</u>
Total in-kind contributions	<u><u>\$ 45,345</u></u>	<u><u>\$ 31,540</u></u>

COFI was provided consulting services at no cost. Based on current market rates for consulting services, COFI would have paid \$40,000 and \$30,000 for each of the years ended September 30, 2023 and 2022, respectively.

COFI received supplies with an estimated fair market value of \$5,345 and \$1,540 for the years ended September 30, 2023 and 2022, respectively. These supplies were used by needy families.

All in-kind contributions received by COFI for the years ended September 30, 2023 and 2022 were considered to be without donor restrictions and are able to be used by COFI as determined by the board of directors and management.

**Note 10—Contingency**

COFI received a \$190,264 Paycheck Protection Program (“PPP”) loan in April 2020 which was fully forgiven in April 2021. The PPP loan and its forgiveness is subject to examination under the terms of the agreement with the Small Business Administration for a period of six years from the date the PPP loan is forgiven. COFI is not currently under examination nor has COFI been contacted.

## **SUPPLEMENTARY INFORMATION**

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

SEPTEMBER 30, 2023

	<b>Community Organizing and Family Issues</b>	<b>Parents United for Change</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>ASSETS</b>				
Cash	\$ 1,109,462	\$ 16,646	\$ -	\$ 1,126,108
Investments	2,731,677	-	-	2,731,677
Receivables:				
Foundation grants	2,198,751	-	-	2,198,751
Government grants	345,874	-	-	345,874
Other	37,915	-	(6,296)	31,619
Prepaid expenses	47,879	-	-	47,879
Security deposit	20,779	-	-	20,779
Furniture and equipment, net	30,288	-	-	30,288
Operating right-of-use asset	719,622	-	-	719,622
<b>Total Assets</b>	<b>\$ 7,242,247</b>	<b>\$ 16,646</b>	<b>\$ (6,296)</b>	<b>\$ 7,252,597</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 31,357	\$ 6,296	\$ (6,296)	\$ 31,357
Accrued vacation and benefits	82,590	-	-	82,590
Deferred revenue	33,500	-	-	33,500
Operating lease liability	773,183	-	-	773,183
Total Liabilities	920,630	6,296	(6,296)	920,630
Net Assets:				
Without donor restrictions	3,130,855	10,350	-	3,141,205
With donor restrictions	3,190,762	-	-	3,190,762
Total Net Assets	6,321,617	10,350	-	6,331,967
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,242,247</b>	<b>\$ 16,646</b>	<b>\$ (6,296)</b>	<b>\$ 7,252,597</b>

See Report of Independent Auditor.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2023

	Community Organizing and Family Issues			Parents United for Change	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:							
Foundation grants	\$ 1,081,613	\$ 2,754,000	\$ 3,835,613	\$ 144,500	\$ 1,226,113	\$ 2,754,000	\$ 3,980,113
Government grants	601,450	-	601,450	35,000	636,450	-	636,450
Contributions	28,592	-	28,592	403	28,995	-	28,995
Contract income	84,037	-	84,037	-	84,037	-	84,037
In-kind contributions	45,176	-	45,176	169	45,345	-	45,345
Other income	21,833	-	21,833	532	22,365	-	22,365
Investment return	91,422	-	91,422	-	91,422	-	91,422
Net assets released from restrictions	1,408,527	(1,408,527)	-	-	1,408,527	(1,408,527)	-
Total Support and Revenue	<u>3,362,650</u>	<u>1,345,473</u>	<u>4,708,123</u>	<u>180,604</u>	<u>3,543,254</u>	<u>1,345,473</u>	<u>4,888,727</u>
Expenses:							
Program services	2,893,097	-	2,893,097	147,494	3,040,591	-	3,040,591
Supporting Services:							
Management and general	279,954	-	279,954	18,293	298,247	-	298,247
Fundraising	142,284	-	142,284	11,893	154,177	-	154,177
Total Expenses	<u>3,315,335</u>	<u>-</u>	<u>3,315,335</u>	<u>177,680</u>	<u>3,493,015</u>	<u>-</u>	<u>3,493,015</u>
Change in net assets	47,315	1,345,473	1,392,788	2,924	50,239	1,345,473	1,395,712
Net assets, beginning of year	<u>3,083,540</u>	<u>1,845,289</u>	<u>4,928,829</u>	<u>7,426</u>	<u>3,090,966</u>	<u>1,845,289</u>	<u>4,936,255</u>
Net assets, end of year	<u>\$ 3,130,855</u>	<u>\$ 3,190,762</u>	<u>\$ 6,321,617</u>	<u>\$ 10,350</u>	<u>\$ 3,141,205</u>	<u>\$ 3,190,762</u>	<u>\$ 6,331,967</u>

See Report of Independent Auditor.