

CENTRI TECH FOUNDATION

FINANCIAL REPORT

December 31, 2021

CENTRI TECH FOUNDATION

Table of Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of assets, liabilities, and net assets – modified cash basis	3
Statement of revenues and expenses – modified cash basis	4
Statement of functional expenses – modified cash basis	5
Statement of cash flows – modified cash basis	6
Notes to financial statements	7 - 11

Independent Auditors' Report

Board of Directors
Centri Tech Foundation
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Centri Tech Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2021, and the related statements of revenues and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Centri Tech Foundation as of December 31, 2021, and its revenues and expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Centri Tech Foundation 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Centri Tech Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Centri Tech Foundation'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.

A handwritten signature in black ink that reads "Dembo Jones, P.C." with a period at the end.

*North Bethesda, Maryland
November 16, 2022*

CENTRI TECH FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
December 31, 2021

Assets

Current Assets

Cash	\$ 4,696,183
Investments	<u>1,284,166</u>

Total current assets \$ 5,980,349

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 25
---------------------------------------	-------

Net Assets

Without donor restrictions	<u>5,980,324</u>
	<u>5,980,324</u>

Total liabilities and net assets \$ 5,980,349

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

CENTRI TECH FOUNDATION
STATEMENT OF REVENUES AND EXPENSES -
MODIFIED CASH BASIS
For the Year Ended December 31, 2021

Revenue

Contributions	
Grants	\$ 4,557,800
Investment return	<u>13,302</u>
Total revenue	<u>4,571,102</u>

Expenses

Program services	1,059,564
General and administrative	<u>116,473</u>
Total expenses	<u>1,176,037</u>

Change in net assets	3,395,065
Net assets, beginning of year	<u>2,585,259</u>
Net assets, end of year	<u><u>\$ 5,980,324</u></u>

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

CENTRI TECH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
For the Year Ended December 31, 2021

	Program Services			Total Program	General and Administrative	Total
	Digital Integrators	Social Justice Award	Junior Housing Fellow		Administrative	
Payments to affiliates	\$ 705,120	\$ -	\$ -	\$ 705,120	\$ 87,280	\$ 792,400
Compensation of current officers, directors, trustees, and key employees	116,286	123,600	14,848	254,734	12,502	267,236
Consultants	51,400	200	-	51,600	-	51,600
Payroll Taxes	9,846	10,466	1,257	21,569	1,059	22,628
Other employee benefits	7,806	8,297	997	17,101	839	17,940
Travel	-	1,129	7,959	9,088	-	9,088
Information technology	-	-	-	-	6,493	6,493
Registration fee, state & Federal	-	-	-	-	5,898	5,898
Office expenses	-	-	-	-	1,665	1,665
Bank fees	-	-	-	-	374	374
Other	-	-	-	-	363	363
Advertising and promotion	-	352	-	352	-	352
 Total	 <u>\$ 890,459</u>	 <u>\$ 144,044</u>	 <u>\$ 25,061</u>	 <u>\$ 1,059,564</u>	 <u>\$ 116,473</u>	 <u>\$ 1,176,037</u>

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

**CENTRI TECH FOUNDATION
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS
For the Year Ended December 31, 2021**

Cash flows from operating activities:

Change in net assets	\$ 3,395,065
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gain on investments, net	(10,823)
(Increase) decrease in assets:	
Due from Centri Tech - trust account	<u>300,000</u>
Net cash provided by operating activities	<u>3,684,242</u>

Cash flows from investing activities

Proceeds from sale of investments	872,882
Purchases of investments	<u>(2,146,200)</u>
Net cash used in investing activities	(1,273,318)

Net increase in cash 2,410,924

Cash, beginning of year 2,285,259

Cash, end of year \$ 4,696,183

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

CENTRI TECH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1. Nature of Operations

Centri Tech Foundation (The Organization), a national 501(c)3 nonprofit organization, seeks to leverage technology in the home to connect people to the digital economy. Along with a network of community development partners and innovators, we work to demonstrate, advocate for, and inspire tech-enabled social impact. We believe digital advancement is a civil right. To achieve a sustainable future, one where everyone can fulfill their aspirations and thrive, requires an inclusive digital economy.

The Organization supports local community development organizations to solve problems in their community by bringing together stakeholders to create sustainable asset building solutions that yield long term economic, health and educational enhancement to its residents by leveraging technology and innovative solutions.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements on the modified cash basis of accounting. Revenue is primarily derived from grants and donations and is recognized when cash has been received. All operating expenses are expensed when cash has been disbursed and recorded to as either a direct program expense or categorized as administrative. As a result of these differences in accounting for revenue and expenses, the accompanying financial statements are not intended to present financial position and change in net assets in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalent

For purposes of the statements of cash flows, Centri Tech Foundation considers checking accounts to be cash and cash equivalents.

Investments

Investments are reported at their fair values in the statement of assets, liabilities, and net assets – modified cash basis. Gains or losses are recognized upon sale or disposal. Unrealized gains and losses, due to market fluctuations during the year, are recognized at year-end. Money market funds are carried at cost, which approximates fair value.

CENTRI TECH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is generated from the following:

Grants – Organization grants are unconditional contributions recognized when cash is received. No conditions or performance obligations exist.

Individual donations - Donations are unconditional contributions, recognized upon notice of the donor, usually when the amount is received. No conditions or performance obligations exist.

Revenue is primarily driven by grants and individual contributions funding to further Centri Tech Foundation’s mission. This funding could be impacted by availability, legislation, and other not-for-profit competition. Centri Tech Foundation is currently unaware of any legislation or competition that should affect Centri Tech Foundation’s operations or contribution funding.

Concentration of Credit Risk

The Organization maintains its cash in bank deposits with balances that may exceed \$ 250,000 from time to time, which is the amount insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and monitors the credit worthiness of the financial institutions with which it conducts business. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash balances at December 31, 2021.

Concentration of Revenue

Based on the nature and purpose of Centri Tech Foundation, significant revenues are received through parties interested in the goals of the organization. For the year ended December 31, 2021 approximately 99% of total revenues came from one grantor. Revenue from this grantor was about \$4,530,000.

Functional Allocation of Expenses

The costs of providing various programs and administrative services have been summarized on a functional basis in the statement of functional expenses. Expenses that are related to a specific program or supporting function are charged directly to the appropriate program or supporting function. Expenses attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. These expenses are allocated based on budgeted and actual allocation of personnel time, and direct cost of expenses incurred pertaining to specific program mission objectives.

CENTRI TECH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing its financial statements, Centri Tech Foundation has evaluated events and transactions for potential recognition or disclosure through November 16, 2022, which is the date the financial statements were available to be issued.

Note 3. Fair Value Measurements

Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- 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.

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 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

**CENTRI TECH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

Note 3. Fair Value Measurements (continued)

The 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 December 31, 2021.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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 table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of December 31, 2021:

	<u>Assets at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,284,166	-	-	\$ 1,284,166
Total	<u>\$ 1,284,166</u>	<u>-</u>	<u>-</u>	<u>\$ 1,284,166</u>

There were no purchases, issuances, settlements, realized or unrealized gains or losses related to Level 3 assets during the year ended December 31, 2021.

The Organization's policy is to recognize transfers in and transfers out as of actual date of the event or change in circumstance that caused the transfer. There were no transfers between level classifications during the year ended December 31, 2021. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

The following schedule summarizes the investment income and its classification in the statement of revenues and expenses – modified cash basis for the year ended December 31, 2021:

Interest and dividends	\$ 2,479
Realized and unrealized gain	<u>10,823</u>
Total net investment return	<u>\$ 13,302</u>

CENTRI TECH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 4. Related Party Transactions

Centri Tech LLC, a for-profit affiliate and a related party with a common mission, provides programmatic support for the Digital Integrators program to Centri Tech Foundation. The services are provided for \$ 705,120 for the year ended December 31, 2021.

Centri Tech LLC, also provides back-office administrative services to Centri Tech Foundation. The services are provided for \$ 87,280 for the year ended December 31, 2021.

Note 5. Liquidity and Availability

The following reflects Centri Tech Foundation's financial assets as of December 31, 2021. These assets are available to meet cash needs for general expenditures by Centri Tech Foundation within one year and have not been reduced by any donor or internally imposed restrictions.

Cash	\$ 4,696,183
Investments	<u>1,284,166</u>
	<u>\$ 5,980,349</u>

The Organization manages its liquid position by maintaining adequate net assets without donor restrictions and by investing funds in excess of current operational needs. The Organization maintains its liquid cash in checking and investment accounts. Total investments per the statement of assets, liabilities, and net assets – modified cash basis are included above as any investment can be liquidated immediately to meet general expenditures.

Note 6. Income Taxes

Centri Tech Foundation is exempt from the payment of income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code. Under these provisions, no tax is imposed on any income related to the Organization's tax-exempt purpose. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal and state income tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.