

**CENTRI TECH FOUNDATION**

**FINANCIAL REPORT**

**December 31, 2023**

## **CENTRI TECH FOUNDATION**

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## 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 statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2023 and 2022, and the related statements of revenues and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years 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, 2023 and 2022, and its revenues and expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

### 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 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 audits. 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 2 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 2; 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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.



*North Bethesda, Maryland  
May 17, 2024*

**CENTRI TECH FOUNDATION**  
**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -**  
**MODIFIED CASH BASIS**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 156,707	\$ 1,146,345
Investments	<u>1,094,407</u>	<u>2,069,343</u>
Total current assets	<u>\$ 1,251,114</u>	<u>\$ 3,215,688</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 25	\$ 26
<b>Net Assets</b>		
Without donor restrictions	<u>1,251,089</u>	<u>3,215,662</u>
	<u>1,251,089</u>	<u>3,215,662</u>
Total liabilities and net assets	<u>\$ 1,251,114</u>	<u>\$ 3,215,688</u>

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

**CENTRI TECH FOUNDATION**  
**STATEMENTS OF REVENUES AND EXPENSES -**  
**MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue</b>		
Contributions		
Grants	\$ 508,325	\$ 160,000
Consultant service revenue	46,003	-
Investment return, net	<u>179,484</u>	<u>(183,650)</u>
Total revenue	<u>733,812</u>	<u>(23,650)</u>
<b>Expenses</b>		
Program services	2,466,839	2,610,995
Fundraising	99,630	-
General and administrative	<u>131,917</u>	<u>130,017</u>
Total expenses	<u>2,698,385</u>	<u>2,741,012</u>
<b>Change in net assets</b>	(1,964,573)	(2,764,662)
<b>Net assets, beginning of year</b>	<u>3,215,662</u>	<u>5,980,324</u>
<b>Net assets, end of year</b>	<u>\$ 1,251,089</u>	<u>\$ 3,215,662</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, 2023**

	Program Services					General and Administrative	Fundraising	Total
	Digital Integrators	Digital Advancement	Social Justice Award	Junior Housing Fellow	Total Program			
Grants	\$ -	\$ 42,336	\$ 1,500,000	\$ -	\$ 1,542,336	\$ -	\$ -	\$ 1,542,336
Compensation of current officers, directors, trustees, and key employees	126,275	48,768	176,785	50,510	402,338	18,139	84,623	505,099
Payments to affiliates	-	396,000	-	7,500	403,500	84,000	-	487,500
Consultants	1,935	-	38,750	1,500	42,185	14,700	-	56,885
Other employee benefits	10,378	3,371	14,529	4,151	32,428	1,491	7,591	41,510
Payroll taxes	10,138	3,293	14,193	4,055	31,679	1,456	7,416	40,551
Travel	-	-	2,773	8,743	11,516	-	-	11,516
Information technology	-	-	857	-	857	9,172	-	10,029
Registration fee, state & federal	-	-	-	-	-	1,461	-	1,461
Office expenses	-	-	-	-	-	1,343	-	1,343
Bank fees	-	-	-	-	-	155	-	155
Total	<u>\$ 148,725</u>	<u>\$ 493,769</u>	<u>\$ 1,747,886</u>	<u>\$ 76,459</u>	<u>\$ 2,466,839</u>	<u>\$ 131,917</u>	<u>\$ 99,630</u>	<u>\$ 2,698,385</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, 2022**

	Program Services					General and Administrative	Total
	Digital Integrators	Digital Advancement	Social Justice Award	Junior Housing Fellow	Total Program		
Grants	\$ 197,000	\$ 42,336	\$ 1,250,000	\$ 20,000	\$ 1,509,336	\$ -	\$ 1,509,336
Payments to affiliates	-	539,882	-	15,000	554,882	80,820	635,702
Compensation of current officers	192,470	-	176,761	23,749	392,980	18,527	411,507
Consultants	50,633	-	22,200	2,000	74,833	11,500	86,333
Other employee benefits	15,234	-	13,990	1,880	31,104	1,466	32,570
Payroll taxes	14,990	-	13,767	1,850	30,606	1,443	32,049
Travel	-	-	4,040	12,087	16,127	-	16,127
Information technology	-	-	1,127	-	1,127	7,667	8,794
Office expenses	-	-	-	-	-	7,506	7,506
Registration fee, state & federal	-	-	-	-	-	725	725
Bank fees	-	-	-	-	-	363	363
Total	\$ 470,327	\$ 582,218	\$ 1,481,885	\$ 76,565	\$ 2,610,995	\$ 130,017	\$ 2,741,012

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

**CENTRI TECH FOUNDATION**  
**STATEMENTS OF CASH FLOWS -**  
**MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,964,573)	\$ (2,764,662)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized (gain)/ loss on investments, net	<u>(161,128)</u>	<u>194,800</u>
Net cash used in operating activities	<u>(2,125,701)</u>	<u>(2,569,862)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	2,593,080	760,722
Purchases of investments	<u>(1,457,017)</u>	<u>(1,740,698)</u>
Net cash provided by (used in) investing activities	<u>1,136,063</u>	<u>(979,976)</u>
<b>Net decrease in cash</b>	(989,638)	(3,549,838)
<b>Cash, beginning of year</b>	<u>1,146,345</u>	<u>4,696,183</u>
<b>Cash, end of year</b>	<u>\$ 156,707</u>	<u>\$ 1,146,345</u>

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

**CENTRI TECH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**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 as either a direct program expense or categorized as either administrative or fundraising. 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, 2023 and 2022**

**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.

Consultant service revenue – Consultant service revenue is generated by providing mission aligned consulting services to other organizations. This revenue is an exchange transaction as is recognized when the amount is received.

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, 2023 and 2022.

***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, 2023, approximately 67% of the organization’s total revenue came from two major grantors. Revenue from these grantors was \$ 495,000. For the year ended December 31, 2022, 100% of the organization’s total revenue came from one major grantor. Revenue from this grantor was \$ 160,000.

**CENTRI TECH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**Note 2. Summary of Significant Accounting Policies (continued)**

*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.

*Subsequent Events*

In preparing its financial statements, Centri Tech Foundation has evaluated events and transactions for potential recognition or disclosure through May 17, 2024, 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.

**CENTRI TECH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**Note 3. Fair Value Measurements (continued)**

*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.

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, 2023 and 2022.

*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.

*Certificates of Deposit:*

Valued as similar assets with comparable interest rates, maturities, and investment grade.

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 tables set forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of December 31, 2023 and 2022:

**Assets at Fair Value as of December 31, 2023**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,094,407	\$ -	\$ -	\$ 1,094,407
Total	\$ 1,094,407	\$ -	\$ -	\$ 1,094,407

**CENTRI TECH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**Note 3. Fair Value Measurements (continued)**

**Assets at Fair Value as of December 31, 2022**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,086,292	\$ -	\$ -	\$ 1,086,292
Certificates of Deposit	-	983,051	-	983,051
<b>Total</b>	<b>\$ 1,086,292</b>	<b>\$ 983,051</b>	<b>\$ -</b>	<b>\$ 2,069,343</b>

There were no purchases, issuances, settlements, realized or unrealized gains or losses related to Level 3 assets during the years ended December 31, 2023 and 2022.

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 years ended December 31, 2023 and 2022. All assets have been valued using a market approach. There were no changes in the valuation techniques during the years ended December 31, 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 29,571	\$ 23,007
Investment fees	(11,215)	(11,857)
Realized and unrealized gain (loss)	161,128	(194,800)
<b>Total net investment return, net</b>	<b>\$ 179,484</b>	<b>\$ (183,650)</b>

**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 and Digital Advancement programs to Centri Tech Foundation. The services are provided for \$ 403,500 and \$ 554,882 for the years ended December 31, 2023 and 2022, respectively.

Centri Tech LLC also provides back-office administrative services to Centri Tech Foundation. The services are provided for \$ 84,000 and \$ 80,820 for the years ended December 31, 2023 and 2022, respectively.

**Note 5. Retirement Plans**

Effective November 1, 2022, Century Tech LLC and Century Tech Foundation jointly established a retirement plan under a controlled group for employees who elect to be covered. All regular full-time employees hired are eligible for contributions beginning three months after their hire date. The Foundation makes a discretionary contribution, as determined each year. No contributions were made by the Foundation for the years ended December 31, 2023 and December 31, 2022.

**CENTRI TECH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**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, 2023 and 2022. 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.

**Note 7. Liquidity and Availability**

The following reflects Centri Tech Foundation’s financial assets as of December 31, 2023, and 2022. 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.

	<u>2023</u>	<u>2022</u>
Cash	\$ 156,707	\$ 1,146,345
Investments	<u>1,094,407</u>	<u>2,069,343</u>
	<u>\$ 1,251,114</u>	<u>\$ 3,215,688</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.