

CDA Collaborative Learning Project, Inc.

Financial Statements
and
Independent Auditors' Report

May 31, 2022

CDA Collaborative Learning Project, Inc.

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DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
CDA Collaborative Learning Project, Inc.

Opinion

We have audited the accompanying financial statements of CDA Collaborative Learning Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2022, and the related statements of activities, functional expenses and cash flows 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 financial position of CDA Collaborative Learning Project, Inc. as of May 31, 2022, and the changes 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CDA Collaborative Learning Project, Inc. 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.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that CDA Collaborative Learning Project, Inc. will continue as a going concern. As discussed in Note 8 to the financial statements, CDA Collaborative Learning Project, Inc. has a deficiency in net assets without donor restriction and at May 31, 2022 had insufficient operating cash to cover general operating expenses for the next twelve months, and has stated that substantial doubt exists about CDA Collaborative Learning Project, Inc.'s ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CDA Collaborative Learning Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditors' 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 CDA Collaborative Learning Project, Inc.'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 CDA Collaborative Learning Project, Inc.'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.

Report on Summarized Comparative Information

We have previously audited CDA Collaborative Learning Project, Inc.'s fiscal year 2021 financial statements, and our report dated April 18, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Daniel Dennis & Company LLP

February 9, 2023

CDA Collaborative Learning Project, Inc.
Statement of Financial Position
May 31, 2022 with Summarized Comparative Totals for 2021

<i>Assets</i>		
	2022	2021
<i>Current Assets</i>		
Cash	\$ 75,668	\$ -
Restricted cash	58,585	23,373
Grant and contributions receivable	205,380	77,266
Contract assets - receivables	20,372	43,359
Prepaid expenses	<u>9,191</u>	<u>10,954</u>
Total assets	<u>\$ 369,196</u>	<u>\$ 154,952</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable	\$ 49,865	\$ 15,617
Accrued expenses	101,217	91,674
Advances on grants	58,585	66,629
Contract liabilities - advances	<u>-</u>	<u>37,435</u>
Total liabilities	<u>209,667</u>	<u>211,355</u>
<i>Net Assets</i>		
Without donor restrictions	(213,176)	(56,403)
With donor restrictions	<u>372,705</u>	<u>-</u>
Total net assets	<u>159,529</u>	<u>(56,403)</u>
Total liabilities and net assets	<u>\$ 369,196</u>	<u>\$ 154,952</u>

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

CDA Collaborative Learning Project, Inc.
Statement of Activities
For the Year Ended May 31, 2022
With Summarized Comparative Totals For 2021

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>2022 Total</i>	<i>2021 Total</i>
<i>Operating Revenue and support</i>				
Contributions	\$ 11,850	\$ -	\$ 11,850	\$ 113,901
Grants	546,184	425,540	971,724	174,255
Contract revenue	284,581	-	284,581	232,516
Foreign currency loss	(159)	-	(159)	-
In-kind services	12,000	-	12,000	-
Other income	915	-	915	25,556
Net assets released from restrictions	<u>52,835</u>	<u>(52,835)</u>	<u>-</u>	<u>-</u>
Total operating revenue and support	<u>908,206</u>	<u>372,705</u>	<u>1,280,911</u>	<u>546,228</u>
<i>Operating Expenses</i>				
Program services	862,696	-	862,696	515,222
General and administrative	<u>202,283</u>	<u>-</u>	<u>202,283</u>	<u>315,698</u>
Total operating expenses	<u>1,064,979</u>	<u>-</u>	<u>1,064,979</u>	<u>830,920</u>
Change in net assets from operations	(156,773)	372,705	215,932	(284,692)
<i>Non-operating activity</i>				
Debt forgiveness income	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,575</u>
Change in net assets from non-operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,575</u>
Change in net assets	<u>(156,773)</u>	<u>372,705</u>	<u>215,932</u>	<u>(188,117)</u>
Net assets, beginning of year	<u>(56,403)</u>	<u>-</u>	<u>(56,403)</u>	<u>131,714</u>
Net assets, end of year	<u>\$ (213,176)</u>	<u>\$ 372,705</u>	<u>\$ 159,529</u>	<u>\$ (56,403)</u>

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

CDA Collaborative Learning Project, Inc.
Statement of Functional Expenses
For the Year Ended May 31, 2022
With Summarized Comparative Totals for 2021

	<i>Program Services</i>	<i>General and Administrative</i>	<i>2022 Total</i>	<i>2021 Total</i>
Salaries and related expenses	\$ 271,158	\$ 195,668	\$ 466,826	\$ 618,185
Travel	837	89	926	-
Subawards	226,457	-	226,457	-
Consultants	288,778	3,758	292,536	102,355
Office expenses	18,314	-	18,314	38,168
Professional fees	18,984	-	18,984	34,807
Occupancy	12,150	-	12,150	15,585
Telephone and internet	19,524	-	19,524	20,795
Other	<u>6,494</u>	<u>2,768</u>	<u>9,262</u>	<u>1,025</u>
Total expenses	<u>\$ 862,696</u>	<u>\$ 202,283</u>	<u>\$ 1,064,979</u>	<u>\$ 830,920</u>

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

CDA Collaborative Learning Project, Inc.
Statement of Cash Flows
For the Year Ended May 31, 2022
With Summarized Comparative Totals for 2021

	2022	2021
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 215,932	\$ (188,117)
<i>Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:</i>		
Debt forgiveness income	-	(96,575)
(Increase)/decrease in assets:		
Contributions and contracts receivable	(105,127)	71,265
Prepaid expenses	1,763	3,612
(Decrease)/increase in liabilities:		
Accounts payable	34,248	(25,548)
Accrued expenses	9,543	42,282
Advances and deferred revenue	(45,479)	36,312
Net cash provided by/(used in) operating activities	<u>110,880</u>	<u>(156,769)</u>
Change in cash and restricted cash	110,880	(156,769)
Cash and restricted cash - beginning	<u>23,373</u>	<u>180,142</u>
Cash and restricted cash - ending	<u><u>\$ 134,253</u></u>	<u><u>\$ 23,373</u></u>
<i>Reconciliation of Cash and Restricted Cash</i>		
Cash	\$ 75,668	\$ -
Restricted cash	<u>58,585</u>	<u>23,373</u>
Total cash and restricted cash	<u><u>\$ 134,253</u></u>	<u><u>\$ 23,373</u></u>

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

CDA Collaborative Learning Project, Inc.
Notes to Financial Statements – *continued*
May 31, 2022 with Summarized Comparative Totals for 2021

1. *Nature of Activities*

CDA Collaborative Learning Projects, Inc. (CDA) is a Massachusetts not-for-profit agency based in Cambridge, Massachusetts. CDA works directly with humanitarian and development agencies, peace and conflict resolution organizations, multinational corporations and donor agencies to improve social, economic and security conditions in conflicted areas of the world. CDA specializes in convening and facilitating multi-stakeholder collaborative learning processes, that combine rigorous analysis with pragmatic field-level work and delivers practical tools and guidance to field staff and policymakers alike.

2. *Summary of Significant Accounting Policies*

Accounting Method

CDA's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purpose of these financial statements, CDA considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At May 31, 2022 and 2021, CDA did not hold any cash equivalents.

CDA maintains its cash balances at one financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, CDA has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of May 31, 2022 and 2021.

Net Asset Classification

Net assets of CDA are classified into two categories based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CDA. The Board of Directors has discretionary control over these net assets and may elect to designate such resources for specific purposes. This designation may be removed at the Board's direction.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CDA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

CDA Collaborative Learning Project, Inc.
Notes to Financial Statements – *continued*
May 31, 2022 with Summarized Comparative Totals for 2021

2. *Summary of Significant Accounting Policies – continued*

Revenue Recognition

CDA distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, collection items or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in net assets with donor restrictions. Conditional contributions are not included as support and revenue until the conditions are met.

CDA receives revenue from government grants and contracts. These grants and contracts are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenditures and are recognized as revenue when the conditions have been met. Amounts received prior to satisfying the grant or contract conditions are reported as advances on grants in the statement of financial position. CDA has been awarded conditional federal grants of \$1,439,573 that have not been recognized as revenue as of May 31, 2022, because qualifying expenditures have not yet been incurred. At May 31, 2022 and 2021, CDA received advanced payments which have been recognized as advances on grants on the statement of financial position totaling \$58,585 and \$66,629, respectively.

CDA recognizes revenue received from contracts with third parties at the point in time the services are provided or fees are incurred. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of services provided to the customers or the achievement of contractual milestones. CDA determines the transaction price based on standard rates for goods and services and negotiated rates with the third parties. Payment for services received in advance are deferred until earned, however, payment is typically expected within thirty to ninety days of the services being provided. At the beginning and end of the fiscal year ended May 31, 2022 and 2021, contract assets consisted of accounts receivable in the amounts of \$141,090, \$43,359 and \$20,372, respectively. At the beginning and end of the fiscal year ended May 31, 2022 and 2021, contract liabilities consisted of deferred revenue in the amounts of \$67,752, \$37,535 and \$0, respectively.

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. CDA's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are written off when deemed uncollectable. At May 31, 2022 and 2021, no allowance for doubtful accounts has been recorded, as management considers all accounts receivable to be fully collectable.

CDA Collaborative Learning Project, Inc.
Notes to Financial Statements – *continued*
May 31, 2022 with Summarized Comparative Totals for 2021

2. *Summary of Significant Accounting Policies – continued*

Foreign Currency Transactions and Accounts Receivable

CDA receives grants from foreign grantors. The grants are recorded at the conversion value of the foreign currency to US dollars on the date the grant is awarded. As cash payments are received, any gains or losses due to changes in the value from the previous valuation date are recognized. All grants receivable at May 31, 2022 and 2021 from foreign grantors have been re-valued against their respective foreign currency.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CDA. Costs are allocated to functions based upon actual time charges and utilization estimates made by CDA's management.

Use of Estimates

In preparing CDA's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

CDA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt under state income taxes. Unrelated business income, of which there was none for the years ended May 31, 2022 and 2021, would be subject to federal and state income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

CDA evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. CDA has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its fiscal year 2022 returns, and believe they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. Tax filings for fiscal years 2019 through 2021 tax years remain subject to examination by Federal and state tax authorities.

CDA Collaborative Learning Project, Inc.
Notes to Financial Statements – *continued*
May 31, 2022 with Summarized Comparative Totals for 2021

2. *Summary of Significant Accounting Policies – continued*

Summarized Comparative Information

The financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CDA's financial statements for the year ended May 31, 2021, from which the summarized information was derived.

Reclassifications

Certain fiscal year 2021 amounts have been reclassified to conform to the fiscal year 2022 financial statement presentation.

Change in Accounting Policy

During fiscal year 2021, CDA changed its accounting method for the Payroll Protection Program (PPP) loan from recognizing the PPP loan under ASC 470, Debt, to recognizing loan proceeds under FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition (ASC 958-605), as a conditional contribution. This resulted in, the second PPP loan being recognized as a contribution on the statement of activities at May 31, 2021. See Note 5 for more information.

3. *Operating Leases*

CDA leases space in Cambridge, Massachusetts under a lease agreement with a monthly rent obligation of \$750. The lease agreement was extended subsequent to year end until June 30, 2023.

Total rent expense for the years ended May 31, 2022 and 2021 was \$12,150 and \$15,585, respectively.

CDA has committed to lease payments totaling \$9,000 and \$750 for fiscal years 2023 and 2024 respectively

4. *Net Assets with Donor Restrictions*

At May 31, 2022 and 2021 CDA's net assets with donor restriction were \$372,705 and zero, respectively. The net assets with donor restriction for fiscal year 2022 were restricted for the purpose of program, specifically peace keeping initiatives.

Net assets released from programmatic donor restrictions during fiscal years 2022 and 2021 were \$52,835 and \$93,967, respectively.

CDA Collaborative Learning Project, Inc.
Notes to Financial Statements – *continued*
May 31, 2022 with Summarized Comparative Totals for 2021

5. Paycheck Protection Program Loan

During fiscal year 2020, CDA entered into a note agreement with a financial institution on May 5, 2020 in the amount of \$96,575 under the PPP. Under the terms of the PPP loan, CDA must utilize the proceeds to fund qualifying expenses over a twenty-four week period. The PPP loan proceeds were used for purposes consistent with the PPP and during fiscal year 2021 the Small Business Administration (SBA) forgave the loan in full.

CDA entered into a second PPP loan on January 29, 2021 in the amount of \$98,938. Under the terms of the PPP loan, CDA must utilize the proceeds to fund qualifying expenses over a twenty-four week period. Upon utilization of the loan proceeds, CDA could apply for loan forgiveness. Management believes there is less than a remote chance this loan will not be forgiven and therefore the PPP loan was treated as a conditional contribution under ASC 958-605 and was recognized upon the incurrence of eligible expenses. At May 31, 2021, CDA recognized \$98,938 of contribution revenue on the statement of activities. During fiscal year 2022, on June 14, 2021, the SBA forgave the loan in full.

6. Retirement Plan

CDA offers a 401(k) plan to eligible employees. CDA will contribute up to 4% of the employee's salary. CDA's contributions under this plan amounted to \$11,150 and \$13,003 for the years ended May 31, 2022 and 2021, respectively.

7. Availability and Liquidity

The following reflects CDA's financial assets available for use within one year to meet its general expenditures at May 31, 2022 and 2021:

	2022	2021
Financial assets at year end:		
Cash	\$ 75,668	\$ -
Grant and contributions receivable	205,380	77,266
Contract assets - receivables	<u>20,372</u>	<u>43,359</u>
Total	<u>301,420</u>	<u>120,625</u>
Less amounts unavailable for general expenditure within one year, due to:		
Restricted by donors for specific purposes and passage of time	<u>372,705</u>	<u>-</u>
Total	<u>372,705</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ (71,285)</u>	<u>\$ 120,625</u>

CDA is supported by restricted grants and contributions. Because a donor's restriction requires resources to be used in particular manner or in a future period, CDA must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

CDA Collaborative Learning Project, Inc.
Notes to Financial Statements – *continued*
May 31, 2022 with Summarized Comparative Totals for 2021

8. *Going Concern*

The financial statements were prepared on a going concern basis. The going concern basis assumes that CDA will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. During the year ended May 31, 2022, CDA had a decrease in without donor restricted net assets of \$156,773 and at May 31, 2022 CDA had insufficient operating cash to meet its general expenditures over the next twelve months, see Note 7.

On April 30, 2021, CDA was awarded a four year federal cost reimbursement grant totaling \$1,799,150. The Organization believes with the awarding of the federal cost reimbursement grant along with other fundraising efforts it will have sufficient cash and net assets to operate over the next 18 months.

CDA will need to obtain donations without donor restrictions in order to fund its operations. Failure to obtain this additional donations would be detrimental to the CDA. The accompanying financial statements do not include any adjustments that might be necessary if CDA is unable to continue as a going concern.

9. *Contingency*

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Impacts may include disruptions or restrictions on employees ability to work and travel. The future effects of these issues are unknown.

10. *Related Party Transactions*

During fiscal year 2022 and 2021 a board member was paid \$5,850 and zero, respectively for consulting services. Additionally, during fiscal year 2022 and 2021 a board member provided in-kind services to CDA in the amount of \$12,000 and zero, respectively.

11. *Subsequent Events*

Subsequent to year end, in July 2022, CDA extended one of its existing lease agreements, see Note 3 for more information.

CDA has performed an evaluation of subsequent events through February 9, 2023, which is the date CDA's financial statements were available to be issued.