

ACT FOR ALEXANDRIA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

ACT FOR ALEXANDRIA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ACT for Alexandria

Opinion

We have audited the financial statements of ACT for Alexandria (ACT), which comprise the statement of financial position as of December 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 accompanying financial statements present fairly, in all material respects, the financial position of ACT as of December 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 ACT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 ACT'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 GAAS and *Government 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 GAAS and *Government 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 ACT's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACT'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.

Prior Period Financial Statements

The financial statements of ACT as of December 31, 2021 were audited by other auditors whose report dated September 9, 2022 expressed an unmodified opinion on the December 31, 2021 financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023, on our consideration of ACT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our

testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACT's internal control over financial reporting and compliance.

Marcum LLP

Washington, D.C.
September 22, 2023

ACT FOR ALEXANDRIA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 5,236,976	\$ 2,629,333
Amounts held by third party	--	2,488,974
Investments	16,870,470	19,827,668
Grants and contributions receivable	--	501,561
Prepaid expenses and other assets	100,631	62,791
Right of use assets	109,109	--
Property and equipment, net	<u>6,779</u>	<u>13,752</u>
Total Assets	<u>\$ 22,323,965</u>	<u>\$ 25,524,079</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 69,735	\$ 67,898
Grants payable	47,434	44,100
Refundable advance	1,341,688	--
Operating lease liability	114,017	--
Deferred rent	<u>--</u>	<u>1,559</u>
Total Liabilities	<u>1,572,874</u>	<u>113,557</u>
Net Assets		
Without donor restrictions		
Operating funds	1,254,626	1,422,032
Community funds	2,907,448	3,331,070
Donor-advised funds	<u>16,038,746</u>	<u>19,916,976</u>
Total Net Assets Without Donor Restrictions	20,200,820	24,670,078
With donor restrictions	<u>550,271</u>	<u>740,444</u>
Total Net Assets	<u>20,751,091</u>	<u>25,410,522</u>
Total Liabilities and Net Assets	<u>\$ 22,323,965</u>	<u>\$ 25,524,079</u>

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

ACT FOR ALEXANDRIA

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions and grants	\$ 5,443,876	\$ 472,963	\$ 5,916,839	\$ 4,746,607	\$ 799,154	\$ 5,545,761
Investment (loss) income	(2,629,617)	(8,311)	(2,637,928)	2,717,847	13,717	2,731,564
Special events	44,664	--	44,664	58,908	--	58,908
Donated goods and services	51,416	--	51,416	197,034	--	197,034
Other income	184,211	--	184,211	333,221	--	333,221
Net assets released from restriction	<u>654,825</u>	<u>(654,825)</u>	<u>--</u>	<u>450,435</u>	<u>(450,435)</u>	<u>--</u>
Total Support and Revenue	<u>3,749,375</u>	<u>(190,173)</u>	<u>3,559,202</u>	<u>8,504,052</u>	<u>362,436</u>	<u>8,866,488</u>
Expenses						
Program services – community support	7,281,726	--	7,281,726	3,012,948	--	3,012,948
Supporting services						
Management and general	420,278	--	420,278	466,896	--	466,896
Fundraising	<u>516,629</u>	<u>--</u>	<u>516,629</u>	<u>511,015</u>	<u>--</u>	<u>511,015</u>
Total Expenses	<u>8,218,633</u>	<u>--</u>	<u>8,218,633</u>	<u>3,990,859</u>	<u>--</u>	<u>3,990,859</u>
Change in Net Assets	(4,469,258)	(190,173)	(4,659,431)	4,513,193	362,436	4,875,629
Net Assets, Beginning of Year	<u>24,670,078</u>	<u>740,444</u>	<u>25,410,522</u>	<u>20,156,885</u>	<u>378,008</u>	<u>20,534,893</u>
Net Assets, End of Year	<u>\$ 20,200,820</u>	<u>\$ 550,271</u>	<u>\$ 20,751,091</u>	<u>\$ 24,670,078</u>	<u>\$ 740,444</u>	<u>\$ 25,410,522</u>

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

ACT FOR ALEXANDRIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Community Support	Management and General	Fundraising	Total
Grants	\$ 5,949,015	\$ --	\$ --	\$ 5,949,015
Salaries and benefits	458,459	224,561	286,203	969,223
Conferences and meetings	521,010	36,902	104,536	662,448
Professional services	294,540	116,710	57,819	469,069
Rent	16,561	10,375	17,843	44,779
Subscriptions	15,946	9,990	17,180	43,116
Miscellaneous	7,811	4,981	8,416	21,208
Travel	7,521	4,712	8,104	20,337
Consultants	3,443	1,721	3,443	8,607
Equipment and maintenance	2,595	1,626	2,796	7,017
Insurance	--	5,679	--	5,679
Telephone	1,908	1,195	2,056	5,159
Lease expenses	--	--	5,091	5,091
Depreciation	1,669	1,045	1,798	4,512
Printing, postage and delivery	<u>1,248</u>	<u>781</u>	<u>1,344</u>	<u>3,373</u>
Total Expenses	<u>\$ 7,281,726</u>	<u>\$ 420,278</u>	<u>\$ 516,629</u>	<u>\$ 8,218,633</u>

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

ACT FOR ALEXANDRIA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Community Support	Management and General	Fundraising	Total
Grants	\$ 2,081,048	\$ --	\$ --	\$ 2,081,048
Salaries and benefits	271,406	200,929	203,844	676,179
Conferences and meetings	419,602	38,787	67,487	525,876
Professional services	72,577	125,501	47,584	245,662
Rent	17,725	13,108	13,298	44,131
Subscriptions	14,071	10,405	14,179	38,655
Miscellaneous	6,331	4,682	4,750	15,763
Travel	3,951	2,922	2,964	9,837
Consultants	22,165	24,155	75,710	122,030
Equipment and maintenance	1,269	939	952	3,160
Insurance	--	3,764	--	3,764
Telephone	2,779	2,055	2,085	6,919
Depreciation	1,856	1,372	1,392	4,620
Printing, postage and delivery	946	700	710	2,356
Communications	97,222	37,577	76,060	210,859
Total Expenses	<u>\$ 3,012,948</u>	<u>\$ 466,896</u>	<u>\$ 511,015</u>	<u>\$ 3,990,859</u>

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

ACT FOR ALEXANDRIA

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (4,659,431)	\$ 4,875,629
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Depreciation	4,512	4,620
Amortization of right of use assets	4,611	--
Realized and unrealized loss (gain) on investments	2,917,487	(2,437,037)
Loss on disposal	2,461	--
Deferred rent	--	(3,798)
Forgiveness of Paycheck Protection Program loan	--	(84,752)
Changes in assets and liabilities		
Amounts held by third party	2,488,974	417,835
Grants and contributions receivable	501,561	(501,561)
Prepaid expenses and other	(37,840)	(30,449)
Accounts payable	1,837	(7,587)
Grants payable	3,334	(118,969)
Refundable advance	1,341,688	--
Operating lease liability	(1,262)	--
Net Cash Flows Provided by Operating Activities	<u>2,567,932</u>	<u>2,113,931</u>
Cash Flows From Investing Activities		
Purchases of investments	(4,205,979)	(4,480,314)
Proceeds from sales of investments	4,245,690	4,414,317
Purchases of property and equipment	--	(12,359)
Net Cash Flows Provided by (Used in) Investing Activities	<u>39,711</u>	<u>(78,356)</u>
Net Increase in Cash and Cash Equivalents	2,607,643	2,035,575
Cash and Cash Equivalents, Beginning of Year	<u>2,629,333</u>	<u>593,758</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,236,976</u>	<u>\$ 2,629,333</u>
Supplemental Schedules of Noncash Investing and Financing Activities		
Right of use asset	<u>\$ 113,720</u>	<u>\$ --</u>
Operating lease liability	<u>\$ 115,279</u>	<u>\$ --</u>
Forgiveness of Paycheck Protection Program loan	<u>\$ --</u>	<u>\$ 84,752</u>

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

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

ACT for Alexandria (ACT) is a nonprofit organization that began operations in 2004, and was incorporated in Virginia in January 2009. ACT seeks to raise the level and effectiveness of giving and engagement for the benefit of all in Alexandria. Any person, corporation or foundation may establish a donor-advised fund with ACT to engage in activities consistent with ACT'S charitable purposes. Donors can make recommendations regarding grants from their donor-advised funds; however, ACT's Board of Directors is legally responsible for the donor-advised funds and for the grants made from these funds.

In addition to managing the donor-advised fund activities, ACT supports local nonprofits through its capacity-building grants. An annual grant process allows local nonprofits to apply for funds from ACT to assist them in improving their capacity to better deliver their services. As such, ACT does not directly fund the programs of local nonprofits, but instead seeks to strengthen the nonprofits so they may provide more and better services in their areas of expertise. ACT distributed \$261,672 and \$287,536 in grants through its community investment fund in 2022 and 2021, respectively.

A summary of ACT's significant accounting policies follows:

BASIS OF PRESENTATION

The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, ACT is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions represent resources that are not subject to donor-imposed stipulations. Net assets without donor restrictions consist of the following types of internally designated funds:

Operating Funds

Funds available for the general operations of ACT. As of December 31, 2022 and 2021 there is \$1,254,626 and \$1,422,032, respectively, in funds available for operations.

ACT Community Fund

Funds to support and strengthen existing programs, as well as create new collaborative solutions to the city of Alexandria's pressing needs. As of December 31, 2022 and 2021, there is \$2,907,448 (consisting of \$1,159,280 in designated funds, \$1,736,288 in field of

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

ACT Community Fund (continued)

interest funds and \$11,880 in scholarship funds) and \$3,331,070 (consisting of \$1,314,146 in designated funds, \$1,974,044 in field of interest funds and \$42,880 in scholarship funds), respectively, in funds designated by the donor for the community or other such programs.

Donor-advised Funds

Funds established by donor contributions enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by ACT in making grants from these resources. As of December 31, 2022 and 2021, there is \$16,038,746 and \$19,916,976, respectively, of donor-advised funds.

Generally accepted accounting principles (GAAP) provide that if the governing body of an organization has unilateral power to redirect the use of a donor's contribution to another beneficiary, such contribution must be classified as a net asset without donor restriction. ACT's Board of Directors has this ability (variance power). However, the Board intends to exercise this authority only if circumstances render the donor's restrictions inconsistent with the charitable needs of the community or incapable of fulfillment.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources restricted by donors as to purpose or by the passage of time or whose use by ACT is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of ACT. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. ACT had net assets with donor restrictions of \$550,271 and \$740,444 at December 31, 2022 and 2021, respectively.

CASH AND CASH EQUIVALENTS

ACT considers highly liquid investments with an original maturity of three months or less as cash equivalents. Excluded from this definition of cash equivalents are such amounts that represent funds that are held by third parties or that have been accounted for as investments.

AMOUNTS HELD BY THIRD PARTY

Amounts held by a third party consist of ACT's interest in pooled cash accounts and money market funds. The pooled cash and money market funds were held by The Greater Kansas City Community Foundation and were available to ACT upon request.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are reported at fair value. Realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by the donor or by law.

FINANCIAL RISK

ACT maintains demand deposits with commercial banks and interests in pooled cash and money market funds held by others. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to ACT.

ACT invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements. By policy, these investments are kept within limits intended to prevent risks caused by concentration.

INVESTMENT IN PARTNERSHIPS

ACT owns a minor interest in certain investment partnerships. These securities do not have a readily determinable fair value. Thus, ACT has elected to account for these securities at cost, with adjustments for impairment and certain observable price changes. For such securities held as of the end of the applicable year, there were no impairments or observable price changes during the years ended December 31, 2022 and 2021.

GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are recorded at their net realizable value and are due within one year. Management determines the allowance for doubtful accounts based on historical experience and an assessment of economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There was no allowance for doubtful accounts at December 31, 2022 and 2021.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is reported at fair value at the date of donation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Computer equipment	3-5
Furniture and fixtures	5

ACT's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

CONTRIBUTIONS AND GRANTS

Contributions and grants are recognized as support when promised unconditionally and are recorded net of any current year allowance or discount activity. ACT reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to ACT's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restriction. ACT reports donor restricted support that was initially received as a conditional contribution as net assets without donor restrictions when the donor-imposed conditions and restrictions are met simultaneously. ACT treats contributions with a barrier to recognition and a right of return or release as conditional contributions.

DONATED SERVICES

Donated professional services are recorded at their estimated fair value on the date of receipt. They are valued at the prices that would have been paid for the services within the Alexandria area. There were no donor restrictions related to the contributed nonfinancial services. For the years ended December 31, 2022 and 2021, donated goods and services totaled \$51,416 and \$197,034, respectively.

SPECIAL EVENTS

Revenue relating to special events held by ACT are recognized in the period the event takes place.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as salaries and benefits, consultants, printing, postage and delivery, telephone, miscellaneous expense, equipment and maintenance, staff development and training, rent, insurance, travel, conferences and meetings, events, subscriptions, depreciation and project expenditures have been allocated among programs and supporting services benefited based on level of effort.

USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INCOME TAXES

ACT is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) on any net income derived from activities related to its exempt purpose. This code section enables ACT to accept donations that qualify as charitable contributions to the donor. ACT has been classified under Section 509(a)(1) of the IRC as not a private foundation.

ACT has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. ACT evaluated its uncertainty in income taxes for the years ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status; and there are currently no audits pending or in progress. For the years ended December 31, 2022 and 2021, ACT did not recognize income tax expense in the accompanying financial statements as there was no net unrelated business taxable income.

ADOPTED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and a liability based on the value of the discounted future lease payments. ACT adopted this standard during the year ended December 31, 2022. ACT elected not to restate the comparative period. ACT also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of a right of use asset of \$113,720 (net of deferred rent of \$1,559) and operating lease liability of \$115,279 on the date of adoption. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with ACT's historical accounting treatment. The adoption of the standard did not result in a material change to the statement of activities.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and provide additional disclosures about contributions of nonfinancial assets. ACT adopted ASU 2020-07 on January 1, 2022. The adoption of the standard did not result in a material change to the financial statements other than enhanced disclosures.

RECLASSIFICATIONS

Certain reclassifications were made to the 2021 financial statements to conform to the 2022 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

SUBSEQUENT EVENTS

In preparing these financial statements, ACT has evaluated events and transactions for potential recognition or disclosure through September 22, 2023, the date the financial statements were available to be issued.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – CONCENTRATIONS

SUPPORT CONCENTRATION

For the year ended December 31, 2022, ACT received approximately \$4,153,000 from four donors, which is approximately 67% of its total support and revenue. For the year ended December 31, 2021, ACT received approximately \$2,272,000 from five donors, which is approximately 41% of its total support and revenue. Any significant reduction in support from these donors may adversely impact ACT's financial position and ability to carry out its existing program activities.

NOTE 3 – INVESTMENTS

In accordance with GAAP, ACT uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk:

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value on a recurring basis. Such investments consist of a diversified portfolio of individual and pooled securities in common stock, exchange-traded funds, corporate bonds and mutual funds.

The multi-asset fund consists of the TIFF Multi-Asset Fund (MAF) and is managed by The Investment Fund for Foundations (TIFF) Investment Program Inc. MAF's fair value is based on the net asset value (NAV) provided by TIFF. Thus, the fund has been reported at NAV as a practical expedient. As such, the fund is not required to be classified in one of the levels prescribed by the fair value hierarchy.

MAF funds are redeemable on a daily basis, and there are no prior notice requirements. MAF seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index plus 5% per annum. The fund seeks to achieve its objective through two principal means: (1) diversification across multiple asset classes and (2) active security selection. ACT redeemed its interest in the MAF during the year ended December 31, 2022.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 – INVESTMENTS (CONTINUED)

As of December 31, 2022 and 2021, ACT was invested in minor interests of certain investment partnerships. These securities are presented at cost, with adjustments for impairment and certain observable price changes. Each partnership operates in accordance with the terms of a limited partnership agreement. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long-term horizon by employing a strategy under which the partnerships invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, private equity and venture capital investments).

Redemption of ACT's interests in the investment partnerships is generally permissible on a monthly or quarterly basis, with a 30- to 90-day notice. ACT had no unfunded commitments as of December 31, 2022 and 2021.

ACT held interests in certain pooled investment funds that are administered by The Greater Kansas City Community Foundation. ACT presented its interest in these funds based on the values of the underlying investments. The pooled interest funds are not traded on an exchange. Thus, these investments are considered to be valued using Level 2 inputs. ACT redeemed its interest in these pooled investments during the year ended December 31, 2022.

The following table presents ACT's fair value hierarchy for those assets measured at fair value at December 31, 2022:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Mutual and exchange traded funds – equity	\$ 7,563,215	\$ 7,563,215	\$ --	\$ --
Mutual and exchange traded funds – fixed income	4,385,421	4,385,421	--	--
Mutual and exchange traded funds – equity international	1,884,177	1,884,177	--	--
Equities	<u>1,756,142</u>	<u>1,756,142</u>	<u>--</u>	<u>--</u>
	15,588,955	<u>\$ 15,588,955</u>	<u>\$ --</u>	<u>\$ --</u>
Limited partnership interests at adjusted cost	579,484			
Money market funds held at cost	<u>702,031</u>			
Total Investments	<u>\$ 16,870,470</u>			

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 – INVESTMENTS (CONTINUED)

The following table presents ACT's fair value hierarchy for those assets measured at fair value at December 31, 2021:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments, at fair value:				
Mutual funds – domestic equity	\$ 5,846,338	\$ 5,846,338	\$ --	\$ --
Mutual funds – international equity	236,205	236,205	--	--
Mutual funds – emerging market equity	305,562	305,562	--	--
Mutual funds – domestic fixed income	1,603,496	1,603,496	--	--
Mutual funds – international fixed income	59,782	59,782	--	--
Mutual funds – emerging market fixed income	339,870	339,870	--	--
Domestic equities	2,046,105	2,046,105	--	--
Short-term fixed income pool held by others	1,207,506	--	1,207,506	--
Intermediate fixed income pool held by others	507,583	--	507,583	--
Domestic equity pool held by others	2,217,849	--	2,217,849	--
International equity pool held by others	490,237	--	490,237	--
International equities	253,875	253,875	--	--
Domestic ETF	204,208	204,208	--	--
International ETF	325,201	325,201	--	--
Commodity funds and other	211,103	211,103	--	--
	<u>15,854,920</u>	<u>\$ 11,431,745</u>	<u>\$ 4,423,175</u>	<u>\$ --</u>
Multi-asset fund – at NAV	2,282,716			
Limited partnership interests at adjusted cost	579,482			
Money market funds held at cost	<u>1,110,550</u>			
Total Investments	<u>\$ 19,827,668</u>			

Investment (loss) income is comprised of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 333,489	\$ 343,056
Realized and unrealized (loss) gains on investments	(2,917,487)	2,437,037
Investment management fees	<u>(53,930)</u>	<u>(48,529)</u>
Total	<u>\$ (2,637,928)</u>	<u>\$ 2,731,564</u>

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – LIQUIDITY

ACT maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short term investments. ACT reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received.

Restricted cash and investments are separately identified and monitored as part of ACT’s monthly financial reporting process. ACT’s financial assets available within one year to meet cash needs for general expenditures through December 31, 2022 and 2021, are as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 5,236,976	\$ 2,629,333
Amounts held by third party	--	2,488,974
Investments	16,870,470	19,827,668
Grants and contributions receivable	--	501,561
Total Financial Assets	22,107,446	25,447,536
Less amounts not available within one year:		
Community funds	(2,907,448)	(3,331,070)
Donor-advised funds	(16,038,746)	(19,916,976)
Purpose restricted net assets	(550,271)	(740,444)
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	\$ 2,610,981	\$ 1,459,046

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Changes in net assets without donor restrictions for the years ended December 31, 2022 and 2021, were as follows:

	2022			
	Balance December 31, 2021	Contributions to/ Investment Income	Grants/Other Expenses and Transfers	Balance December 31, 2022
Operating funds	\$ 1,422,032	\$ 1,809,070	\$ 1,976,476	\$ 1,254,626
Community funds	3,331,070	556,649	980,271	2,907,448
Donor-advised funds	19,916,976	(1,259,044)	2,619,186	16,038,746
	\$ 24,670,078	\$ 1,106,675	\$ 5,575,933	\$ 20,200,820

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

Changes in net assets without donor restrictions for the years ended December 31, 2021:

	2021			
	Balance December 31, 2020	Contributions to/ Investment Income	Grants/Other Expenses and Transfers	Balance December 31, 2021
Operating funds	\$ 516,533	\$ 1,959,914	\$ 1,054,415	\$ 1,422,032
Community funds	2,298,262	1,798,185	765,377	3,331,070
Donor-advised funds	17,342,090	4,295,518	1,720,632	19,916,976
	<u>\$ 20,156,885</u>	<u>\$ 8,053,617</u>	<u>\$ 3,540,424</u>	<u>\$ 24,670,078</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended December 31, 2022 and 2021, were available for the following projects:

	2022			
	Balance December 31, 2021	Additions	Releases/ Transfers	Balance December 31, 2022
ACT ABLE Fund	\$ 3,097	\$ --	\$ --	\$ 3,097
ASF Scholarship Fund	99,160	11,013	3,535	106,638
ACT Now Fund	268,672	10,515	150,483	128,704
Other Funds	369,515	443,124	500,807	311,832
	<u>\$ 740,444</u>	<u>\$ 464,652</u>	<u>\$ 654,825</u>	<u>\$ 550,271</u>

	2021			
	Balance December 31, 2020	Additions	Releases/ Transfers	Balance December 31, 2021
ACT ABLE Fund	\$ 3,097	\$ --	\$ --	\$ 3,097
ASF Scholarship Fund	76,745	28,817	6,402	99,160
ACT Now Fund	298,166	134,721	164,215	268,672
Other Funds	--	649,333	279,818	369,515
	<u>\$ 378,008</u>	<u>\$ 812,871</u>	<u>\$ 450,435</u>	<u>\$ 740,444</u>

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 – COMMITMENTS

OFFICE LEASE

ACT has a lease agreement for office space in Alexandria, Virginia that expires December 31, 2024. The lease calls for annual increases of 3%.

Rental expense for the years ended December 31, 2022 and 2021, was \$44,779 and \$44,131, respectively.

The following summarizes the cash flow information related to the operating lease for the office space as of December 31, 2022:

Cash paid for amounts included in the measurement of the lease liability:	
Operating cash flows from operating leases	\$ 1,742
Operating lease right of use asset obtained in exchange of new lease liability	\$ 115,279

Future minimum lease payments under the above lease agreements at December 31, 2022, are as follows:

<u>For the Year Ending December 31,</u>	
2023	\$ 59,160
2024	<u>60,935</u>
Total	120,095
Less present value discount (5%)	<u>(6,078)</u>
Lease Liability at December 31, 2022	<u>\$ 114,017</u>

DEFINED CONTRIBUTION PLAN

ACT sponsors a retirement plan covering all eligible full-time employees. The plan provides for an automatic 3% employer contribution and up to an additional 2% employer matching contribution of annual salary. For the years ended December 31, 2022 and 2021, retirement expense totaled \$33,931 and \$37,866, respectively.

NOTE 8 – CONDITIONAL CONTRIBUTIONS

ACT has conditional contributions totaling approximately \$2,237,000 as of December 31, 2022. Recognition of revenue is contingent upon ACT carrying out certain activities and incurring qualified expenditures stipulated by the grants.