



ACT for Alexandria

Financial Statements
and
Independent Auditor's Report

December 31, 2024 and 2023



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Independent Auditor's Report

To the Board of Directors
ACT for Alexandria
Alexandria, Virginia

Opinion

We have audited the accompanying financial statements of ACT for Alexandria (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows 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 financial position of ACT for Alexandria as of December 31, 2024 and 2023, and the results of its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 for Alexandria's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 ACT for Alexandria'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 ACT for Alexandria'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.

Sikich CPA LLC

Alexandria, Virginia
July, 24, 2025

ACT for Alexandria
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash	\$ 1,962,856	\$ 1,826,146
Investments	19,100,497	19,429,153
Grants and contributions receivable	346,728	269,830
Prepaid expenses	46,296	53,121
Restricted cash	123,911	387,704
Operating lease right-of-use asset	-	53,775
Property and equipment	22,860	4,624
Total assets	\$ 21,603,148	\$ 22,024,353
 Liabilities and Net Assets		
Accounts payable	\$ 18,697	\$ 40,261
Grants payable	71,350	54,800
Refundable advances	57,000	53,838
Operating lease liability	-	59,316
Total liabilities	147,047	208,215
Net assets:		
Without donor restrictions	21,026,690	21,205,309
With donor restrictions	429,411	610,829
Total net assets	21,456,101	21,816,138
Total liabilities and net assets	\$ 21,603,148	\$ 22,024,353

See accompanying notes to the financial statements.

ACT for Alexandria
Statement of Activities
For the Year Ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Contributions and grants	\$ 2,526,331	\$ 720,420	\$ 3,246,751
Investment return, net	2,152,973	-	2,152,973
Donated goods and services	283,663	-	283,663
Other income	73,911	-	73,911
Special events	46,334	-	46,334
Net assets released from restrictions:			
Satisfaction of donor restrictions	901,838	(901,838)	-
Total revenues	5,985,050	(181,418)	5,803,632
Expenses:			
Program services:			
Community support	5,012,599	-	5,012,599
Support services:			
Fundraising	665,863	-	665,863
Management and general	485,207	-	485,207
Total support services	1,151,070	-	1,151,070
Total expenses	6,163,669	-	6,163,669
Change in net assets	(178,619)	(181,418)	(360,037)
Net assets, beginning of year	21,205,309	610,829	21,816,138
Net assets, end of year	\$ 21,026,690	\$ 429,411	\$ 21,456,101

See accompanying notes to the financial statements.

ACT for Alexandria
Statement of Activities
For the Year Ended December 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues:			
Contributions and grants	\$ 4,306,305	\$ 652,275	\$ 4,958,580
Investment return, net	2,514,302	18,153	2,532,455
Other income	232,689	-	232,689
Donated goods and services	127,375	-	127,375
Special events	57,372	-	57,372
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>609,870</u>	<u>(609,870)</u>	<u>-</u>
Total revenues	<u>7,847,913</u>	<u>60,558</u>	<u>7,908,471</u>
Expenses:			
Program services:			
Community support	<u>5,725,943</u>	<u>-</u>	<u>5,725,943</u>
Support services:			
Fundraising	633,264	-	633,264
Management and general	<u>484,217</u>	<u>-</u>	<u>484,217</u>
Total support services	<u>1,117,481</u>	<u>-</u>	<u>1,117,481</u>
Total expenses	<u>6,843,424</u>	<u>-</u>	<u>6,843,424</u>
Change in net assets	<u>1,004,489</u>	<u>60,558</u>	<u>1,065,047</u>
Net assets, beginning of year	<u>20,200,820</u>	<u>550,271</u>	<u>20,751,091</u>
Net assets, end of year	<u>\$ 21,205,309</u>	<u>\$ 610,829</u>	<u>\$ 21,816,138</u>

See accompanying notes to the financial statements.

ACT for Alexandria
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Community support	Fundraising	Management and general	Total support services	Total expenses
Grants	\$ 3,884,887	\$ -	\$ -	\$ -	\$ 3,884,887
Salaries and benefits	367,926	423,827	251,297	675,124	1,043,050
Professional services	523,782	94,724	145,897	240,621	764,403
Conferences and meetings	103,407	36,808	17,670	54,478	157,885
Lease expense	24,732	28,490	16,892	45,382	70,114
Communications	30,850	30,850	15,425	46,275	77,125
Subscriptions	18,013	20,750	12,303	33,053	51,066
Equipment and maintenance	36,537	4,537	2,690	7,227	43,764
Miscellaneous	5,780	6,657	3,949	10,606	16,386
Travel	10,117	11,654	6,910	18,564	28,681
Telephone	2,696	3,106	1,842	4,948	7,644
Printing, postage and delivery	3,250	3,743	2,219	5,962	9,212
Insurance	-	-	7,688	7,688	7,688
Depreciation and amortization	622	717	425	1,142	1,764
Total expenses	<u>\$ 5,012,599</u>	<u>\$ 665,863</u>	<u>\$ 485,207</u>	<u>\$ 1,151,070</u>	<u>\$ 6,163,669</u>

See accompanying notes to the financial statements.

ACT for Alexandria
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Community support	Fundraising	Management and general	Total support services	Total expenses
Grants	\$ 4,487,047	\$ -	\$ -	\$ -	\$ 4,487,047
Salaries and benefits	333,767	380,826	243,713	624,539	958,306
Professional services	552,972	86,482	143,965	230,447	783,419
Conferences and meetings	227,584	64,862	29,763	94,625	322,209
Lease expense	24,476	27,927	17,872	45,799	70,275
Communications	27,297	27,297	13,648	40,945	68,242
Subscriptions	18,027	20,568	13,163	33,731	51,758
Equipment and maintenance	33,435	953	610	1,563	34,998
Miscellaneous	7,897	9,011	5,768	14,779	22,676
Travel	7,623	8,698	5,566	14,264	21,887
Telephone	2,703	3,084	1,973	5,057	7,760
Printing, postage and delivery	2,365	2,699	1,727	4,426	6,791
Insurance	-	-	5,901	5,901	5,901
Depreciation and amortization	750	857	548	1,405	2,155
Total expenses	\$ 5,725,943	\$ 633,264	\$ 484,217	\$ 1,117,481	\$ 6,843,424

See accompanying notes to the financial statements.

ACT for Alexandria
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ <u>(360,037)</u>	\$ <u>1,065,047</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,764	2,155
Noncash lease activity	(5,541)	633
Realized gain on investments	(697,081)	(170,844)
Unrealized gain on investments	(702,803)	(1,635,795)
Noncash contribution of investment	(110,000)	-
Decrease (increase) in assets:		
Grants and contributions receivable	(76,898)	(269,830)
Prepaid expenses	6,825	47,510
Increase (decrease) in liabilities:		
Accounts payable	(21,564)	24,444
Grants payable	16,550	(46,552)
Refundable advances	<u>3,162</u>	<u>(1,287,850)</u>
Total adjustments	<u>(1,585,586)</u>	<u>(3,336,129)</u>
Net cash used in operating activities	<u>(1,945,623)</u>	<u>(2,271,082)</u>
Cash flows from investing activities:		
Purchases of investments	(3,871,088)	(5,395,274)
Proceeds from sales of investments	5,709,628	4,643,230
Purchases of property and equipment	<u>(20,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,818,540</u>	<u>(752,044)</u>
Net decrease in cash and restricted cash	(127,083)	(3,023,126)
Cash and restricted cash, beginning of year	<u>2,213,850</u>	<u>5,236,976</u>
Cash and restricted cash, end of year	<u>\$ 2,086,767</u>	<u>\$ 2,213,850</u>
 Cash reconciliation:		
Cash	\$ 1,962,856	\$ 1,826,146
Restricted cash	<u>123,911</u>	<u>387,704</u>
Total cash and restricted cash	<u>\$ 2,086,767</u>	<u>\$ 2,213,850</u>

See accompanying notes to the financial statements.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

1. Organization

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 and encourages nonprofit excellence and strengthens leadership within nonprofits by investing in organizational needs through capacity-building programming and grants. 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.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

ACT's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under those principles, ACT is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion.
- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of ACT or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

b. Basis of accounting

ACT's financial statements are prepared on the accrual basis of accounting in accordance with U.S. GAAP.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

c. Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

d. Fair value measurements

ACT reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on ACT's own assumptions, as there is little, if any, related market activity.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Valuation Techniques

Following is a description of the valuation technique used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in the technique used at December 31, 2024.

- Mutual and exchange-traded funds: valued at the NAV of shares on the last trading day of the fiscal year.
- Equities: valued at the closing quoted price in an active market.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

Valuation Process used in Level 3 measurements

ACT's investment in alternative investments is classified within Level 3 because there are currently no active markets for these funds and ACT is unable to obtain independent valuations from market sources. Therefore, the alternative investments are primarily valued at management's estimated fair value based on amounts provided by the management of the investment entities. Alternative investments consist of investments in private equity interests, including equity in real estate investments. The fair market value of each fund is comprised of the fund's share of equity in real estate investments and other fund-level assets. Assets are initially recorded at acquisition cost, including any pre-development or development expenditures.

The management of the investment entities reviews the fair market value quarterly. A detailed valuation is prepared when specific triggers occur, including: biennial third-party valuation requirement, significant capital events or development milestones, material changes in asset or market conditions, and marketing or sale of the asset. In addition, semi-annual reviews of business plans and annual third-party audited valuations are conducted. Valuations are prepared using a combination of: discounted cash flow analysis, income capitalization approach, and sales comparison approach. These models incorporate market-based assumptions and projected cash flows. Internal valuations are permitted only if a third-party valuation has been obtained within the past two years. Otherwise, a new third-party appraisal or broker's opinion of value is required.

e. Income taxes

ACT is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to their exempt purpose. ACT is not classified as a private foundation.

ACT is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If material omissions of income exist, tax returns may be subject to examination for up to six years. ACT is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2021.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

f. Cash and restricted cash

ACT classifies demand deposits as cash. Cash included in investment portfolios are included in investments on the statements of financial position. Restricted cash represent funds restricted by donors until the purpose is met by ACT.

g. Grants and contributions receivable

Grants and contributions receivable represent amounts due from donors and/or government awards, are due in less than one year and are stated at their net realizable value. All receivables outstanding are considered collectible. Accordingly, no allowance for doubtful accounts has been recorded. However, actual write-offs may occur.

h. Investments

Investments are reported at fair value and 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 donor restrictions or law. ACT invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements. Investment return is reported net of external and direct internal investment expenses.

i. Property and equipment, net

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

Computer equipment and software	3 - 5 years
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ACT's policy is to capitalize major additions and improvements over \$5,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

j. Leases

ACT leases office space. ACT determines if an arrangement is a lease at inception. The operating lease is included in operating lease right-of-use (ROU) asset and operating lease liability on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, ACT uses a risk-free discount rate at the commencement date in determining the present value of lease payments. The operating and finance lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ACT's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with a term of 12 months or less are not recorded on the statements of financial position. ACT does not have lease agreements with non-lease components.

k. Revenue recognition

i. Contributions and grants and other income.

ACT recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. ACT reports gifts of cash and other assets as support with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to the 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 restrictions.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

A portion of the ACT's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenues are recognized when ACT has incurred expenditures in compliance with specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statement of financial position. There were no conditional, cost-reimbursable grants that had not been recognized at December 31, 2024. ACT was awarded conditional, cost-reimbursable grants of approximately \$132,200 and \$76,600 that had not been recognized as of December 31, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred. Refundable advances relating to these awards at December 31, 2024 and 2023 were \$57,000 and \$53,838, respectively.

Other income consists mainly of the administrative portion of cost reimbursable grants.

ii. Donated goods and services

Donated goods, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as such, as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided. Donated goods are recognized at the prices that would have been paid for the goods and donated use of space is valued based on the price that would have been paid for use of the space. Donated goods and services, and use of facilities are classified as donated goods and service revenue and expense and charged to programs and supporting services based on the program or support services directly benefited. For the years ended December 31, 2024 and 2023, ACT received contributions of services totaling \$120,389 and \$51,635, respectively, donated use of facilities totaling \$26,809 and \$43,141, respectively, and donated goods totaling \$26,465 and \$32,599, respectively. In addition, for the year ended December 31, 2024, ACT received donated investments of \$110,000.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

iii. Special events

Special event revenue consists of donation revenue, which includes sponsorships, of \$132,350 and \$109,027, respectively for the years ended December 31, 2024 and 2023, which is included with grants and contributions in the accompanying statements of activities, as well as ticket sales, which are exchange transactions, totaling \$46,334 and \$57,372 for the years ended December 31, 2024 and 2023. The contribution portion is considered conditional upon the event occurring, therefore, ACT recognizes the exchange and contribution portions of event revenue at the point in time that the events take place. There are no significant judgments involved in the methodology used by ACT to recognize revenue. There are no significant amounts of variable consideration. Payments are non-refundable and due upon registration for the event. The timing of revenue recognition, billings and cash collections can result in billed accounts receivable (contract assets) and deferred revenue (contract liabilities) on the statement of financial position. There were no contract assets or liabilities as of December 31, 2024, 2023, or 2022.

i. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs, such as salaries and benefits, subscriptions, equipment and maintenance, miscellaneous, travel, telephone, printing, postage and delivery, depreciation and amortization and a portion of lease expense, and a portion of professional services have been allocated among programs and supporting services benefited based on level of effort. All other expenses including grants, conferences and meetings, insurance and the remaining professional fees, consultants and lease expense, are charged directly to the program or supporting service to which they relate.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

3. Liquidity and Availability

The following represents ACT's financial assets at December 31:

Financial assets at year end:	<u>2024</u>	<u>2023</u>
Cash	\$ 1,962,856	\$ 1,826,146
Investments	19,100,497	19,429,153
Grants and contributions receivable	346,728	269,830
Restricted cash	<u>123,911</u>	<u>387,704</u>
Total financial assets	21,533,992	21,912,833
Less amounts not available within one year:		
Community fund	(2,714,828)	(2,880,760)
Donor-advised funds	(18,301,658)	(17,644,639)
Net assets with donor restriction	<u>(429,411)</u>	<u>(610,829)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 88,095</u>	<u>\$ 776,605</u>

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. A portion of ACT's Community funds may be used to support ACT's operations at the board's discretion. As of December 31, 2024 and 2023 those amounts available for use to support ACT's operations at the board's discretion totaled \$663,117 and \$604,047, respectively. 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.

4. Concentrations of Credit Risk

ACT maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2024, ACT had bank deposits in excess of FDIC limits of \$191,843. At December 31, 2023, Act had deposits in excess of FDIC limits of \$598,112. ACT has not experienced any losses related to this credit risk and management believes it is not exposed to any significant credit risks on cash.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2024 and 2023

5. Investments

Assets measured at fair value on a recurring basis at December 31, 2024 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual and exchange-traded funds - equity	\$ 6,462,850	\$ -	\$ -	\$ 6,462,850
Mutual and exchange-traded funds - fixed income	4,141,211	-	-	4,141,211
Mutual and exchange-traded funds - international equities	3,045,152	-	-	3,045,152
Equities	3,447,363	-	-	3,447,363
Private equity interest	<u>-</u>	<u>-</u>	<u>32,976</u>	<u>32,976</u>
Total investments at fair value	<u>\$ 17,096,576</u>	<u>\$ -</u>	<u>\$ 32,976</u>	17,129,552
Limited partnership interests at adjusted cost				579,484
Money market funds held at cost				<u>1,391,461</u>
Total investments				<u>\$ 19,100,497</u>

Assets measured at fair value on a recurring basis at December 31, 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual and exchange-traded funds - equity	\$ 8,572,195	\$ -	\$ -	\$ 8,572,195
Mutual and exchange-traded funds - fixed income	4,771,902	-	-	4,771,902
Mutual and exchange-traded funds - international equities	2,359,750	-	-	2,359,750
Equities	<u>2,005,972</u>	<u>-</u>	<u>-</u>	<u>2,005,972</u>
Total investments at fair value	<u>\$ 17,709,819</u>	<u>\$ -</u>	<u>\$ -</u>	17,709,819
Limited partnership interests at adjusted cost				579,484
Money market funds held at cost				<u>1,139,850</u>
Total investments				<u>\$ 19,429,153</u>

Reconciliation of Level 3 Assets:

	<u>2024</u>
Balance, beginning of year	\$ -
Non-cash investment donation	110,000
Change in fair value	<u>(77,024)</u>
Balance, end of year	<u>\$ 32,976</u>

The following table presents the category, fair value, unfunded commitment, redemption frequency, and redemption notice period for investments as of December 31, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
JBG Investment Fund VIII	\$ 23,299	\$ 79,424	N/A	N/A
JBG Investment Fund VI	\$ 9,677	\$ -	N/A	N/A

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6. Investments in partnerships

As of December 31, 2024 and 2023, 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, 2024 and 2023.

7. Net Assets With Donor Restrictions

At December 31, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

	2024	2023
ACT Able fund	\$ 3,108	\$ 3,097
ASF Scholarship fund	151,524	130,715
Alx Resilience fund	-	124,517
Economic mobility	92,160	15,000
Racial equity	-	40,000
Youth support	135,134	74,375
Time restricted	47,485	223,125
Total net assets with donor restrictions	\$ 429,411	\$ 610,829

8. Net Assets Without Donor Restrictions

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, 2024 and 2023 there is \$46,001 and \$679,910, respectively, in funds available for operations. ACT's operations are also supported by internal contributions and internal administrative fees from its donor-advised funds and other funds. The internal contributions and administrative fees totaled \$661,192 in 2024 and \$641,765 in 2023.

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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. A portion of ACT's Community Funds may be used to support ACT's operations at the board's discretion. As of December 31, 2024 and 2023 those amounts available for use to support ACT's operations at the board's discretion totaled \$663,117 and \$604,047, respectively. As of December 31, 2024 and 2023, there is \$2,714,828 (consisting of \$850,206 in designated funds, \$1,683,514 in field of interest funds and \$181,108 in scholarship funds) and \$2,880,760 (consisting of \$1,210,098 in designated funds, \$1,535,858 in field of interest funds and \$134,804 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, 2024 and 2023, there is \$18,301,658 and \$17,644,639, respectively, of donor-advised funds.

9. Concentrations of Revenue and Receivables Risk

For the year ended December 31, 2024, ACT received approximately \$729,000 from two donors, which is approximately 20% of its total support and revenue. For the year ended December 31, 2023, ACT received approximately \$1,797,000 from four donors, which is approximately 33% 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.

At December 31, 2024, ACT had grants and contributions receivable of \$280,500 from one donor which is approximately 81% of the total grants and contributions receivable. At December 31, 2023, there were no such concentrations of grants and contributions receivable. Any significant reduction in support from this donor may adversely impact ACT's financial position and ability to carry out its existing program activities.

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10. Disaggregation of Revenue

Disaggregated revenue is as follows for the years ended December 31:

Revenue source:	2024	2023
Special events	\$ <u>46,334</u>	\$ <u>57,372</u>
Timing of revenue recognition:		
Services transferred at a point in time	\$ <u>46,334</u>	\$ <u>57,372</u>

Various economic factors affect revenues and cash flows, including the ACT's ability to hold events. Any negative economic impact to areas where the events are held, the federal government or other funders could significantly affect revenues and cash flows.

11. Leases

In December 2022, ACT entered into a lease agreement for office space in Virginia which expired in December 2024 with a monthly base rent of \$4,930 and annual increases in monthly rent of 3%. ACT entered into a new short term lease agreement in October 2024 extending the lease through December 31, 2025 with monthly rent of \$5,382.

The components of lease expense were as follows for the year ended December 31:

	2024	2023
Operating lease cost	\$ <u>55,394</u>	\$ <u>59,793</u>

Other information related to leases was as follows:

Supplemental cash flows information	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 60,935	\$ 59,160
Weighted Average Remaining Lease Term	2024	2023
Operating lease	None	1 year
Weighted Average Discount Rate	2024	2023
Operating lease	5%	5%

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12. Contingency

ACT received \$84,752 of Paycheck Protection Program (PPP) loans from the Small Business Administration (SBA), which was forgiven on March 16, 2021. The Small Business Administration (SBA) reserves the right to audit any Paycheck Protection Program (PPP) loan, regardless of size. These audits may occur after forgiveness was granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. ACT does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

13. Retirement 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, 2024 and 2023, retirement expense totaled \$40,573 and \$35,041, respectively.

14. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, nonrecognized subsequent events).

In preparing the financial statements, ACT has evaluated events and transactions for potential recognition or disclosure through July 24, 2025, which is the date the financial statements were available to be issued. Management has determined there were no subsequent events that require recognition of, or disclosure in, these financial statements.