

FINANCIAL STATEMENTS

**CENTER FOR COMMUNITY
CHANGE ACTION**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

CENTER FOR COMMUNITY CHANGE ACTION

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Community Change Action
Washington, D.C.

We have audited the accompanying financial statements of the Center for Community Change Action (CCCA), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCCA as of September 30, 2021 and 2020, and the changes in 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.

Gelman Rosenberg & Freedman

April 4, 2022

CENTER FOR COMMUNITY CHANGE ACTION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 1,661,869	\$ 11,498,931	\$ 13,160,800	\$ 2,037,147	\$ 6,242,785	\$ 8,279,932
Interest income	2,132	-	2,132	1,977	-	1,977
Rental income	729,208	-	729,208	709,907	-	709,907
Fee for service income	1,648,446	-	1,648,446	762,365	-	762,365
Net assets released from donor restrictions	<u>13,044,872</u>	<u>(13,044,872)</u>	<u>-</u>	<u>5,948,465</u>	<u>(5,948,465)</u>	<u>-</u>
Total support and revenue	<u>17,086,527</u>	<u>(1,545,941)</u>	<u>15,540,586</u>	<u>9,459,861</u>	<u>294,320</u>	<u>9,754,181</u>
EXPENSES						
Program Services	<u>15,643,690</u>	<u>-</u>	<u>15,643,690</u>	<u>8,766,315</u>	<u>-</u>	<u>8,766,315</u>
Supporting Services:						
Management and General	609,258	-	609,258	524,286	-	524,286
Fundraising	<u>235,385</u>	<u>-</u>	<u>235,385</u>	<u>187,580</u>	<u>-</u>	<u>187,580</u>
Total supporting services	<u>844,643</u>	<u>-</u>	<u>844,643</u>	<u>711,866</u>	<u>-</u>	<u>711,866</u>
Total expenses	<u>16,488,333</u>	<u>-</u>	<u>16,488,333</u>	<u>9,478,181</u>	<u>-</u>	<u>9,478,181</u>
Changes in net assets	598,194	(1,545,941)	(947,747)	(18,320)	294,320	276,000
Net assets at beginning of year	<u>10,851,280</u>	<u>2,431,128</u>	<u>13,282,408</u>	<u>10,869,600</u>	<u>2,136,808</u>	<u>13,006,408</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,449,474</u>	<u>\$ 885,187</u>	<u>\$ 12,334,661</u>	<u>\$ 10,851,280</u>	<u>\$ 2,431,128</u>	<u>\$ 13,282,408</u>

See accompanying notes to financial statements.

CENTER FOR COMMUNITY CHANGE ACTION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Partner support	\$ 6,615,988	\$ -	\$ -	\$ -	\$ 6,615,988
Personnel	1,690,812	225,510	122,284	347,794	2,038,606
Contractual services	3,047,795	21,852	20,675	42,526	3,090,321
Media outreach	2,761,511	78,134	71	78,205	2,839,716
Payroll taxes and fringe	495,164	66,476	36,814	103,290	598,454
Office supplies	77,461	424	4,619	5,042	82,503
Occupancy	166,357	19,170	14,095	33,265	199,623
Miscellaneous	518,911	97,846	1,251	99,097	618,007
Professional fees	69,402	84,791	3,785	88,576	157,978
Depreciation and amortization	103,692	2,276	10,817	13,093	116,785
Travel	8,076	-	-	-	8,076
Insurance	58,241	9,827	4,833	14,659	72,900
Meetings and convenings	29,731	2,919	16,120	19,039	48,770
Software and equipment	550	35	23	57	607
TOTAL	<u>\$ 15,643,690</u>	<u>\$ 609,258</u>	<u>\$ 235,385</u>	<u>\$ 844,643</u>	<u>\$ 16,488,333</u>

CENTER FOR COMMUNITY CHANGE ACTION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Partner support	\$ 4,052,464	\$ -	\$ -	\$ -	\$ 4,052,464
Personnel	1,243,669	195,337	81,877	277,214	1,520,883
Contractual services	1,339,039	45,142	15,360	60,502	1,399,541
Media outreach	818,665	6,096	18	6,114	824,779
Payroll taxes and fringe	382,243	56,692	23,872	80,564	462,807
Office supplies	349,500	15,659	9,110	24,769	374,269
Occupancy	162,441	23,718	10,358	34,076	196,517
Miscellaneous	108,621	74,403	3,815	78,218	186,839
Professional fees	75,776	82,633	412	83,045	158,821
Depreciation and amortization	101,369	2,471	12,384	14,855	116,224
Travel	56,169	4,242	1,377	5,619	61,788
Insurance	44,410	3,580	3,935	7,515	51,925
Meetings and convenings	24,808	3,057	20,638	23,695	48,503
Software and equipment	7,141	11,256	4,424	15,680	22,821
TOTAL	<u>\$ 8,766,315</u>	<u>\$ 524,286</u>	<u>\$ 187,580</u>	<u>\$ 711,866</u>	<u>\$ 9,478,181</u>

CENTER FOR COMMUNITY CHANGE ACTION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (947,747)	\$ 276,000
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	94,787	94,786
Change in discount on grants and contributions receivable	(4,598)	1,785
Decrease (increase) in:		
Miscellaneous receivables	512,308	(808,426)
Grants and contributions receivable	488,550	117,100
Prepaid expenses and other assets	4,740	6,326
(Decrease) increase in:		
Accounts payable and accrued expenses	<u>(252,030)</u>	<u>1,119,234</u>
Net cash (used) provided by operating activities	<u>(103,990)</u>	<u>806,805</u>
Net (decrease) increase in cash and cash equivalents	(103,990)	806,805
Cash and cash equivalents at beginning of year	<u>6,386,438</u>	<u>5,579,633</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,282,448</u>	<u>\$ 6,386,438</u>
SUPPLEMENTAL INFORMATION:		
Taxes Paid	<u>\$ 97,418</u>	<u>\$ 74,044</u>

CENTER FOR COMMUNITY CHANGE ACTION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Center for Community Change Action (CCCA) is a non-profit organization, incorporated in Washington, D.C. CCCA's mission is to increase the profile of policy issues that matter to low-income people and people of color, as well as educate and empower low-income people and people of color to act on those issues. All projects of CCCA support this mission.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

CCCA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, CCCA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and contributions receivable -

Current grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Grants and contributions receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and contributions receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

CENTER FOR COMMUNITY CHANGE ACTION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Miscellaneous receivables -

Miscellaneous receivables consist of related party receivables and invoices to partners for shared expenses and services. Miscellaneous receivables are stated at their unpaid balances, which approximate fair value. No interest or late fees accrue on unpaid receivables. At September 30, 2021 and 2020, management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and improvements -

Capital asset acquisitions in excess of \$5,000 are capitalized and stated at cost. Capital assets are depreciated/amortized on a straight-line basis over the estimated useful lives of the related assets, generally three years for computer equipment, five years for furniture and other equipment and 40 years for the building. Building improvements are amortized over the remaining estimated useful life of the building. The cost of maintenance and repairs is recorded as expenses are incurred. Expenditures for maintenance, repairs, and minor improvements are charged to expense when incurred. Depreciation and amortization expense totaled \$94,787 and \$94,786 for the years ended September 30, 2021 and 2020. An additional \$21,998 and \$21,438 allocated from the Center for Community Change (CCC) is included on the Combined Statements of Functional Expense for the years ended September 30, 2021 and 2020, respectively.

Income taxes -

CCCA is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Although CCCA is organized as a non-profit corporation, the lesser of net investment income earned or political expenditures incurred is subject to taxation by the Internal Revenue Service and the District of Columbia. Net income from the rental of office space to the Center for Community Change (CCC), is considered to be net investment income.

CCCA incurred \$79,371 and \$70,768 of combined Federal and District of Columbia political organization taxes as a result of these activities during the years ended September 30, 2021 and 2020, respectively; such taxes are included in miscellaneous expenses in the accompanying Statements of Functional Expenses.

Uncertain tax positions -

For the years ended September 30, 2021 and 2020, CCCA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Grants, contributions, and fee for service revenue -

The majority of CCCA's revenue is received through contributions as well as grants and fee for service contracts. Grants and contributions are recognized in the appropriate category of net assets in the period received. CCCA performs an analysis of the individual contribution, grant, or contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

CENTER FOR COMMUNITY CHANGE ACTION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants, contributions, and fee for service revenue (continued) -

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, CCCA recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants and contracts treated as contributions, CCCA had approximately \$0 and \$282,973 in unrecognized contract revenue as of September 30, 2021 and 2020, respectively.

Grant and contributions receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements.

Fee for service contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and record revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Statements of Functional Expenses present expenses by function and natural classification.

Expenses directly attributable to a specific functional area of CCCA are reported as expenses of those functional areas. Expenses which benefit more than one function are allocated on a reasonable basis that is consistently applied.

CENTER FOR COMMUNITY CHANGE ACTION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses (continued) -

The basis of allocation is estimates of time and effort maintained for each employee. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, information technology, office expenses, insurance and other expenses.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact CCCA's operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

CCCA plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

CCCA has received commitments for support, of which \$524,500 and \$1,013,050 remained due as of September 30, 2021 and 2020, respectively. Payments expected to be received beyond one year have been recorded at the net present value of the estimated cash flows, using a variable discount rate based on rates for a three-year treasury bill at the time of the award.

CENTER FOR COMMUNITY CHANGE ACTION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

2. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

Following is a schedule of grants and contributions receivable at September 30, 2021 and 2020:

	2021	2020
Less than one year	\$ 524,500	\$ 912,600
One to five years	-	100,450
	524,500	1,013,050
Less: Present value discount	-	(4,598)
Less: Current portion	(524,500)	(912,600)
NONCURRENT PORTION	\$ -	\$ 95,852

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30, 2021 and 2020:

	2021	2020
Special Projects Sponsored by CCCA	\$ 306,112	\$ 31,611
Electoral	275,000	421,346
Time restricted	252,450	998,452
Advancing A Governing Agenda	51,625	979,719
NET ASSETS WITH DONOR RESTRICTIONS	\$ 885,187	\$ 2,431,128

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

	2021	2020
Electoral	\$ 5,038,438	\$ 3,981,224
Special Projects Sponsored by CCCA	4,000,000	428,428
Advancing A Governing Agenda	1,728,834	1,154,713
Build Black and Immigrant Power	1,525,000	315,000
Passage of time	752,600	69,100
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 13,044,872	\$ 5,948,465

4. LINE OF CREDIT

During the year ended September 30, 2017, CCCA established a \$500,000 line of credit with Amalgamated Bank. Borrowings from the line of credit bear interest at a variable interest rate (3.25% at September 30, 2021). There were no draws on the line of credit during the years ended September 30, 2021 and 2020.

The terms of the agreement require CCCA to maintain a cash collateral account (with Amalgamated Bank) with a balance of at least \$500,000 at all times. As of the date of this report, CCCA is in compliance with this requirement.

CENTER FOR COMMUNITY CHANGE ACTION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,282,448	\$ 6,386,438
Grants and contributions receivable	524,500	912,600
Deposits	100,000	100,000
Miscellaneous receivables	<u>296,118</u>	<u>808,426</u>
Subtotal financial assets available within one year	7,203,066	8,207,463
Less: Donor purpose restricted funds	<u>(632,737)</u>	<u>(1,432,676)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 6,570,329</u>	<u>\$ 6,774,787</u>

CCCA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of September 30, 2021 and 2020, CCCA has financial assets equal to approximately five and eight months of operating expenses, respectively. To help manage unanticipated liquidity needs and to respond to seasonal variations, CCCA has a committed line of credit of \$500,000 which it could draw upon.

6. RELATED PARTIES

The Center for Community Change (CCC) is a related, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, whose purpose is to help low-income people, especially low-income people of color, develop the power and capacity to improve their communities and change policies and institutions that affect their lives.

CCCA and CCC share office space and an Executive Director; however, the criteria for financial combination (significant influence/control and economic interest) have not been met; therefore, the financial activities of the organizations are not combined.

CCCA reimburses CCC for salaries, other administrative costs, and prior to the sale of the building on March 2, 2015, for facility costs. CCC reimburses CCCA for program expenses paid on CCC's behalf, and leases office space from CCCA.

During the years ended September 30, 2021 and 2020, CCC billed CCCA for expenses totaling \$3,326,170 and \$2,624,480, respectively, and CCCA billed CCC for expenses totaling \$881,854 and \$862,547, respectively.

As of September 30, 2021 and 2020, \$425,022 and \$447,453, respectively, was due to CCC from CCCA. These amounts are included in accounts payable and accrued expenses in the accompanying Statements of Financial Position.

As of September 30, 2021 and 2020, \$0 and \$110,417 were due to CCCA from CCC. These amounts are included in advances and miscellaneous receivables in the accompanying Statements of Financial Position.

During the year ended September 30, 2021 CCC granted CCCA \$274,500. This amount is included in grants and contributions on the accompanying Statements of Activities and Changes in Net Assets. During the year ended September 30, 2020, CCCA granted CCC \$100,000.

CENTER FOR COMMUNITY CHANGE ACTION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

6. RELATED PARTIES (Continued)

On March 2, 2015, CCCA purchased the property (at 1536 U Street, NW, Washington, D.C.) from CCC for \$6,900,000. Concurrently, CCCA entered into a five-year operating lease agreement with CCC. Base rent of \$51,667 per month is required during the first year, with 3% increases annually; additionally, CCC is responsible for reimbursing CCCA its proportionate share of property taxes. During the year ended September 30, 2020, the lease was amended to one-year terms, with the option to renew for an additional nineteen one-year periods. During the year ended September 30, 2021, the lease was renewed for another term. Rental income received by CCCA (from CCC) during the years ended September 30, 2021 and 2020 totaled \$729,214 and \$709,907, respectively, and is noted as rental income on the accompanying Statements of Activities and Changes in Net Assets.

The future minimum rental income expected to be received under this lease is as follows:

Year Ending September 30, 2021	\$ <u>303,999</u>
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During the year ended September 30, 2016, CCCA assisted in the creation of four (4) SuperPAC entities. As CCCA does not control (or exercise significant influence over) these entities, the financial transactions are not combined with those of CCCA. During the years ended September 30, 2021 and 2020, \$750 and \$240,000 was transferred to the SuperPAC entities (for political expenditures to be incurred by these entities), respectively.

Win Justice is a separate District of Columbia nonprofit corporation exempt from Federal tax under Internal Revenue Code Section 527 that was organized to expand the electorate by mobilizing voters of color, young people, women, and union supports in key battleground states. Win Justice operated a Federal independent-expenditure-only political committee and several state political committees. During the year ended September 30, 2021, the Managing Director of Community Change Action also served as one of four Board Members of Win Justice. CCA also provided various administrative services to Win Justice under a defined service agreement, which included having CCA staff provide Win Justice with administrative and management services. CCA granted \$975,000 to Win Justice during the year ended September 30, 2021. Additionally, Win Justice paid CCA \$148,147 for the administrative and staffing services provided.

7. SUBSEQUENT EVENTS

In preparing these financial statements, CCCA has evaluated events and transactions for potential recognition or disclosure through April 4, 2022, the date the financial statements were issued.