



ACT for Alexandria

Financial Statements
and
Independent Auditor's Report

December 31, 2023 and 2022



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333 John Carlyle Street, Suite 500
Alexandria, VA 22314
703.836.1350

SIKICH.COM

Independent Auditor's Report

To the Board of Directors
ACT for Alexandria
Alexandria, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ACT for Alexandria (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACT for Alexandria as of December 31, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of ACT for Alexandria as of December 31, 2022, were audited by other auditors, whose report dated September 22, 2023 expressed an unmodified opinion on those statements.

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

In performing an audit in accordance with generally accepted auditing standards 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of ACT for Alexandria'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 for Alexandria'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 for Alexandria's internal control over financial reporting and compliance.

Sikich CPA LLC

Alexandria, Virginia
September 23, 2024

ACT for Alexandria
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 1,826,146	\$ 4,686,705
Investments	19,429,153	16,870,470
Grants and contributions receivable	269,830	-
Prepaid expenses	53,121	100,631
Restricted cash	387,704	550,271
Operating lease right-of-use asset	53,775	109,109
Property and equipment	4,624	6,779
Total assets	\$ 22,024,353	\$ 22,323,965
Liabilities and Net Assets		
Accounts payable	\$ 94,179	\$ 69,735
Grants payable	882	47,434
Refundable advances	53,838	1,341,688
Operating lease liability	59,316	114,017
Total liabilities	208,215	1,572,874
Net assets:		
Without donor restrictions	21,205,309	20,200,820
With donor restrictions	610,829	550,271
Total net assets	21,816,138	20,751,091
Total liabilities and net assets	\$ 22,024,353	\$ 22,323,965

See accompanying notes to the financial statements.

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

	Without donor restrictions	With donor restrictions	Total
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	609,870	(609,870)	-
Total revenues	7,847,913	60,558	7,908,471
Expenses:			
Program services:			
Community support	5,725,943	-	5,725,943
Support services:			
Fundraising	633,264	-	633,264
Management and general	484,217	-	484,217
Total support services	1,117,481	-	1,117,481
Total expenses	6,843,424	-	6,843,424
Change in net assets	1,004,489	60,558	1,065,047
Net assets, beginning of year	20,200,820	550,271	20,751,091
Net assets, end of year	\$ 21,205,309	\$ 610,829	\$ 21,816,138

See accompanying notes to the financial statements.

ACT for Alexandria
Statement of Activities
For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Contributions and grants	\$ 5,443,876	\$ 472,963	\$ 5,916,839
Investment return, net	(2,629,617)	(8,311)	(2,637,928)
Other income	184,211	-	184,211
Donated goods and services	51,416	-	51,416
Special events	44,664	-	44,664
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>654,825</u>	<u>(654,825)</u>	<u>-</u>
Total revenues	<u>3,749,375</u>	<u>(190,173)</u>	<u>3,559,202</u>
Expenses:			
Program services:			
Community support	<u>7,281,726</u>	<u>-</u>	<u>7,281,726</u>
Support services:			
Fundraising	516,629	-	516,629
Management and general	<u>420,278</u>	<u>-</u>	<u>420,278</u>
Total support services	<u>936,907</u>	<u>-</u>	<u>936,907</u>
Total expenses	<u>8,218,633</u>	<u>-</u>	<u>8,218,633</u>
Change in net assets	<u>(4,469,258)</u>	<u>(190,173)</u>	<u>(4,659,431)</u>
Net assets, beginning of year	<u>24,670,078</u>	<u>740,444</u>	<u>25,410,522</u>
Net assets, end of year	<u>\$ 20,200,820</u>	<u>\$ 550,271</u>	<u>\$ 20,751,091</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	94,625
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	249,471
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	<u>750</u>	<u>857</u>	<u>548</u>	<u>1,405</u>	<u>2,155</u>
Total expenses	<u>\$ 5,725,943</u>	<u>\$ 633,264</u>	<u>\$ 484,217</u>	<u>\$ 1,117,481</u>	<u>\$ 6,843,424</u>

See accompanying notes to the financial statements.

ACT for Alexandria
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Community support	Fundraising	Management and general	Total support services	Total expenses
Grants	\$ 5,949,015	\$ -	\$ -	\$ -	\$ 5,949,015
Salaries and benefits	458,459	286,203	224,561	510,764	969,223
Professional services	294,540	57,819	116,710	174,529	469,069
Conferences and meetings	521,010	104,536	36,902	141,438	662,448
Lease expense	16,561	22,934	10,375	33,309	49,870
Subscriptions	15,946	17,180	9,990	27,170	43,116
Equipment and maintenance	2,595	2,796	1,626	4,422	7,017
Miscellaneous	7,811	8,416	4,981	13,397	21,208
Travel	7,521	8,104	4,712	12,816	20,337
Consultants	3,443	3,443	1,721	5,164	8,607
Telephone	1,908	2,056	1,195	3,251	5,159
Printing, postage and delivery	1,248	1,344	781	2,125	3,373
Insurance	-	-	5,679	5,679	5,679
Depreciation and amortization	1,669	1,798	1,045	2,843	4,512
Total expenses	<u>\$ 7,281,726</u>	<u>\$ 516,629</u>	<u>\$ 420,278</u>	<u>\$ 936,907</u>	<u>\$ 8,218,633</u>

See accompanying notes to the financial statements.

ACT for Alexandria
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ <u>1,065,047</u>	\$ <u>(4,659,431)</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,155	4,512
Noncash lease expense	633	3,349
Realized gain on investments	(170,844)	(136,075)
Unrealized (gain) loss on investments	(1,635,795)	3,053,562
Loss on disposal of assets	-	2,461
Decrease (increase) in assets:		
Amounts held by third party	-	2,488,974
Grants and contributions receivable	(269,830)	501,561
Prepaid expenses	47,510	(37,840)
Increase (decrease) in liabilities:		
Accounts payable	24,444	1,837
Grants payable	(46,552)	3,334
Refundable advances	<u>(1,287,850)</u>	<u>1,341,688</u>
Total adjustments	<u>(3,336,129)</u>	<u>7,227,363</u>
Net cash (used in) provided by operating activities	<u>(2,271,082)</u>	<u>2,567,932</u>
Cash flows from investing activities:		
Purchases of investments	(5,395,274)	(4,205,979)
Proceeds from sales of investments	<u>4,643,230</u>	<u>4,245,690</u>
Net cash (used in) provided by investing activities	<u>(752,044)</u>	<u>39,711</u>
Net (decrease) increase in cash	(3,023,126)	2,607,643
Cash and restricted cash, beginning of year	<u>5,236,976</u>	<u>2,629,333</u>
Cash and restricted cash, end of year	<u>\$ <u>2,213,850</u></u>	<u>\$ <u>5,236,976</u></u>
Cash reconciliation:		
Cash	\$ 1,826,146	\$ 4,686,705
Restricted cash	<u>387,704</u>	<u>550,271</u>
Total cash and restricted cash	<u>\$ <u>2,213,850</u></u>	<u>\$ <u>5,236,976</u></u>
Non-cash investing and financing transactions:		
Right-of-use asset obtained in exchange for operating lease liability	<u>\$ -</u>	<u>\$ 113,720</u>

See accompanying notes to the financial statements.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2023 and 2022

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 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, 2023 and 2022 there is \$679,910 and \$1,254,626, 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, 2023 and 2022, there is \$2,880,760 (consisting of \$1,210,098 in designated funds, \$1,535,858 in field of interest funds and \$134,804 in scholarship funds) and \$2,907,448 (consisting of \$1,159,280 in designated funds, \$1,736,288 in field of interest funds and \$11,880 in scholarship funds), respectively, in funds designated by the donor for the community or other such programs.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2023 and 2022

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, 2023 and 2022, there is \$17,644,639 and \$16,038,746, respectively, of donor-advised funds

- *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.

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:

ACT for Alexandria
Notes to the Financial Statements
December 31, 2023 and 2022

- 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, 2023.

- 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

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. It is ACT's policy to disclose interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of December 31, 2023, ACT had no uncertain tax positions which should be disclosed. ACT is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2020.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2023 and 2022

f. Cash and restricted cash

For financial statement purposes, 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 principally represent amounts due from 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, 2023 and 2022

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 statement 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. ACT does not have short term leases or 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 statement of activities as net assets released from restrictions.

ACT for Alexandria
Notes to the Financial Statements
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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. ACT was awarded conditional, cost-reimbursable grants of approximately \$76,600 and \$2,237,000 that have not been recognized as of December 31, 2023 and 2022 because qualifying expenditures have not yet been incurred. Refundable advances relating to these awards at December 31, 2023 and 2022 were \$53,838 and \$1,341,688, 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, 2023 and 2022, ACT received contributions of services totaling \$51,635 and \$38,383, respectively, donated use of facilities totaling \$43,141 and \$13,033, respectively, and donated goods totaling \$32,599 and \$0, respectively.

ACT for Alexandria
Notes to the Financial Statements
December 31, 2023 and 2022

iii. Special events

Special event revenue consists of donation revenue, which includes sponsorships, of \$109,027 and \$112,200, respectively for the years ended December 31, 2023 and 2022, which is included with grants and contributions in the accompanying statements of activities, as well as ticket sales, which are exchange transactions, totaling \$57,372 and \$44,664, for the years ended December 31, 2023 and 2022. 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, 2023, 2022, or 2021.

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, and depreciation and amortization and a portion of lease expense, 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, 2023 and 2022

3. Liquidity and Availability

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

Financial assets at year end:	<u>2023</u>	<u>2022</u>
Cash	\$ 1,826,146	\$ 4,686,705
Investments	19,429,153	16,870,470
Grants and contributions receivable	269,830	-
Restricted cash	<u>387,704</u>	<u>550,271</u>
Total financial assets	21,912,833	22,107,446
Less amounts not available within one year:		
Community fund	(2,880,760)	(2,907,448)
Donor-advised funds	(17,644,639)	(16,038,746)
Net assets with donor restriction	<u>(610,829)</u>	<u>(550,271)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 776,605</u>	<u>\$ 2,610,981</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. 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, 2023, ACT had bank deposits in excess of FDIC limits of \$598,112. At December 31, 2022, there were no deposits in excess of FDIC limits. 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, 2023 and 2022

5. Investments

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>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>2,005,972</u>
Total investments at fair value	<u>17,709,819</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>

Assets measured at fair value on a recurring basis at December 31, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
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 - international equities	1,884,177	-	1,884,177
Equities	<u>1,756,142</u>	<u>-</u>	<u>1,756,142</u>
Total investments at fair value	<u>15,588,955</u>	<u>-</u>	15,588,955
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>

6. Investments in partnerships

As of December 31, 2023 and 2022, 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, 2023 and 2022.

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7. Net Assets With Donor Restrictions

At December 31, 2023 and 2022, net assets with donor restrictions were available for the following purposes:

	<u>2023</u>	<u>2022</u>
ACT Able fund	\$ 3,097	\$ 3,097
ASF Scholarship fund	130,715	106,638
Alx Resilience fund	124,517	128,704
Economic mobility	15,000	75,000
Racial equity	40,000	66,670
Youth support	74,375	83,333
Time restricted	223,125	-
Other funds	<u>-</u>	<u>86,829</u>
Total net assets with donor restrictions	<u>\$ 610,829</u>	<u>\$ 550,271</u>

8. Concentrations of Revenue Risk

For the year ended December 31, 2023, ACT received approximately \$1,797,000 from one donor, which is approximately 33% of its total support and revenue. 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. Any significant reduction in support from these donors may adversely impact ACT's financial position and ability to carry out its existing program activities.

9. Disaggregation of Revenue

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

<u>Revenue source:</u>	<u>2023</u>	<u>2022</u>
Special events	\$ <u>57,372</u>	\$ <u>44,664</u>
<u>Timing of revenue recognition:</u>		
Services transferred at a point in time	\$ <u>57,372</u>	\$ <u>44,664</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.

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10. Leases

In December 2022, ACT entered into a lease agreement for office space in Virginia which expires in December 2024 with a monthly base rent of \$4,930 and annual increases in monthly rent of 3%.

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

	2023	2022
Operating lease cost	\$ 59,793	\$ 44,779

Other information related to leases was as follows:

	2023	2022
Supplemental cash flows information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 51,960	\$ 1,742
Right-of-use assets obtained in exchange for lease obligation:		
Operating lease	\$ -	\$ 113,720
Weighted Average Remaining Lease Term		
Operating lease	1 year	2 years
Weighted Average Discount Rate		
Operating lease	5%	5%

Future minimum lease payments under non-cancellable leases as of December 31, 2023 are as follows:

	Operating lease
2024	\$ 60,835
Total future undiscounted lease payments	60,835
Less: interest	(1,519)
Present value of lease liabilities	<u>\$ 59,316</u>

Reported as of December 31, 2023

Operating lease liability	\$ 59,316
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11. 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.

12. 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, 2023 and 2022, retirement expense totaled \$35,041 and \$33,931, respectively.

13. 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 September 23, 2024, 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.