

# **COMMONFUTURE.**

**COMMON FUTURE AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

# COMMON FUTURE AND AFFILIATES

## CONTENTS

---

<b>Independent Auditors' Report</b> .....	1-2
---	-----

### **Consolidated Financial Statements**

Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5-6
Consolidated Statements of Cash Flows.....	7

<b>Notes to the Consolidated Financial Statements</b> .....	8-20
---	------

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Common Future and Affiliates**

### *Opinion*

We have audited the consolidated financial statements of Common Future and Affiliates (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 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.

### *Basis for Opinion*

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

### *Emphasis of Matter – Correction of Error*

The Organization's consolidated financial statements for the year ended December 31 2019 were audited by other auditors whose report dated May 6, 2020 expressed an unmodified opinion on those statements. As discussed in Note 13 to the consolidated financial statements, beginning of the year net assets for the year ended December 31, 2020 have been restated to correct certain misstatements during the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.

*Marcum LLP*

Washington, DC  
March 28, 2023

## COMMON FUTURE AND AFFILIATES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 16,752,031	\$ 7,399,067
Certificate of deposit	104,813	104,813
Grants and contributions receivable, net	3,845,416	2,815,382
Contracts receivable	117,337	51,167
Prepaid expenses and other assets	25,176	17,949
Note receivable	800,000	--
<b>Total Assets</b>	<b>\$ 21,644,773</b>	<b>\$ 10,388,378</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 235,686	\$ 137,258
Accrued payroll and liabilities	237,297	187,503
Grants payable	--	275,500
Refundable advance	50,000	--
PPP loan	--	235,948
Notes payable	433,000	--
<b>Total Liabilities</b>	<b>955,983</b>	<b>836,209</b>
<b>Net Assets</b>		
Without donor restrictions:		
Board designated	5,000,000	1,500,000
Undesignated	10,664,483	5,628,491
Total without donor restrictions	15,664,483	7,128,491
With donor restrictions	5,024,307	2,423,678
<b>Total Net Assets</b>	<b>20,688,790</b>	<b>9,552,169</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,644,773</b>	<b>\$ 10,388,378</b>

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

**COMMON FUTURE AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Grants and contributions	\$ 9,843,064	\$ 5,725,941	\$ 15,569,005	\$ 9,336,819	\$ 3,377,190	\$ 12,714,009
In-kind contributions	314,555	--	314,555	--	--	--
Program fees	306,237	--	306,237	443,210	--	443,210
PPP loan forgiveness	235,948	--	235,948	--	--	--
Interest income	12,534	--	12,534	7,852	--	7,852
Net assets released from restrictions:						
Satisfaction of program restrictions	1,613,122	(1,613,122)	--	1,879,432	(1,879,432)	--
Satisfaction of time restrictions	1,512,190	(1,512,190)	--	935,000	(935,000)	--
<b>Total Revenue and Support</b>	<u>13,837,650</u>	<u>2,600,629</u>	<u>16,438,279</u>	<u>12,602,313</u>	<u>562,758</u>	<u>13,165,071</u>
<b>Expenses</b>						
Program Services:						
Capital intermediation	1,678,158	--	1,678,158	5,209,096	--	5,209,096
Project incubation	1,759,826	--	1,759,826	739,075	--	739,075
Leadership and field building	476,738	--	476,738	351,397	--	351,397
Strategy consulting	274,730	--	274,730	190,807	--	190,807
Total Program Services	<u>4,189,452</u>	<u>--</u>	<u>4,189,452</u>	<u>6,490,375</u>	<u>--</u>	<u>6,490,375</u>
Supporting Services:						
Management and general	621,735	--	621,735	295,320	--	295,320
Fundraising	490,471	--	490,471	360,663	--	360,663
Total Supporting Services	<u>1,112,206</u>	<u>--</u>	<u>1,112,206</u>	<u>655,983</u>	<u>--</u>	<u>655,983</u>
<b>Total Expenses</b>	<u>5,301,658</u>	<u>--</u>	<u>5,301,658</u>	<u>7,146,358</u>	<u>--</u>	<u>7,146,358</u>
<b>Change in Net Assets</b>	8,535,992	2,600,629	11,136,621	5,455,955	562,758	6,018,713
<b>Net Assets, Beginning of Year, as Restated</b>	<u>7,128,491</u>	<u>2,423,678</u>	<u>9,552,169</u>	<u>1,672,536</u>	<u>1,860,920</u>	<u>3,533,456</u>
<b>Net Assets, End of Year</b>	<u>\$ 15,664,483</u>	<u>\$ 5,024,307</u>	<u>\$ 20,688,790</u>	<u>\$ 7,128,491</u>	<u>\$ 2,423,678</u>	<u>\$ 9,552,169</u>

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

**COMMON FUTURE AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				Supporting Services			Total	
	Capital Intermediation	Project Incubation	Leadership and Field Building	Strategy Consulting	Total Program Services	Management and General	Fundraising		Total Supporting Services
Payroll	\$ 642,813	\$ 539,963	\$ 359,975	\$ 257,125	\$ 1,799,876	\$ 309,104	\$ 462,825	\$ 771,929	\$ 2,571,805
Grants and partnership expenses	937,984	773,123	--	--	1,711,107	--	--	--	1,711,107
Professional services	69,916	75,044	98,271	8,966	252,197	217,025	8,139	225,164	477,361
Legal	--	314,555	--	--	314,555	--	--	--	314,555
Rent	14,377	12,076	8,051	5,751	40,255	18,940	10,351	29,291	69,546
Miscellaneous	1,709	38,749	905	575	41,938	13,708	1,035	14,743	56,681
Professional development	658	--	3,957	--	4,615	27,560	755	28,315	32,930
Subscriptions, fees, and dues	746	1,365	230	164	2,505	22,445	2,589	25,034	27,539
Supplies	5,816	4,514	3,071	2,149	15,550	6,818	4,009	10,827	26,377
Travel	4,139	437	2,278	--	6,854	6,135	768	6,903	13,757
<b>Total</b>	<u>\$ 1,678,158</u>	<u>\$ 1,759,826</u>	<u>\$ 476,738</u>	<u>\$ 274,730</u>	<u>\$ 4,189,452</u>	<u>\$ 621,735</u>	<u>\$ 490,471</u>	<u>\$ 1,112,206</u>	<u>\$ 5,301,658</u>

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

**COMMON FUTURE AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Supporting Services			Total	
	Capital Intermediation	Project Incubation	Leadership and Field Building	Strategy Consulting	Total Program Services	Management and General	Fundraising		Total Supporting Services
Payroll	\$ 346,897	\$ 485,770	\$ 268,872	\$ 163,003	\$ 1,264,542	\$ 173,161	\$ 326,003	\$ 499,164	\$ 1,763,706
Grants and partnership expenses	4,829,038	93,650	--	--	4,922,688	--	--	--	4,922,688
Professional services	15,008	134,211	70,506	17,754	237,479	51,806	13,507	65,313	302,792
Rent	10,208	13,761	7,135	7,587	38,691	7,009	10,930	17,939	56,630
Miscellaneous	2,419	3,017	1,564	1,005	8,005	23,437	2,011	25,448	33,453
Professional development	120	65	303	--	488	14,562	12	14,574	15,062
Subscriptions, fees, and dues	499	275	143	92	1,009	15,167	1,280	16,447	17,456
Supplies	4,706	3,696	1,925	1,276	11,603	4,777	2,477	7,254	18,857
Travel	201	4,630	949	90	5,870	5,401	4,443	9,844	15,714
<b>Total</b>	<u>\$ 5,209,096</u>	<u>\$ 739,075</u>	<u>\$ 351,397</u>	<u>\$ 190,807</u>	<u>\$ 6,490,375</u>	<u>\$ 295,320</u>	<u>\$ 360,663</u>	<u>\$ 655,983</u>	<u>\$ 7,146,358</u>

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

**COMMON FUTURE AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 11,136,621	\$ 6,018,713
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of PPP loan	(235,948)	--
Changes in assets and liabilities:		
Grants and contributions receivable	(1,030,034)	(1,201,233)
Contracts receivable	(66,170)	51,167
Prepaid expenses and other assets	(7,227)	(8,586)
Accounts payable and accrued expenses	98,428	(179,479)
Accrued payroll and liabilities	49,794	80,296
Grants payable	(275,500)	275,500
Refundable advance	50,000	--
<b>Net Cash Provided By Operating Activities</b>	<u>9,719,964</u>	<u>5,036,378</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of certificate of deposit	--	(104,813)
Issuance of note receivable	(800,000)	--
<b>Net Cash Used In Investing Activities</b>	<u>(800,000)</u>	<u>(104,813)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from PPP loan	--	235,948
Proceeds on notes payable	433,000	--
<b>Net Cash Provided By Financing Activities</b>	<u>433,000</u>	<u>235,948</u>
<b>Net Increase in Cash and Cash Equivalents</b>	9,352,964	5,167,513
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>7,399,067</u>	<u>2,231,554</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 16,752,031</u>	<u>\$ 7,399,067</u>
<b>Non-Cash Financing Activity</b>		
PPP loan forgiveness	<u>\$ 235,948</u>	<u>\$ --</u>

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

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ORGANIZATION

Common Future, formerly known as the Business Alliance for Local Living Economies (BALLE), envisions a future where people, no matter their race or class, have power, choice, and ownership over the economy. Common Future stands at the intersection of racial and economic justice, uniquely positioned through its programs to work with wealth holders and community wealth builders alike in pursuit of a more equitable economy. As a think-and-do-tank, Common Future not only incubates new economic models and validates alternatives alongside its network of community wealth-building leaders, but leverages its position to organize and deploy capital to community-led solutions as well as influence decision-makers and public policy toward building a more reparative and inclusive economy that works for everyone.

Common Future does this by powering community solutions that advance racial justice and economic equity. Common Future leans on its network of 400+ extraordinary community leaders, grassroots enterprises, and entrepreneur support organizations that are working each day to fight economic injustices that have been plaguing their communities for decades. The work of these organizations includes: democratizing capital; increasing access to capital for entrepreneurs and business owners of color; creating the equitable development of rural economies; supporting indigenous entrepreneurship; women-owned small business enterprises; building and transitioning cooperative enterprises; Black land; land banks; cooperative real estate; and sustainable agriculture and food systems. With so many stakeholders in this work – from community leaders to nonprofits, and policymakers – Common Future plays the critical role of a national intermediary holding relationships across its network that helps it identify emerging needs and trends, direct capital where it can be best put to work, and shift power to those who need it the most.

To redress the racial wealth gap, Common Future's strategy is to incubate, co-create, fund, and influence, seeding opportunity and mainstreaming its learnings to demonstrate the many ways in which a more equitable economy is possible.

Common Future's primary program activities, as presented on the accompanying consolidated statement of activities, consist of the following:

- *Capital intermediation* – Common Future bridges the divide between wealth holders and wealth builders and directs capital into marginalized communities and community led efforts.
- *Project incubation* – Within Common Future's network, there are hundreds of promising ideas that have potential to drastically transform capital distribution and wealth ownership. In order to support leaders in these efforts, Common Future

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ORGANIZATION (CONTINUED)

incubates by leveraging resources and its unique position in the field to support local leaders in critical ways such as through fiscal sponsorship and other types of technical assistance to advance their work.

- *Leadership and field building* – In order to further amplify the work of community wealth-building efforts, Common Future catalyzes local economy leaders with support, resources, and connection, and uplift the work of bold and visionary leaders across the country.
- *Strategy consulting* – Common Future advises institutions and partners on a variety of exciting subjects, and continues to provide strategic consulting to philanthropic funders, impact investors, and institutions to influence and direct capital to community-driven solutions.

In May 2021, Common Future formed two Delaware limited liability companies, CF Impact Capital Manager, LLC and CF CBL Fund, LLC, to provide support to social enterprises in the form of loans through a character-based lending program that will empower Black, Indigenous and People of Color (BIPOC) leaders to local entrepreneurship support organizations to deploy flexible and patient capital to BIPOC entrepreneurs they know, trust, and work with directly. Common Future is the sole member of CF Impact Capital Manager, LLC. CF Impact Capital Manager, LLC is the sole member of CF CBL Fund, LLC. As described in Note 14, on December 12, 2022 Common Future's Board of Directors approved the winding down of both CF Impact Capital Manager, LLC and CF CBL Fund, LLC.

##### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Common Future, CF Impact Capital Manager, LLC, and CF CBL Fund, LLC (collectively referred to as the Organization). All intercompany transactions have been eliminated in consolidation.

##### BASIS OF ACCOUNTING

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists principally of demand accounts with a commercial bank. The carrying amount of cash and cash equivalents approximates fair value due to its short-term nature.

##### CERTIFICATE OF DEPOSIT

The certificate of deposit has an initial maturity date of greater than 90 days and is valued based on cost plus interest, which approximates fair value.

##### GRANTS AND CONTRIBUTIONS RECEIVABLE AND CONTRACTS RECEIVABLE

The Organization uses the allowance method to record potentially uncollectible grants and contributions receivable and contracts receivable. The allowance is based on management's analysis of specific accounts and promises to give. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

##### CLASSIFICATION OF NET ASSETS

The net assets of the Organization are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2021 and December 31, 2020, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

##### REVENUE RECOGNITION

The Organization reports unconditional grants and contributions of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to a specific period of time. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### REVENUE RECOGNITION (CONTINUED)

Unconditional grants and contributions without donor restrictions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. Revenue recognized on unconditional grants and contributions for which the cash has not been received from the donor as of year-end is reflected as grants and contributions receivable in the accompanying consolidated statements of financial position.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in grants and contributions revenue in the accompanying consolidated statements of activities. 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 substantially met.

The Organization delivers strategic and operational consulting services to certain purchasers by contract. Revenue generated from such contracts is recognized at the point in time that services are performed and is included in program fees in the accompanying consolidated statements of activities. Funds received under these contracts that have not yet been earned are reflected as contract liabilities in the accompanying consolidated statements of financial position. As of December 31, 2021 and 2020, contract receivables totaled \$117,337 and \$51,167, respectively. As of January 1, 2020, there were no contract receivables. There were no contract liabilities as of January 1 and December 31, 2020 or at December 31, 2021.

Interest income represents interest earned on the Organization's cash, cash equivalents and certificate of deposit and is recognized as revenue in the period it is earned.

##### IN-KIND CONTRIBUTIONS

In-kind contributions represent legal assistance in support of the Organization's program activities and are recognized as in-kind contributions, at their estimated fair value, if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if not donated. In-kind contributions are recorded at the date of donation and are included in project incubation in the accompanying statements of activities and functional expenses when utilized. In-kind contributions are not sold and are utilized by the Organization in support of its programs. There were no donor-imposed restrictions associated with in-kind contributions.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated proportionately using management estimates of employee level of effort across the functional categories. Allocated costs based on estimated level of effort include employee salaries, payroll taxes and benefits, rent, supplies and IT consultants.

##### USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses as of the date and for the period presented. Actual results could differ from these estimates.

##### ACCOUNTING PRONOUNCEMENTS ADOPTED

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. The Organization adopted ASU 2018-08 as of January 1, 2019 and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the consolidated financial statements or the timing of revenue recognition for the Organization's contributions and grants.

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

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize all leases (other than leases with a term of 12 months or fewer) on the statement of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. Although the amendments in ASU 2016-02 permitted early adoption, the Organization elected not to adopt the pronouncement during the years ended December 31, 2021 and 2020. The Organization will implement ASU 2016-02 on January 1, 2022, which will require modified retrospective application as of the beginning of the earliest period presented in the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses – (Topic 326)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities and beneficial interests in securitized financial assets, but the effect on the Organization is projected to be limited to contracts receivable. The guidance will be effective for the fiscal year beginning after December 15, 2022, including interim periods within that year. The Organization is evaluating the impact this ASU will have on its consolidated financial statements.

#### NOTE 2 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of amounts due from individuals, foundations, and corporations. As of December 31, 2021 and 2020, the amounts were scheduled to be paid as follows:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 2,662,366	\$ 2,099,690
One to five years	<u>1,200,000</u>	<u>730,000</u>
Total Grants and Contributions Receivable	3,862,366	2,829,690
Less: Discount on multi-year pledges	<u>(16,950)</u>	<u>(14,308)</u>
<b>Grants and Contributions Receivable, Net</b>	<u><u>\$ 3,845,416</u></u>	<u><u>\$ 2,815,382</u></u>

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 2 - GRANTS AND CONTRIBUTIONS RECEIVABLE (CONTINUED)

Receivables due in one to five years are shown at the present value of estimated future cash flows using a discount rate of 1.0% and 2.0% for the years ended December 31, 2021 and 2020, respectively.

There is no allowance for doubtful accounts as of December 31, 2021 and 2020. Management considers all grants and contributions receivable to be fully collectible.

As of December 31, 2021 and 2020, approximately 75% of the grants and contributions receivable balance was due from four and three donors, respectively.

As of December 31, 2021 and 2020, the Organization had \$1,429,620 and \$875,000, respectively, due from donors which were not yet recognized in the accompanying consolidated financial statements due to the Organization not yet meeting certain donor-imposed conditions. Such conditions include measurable performance criteria which create a barrier that must be overcome prior to the Organization receiving future grant installments.

#### NOTE 3 - NOTE RECEIVABLE

On July 29, 2021, CF CBL Fund, LLC provided financing to Community Credit Lab, a Seattle, Washington, based non-profit organization, for the purposes of providing capital for direct lending to community members through a character based lending program. The loan agreement provided aggregate funding of \$800,000, which was drawn in full by Community Credit Lab during the year ended December 31, 2021. The loan was interest-free and was scheduled to be repaid in full in July 2029, with no scheduled repayments prior to that date. No repayments were made on the loan as of December 31, 2021 and the full principal balance of \$800,000 is included as note receivable in the accompanying consolidated statement of financial position. The loan was unsecured.

As described in Note 14 to these accompanying consolidated financial statements, in September 2022, Common Future became the sole member of Community Credit Lab's Board of Directors. On December 12, 2022, Common Future forgave the full \$800,000 note receivable balance.

#### NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020, the Organization entered into a Small Business Administration loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$235,948. The loan was to mature on May 2022, with a fixed interest rate of 1% per annum.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

As of December 31, 2020, the full loan balance was included in the accompanying consolidated statements of financial position as PPP loan. The loan amount was eligible for forgiveness pursuant to the PPP and established minimum amounts of the loan to be used to cover payroll costs, with the remainder be used for mortgage interest, rent and utility costs over a specified period of time after the loan was made, assuming the number of employees and compensation levels were maintained. The Organization applied for and received forgiveness on the loan on September 3, 2021, and this is shown as PPP loan forgiveness revenue in the accompanying consolidated statements of activities for the year ended December 31, 2021.

#### NOTE 5 - NOTES PAYABLES

In July 2021, CF CBL Fund, LLC entered into 24 separate loan agreements with various individuals and foundations for the purpose of funding CF CBL Fund, LLC's character-based lending project. The principal balances on the 24 loans ranged from \$5,000 to \$100,000 for a total aggregate balance of \$433,000. Of the 24 loans, 23 of the loans, totaling \$333,000, are unsecured and are interest-free for the duration of the loan terms. Principal is due in full on or before July 29, 2029. No repayments were made on these loans as of December 31, 2021.

The remaining loan, also an unsecured loan, is interest-free and is due on or before July 29, 2029. This loan is for \$100,000 and is forgivable upon CF CBL Fund, LLC satisfying certain conditions related to lending through a character-based lending project. As of December 31, 2021, the conditions had not been satisfied and no principal repayment had been made on the loan.

Principal payments on notes payable are due as follows as of December 31, 2021:

For the Year Ending December 31,	
2022	\$ --
2023	--
2024	--
2025	--
2026	--
Thereafter	<u>433,000</u>
Total	<u>\$ 433,000</u>

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 5 - NOTES PAYABLES (CONTINUED)

As described in Note 14 to these accompanying consolidated financial statements, on December 1, 2022, CF CBL Fund, LLC received notification as to the full forgiveness of the \$100,000 forgivable loan.

As described in Note 14 to these accompanying consolidated financial statements, on December 12, 2022 Common Future elected to wind down CF CBL Fund, LLC. As a result, the notes payable agreements held by CF CBL Fund, LLC were assigned to Community Credit Lab, a non-profit organization with whom, as described in Note 14, Common Future entered into an Affiliation Agreement effective September 28, 2022.

#### NOTE 6 - BOARD DESIGNATED NET ASSETS

The Organization's governing board has designated from net assets without donor restrictions \$5,000,000 and \$1,500,000, respectively, for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Working Capital Reserve	\$ 2,100,000	\$ 1,300,000
Strategic Opportunity Fund	1,400,000	200,000
Investment Reserve Fund	1,000,000	--
Strategic grant making	<u>500,000</u>	<u>--</u>
<b>Total Board Designated Net Assets</b>	<b><u>\$ 5,000,000</u></b>	<b><u>\$ 1,500,000</u></b>

#### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Partnerships and community programs	\$ 1,330,648	\$ 386,488
Fiscal sponsorship	1,293,659	--
Other	--	25,000
Subject to the passage of time	<u>2,400,000</u>	<u>2,012,190</u>
<b>Total Subject to Donor Restrictions</b>	<b><u>\$ 5,024,307</u></b>	<b><u>\$ 2,423,678</u></b>

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 8 - IN-KIND CONTRIBUTIONS

In-kind contributions represent legal assistance provided to the Organization in support of its programs. These services, which require specialized skill that would need to be purchased if not donated, are recognized as donated contributions at fair value when provided. The estimated fair value of these legal services is based on current market rates for similar legal services. During the year ended December 31, 2021, the Organization recognized \$314,555 of donated legal services which is recognized as in-kind revenue in the accompanying consolidated statements of activities. The corresponding expense, in the same amount, is included as legal expenses and project incubation expenses in the accompanying consolidated statements of functional expenses and activities, respectively. There were no in-kind contributions for the year ended December 30, 2020. Donated services are not sold and there were no donor-imposed restrictions associated with the donated services.

#### NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents with a certain commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation insured limit of \$250,000 per depositor per institution. As of December 31, 2021 and 2020, the Organization's uninsured cash balance totaled approximately \$16,580,000 and \$7,255,000, respectively.

#### NOTE 10 - RETIREMENT PLAN

The Organization sponsors an elective deferral contribution 403(b) retirement plan for all of its employees age 21 and above. During 2020, the plan did not provide for employer contributions and only allowed for elective employee salary deferrals. Effective January 1, 2021, the plan was restated as a safe harbor plan with an annual employer contribution of not less than 4% of eligible employee compensation. During the year ended December 31, 2021, Common Future contributed 4% of eligible compensation to the retirement plan totaling \$77,064, which is included in payroll expense in the accompanying consolidated statement of functional expenses.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 16,752,031	\$ 7,399,067
Grants and contributions receivable	3,845,416	2,815,382
Contracts receivable	<u>117,337</u>	<u>51,167</u>
Total Financial Assets	20,714,784	10,265,616
Less:		
Amounts unavailable for general expenditures within one year due to donors' restrictions	(5,024,307)	(2,423,678)
Amounts unavailable to management without Board approval	<u>(5,000,000)</u>	<u>(1,500,000)</u>
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<u>\$ 10,690,477</u>	<u>\$ 6,341,938</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organization has Board Designated net assets that could be available for current operations with Board approval, if necessary.

#### NOTE 12 - INCOME TAX STATUS

Common Future is exempt from the payment of income taxes under Sections 501(c)(3) of the Internal Revenue Code. CF Impact Capital Manager, LLC and CF CBL Fund, LLC are wholly owned subsidiaries of Common Future and are disregarded entities for tax purposes. No provision for income taxes was made for the year ended December 31, 2021 and December 31, 2020, as the Organization did not have any significant net unrelated business income. The Organization is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 12 - INCOME TAX STATUS (CONTINUED)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income taxes for the year ended December 31, 2021 and December 31, 2020, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status.

As of December 31, 2021, the statute of limitations for certain tax years remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. However, no examinations are currently pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense.

#### NOTE 13 - PRIOR PERIOD ADJUSTMENT

Prior to January 1, 2020, certain grants without measurable performance criteria or other barriers were incorrectly recorded by the Organization as conditional support. As a result, net assets with donor restrictions were understated by \$1,060,000. This restatement resulted in an increase of \$1,060,000 to net assets with donor restrictions as of July 1, 2020.

#### NOTE 14 - SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through March 28, 2023, the date the consolidated financial statements were available to be issued. Except for the following, there were no subsequent events identified which require recognition or disclosure in the consolidated financial statements.

On March 21, 2022, entered into an agreement with Unchartered, a Denver, Colorado based 501(c)(3) not-for-profit corporation with an effective date of March 31, 2022. Common Future is the surviving corporation. Unchartered's net assets as of the effective date of the agreement totaled \$479,195 and were paid in cash to Common Future over several installments on or near the agreement effective date. Common Future also inherited Unchartered employees and an office operating lease in Denver, Colorado, which expired in June 2022 and was subsequently renewed by Common Future for an additional two-year term commencing on July 1, 2022 with a monthly base rent of \$4,540 for the first 12 months and \$4,676 per month for the final 12 months of the two-year lease term.

# COMMON FUTURE AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 14 - SUBSEQUENT EVENTS (CONTINUED)

On September 28, 2022, Common Future entered into an Affiliation Agreement with Community Credit Lab, whereby Common Future became the sole voting member of Community Credit Lab and has the ability to determine Community Credit Lab's board size and composition and directly appoint board members. The two organizations remain separate legal entities. However, Common Future assumed a controlling financial interest as a result of becoming the sole voting member of Community Credit Lab's board of directors. As described in Note 3 to these consolidated financial statements, CF CBL Fund, LLC entered into a note receivable agreement for \$800,000 with Community Credit Lab during 2021 and the full principal balance of \$800,000 was outstanding as of December 31, 2021. On December 12, 2022, Common Future forgave the full note receivable balance of \$800,000.

As described in Note 5 to these consolidated financial statements, CF CBL Fund, LLC had a note payable balance of \$100,000 as of December 31, 2021 which was forgivable upon satisfaction of certain criteria. The criteria was satisfied in 2022 and on December 1, 2022, CF CBL Fund, LLC received notice of full forgiveness of the \$100,000 principal balance.

On December 12, 2022, Common Future's Board of Directors approved the winding down of both CF Impact Capital Manager, LLC and CF CBL Fund, LLC. Additionally, Common Future assigned the notes payable agreements held by CF CBL Fund, LLC, as described in Note 5 to these consolidated financial statements, to Community Credit Lab.