



COMMON FUTURE AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

COMMON FUTURE AND AFFILIATES

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Responsibilities of Management for the 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
December 3, 2024

COMMON FUTURE AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 14,044,460	\$ 21,279,273
Certificates of deposit	3,029,098	3,115,115
Grants and contributions receivable, net	1,631,812	2,347,793
Prepaid expenses and other assets	30,466	33,716
Investments in private corporations	600,000	350,000
Note receivable	150,000	--
Loans receivable, net of allowance for credit losses of \$711,375 and \$92,968, respectively	<u>2,760,381</u>	<u>1,617,575</u>
Total Assets	<u><u>\$ 22,246,217</u></u>	<u><u>\$ 28,743,472</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 241,324	\$ 182,160
Accrued payroll liabilities	430,439	447,984
Funds held on behalf of others	--	2,000,000
Grants payable	20,000	111,000
Refundable advance	77,500	100,000
Contract liability	--	150,000
Notes payable	<u>2,328,675</u>	<u>1,575,225</u>
Total Liabilities	<u>3,097,938</u>	<u>4,566,369</u>
Net Assets		
Without donor restrictions:		
Board designated	4,300,000	4,280,000
Undesignated	<u>12,521,467</u>	<u>15,082,064</u>
Total without donor restrictions	16,821,467	19,362,064
With donor restrictions	<u>2,326,812</u>	<u>4,815,039</u>
Total Net Assets	<u>19,148,279</u>	<u>24,177,103</u>
Total Liabilities and Net Assets	<u><u>\$ 22,246,217</u></u>	<u><u>\$ 28,743,472</u></u>

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Grants and contributions	\$ 2,851,107	\$ 2,125,310	\$ 4,976,417	\$ 6,290,244	\$ 4,595,641	\$ 10,885,885
Interest income	300,264	--	300,264	84,922	--	84,922
Contract revenue	300,000	--	300,000	--	--	--
In-kind contributions	244,800	--	244,800	230,400	--	230,400
Other income	195,133	--	195,133	12,650	--	12,650
Net assets released from restrictions:						
Satisfaction of program restrictions	3,633,537	(3,633,537)	--	3,961,043	(3,961,043)	--
Satisfaction of time restrictions	980,000	(980,000)	--	1,200,000	(1,200,000)	--
Total Revenue and Support	<u>8,504,841</u>	<u>(2,488,227)</u>	<u>6,016,614</u>	<u>11,779,259</u>	<u>(565,402)</u>	<u>11,213,857</u>
Expenses						
Program Services:						
Capital intermediation	3,751,563	--	3,751,563	4,477,301	--	4,477,301
Project incubation	2,212,646	--	2,212,646	1,588,170	--	1,588,170
Leadership and field building	1,492,909	--	1,492,909	962,924	--	962,924
Total Program Services	<u>7,457,118</u>	<u>--</u>	<u>7,457,118</u>	<u>7,028,395</u>	<u>--</u>	<u>7,028,395</u>
Supporting Services:						
Management and general	2,578,915	--	2,578,915	1,765,742	--	1,765,742
Fundraising	1,009,405	--	1,009,405	1,017,172	--	1,017,172
Total Supporting Services	<u>3,588,320</u>	<u>--</u>	<u>3,588,320</u>	<u>2,782,914</u>	<u>--</u>	<u>2,782,914</u>
Total Expenses	<u>11,045,438</u>	<u>--</u>	<u>11,045,438</u>	<u>9,811,309</u>	<u>--</u>	<u>9,811,309</u>
Change in Net Assets From Operations	(2,540,597)	(2,488,227)	(5,028,824)	1,967,950	(565,402)	1,402,548

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

COMMON FUTURE AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Nonoperating Items						
Contribution of net assets through acquisition – Uncharted	\$ --	\$ --	\$ --	\$ 684,510	\$ 131,134	\$ 815,644
Contribution of net assets through acquisition – Community Credit Lab	--	--	--	1,115,435	225,000	1,340,435
Gain on note payable forgiveness	--	--	--	100,000	--	100,000
Loss on note receivable forgiveness and assignment	--	--	--	(170,314)	--	(170,314)
Total Nonoperating Items	--	--	--	1,729,631	356,134	2,085,765
Change in Net Assets	(2,540,597)	(2,488,227)	(5,028,824)	3,697,581	(209,268)	3,488,313
Net Assets, Beginning of Year	19,362,064	4,815,039	24,177,103	15,664,483	5,024,307	20,688,790
Net Assets, End of Year	<u>\$ 16,821,467</u>	<u>\$ 2,326,812</u>	<u>\$ 19,148,279</u>	<u>\$ 19,362,064</u>	<u>\$ 4,815,039</u>	<u>\$ 24,177,103</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, 2023

	Program Services				Supporting Services			
	Capital Intermediation	Project Incubation	Leadership and Field Building	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Payroll	\$ 566,939	\$ 1,583,317	\$ 1,186,637	\$ 3,336,893	\$ 1,272,475	\$ 782,808	\$ 2,055,283	\$ 5,392,176
Grants and partnership expenses	2,376,092	298,565	10	2,674,667	60	--	60	2,674,727
Professional services	159,790	190,879	283,367	634,036	555,456	155,868	711,324	1,345,360
Estimated credit losses on loans	618,407	--	854	619,261	--	--	--	619,261
Travel	4,211	61,423	10,472	76,106	159,130	29,516	188,646	264,752
Donated legal services	--	--	--	--	230,700	--	230,700	230,700
Fees, subscriptions, and other	14,064	31,274	436	45,774	101,309	7,067	108,376	154,150
Professional development	119	1,742	6,162	8,023	116,324	3,109	119,433	127,456
Supplies	1,001	4,994	303	6,298	111,778	1,617	113,395	119,693
Rent	10,940	40,452	4,668	56,060	31,683	29,420	61,103	117,163
Total	<u>\$ 3,751,563</u>	<u>\$ 2,212,646</u>	<u>\$ 1,492,909</u>	<u>\$ 7,457,118</u>	<u>\$ 2,578,915</u>	<u>\$ 1,009,405</u>	<u>\$ 3,588,320</u>	<u>\$ 11,045,438</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, 2022

	Program Services				Supporting Services			
	Capital Intermediation	Project Incubation	Leadership and Field Building	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Payroll	\$ 951,394	\$ 681,525	\$ 629,791	\$ 2,262,710	\$ 1,007,568	\$ 903,901	\$ 1,911,469	\$ 4,174,179
Grants and partnership expenses	2,983,167	731,691	200,008	3,914,866	--	--	--	3,914,866
Professional services	330,783	32,816	94,960	458,559	270,920	57,472	328,392	786,951
Travel	69,386	65,712	8,386	143,484	112,067	18,992	131,059	274,543
Donated legal services	--	--	--	--	230,400	--	230,400	230,400
Fees, subscriptions, and other	42,107	40,291	7,356	89,754	78,043	10,012	88,055	177,809
Professional development	26,639	16,800	1,715	45,154	30,991	19,731	50,722	95,876
Supplies	3,689	2,625	4,026	10,340	30,090	1,358	31,448	41,788
Rent	70,136	16,710	16,682	103,528	5,663	5,706	11,369	114,897
Total	<u>\$ 4,477,301</u>	<u>\$ 1,588,170</u>	<u>\$ 962,924</u>	<u>\$ 7,028,395</u>	<u>\$ 1,765,742</u>	<u>\$ 1,017,172</u>	<u>\$ 2,782,914</u>	<u>\$ 9,811,309</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, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (5,028,824)	\$ 3,488,313
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in present value discount on grants and contributions receivable	52,945	(35,995)
Loans receivable acquired through acquisition	--	(1,397,651)
Estimated credit losses on loans	618,407	--
Forgiveness of note receivable (intercompany)	--	800,000
Forgiveness and assignment of notes receivable (others)	--	170,314
Notes payable acquired through acquisition	--	2,042,225
Forgiveness of notes payable (intercompany)	--	(800,000)
Forgiveness of notes payable (others)	--	(100,000)
Changes in assets and liabilities:		
Grants and contributions receivable	663,036	1,533,618
Contracts receivable	--	117,337
Prepaid expenses and other assets	3,250	(8,540)
Accounts payable and accrued expenses	59,164	(53,526)
Accrued payroll liabilities	(17,545)	210,687
Funds held on behalf of others	(2,000,000)	2,000,000
Grants payable	(91,000)	111,000
Refundable advance	(22,500)	50,000
Contract liability	(150,000)	150,000
Net Cash (Used in) Provided by Operating Activities	(5,913,067)	8,277,782
Cash Flows From Investing Activities		
Purchases of certificate of deposit	(3,033,090)	(3,010,302)
Proceeds from maturities of certificates of deposit	3,119,106	--
Purchases of investments in private corporations	(250,000)	(350,000)
Issuance of note receivable	(150,000)	--
Issuance of loans receivable	(2,048,587)	(431,605)
Collections on loans receivable	287,375	41,367
Net Cash Used in Investing Activities	(2,075,196)	(3,750,540)
Cash Flows From Financing Activities		
Proceeds on notes payable	1,000,000	--
Repayments on notes payable	(246,550)	--
Net Cash Provided by Financing Activities	753,450	--
Net (Decrease) Increase in Cash and Cash Equivalents	(7,234,813)	4,527,242
Cash and Cash Equivalents, Beginning of Year	21,279,273	16,752,031
Cash and Cash Equivalents, End of Year	\$ 14,044,460	\$ 21,279,273

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, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Common Future 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, 2023 AND 2022

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.

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. On December 12, 2023, Common Future's Board of Directors approved the winding down of both CF Impact Capital Manager, LLC and CF CBL Fund, LLC. Both entities were fully wound down and cancelled effective March 21, 2023.

On March 21, 2022, Common Future entered into an acquisition agreement with Uncharted, a Denver, Colorado based 501(c)(3) not-for-profit corporation whose activities focused on educating, training, and supporting entrepreneurs to launch stable businesses and not-for-profit organizations. The acquisition was effective March 31, 2022, upon approval by the Board of Directors of both Common Future and Uncharted. Common Future is the surviving corporation and Uncharted ceased to exist as a separate legal entity. All program services and assets and liabilities were transferred from Uncharted to Common Future effective May 4, 2022. Upon the effective date of the agreement, all employees of Uncharted, with their consent, became employees of Common Future and Common Future assumed a noncancelable office space lease in Denver, Colorado which was initially set to expire in June 2022, and was renewed in June 2022 through June 2024.

On September 28, 2022, Common Future entered into an Affiliation Agreement with Community Credit Lab, a Seattle, Washington based 501(c)(3) not-for-profit corporation whose activities focus on bridging the divide between wealth holders and wealth builders and directing capital into marginalized communities and community led efforts, primarily through direct lending to individuals, business, and other community organizations. Under the

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

ORGANIZATION (CONTINUED)

Affiliation Agreement, 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. Common Future and Community Credit Lab 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.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Common Future, CF Impact Capital Manager, LLC, CF CBL Fund, LLC, and Community Credit Lab (collectively referred to as the Organization). Only Community Credit Lab's activity after September 28, 2022, which is the date Common Future assumed effective financial control of Community Credit Lab, are reflected in the accompanying consolidated financial statements. 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist principally of demand accounts with commercial banks. Cash equivalents are highly liquid investments with maturities of 90 days or less at the date of acquisition.

CERTIFICATES OF DEPOSIT

Certificates of deposit have initial maturity dates of greater than 90 days and are valued based on cost plus interest, which approximates fair value.

GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of amounts due from various foundations and are recorded at net realizable value. The Organization uses the allowance method to record potentially uncollectible grants and contributions receivable. However, management considers all grants and contributions receivable to be fully collectible, and thus no allowance for expected pledge losses was recorded as of December 31, 2023 and 2022.

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

INVESTMENTS IN PRIVATE CORPORATIONS

As of December 31, 2023 and 2022, the Organization had investments in five and four, respectively, for-profit privately held corporations totaling \$600,000 and \$350,000, respectively. As of December 31, 2023, and 2022, the Organization shared a board member with one of the private corporations for which it invested \$250,000. The Organization did not have the ability to exercise significant influence over the investee. The investments are accounted for using the alternative measurement method, which is cost minus any impairment, and adjusted for changes resulting from any observable price changes in orderly transactions for the identical or similar investment. There was no impairment or observable price changes for any of the investments as of December 31, 2023. Distributions are recorded as income at the time of receipt. There were no distributions during the year ended December 31, 2023.

NOTE RECEIVABLE

Note receivable consist of financing provided to a single organization for purposes of carrying out its programmatic activities. The note receivable is carried at its outstanding principal balance, less an allowance for any expected credit losses.

LOANS RECEIVABLE

Loans receivable consist of amounts lent by Community Credit Lab to commercial entities and individuals (consumers) under lending programs designed to expand access to and control of financial capital in historically excluded communities. Loans receivable are carried at their outstanding principal balances, less an allowance for any expected loan receivable credit losses.

CREDIT POLICIES

During the year ended December 31, 2022, it was the Organization's policy to write off uncollectible accounts and the interest related to these accounts when management determined that such balances would not be collected on the basis of factors surrounding the credit risk of specific notes, historical trends and other information. There is no collateral on any of the loans receivable. The Organization may incur losses in excess of recorded allowances if the financial condition of the borrower deteriorates. Allowances for credit losses and doubtful accounts were maintained in amounts considered to be appropriate in relation to the loans receivable outstanding on the basis of collection experience, economic conditions and credit risk quality.

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

CREDIT POLICIES (CONTINUED)

Effective January 1, 2023, the Organization adopted Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*, as discussed further in Note 1 in the below Recently Adopted Accounting Pronouncements section. At each statement of financial position date, the Organization recognizes an allowance for expected credit losses for its note receivable and loans receivable. In addition, also at the reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. The Organization utilized the loss rate methodology to determine historical credit losses for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations as well as current and future economic conditions. Uncollectable accounts are written off when all efforts to collect these receivables have been exhausted and there is no possibility of recovery. Recoveries of receivables previously written off are recorded when received as an offset to credit loss expenses in the year of recovery, in accordance with the Organization's accounting policy election.

LOAN INTEREST

Interest on loans receivable is recognized as revenue when earned, net of the amount deemed uncollectible. The accrual of interest on impaired loans receivable is discontinued when it is determined that the borrower has become unable to meet payments as they become due.

LOAN NONACCRUAL POLICY

Principal and/or interest due on loans receivable are generally written off when management determines there is no reasonable likelihood of the Organization collecting on the loans receivable, typically after a loan being 120 days past due. An interest accrual will not be reinstated until the loan becomes less than 90 days past due.

FUNDS HELD ON BEHALF OF OTHERS

Funds held on behalf of others represents amounts held by the Organization as of December 31, 2022, intended for another entity. The Organization served as intermediary and had no responsibility for the management of the funds and no discretion as to the use of the funds. There were no such funds held on behalf of others as of December 31, 2023.

GRANTS PAYABLE

Unconditional grants are recognized as expenses in the period in which the grants are approved. Amounts awarded, but unpaid, as of the end of the fiscal year are recorded as grants payable in the accompanying consolidated financial statements. Future installments

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

GRANTS PAYABLE (CONTINUED)

which are payable upon satisfaction of certain performance criteria or barriers are deemed conditional and not recognized until the performance criteria are satisfied and the future installment is approved.

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, 2023 and December 31, 2022, 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.

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

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

REVENUE RECOGNITION (CONTINUED)

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 contract revenue 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. There were no contracts receivable as of December 31, 2023 and 2022. Contracts received totaled \$117,337 at January 1, 2022. Contract liabilities as of December 31, 2022, totaled \$150,000. There were no contract liabilities at January 1, 2022 and December 31, 2023.

Interest income includes interest earned on the Organization's cash, cash equivalents, certificates of deposit, and loans receivable 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 management and general and 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.

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 technology consultants.

COMMON FUTURE AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

MEASUREMENT OF OPERATIONS

Operating revenue and support and expenses generally reflect those revenues and expenses that are regular, ongoing activities of the Organization. The Organization does not consider contributions of net assets through acquisitions and gains and losses on debt forgiveness and assignments to be operating activities.

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.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, FASB issued ASC Topic 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were note receivable and loan receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new and enhanced disclosures only.

NOTE 2 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of amounts due from individuals, foundations, and corporations. As of December 31, 2023 and 2022, the amounts were scheduled to be paid as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 1,631,812	\$ 1,203,926
One to five years	<u>--</u>	<u>1,196,812</u>
Total Grants and Contributions Receivable	1,631,812	2,400,738

COMMON FUTURE AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – GRANTS AND CONTRIBUTIONS RECEIVABLE (CONTINUED)

	<u>2023</u>	<u>2022</u>
<i>(continued)</i>		
Less: Discount on multi-year pledges	\$ --	\$ (52,945)
Grants and Contributions Receivable, Net	<u>\$ 1,631,812</u>	<u>\$ 2,347,793</u>

Grants and contributions receivables due in one to five years are shown at the present value of estimated future cash flows using discount rates ranging from 3.4% to 5.0% for the year ended December 31, 2022. There was no discount to present value for grants and contributions receivable as of December 31, 2023, as all amounts are due within one year.

There is no allowance for expected pledge losses as of December 31, 2023 and 2022. Management considers all grants and contributions receivable to be fully collectible.

As of December 31, 2023 and 2021, 65% and 76% of the gross grants and contributions receivable balance was due from two and three donors, respectively.

As of December 31, 2023 and 2022, the Organization had \$334,690 and \$1,052,500, respectively, due from a donor which was 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 – ACQUISITION OF UNCHARTED

As described in Note 1, Common Future acquired Uncharted through an agreement effective March 31, 2022, and assumed all of its assets and liabilities effective May 4, 2022. Common Future is the surviving corporation and Uncharted ceased to exist as a separate legal entity.

Below is a summary of amounts recognized for each major class of assets and liabilities transferred from Uncharted to Common Future as part of the acquisition agreement.

Assets:	
Cash	\$ 576,186
Pledge receivable	100,000
Notes receivable, net	170,314
Prepaid expenses and other assets	<u>4,415</u>
Total Assets	<u>850,915</u>

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 – ACQUISITION OF UNCHARTED (CONTINUED)

(continued)

Liabilities:

Accounts payable and accrued expenses \$ (35,271)

Total Liabilities (35,271)

Net Assets Acquired by Common Future \$ 815,644

Net assets acquired by Common Future from Uncharted include \$131,134 of net assets restricted by a donor as to a specified program purpose. The remaining transferred net assets were without donor restrictions.

NOTE 4 – ACQUISITION OF COMMUNITY CREDIT LAB

As described in Note 1, Common Future entered into an Affiliation Agreement with Community Credit Lab effective September 28, 2022. Community Credit Lab remains a separate legal entity and Common Future maintains effective control as the sole voting member of Community Credit Lab's Board of Directors.

As a result of the Affiliation Agreement and Common Future assuming effective control of Community Credit Lab, Common Future recognized a gain for the net assets of Community Credit Lab as of September 28, 2022. Below is a summary of amounts recognized for each major class of assets and liabilities of Community Credit Lab as of September 28, 2022:

Assets:

Cash \$ 2,113,738

Grants and contributions receivable 23,250

Loans receivable, net 1,228,447

Prepaid expenses and other assets 17,680

Total Assets 3,383,115

Liabilities:

Accounts payable and accrued expenses (455)

Notes payable (2,042,225)

Total Liabilities (2,042,680)

Net Assets Acquired by Common Future \$ 1,340,435

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 – ACQUISITION OF COMMUNITY CREDIT LAB (CONTINUED)

Net assets acquired by Common Future from Community Credit Lab include \$225,000 of net assets restricted by a donor as to a specified program purpose. The remaining transferred net assets were without donor restrictions.

NOTE 5 – 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 as character-based lending program. The loan agreement provided aggregate funding of \$800,000, which was drawn in full by Community Credit Lab during 2022 and prior to September 28, 2022. As described in Note 1, on September 28, 2022, Common Future obtained effective control of Community Credit Lab. Common Future's Board of Directors, as the sole member of CF CBL Fund, LLC, elected to forgive the full \$800,000 note receivable balance due from Community Credit Lab to CF CBL Fund, LLC. Community Credit Lab recognized a gain of \$800,000 on the debt forgiveness and CF CBL Fund, LLC recognized an equivalent loss. The gain and loss were eliminated through consolidation. There was no note receivable balance as of December 31, 2022.

On May 1, 2023, Common Future provided financing to Just Futures, PBC, a Delaware public benefit corporation, in the amount of \$150,000 through a note receivable agreement. The note is unsecured. Interest is fixed at a rate of 1.00% and begins accruing on the total unpaid principal amount at the thirty-sixth month anniversary date of the agreement. Accrued interest shall be paid each November 1st and May 1st after the note begins to accrue interest. Principal is due in two installments of \$75,000 on April 30, 2029 and April 30, 2030, respectively.

There is no expected credit loss for note receivable as of December 31, 2023, as it was deemed immaterial to the consolidated financial statements as a whole.

NOTE 6 – LOANS RECEIVABLE

Loans receivable consist of amounts lent by Community Credit Lab to commercial entities and individuals (consumers) under lending programs designed to expand access to and control of financial capital in historically excluded communities.

As described in Note 3, as result of the acquisition of Community Credit Lab, the Organization acquired \$1,228,447 of loans receivable, net of an allowance for credit losses of \$92,968.

COMMON FUTURE AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 – LOANS RECEIVABLE (CONTINUED)

Gross loans receivable by portfolio segment and the related activity are as follows:

	<u>Commercial</u>	<u>Consumer</u>	<u>Total</u>
Loans receivable, gross at September 28, 2022	\$ 453,104	\$ 868,311	\$ 1,321,415
Issuance of new loans	150,000	281,604	431,604
Repayments	(7,779)	(29,735)	(37,514)
Forgiveness	<u>--</u>	<u>(4,962)</u>	<u>(4,962)</u>
Loans Receivable, Gross at December 31, 2022	595,325	1,115,218	1,710,543
Issuance of new loans	2,025,000	--	2,025,000
Interest accruals added to principal	23,587	--	23,587
Repayments	<u>(165,477)</u>	<u>(121,897)</u>	<u>(287,374)</u>
Loans Receivable, Gross at December 31, 2023	<u>\$ 2,478,435</u>	<u>\$ 993,321</u>	<u>\$ 3,471,756</u>

The allowance for credit losses for loans receivable by portfolio segment and the related activity are as follows:

	<u>Commercial</u>	<u>Consumer</u>	<u>Total</u>
Allowance for credit losses at September 28, 2022	\$ 33,750	\$ 59,218	\$ 92,968
Provision for credit losses	<u>--</u>	<u>--</u>	<u>--</u>
Allowance for Credit Losses at December 31, 2022	33,750	59,218	92,968
Provision for credit losses	<u>488,709</u>	<u>129,698</u>	<u>618,407</u>
Allowance for Credit Losses at December 31, 2023	<u>\$ 522,459</u>	<u>\$ 188,916</u>	<u>\$ 711,375</u>

There were no write-offs or recoveries during the years ended December 31, 2023 and 2022.

Commercial loans receivable consist of amounts due from various community-led commercial and not-for-profit entities from historically excluded communities. Interest rates on commercial loans receivable range from 0 to 3%. All commercial loans receivable are unsecured. Loan terms range from 26 to 120 months with regularly scheduled repayments of interest and principal throughout the loan term. Commercial loans receivable mature through September 2033.

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 – LOANS RECEIVABLE (CONTINUED)

Consumer loans receivable primarily consist of amounts due from individuals as part of a student loan program in partnership with a Seattle, Washington, based software development academy for women and gender expansive people with no previous professional experience in computer programming. All consumer loans receivables are interest-free and unsecured. Loan terms range from 18 to 76 months with regularly scheduled repayments of principal throughout the loan term. Consumer loans receivable mature through July 2028.

As of December 31, 2022, the Organization had made a funding commitment of \$250,000 to a commercial borrower which is not included in loans receivable in the accompanying consolidated statement of financial position as the loan funds had yet to be disbursed. The loan was paid to the commercial borrower in full and recorded in the accounting records during the year ended December 31, 2023. As of December 31, 2023, there were no committed and undisbursed loans.

NOTE 7 – GRANTS PAYABLE

Grants payable totaled \$20,000 and \$111,000 as of December 31, 2023 and 2022, and are all payable within one year. Conditional grants payable totaled \$250,000 as of December 31, 2022, and are not recognized in the accompanying financial statements due to certain performance criteria or barriers which had not yet been satisfied. During the year ended December 31, 2023, the conditions were satisfied and the grants were paid in full. There were no conditional grants payable as of December 31, 2023.

NOTE 8 – NOTES PAYABLE

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 during the year ended December 31, 2022.

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. There were no repayments on the loan and the loan was forgiven in full on December 1, 2022, and is included as gain on debt forgiveness in the accompanying consolidated statements of activities for the year ended December 31, 2022.

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 – NOTES PAYABLE (CONTINUED)

During the year ended December 31, 2022, the aforementioned 23 loans totaling \$333,000 were transferred from CF CBL Fund, LLC to Community Credit Lab with the consent of the lenders. CF CBL Fund, LLC recognized a gain of \$333,000, and Community Credit Lab recognized a loss for \$333,000, related to the transfer of the debt. The gain and loss were eliminated through consolidation. No loan repayments were made on these loans during the year ended December 31, 2022, and the full amount remained outstanding as of December 31, 2022. Of the 23 loans, 22 of the loans, totaling \$233,000, were paid in full during the year ended December 31, 2023.

Through the acquisition of Community Credit Lab, the Organization assumed \$2,042,225 of notes payable from 10 lenders. All of the assumed loans are interest free and unsecured. Terms range from 65 to 120 months, with maturity dates through December 2031. Included in the assumed loans was \$800,000 due from Community Credit Lab to CF CBL Fund, LLC which, as described in Note 5, was forgiven during the year ended December 31, 2023, with the gain on forgiveness eliminated through consolidation.

During the year ended December 31, 2023, Common Future entered into a note payable agreement with a lender for \$1,000,000. The note is interest free and unsecured. The full principal balance is due on December 31, 2031.

Below is a summary of the Organization's notes payable activity for the years ended December 31 2023 and 2022:

Notes payable, January 1, 2022	\$ 433,000
Forgiveness of note payable (external lender)	(100,000)
Notes payable assumed through Community Credit Lab acquisition on September 28, 2023	2,042,225
Forgiveness of notes payable (intercompany)	<u>(800,000)</u>
Notes Payable, December 31, 2022	<u>1,575,225</u>
Proceeds from notes payable	1,000,000
Repayments on notes payable	<u>(246,550)</u>
Notes Payable, December 31, 2023	<u>\$2,328,675</u>

COMMON FUTURE AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 – NOTES PAYABLE (CONTINUED)

Principal payments on notes payable are due as follows as of December 31, 2023:

For the Year Ending December 31,	
2024	\$ --
2025	--
2026	444,777
2027	733,898
2028	--
Due beyond 5 years	<u>1,150,000</u>
Total	<u>\$ 2,328,675</u>

NOTE 9 – BOARD DESIGNATED NET ASSETS

The Organization's governing board has designated from net assets without donor restrictions \$4,300,000 and \$4,280,000, respectively, for the following purposes at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Working Capital Reserve	\$ 4,300,000	\$ 3,300,000
Strategic Opportunity Fund	--	860,000
Strategic grant making	<u>--</u>	<u>120,000</u>
Total Board Designated Net Assets	<u>\$ 4,300,000</u>	<u>\$ 4,280,000</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Lending	\$ 747,812	\$ 1,337,599
Partnerships and community programs	215,000	571,913
Fiscal sponsorship	--	1,043,677
Other	--	17,850
Subject to the passage of time	<u>1,364,000</u>	<u>1,844,000</u>
Total Subject to Donor Restrictions	<u>\$ 2,326,812</u>	<u>\$ 4,815,039</u>

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 11 – IN-KIND CONTRIBUTIONS

In-kind contributions totaled \$244,800 and \$230,400, respectively, during the years ended December 31, 2023 and 2022 and primarily consists of legal assistance provided to the Organization in support of its operations. 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 years ended December 31, 2023 and 2022, the Organization recognized \$230,700 and \$230,400, respectively, of donated legal services which are recognized as in-kind revenue in the accompanying consolidated statements of activities. The corresponding expense, in the same amounts, is included as donated legal services and management and general expense in the accompanying consolidated statements of functional expenses and activities, respectively. Additionally, during the year ended December 31, 2023, the Organization received \$14,100 in donated space, which is valued based on market rates for similar spaces and is included in fees, subscriptions and other expenses and management and general expense in the accompanying consolidated statements of functional expenses and activities, respectively. Donated services and space are not sold and there were no donor-imposed restrictions associated with the donated services and space.

NOTE 12 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, 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, 2023 and 2022, the Organization's uninsured cash balance totaled approximately \$6,400,000 and \$17,660,000, respectively.

NOTE 13 – RETIREMENT PLAN

The Organization sponsors an elective deferral contribution 403(b) retirement plan for all of its employees age 21 and above. 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 years ended December 31, 2023 and 2022, the Organization contributed 4% of eligible compensation to the retirement plan totaling \$163,000 and \$116,000, respectively, which is included in payroll expense in the accompanying consolidated statements of functional expenses.

COMMON FUTURE AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14 – 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 14,044,460	\$ 21,279,273
Certificates of deposit	3,029,098	3,115,115
Grants and contributions receivable	<u>1,631,812</u>	<u>2,347,793</u>
Total Financial Assets	18,705,370	26,742,181
Less:		
Funds held on behalf of others	--	(2,000,000)
Grants and contributions receivable collectible beyond one year	--	(1,196,812)
Amounts unavailable for general expenditures within one year due to donors' purpose restrictions	(962,812)	(2,971,039)
Amounts unavailable to management without Board approval	<u>(4,300,000)</u>	<u>(4,280,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 13,442,558</u>	<u>\$ 16,294,330</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 15 – INCOME TAX STATUS

Common Future and Community Credit Lab are 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, 2023 and December 31, 2022, as the Organization did not have any significant net unrelated business income.

COMMON FUTURE AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 15 – 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, 2023 and December 31, 2022, 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, 2023, 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 16 – RECLASSIFICATIONS

Certain 2022 functional expense categories on the consolidated statements of activities and functional expenses have been combined and amounts reclassified to conform to the 2023 consolidated financial statement presentation.

NOTE 17 – SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through December 3, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events identified which require recognition or disclosure in the consolidated financial statements.

COMMON FUTURE AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2023

	Common Future	Community Credit Lab	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 9,360,605	\$ 4,683,855	\$ --	\$ 14,044,460
Certificates of deposit	3,029,098	--	--	3,029,098
Grants and contributions receivable, net	1,359,000	272,812	--	1,631,812
Prepaid expenses and other assets	29,166	1,300	--	30,466
Investments in private corporations	600,000	--	--	600,000
Investments in subsidiaries	5,312,173	--	(5,312,173)	--
Note receivable	150,000	--	--	150,000
Loans receivable, net	<u>--</u>	<u>2,760,381</u>	<u>--</u>	<u>2,760,381</u>
Total Assets	<u>\$ 19,840,042</u>	<u>\$ 7,718,348</u>	<u>\$ (5,312,173)</u>	<u>\$ 22,246,217</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 241,324	\$ --	\$ --	\$ 241,324
Accrued payroll liabilities	430,439	--	--	430,439
Grants payable	20,000	--	--	20,000
Recoverable grant	--	77,500	--	77,500
Notes payable	<u>--</u>	<u>2,328,675</u>	<u>--</u>	<u>2,328,675</u>
Total Liabilities	<u>691,763</u>	<u>2,406,175</u>	<u>--</u>	<u>3,097,938</u>
Net Assets				
Without donor restrictions:				
Board designated	4,300,000	--	--	4,300,000
Undesignated	<u>13,269,279</u>	<u>2,630,458</u>	<u>(3,378,270)</u>	<u>12,521,467</u>
Total without donor restrictions	17,569,279	2,630,458	(3,378,270)	16,821,467
With donor restrictions	<u>1,579,000</u>	<u>2,681,715</u>	<u>(1,933,903)</u>	<u>2,326,812</u>
Total Net Assets	<u>19,148,279</u>	<u>5,312,173</u>	<u>(5,312,173)</u>	<u>19,148,279</u>
Total Liabilities and Net Assets	<u>\$ 19,840,042</u>	<u>\$ 7,718,348</u>	<u>\$ (5,312,173)</u>	<u>\$ 22,246,217</u>

See independent auditors' report.

COMMON FUTURE AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2022

	Common Future	CF CBL Fund, LLC	Community Credit Lab	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 16,351,545	\$ 11,577	\$ 4,916,151	\$ --	\$ 21,279,273
Certificates of deposit	3,115,115	--	--	--	3,115,115
Grants and contributions receivable, net	1,720,194	--	627,599	--	2,347,793
Other receivables	21,125	--	--	(21,125)	--
Prepaid expenses and other assets	25,327	--	8,389	--	33,716
Investments in private corporations	350,000	--	--	--	350,000
Investments in subsidiaries	5,512,499	--	--	(5,512,499)	--
Loans receivable, net	--	--	1,617,575	--	1,617,575
Total Assets	<u>\$ 27,095,805</u>	<u>\$ 11,577</u>	<u>\$ 7,169,714</u>	<u>\$ (5,533,624)</u>	<u>\$ 28,743,472</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 109,718	\$ 24,125	\$ 69,442	\$ (21,125)	\$ 182,160
Accrued payroll liabilities	447,984	--	--	--	447,984
Funds held on behalf of others	2,000,000	--	--	--	2,000,000
Grants payable	111,000	--	--	--	111,000
Refundable advance	100,000	--	--	--	100,000
Contract liability	150,000	--	--	--	150,000
Notes payable	--	--	1,575,225	--	1,575,225
Total Liabilities	<u>2,918,702</u>	<u>24,125</u>	<u>1,644,667</u>	<u>(21,125)</u>	<u>4,566,369</u>
Net Assets					
Without donor restrictions:					
Board designated	4,280,000	--	--	--	4,280,000
Undesignated	16,212,513	(12,548)	1,169,598	(2,287,499)	15,082,064
Total without donor restrictions	20,492,513	(12,548)	1,169,598	(2,287,499)	19,362,064
With donor restrictions	3,684,590	--	4,355,449	(3,225,000)	4,815,039
Total Net Assets	<u>24,177,103</u>	<u>(12,548)</u>	<u>5,525,047</u>	<u>(5,512,499)</u>	<u>24,177,103</u>
Total Liabilities and Net Assets	<u>\$ 27,095,805</u>	<u>\$ 11,577</u>	<u>\$ 7,169,714</u>	<u>\$ (5,533,624)</u>	<u>\$ 28,743,472</u>

See independent auditors' report.

COMMON FUTURE AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Common Future			CF CBL Fund, LLC	Community Credit Lab			Eliminations	Eliminations	Total	Total	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenue and Support												
Grants and contributions	\$ 2,791,144	\$ 1,952,810	4,743,954	\$ --	\$ 59,963	172,500	232,463	\$ --	\$ --	\$ 2,851,107	\$ 2,125,310	\$ 4,976,417
Interest income	252,138	--	252,138	--	48,126	--	48,126	--	--	300,264	--	300,264
Contract revenue	300,000	--	300,000	--	--	--	--	--	--	300,000	--	300,000
In-kind contributions	244,800	--	244,800	--	--	--	--	--	--	244,800	--	244,800
Other income	171,455	--	171,455	--	23,678	--	23,678	--	--	195,133	--	195,133
Intercompany revenue	40,000	--	40,000	12,548	--	150,000	150,000	(52,548)	(150,000)	--	--	--
Net assets released from restrictions:												
Satisfaction of program restrictions	3,078,400	(3,078,400)	--	--	1,996,234	(1,996,234)	--	(1,441,097)	1,441,097	3,633,537	(3,633,537)	--
Satisfaction of time restrictions	980,000	(980,000)	--	--	--	--	--	--	--	980,000	(980,000)	--
Total Revenue and Support	<u>7,857,937</u>	<u>(2,105,590)</u>	<u>5,752,347</u>	<u>12,548</u>	<u>2,128,001</u>	<u>(1,673,734)</u>	<u>454,267</u>	<u>(1,493,645)</u>	<u>1,291,097</u>	<u>8,504,841</u>	<u>(2,488,227)</u>	<u>6,016,614</u>
Expenses												
Program Services:												
Capital intermediation	3,286,970	--	3,286,970	--	627,141	--	627,141	(162,548)	--	3,751,563	--	3,751,563
Project incubation	2,212,646	--	2,212,646	--	--	--	--	--	--	2,212,646	--	2,212,646
Leadership and field building	1,492,909	--	1,492,909	--	--	--	--	--	--	1,492,909	--	1,492,909
Total Program Services	<u>6,992,525</u>	<u>--</u>	<u>6,992,525</u>	<u>--</u>	<u>627,141</u>	<u>--</u>	<u>627,141</u>	<u>(162,548)</u>	<u>--</u>	<u>7,457,118</u>	<u>--</u>	<u>7,457,118</u>
Supporting Services:												
Management and general	2,578,915	--	2,578,915	--	40,000	--	40,000	(40,000)	--	2,578,915	--	2,578,915
Fundraising	1,009,405	--	1,009,405	--	--	--	--	--	--	1,009,405	--	1,009,405
Total Supporting Services	<u>3,588,320</u>	<u>--</u>	<u>3,588,320</u>	<u>--</u>	<u>40,000</u>	<u>--</u>	<u>40,000</u>	<u>(40,000)</u>	<u>--</u>	<u>3,588,320</u>	<u>--</u>	<u>3,588,320</u>
Total Expenses	<u>10,580,845</u>	<u>--</u>	<u>10,580,845</u>	<u>--</u>	<u>667,141</u>	<u>--</u>	<u>667,141</u>	<u>(202,548)</u>	<u>--</u>	<u>11,045,438</u>	<u>--</u>	<u>11,045,438</u>
Change in Net Assets From Operations	(2,722,908)	(2,105,590)	(4,828,498)	12,548	1,460,860	(1,673,734)	(212,874)	(1,291,097)	1,291,097	(2,540,597)	(2,488,227)	(5,028,824)
Nonoperating Items												
Loss from subsidiaries	(200,326)	--	(200,326)	--	--	--	--	200,326	--	--	--	--
Total Nonoperating Items	<u>(200,326)</u>	<u>--</u>	<u>(200,326)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in Net Assets	(2,923,234)	(2,105,590)	(5,028,824)	12,548	1,460,860	(1,673,734)	(212,874)	(1,291,097)	1,291,097	(2,540,597)	(2,488,227)	(5,028,824)
Net Assets , Beginning of Year	<u>20,492,513</u>	<u>3,684,590</u>	<u>24,177,103</u>	<u>(12,548)</u>	<u>1,169,598</u>	<u>4,355,449</u>	<u>5,525,047</u>	<u>(4,728,357)</u>	<u>19,362,064</u>	<u>19,362,064</u>	<u>4,815,039</u>	<u>24,177,103</u>
Net Assets , End of Year	<u>\$ 17,569,279</u>	<u>\$ 1,579,000</u>	<u>\$ 19,148,279</u>	<u>\$ --</u>	<u>\$ 2,630,458</u>	<u>\$ 2,681,715</u>	<u>\$ 5,312,173</u>	<u>\$ (6,019,454)</u>	<u>\$ 20,653,161</u>	<u>\$ 16,821,467</u>	<u>\$ 2,326,812</u>	<u>\$ 19,148,279</u>

See independent auditors' report.

COMMON FUTURE AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Common Future			CF CBL Fund, LLC	Community Credit Lab			Eliminations	Eliminations	Total	Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Consolidated Total
Revenue and Support												
Grants and contributions	\$ 6,261,510	\$ 3,465,192	\$ 9,726,702	\$ --	\$ 28,734	\$ 1,130,449	\$ 1,159,183	\$ --	\$ --	\$ 6,290,244	\$ 4,595,641	\$ 10,885,885
Interest income	79,344	--	79,344	--	5,578	--	5,578	--	--	84,922	--	84,922
In-kind contributions	230,400	--	230,400	--	--	--	--	--	--	230,400	--	230,400
Other income	12,650	--	12,650	--	--	--	--	--	--	12,650	--	12,650
Intercompany contributions	300,000	--	300,000	--	--	3,000,000	3,000,000	(300,000)	(3,000,000)	--	--	--
Net assets released from restrictions:												
Satisfaction of program restrictions	3,961,043	(3,961,043)	--	--	--	--	--	--	--	3,961,043	(3,961,043)	--
Satisfaction of time restrictions	1,200,000	(1,200,000)	--	--	--	--	--	--	--	1,200,000	(1,200,000)	--
Total Revenue and Support	<u>12,044,947</u>	<u>(1,695,851)</u>	<u>10,349,096</u>	<u>--</u>	<u>34,312</u>	<u>4,130,449</u>	<u>4,164,761</u>	<u>(300,000)</u>	<u>(3,000,000)</u>	<u>11,779,259</u>	<u>(565,402)</u>	<u>11,213,857</u>
Expenses												
Program Services:												
Capital intermediation	7,330,152	--	7,330,152	--	447,149	--	447,149	(3,300,000)	--	4,477,301	--	4,477,301
Project incubation	1,554,700	--	1,554,700	33,470	--	--	--	--	--	1,588,170	--	1,588,170
Leadership and field building	962,924	--	962,924	--	--	--	--	--	--	962,924	--	962,924
Total Program Services	<u>9,847,776</u>	<u>--</u>	<u>9,847,776</u>	<u>33,470</u>	<u>447,149</u>	<u>--</u>	<u>447,149</u>	<u>(3,300,000)</u>	<u>--</u>	<u>7,028,395</u>	<u>--</u>	<u>7,028,395</u>
Supporting Services:												
Management and general	1,765,742	--	1,765,742	--	--	--	--	--	--	1,765,742	--	1,765,742
Fundraising	1,017,172	--	1,017,172	--	--	--	--	--	--	1,017,172	--	1,017,172
Total Supporting Services	<u>2,782,914</u>	<u>--</u>	<u>2,782,914</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,782,914</u>	<u>--</u>	<u>2,782,914</u>
Total Expenses	<u>12,630,690</u>	<u>--</u>	<u>12,630,690</u>	<u>33,470</u>	<u>447,149</u>	<u>--</u>	<u>447,149</u>	<u>(3,300,000)</u>	<u>--</u>	<u>9,811,309</u>	<u>--</u>	<u>9,811,309</u>
Change in Net Assets From Operations	(585,743)	(1,695,851)	(2,281,594)	(33,470)	(412,837)	4,130,449	3,717,612	3,000,000	(3,000,000)	1,967,950	(565,402)	1,402,548
Nonoperating Items												
Income from subsidiaries	3,784,142	--	3,784,142	--	--	--	--	(3,784,142)	--	--	--	--
Contribution of net assets through acquisition – Uncharted	684,510	131,134	815,644	--	--	--	--	--	--	684,510	131,134	815,644
Contribution of net assets through acquisition – Community Credit Lab	1,115,435	225,000	1,340,435	--	--	--	--	--	--	1,115,435	225,000	1,340,435
Gain (loss) on intercompany debt transfer and forgiveness	--	--	--	(467,000)	467,000	--	467,000	--	--	--	--	--
Gain on note payable forgiveness	--	--	--	100,000	--	--	--	--	--	100,000	--	100,000
Loss on note receivable forgiveness and assignment	(170,314)	--	(170,314)	--	--	--	--	--	--	(170,314)	--	(170,314)
Total Nonoperating Items	<u>5,413,773</u>	<u>356,134</u>	<u>5,769,907</u>	<u>(367,000)</u>	<u>467,000</u>	<u>--</u>	<u>467,000</u>	<u>--</u>	<u>--</u>	<u>1,729,631</u>	<u>356,134</u>	<u>2,085,765</u>
Change in Net Assets	4,828,030	(1,339,717)	3,488,313	(400,470)	54,163	4,130,449	4,184,612	3,000,000	(3,000,000)	3,697,581	(209,268)	3,488,313
Net Assets, Beginning of Year	<u>15,664,483</u>	<u>5,024,307</u>	<u>20,688,790</u>	<u>387,922</u>	<u>1,115,435</u>	<u>225,000</u>	<u>1,340,435</u>	<u>(1,728,357)</u>	<u>(1,728,357)</u>	<u>15,664,483</u>	<u>5,024,307</u>	<u>20,688,790</u>
Net Assets, End of Year	<u>\$ 20,492,513</u>	<u>\$ 3,684,590</u>	<u>\$ 24,177,103</u>	<u>\$ (12,548)</u>	<u>\$ 1,169,598</u>	<u>\$ 4,355,449</u>	<u>\$ 5,525,047</u>	<u>\$ 1,271,643</u>	<u>\$ (4,728,357)</u>	<u>\$ 19,362,064</u>	<u>\$ 4,815,039</u>	<u>\$ 24,177,103</u>

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