

Movement for Community-Led Development

Financial Statements
and Independent Auditor's Report

December 31, 2024

Movement for Community-Led Development

Financial Statements
December 31, 2024

Contents

Independent Auditor's Report.....	1-2
<i>Financial Statements</i>	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Movement for Community-Led Development

Opinion

We have audited the accompanying financial statements of Movement for Community-Led Development (MCLD), which comprise the statement of financial position as of December 31, 2024; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MCLD as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MCLD and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MCLD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MCLD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
April 3, 2025

Movement for Community-Led Development

Statement of Financial Position December 31, 2024

Assets

Cash	\$ 57,782
Investments	654,869
Contributions receivable, net	1,027,597
Prepaid expenses	<u>26,800</u>

Total assets	<u><u>\$ 1,767,048</u></u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	<u>\$ 20,784</u>
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Total liabilities	<u>20,784</u>
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Net Assets

Without donor restrictions	684,937
With donor restrictions	<u>1,061,327</u>

Total net assets	<u>1,746,264</u>
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Total liabilities and net assets	<u><u>\$ 1,767,048</u></u>
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Movement for Community-Led Development

Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 659,436	\$ 1,607,940	\$ 2,267,376
Membership dues	37,852	-	37,852
Event revenue	32,000	-	32,000
Investment return, net	7,949	-	7,949
Other revenue	595	-	595
Released from restrictions	696,613	(696,613)	-
Total revenue and support	<u>1,434,445</u>	<u>911,327</u>	<u>2,345,772</u>
Expenses			
Program services:			
Partners Global	395,619	-	395,619
Core Programs	374,495	-	374,495
Mutual Capacity Strengthening	132,955	-	132,955
LIFE	46,583	-	46,583
Influencing USAID	45,246	-	45,246
Total program services	<u>994,898</u>	<u>-</u>	<u>994,898</u>
Supporting services:			
Management and general	92,091	-	92,091
Fundraising	14,763	-	14,763
Total supporting services	<u>106,854</u>	<u>-</u>	<u>106,854</u>
Total expenses	<u>1,101,752</u>	<u>-</u>	<u>1,101,752</u>
Change in Net Assets	332,693	911,327	1,244,020
Net Assets, beginning of year	<u>352,244</u>	<u>150,000</u>	<u>502,244</u>
Net Assets, end of year	<u><u>\$ 684,937</u></u>	<u><u>\$ 1,061,327</u></u>	<u><u>\$ 1,746,264</u></u>

See accompanying notes.

Movement for Community-Led Development

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

	Program Services						Supporting Services			Total Expenses
	Partners Global	Core Programs	Mutual Capacity Strengthening	LIFE	Influencing USAID	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Payroll expenses	\$ 73,638	\$ 193,573	\$ 28,322	\$ 41,114	\$ 19,813	\$ 356,460	\$ 65,634	\$ 14,719	\$ 80,353	\$ 436,813
Awards and grants to others	234,759	111,135	28,775	-	4,121	378,790	-	-	-	378,790
Contract and professional fees	70,861	13,800	65,394	870	390	151,315	6,171	-	6,171	157,486
Travel	11,394	48,853	6,196	3,977	16,644	87,064	2,416	-	2,416	89,480
Office expenses	4,060	3,106	2,998	421	84	10,669	3,930	-	3,930	14,599
Accounting fees	307	-	-	201	-	508	9,891	-	9,891	10,399
Meeting	90	3,563	570	-	4,076	8,299	120	-	120	8,419
Insurance	510	-	-	-	118	628	2,240	-	2,240	2,868
Advertising & marketing	-	399	700	-	-	1,099	1,303	-	1,303	2,402
State registrations	-	-	-	-	-	-	386	-	386	386
Channel expenses	-	66	-	-	-	66	-	-	-	66
Purchases	-	-	-	-	-	-	-	44	44	44
Total Expenses	\$ 395,619	\$ 374,495	\$ 132,955	\$ 46,583	\$ 45,246	\$ 994,898	\$ 92,091	\$ 14,763	\$ 106,854	\$ 1,101,752

See accompanying notes.

Movement for Community-Led Development

Statement of Cash Flows For the Year Ended December 31, 2024

Cash Flows from Operating Activities

Change in net assets	\$ 1,244,020
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized and realized gain on investments	(849)
Change in discount on contributions receivable	9,804
Change in operating assets and liabilities:	
Increase in:	
Contributions receivable	(737,401)
Increase in:	
Accounts payable and accrued expenses	<u>18,431</u>
Net cash provided by operating activities	<u>534,005</u>

Cash Flows from Investing Activities

Purchases of investments	(654,687)
Sales of investments	<u>667</u>
Net cash used in investing activities	<u>(654,020)</u>

Net Decrease in Cash	(120,015)
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Cash, beginning of year	<u>177,797</u>
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Cash, end of year	<u><u>\$ 57,782</u></u>
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Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

1. Nature of Operations

Movement for Community-Led Development (MCLD) is a nonprofit Virginia corporation and 501(c)(3) charity formed in 2023 as the U.S. component of a global network of independent national membership associations comprising 2,000+ local civil society organizations and 30+ international NGOs and networks. The MCLD network is dedicated to fostering sustainable development and ensuring that every person has a voice in the decisions that affect their lives. It advocates for and facilitates the transition from traditional, top-down development approaches to locally-led models, ensuring communities are the architects of their own progress in health, education, nutrition, family incomes, public safety, and environmental protection.

MCLD operates the following programs:

Partners Global: MCLD is a subgrantee in a USAID-funded project “Powered by the People” (PXP) of which Partners Global is the Prime USAID partner. PXP is designed to support non-violent social movements around the world.

Core Programs: Programs that focus on strengthening the practice of community-led development and promoting their wide-spread adoption.

Locally Led Development In Fragile Environments (LIFE): This USAID-funded project is a research initiative to learn how locally-led development functions in politically fragile environments such as Ethiopia and Bangladesh.

Influencing USAID: This Hilton Foundation funded program enables MCLD to facilitate USAID as it sought to shift at 25% of its funding to local organizations and 50% of its funding to place local communities in the lead to either co-design a project, set priorities, drive implementation, or evaluate the impact of our programs.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

MCLD's financial statements and footnotes are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions to be held in perpetuity at December 31, 2024.

Investments

Investments with readily determinable fair values are reflected at fair value. The change in fair value of these investments is recorded as a component of net investment return in the statement of activities.

MCLD invests in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect investment balance and the amounts reported in the financial statements.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

MCLD's contributions receivable represent unconditional amounts committed to MCLD and are reflected at net present value based on projected cash flows. Amounts due in more than one year were discounted at a rate of 2%, based on market and credit risk. MCLD's policy is to write off uncollectible contributions receivable when management determines the receivable will not be collected. All contributions were deemed fully collectible at December 31, 2024.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Unconditional contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. MCLD reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of MCLD's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. MCLD records donor restricted contributions received and satisfied in the same year as net assets without donor restrictions.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when MCLD satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration MCLD expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, MCLD combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Economic factors are driven by customer confidence, employment, inflation, and other world events that impact timing and level of cash received and revenue recognized by MCLD. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of MCLD. MCLD did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

Membership dues are recognized as revenue ratably over the membership period as benefits provided to members are provided ratably throughout the period. Event revenue is recognized in the period the event takes place.

Functionalized Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, MCLD has evaluated events and transactions for potential recognition or disclosure through April 3, 2025, the date the financial statements were available to be issued.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

3. Liquidity and Availability

MCLD strives to maintain liquid financial assets sufficient to cover its general expenditures. Management periodically reviews MCLD's liquid asset needs and adjusts the cash balances as necessary.

Financial assets that are available for general expenditures within one year of the statement of financial position date comprise the following at December 31, 2024:

Cash	\$ 57,782
Investments	654,869
Contributions receivable, net	<u>1,027,597</u>
Total financial assets	1,740,248
Less: net assets with donor restrictions	<u>(1,061,327)</u>
Total available for general expenditures	<u><u>\$ 678,921</u></u>

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject MCLD to significant concentrations of credit risk consist of cash. MCLD maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). MCLD has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the year ended December 31, 2024, a substantial portion of MCLD's revenue and support was generated from one source. The revenue totaled 64% of MCLD's total revenue and support for the year ended December 31, 2024. A potential reduction or change in funding from the donor in the future could significantly impact MCLD's ability to carry out its current program activities.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

5. Contributions Receivable

Contributions receivable are due as follows at December 31, 2024:

Due in less than one year	\$ 537,401
Due after one year and before five years	<u>500,000</u>
Total contributions receivable	1,037,401
Less: discount on multi-year contributions	<u>(9,804)</u>
Contributions receivable, net	<u><u>\$ 1,027,597</u></u>

6. Investments and Fair Value Measurements

MCLD follows Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs.

In general, and where applicable, MCLD uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. MCLD's mutual fund is classified as Level 1 instruments as it is actively traded on a public exchange. U.S. Treasury securities are classified as Level 2 instruments as their pricing is based on observable inputs other than quoted market prices.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

6. Investments and Fair Value Measurements (continued)

The following table presents MCLD's fair value hierarchy for those investments measured on a recurring basis at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
Money market mutual fund	\$ 251,904	\$ -	\$ -	\$ 251,904
U.S. Treasury securities	-	150,204	-	150,204
Total investments at fair value	<u>\$ 251,904</u>	<u>\$ 150,204</u>	<u>\$ -</u>	<u>\$ 402,108</u>
Cash held at cost				<u>\$ 252,761</u>
Total investments				<u>\$ 654,869</u>

Net investment return consists of the following for the year ended December 31, 2024:

Interest and dividends	\$ 7,767
Unrealized and realized gain	849
Less: management fees	<u>(667)</u>
Total investment return, net	<u>\$ 7,949</u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2024:

Purpose restricted:	
LIFE	\$ 71,131
Time restricted	<u>990,196</u>
Total net assets with donor restrictions	<u>\$ 1,061,327</u>

8. Related Party Transactions

MCLD receives contributions from Board members in the ordinary course of business.

Movement for Community-Led Development

Notes to Financial Statements
December 31, 2024

9. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of MCLD's expenses are allocated utilizing the direct cost allocation method. Certain expenses, such as payroll, are allocated based on estimates of time and effort spent on specific program or supporting functions.

10. Retirement Plan

MCLD maintains a retirement plan qualified under Section 401(k) of the Internal Revenue Code (IRC) as part of our co-employment with ADP TotalSource Professional Employer Organization agreement. Employees can participate in the plan beginning the month after they are hired. MCLD does not contribute to the fund, and there were no retirement plan expenses in 2024.

11. Income Taxes

MCLD is recognized as a tax-exempt organization under IRC Section 501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities, and has been determined to not be a private foundation. No provision for income taxes has been made, as there were no net unrelated business activities during the year ended December 31, 2024. Management has evaluated MCLD's tax positions and concluded that there are no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.