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COMMUNITY DEVELOPMENT ALLIANCE, INC.

MILWAUKEE, WISCONSIN

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

**ANDREA & ORENDORFF LLP
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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Community Development Alliance, Inc.
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of Community Development Alliance, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2025, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Development Alliance, Inc. as of December 31, 2025, 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 Community Development Alliance, Inc., 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 Community Development Alliance, Inc.'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 Community Development Alliance, Inc.'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 Community Development Alliance, Inc.'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.

Andrea & Orendorff LLP
Certified Public Accountants
Pleasant Prairie, Wisconsin

DATE TBD

COMMUNITY DEVELOPMENT ALLIANCE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

ASSETS

Current Assets

| | |
|---|------------------|
| Cash & cash equivalents | \$ 2,036,992 |
| Receivables: | |
| Unconditional promises to give, net - current portion | 1,320,833 |
| Current portion of note receivable, net | 1,144 |
| Interest receivable | 45,964 |
| Total Current Assets | <u>3,404,933</u> |

Noncurrent Assets

| | |
|--|------------------|
| Fixed assets: | |
| Leasehold improvements | 14,872 |
| Equipment | 15,539 |
| Construction in progress | 10,200 |
| Less: accumulated depreciation | <u>(4,708)</u> |
| Total fixed assets | <u>35,903</u> |
| Other noncurrent assets: | |
| Beneficial interest in Greater Milwaukee Foundation | 653,886 |
| Unconditional promises to give, net - noncurrent portion | 144,704 |
| Note receivable, net - noncurrent portion | 1,574,160 |
| Operating lease right-of-use asset, net | 41,759 |
| Total other noncurrent assets | <u>2,414,509</u> |

Total Noncurrent Assets 2,450,412

Total Assets \$ 5,855,345

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|---------------------------------------|----------------|
| Accounts payable | \$ 76,243 |
| Grants payable, net - current portion | 216,667 |
| Interest payable | 13,500 |
| Accrued vacation | 11,756 |
| Deferred revenue | 333,333 |
| Operating lease liability, current | 9,765 |
| Total Current Liabilities | <u>661,264</u> |

Noncurrent Liabilities

| | |
|--|----------------|
| Grants payable, net - noncurrent portion | 209,017 |
| Operating lease liability | 31,994 |
| Note payable | 600,000 |
| Total Noncurrent Liabilities | <u>841,011</u> |

Total Liabilities 1,502,275

Net Assets

| | |
|----------------------------|------------------|
| Without donor restrictions | 2,409,135 |
| With donor restrictions | 1,943,935 |
| Total Net Assets | <u>4,353,070</u> |

Total Liabilities and Net Assets \$ 5,855,345

The accompanying notes are an integral part of these statements.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Public Support and Revenue | | | |
| Public support | | | |
| Contributions and pledges | \$ 1,604,958 | \$ 487,500 | \$ 2,092,458 |
| Total Public Support | <u>1,604,958</u> | <u>487,500</u> | <u>2,092,458</u> |
| Revenue | | | |
| Investment return, net | 102,119 | - | 102,119 |
| Contract income | 70,000 | - | 70,000 |
| Total Revenue | <u>172,119</u> | <u>-</u> | <u>172,119</u> |
| Net Assets Released from Restrictions | <u>1,805,893</u> | <u>(1,805,893)</u> | <u>-</u> |
| Total Public Support and Revenue | <u>3,582,970</u> | <u>(1,318,393)</u> | <u>2,264,577</u> |
| Expenses | | | |
| Program services | 3,528,358 | - | 3,528,358 |
| Supporting services | | | |
| Management and general | 231,053 | - | 231,053 |
| Fundraising | 46,902 | - | 46,902 |
| Total Expenses | <u>3,806,313</u> | <u>-</u> | <u>3,806,313</u> |
| Change in net assets before change in beneficial interest | <u>(223,343)</u> | <u>(1,318,393)</u> | <u>(1,541,736)</u> |
| Change in beneficial interest | <u>60,582</u> | <u>-</u> | <u>60,582</u> |
| Change in Net Assets | <u>(162,761)</u> | <u>(1,318,393)</u> | <u>(1,481,154)</u> |
| Net Assets - Beginning of Year, as originally stated | 2,155,097 | 3,262,328 | 5,417,425 |
| Prior Period Adjustments | <u>416,799</u> | <u>-</u> | <u>416,799</u> |
| Net Assets - Beginning of Year, as restated | <u>2,571,896</u> | <u>3,262,328</u> | <u>5,834,224</u> |
| Net Assets - End of Year | <u>\$ 2,409,135</u> | <u>\$ 1,943,935</u> | <u>\$ 4,353,070</u> |

The accompanying notes are an integral part of these statements.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash Flows From Operating Activities

| | |
|---|------------------|
| Change in net assets | \$ (1,481,154) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Change in beneficial interest | (60,582) |
| Accretion of discount on notes receivable | (7,214) |
| Depreciation and amortization | 12,197 |
| Changes in current assets and liabilities: | |
| (Increase)/decrease in unconditional promises to give | 774,816 |
| (Increase)/decrease in fees receivable | 134 |
| (Increase)/decrease in interest receivable | (35,571) |
| (Increase)/decrease in prepaid expenses | 1,202 |
| Increase/(decrease) in accounts payable | (96,366) |
| Increase/(decrease) in grants payable | 425,684 |
| Increase/(decrease) in interest payable | 13,500 |
| Increase/(decrease) in deferred revenue | 166,666 |
| Increase/(decrease) in accrued vacation | 3,194 |
| Increase/(decrease) in operating lease liability | (9,348) |
| Net Cash Provided (Used) by Operating Activities | <u>(292,842)</u> |

Cash Flows From Investing Activities

| | |
|---|------------------|
| Purchase of beneficial interest | (100,000) |
| Purchase of fixed assets | (25,739) |
| Net Cash Provided (Used) by Investing Activities | <u>(125,739)</u> |

Cash Flows From Financing Activities

| | |
|---|----------------|
| Issuance of notes payable | 600,000 |
| Net Cash Provided (Used) by Financing Activities | <u>600,000</u> |

Net Increase (Decrease) in Cash and Cash Equivalents 181,419

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year 1,855,573

Cash, Cash Equivalents, and Restricted Cash - End of Year \$ 2,036,992

Supplemental Disclosures

No interest, taxes or penalties were paid.

The accompanying notes are an integral part of these statements.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

| | Community Housing | Management and General | Fundraising | Total |
|----------------------------------|----------------------|---------------------------|------------------|---------------------|
| Expenses | | | | |
| Capacity expansion and research | \$ 26,995 | \$ 30 | \$ - | \$ 27,025 |
| Depreciation | 2,136 | 570 | 142 | 2,848 |
| Homebuyer assistance | 2,539,067 | - | - | 2,539,067 |
| Employee benefits | 48,296 | 12,879 | 3,220 | 64,395 |
| Information technology | 72,976 | 18,244 | 4,801 | 96,021 |
| Insurance | 7,555 | 2,015 | 504 | 10,074 |
| Interest | 13,500 | - | - | 13,500 |
| Miscellaneous | - | 830 | - | 830 |
| Occupancy | 14,454 | 1,606 | - | 16,060 |
| Office expense | 40,581 | 4,624 | 1,034 | 46,239 |
| Payroll taxes | 28,616 | 7,631 | 1,907 | 38,154 |
| Professional fees | 60,254 | 44,539 | 635 | 105,428 |
| Program events | 64,339 | - | - | 64,339 |
| Program planning & collaboration | 223,769 | 37,377 | 9,344 | 270,490 |
| Salaries | 363,120 | 96,832 | 24,208 | 484,160 |
| Travel | 22,700 | 3,876 | 1,107 | 27,683 |
| Total Expenses | <u>\$ 3,528,358</u> | <u>\$ 231,053</u> | <u>\$ 46,902</u> | <u>\$ 3,806,313</u> |

The accompanying notes are an integral part of these statements.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

Community Development Alliance, Inc. ("CDA") was established in 2022 as a fund of the Greater Milwaukee Foundation. CDA commenced independent operations in 2024 as a not-for-profit Corporation organized in the state of Wisconsin. CDA is a coalition of residents, funders, implementors, and other allies from the public and private sector advancing racial equity by providing a quality affordable home for every Milwaukeean. CDA focuses on systemwide collaboration by implementing the five elements of collective impact: (1) Common Agenda, (2) Shared Measurement, (3) Mutually Reinforcing Activities, (4) Continuous Communication, and (5) Backbone Organization. CDA's major revenue sources consist of non-governmental contributions and pledges.

BASIS OF ACCOUNTING

The financial statements of CDA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

Under generally accepted accounting principles, CDA is required to report information regarding financial position and activities according to two classes of net assets, defined as follows:

Net assets without donor restrictions— Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions— Net assets subject to donor-imposed stipulations that are either restricted in perpetuity or can be met either by actions of CDA and/or the passage of time. CDA had \$1,943,935 of net assets with donor restrictions as of the year ended December 31, 2025. See Note 8 for more information.

INCOME TAX STATUS

CDA qualifies as a tax-exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Wisconsin law. CDA is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. CDA currently has no obligation for unrelated business income tax. Accordingly, no provisions for federal or state income taxes are required.

CASH AND CASH EQUIVALENTS

For purpose of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and nature of such restrictions. Contributions are also recognized when the donor makes an unconditional promise to give.

CDA accounts for contributions and grants under Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 605.

Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and nature of such restrictions. Contributions are also recognized when the donor makes an unconditional promise to give. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When a 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. Investment income limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same period.

CDA evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for CDA to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists. Government grants are considered to be conditional contributions under FASB ASC 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as liabilities. As of December 31, 2025, CDA has \$166,667 of unrecognized conditional promises to give.

Pledges and grants receivable expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual donors. The allowance for uncollectible accounts as of December 31, 2025 is \$0.

A portion of CDA's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CDA has completed the performance requirements or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to completing the performance requirements or incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position. CDA received advance payments of \$333,333 recognized in the Statement of Financial Position as deferred revenue.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets using the straight-line method. When property or equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts. Maintenance and repair costs are charged to expense as incurred, and improvements that extend the useful life of the assets are capitalized.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support without donor restrictions and are excluded from the change in net assets with donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Estimated useful lives of property and equipment are as follows:

| | |
|------------------------|---------|
| Leasehold improvements | 6 years |
| Equipment | 7 years |

Total depreciation expense amounted to \$2,848 in 2025.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time spent. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CDA.

NOTE 2 - CONCENTRATION OF CREDIT RISK

CDA maintains cash balances in banks which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. CDA also maintains cash balances in investment brokerage accounts which are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. As of December 31, 2025, CDA's uninsured portion of the balances held at the banks and with investment brokers aggregated to \$1,572,419. Management does not have a policy relating to credit risk and believes CDA is not exposed to any significant risk relating to its cash deposits.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 – LIQUIDITY DISCLOSURES

Financial assets are considered unavailable when they are non-liquid or not convertible to cash within one year. Of the available assets, none are subject to donor restrictions. As part of CDA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CDA has \$1,605,702 of financial assets available within one year of the financial statement date to meet cash needs for general expenditures consisting of the following:

| | |
|---|---------------------|
| Financial assets at year-end: | |
| Cash & cash equivalents | \$ 2,036,992 |
| Unconditional promises to give, net - current | 1,320,833 |
| Current portion of note receivable | 1,144 |
| Interest receivable | 45,964 |
| Total financial assets | <u>3,404,933</u> |
| Less: | |
| Funds restricted by donors | <u>(1,799,231)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,605,702</u> |

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Pledges receivable at December 31, 2025 are expected to be received in the following periods:

| | |
|--------------------------------|---------------------|
| Year ending: December 31, 2026 | \$ 1,320,833 |
| December 31, 2027 | 150,000 |
| | <u>1,470,833</u> |
| Less present value discount | <u>(5,296)</u> |
| | <u>\$ 1,465,537</u> |

The discount rate was calculated using CDA's incremental borrowing rate of 3.66% as of December 31, 2025.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 – FAIR VALUE MEASUREMENTS

The Organization reports its investments at fair value. GAAP defines the term fair value, establishes a framework for measuring it within generally accepted accounting principles, and expands disclosures about its measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Organization has categorized its financial instruments based on the priority of the inputs to the valuation techniques, into a three-level value hierarchy. GAAP establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. All assets have been valued using a market approach. The three levels of inputs are as follows:

Level 1 Fair Value Measurements

Fair Values are based on quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date (e.g. prices derived from NYSE, NASDAQ, or Chicago Board of Trade).

Level 2 Fair Value Measurements

Fair Values are based on inputs other than quoted price included in Level 1 that are observable for valuing the asset or liability, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted price for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3 Fair Value Measurements

Fair Values are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Unobservable inputs are those that reflect The Organization's own assumptions about the assumptions that market participant would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which require significant judgment.

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

CDA's investments consist solely of a beneficial interest in assets held and managed by the Greater Milwaukee Foundation. The Organization records its beneficial interest based on the fair value of the underlying assets as reported by the Greater Milwaukee Foundation. The Foundation determines fair value using appropriate valuation methodologies for the underlying investments, which may include quoted market prices, net asset value, or other observable and unobservable inputs. CDA relies on the information provided by the Greater Milwaukee Foundation for the valuation of its beneficial interest.

COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. At December 31, 2025, all of the Organization's investments were held in a beneficial interest in assets held by the Greater Milwaukee Foundation. See Note 6 for more information.

NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY GREATER MILWAUKEE FOUNDATION

The Organization's beneficial interest in assets held by Greater Milwaukee Foundation (the Foundation) represents an agreement between the Organization and the Foundation in which the Organization transferred assets to the Foundation in exchange for future investment earning distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Organization by the Foundation. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

The Organization has \$653,886 held in accounts at the Greater Milwaukee Foundation, a community foundation. Generally Accepted Accounting Principles require that a specified beneficiary recognize its rights to the assets held by a recipient organization unless the donor has explicitly granted the recipient organization variance power.

All assets of the fund shall be assets of the Foundation and not a separate trust. The fund shall be held and administered subject to provisions of the Foundation's Articles of Incorporation and Bylaws as presently in effect or as from may time to time be amended, including those provisions which may permit the Organization to amend, modify or vary any of the purposes, directions, restrictions, or conditions set forth. The Organization has been designated as the sole beneficiary of the income from the investment of these funds.

The Foundation's long-term disciplined portfolio includes a diverse mix of equities, bonds and alternative investments. The goal of this pool is to generate highly competitive investment returns that support grant making, while ensuring that each fund's principal growth equals or exceeds the rate of inflation. The assets within the Foundation are prudently managed and invested for optimum return in accordance with its written investment policy.

Beneficial interest in assets held by Greater Milwaukee Foundation measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) at December 31, 2025 consisted of the following:

**COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD BY GREATER MILWAUKEE FOUNDATION (continued)

| | |
|------------------------------------|------------------|
| Beginning balance, January 1, 2025 | \$493,303 |
| Contributions | 100,000 |
| Interest income | 3,076 |
| Realized gains/losses | 101,159 |
| Unrealized gains/losses | (38,698) |
| Administrative fees | (4,954) |
| Ending balance, December 31, 2025 | <u>\$653,886</u> |

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NOTE 7 – NOTE AND INTEREST RECEIVABLE

On October 1, 2024, Community Development Alliance (“CDA”), through its lending entity CDA Scattered Sites MKE LLC, originated a secured programmatic loan in the amount of \$1,644,594 to 30th Street Industrial Corridor Corporation (“30th ICC”) to support the Scattered Sites Tax Incremental District (“TID”) housing development initiative. CDA provides the financing to advance its mission to increase affordable homeownership and neighborhood revitalization. The loan bears interest at 2.50% per annum, accruing from the date of issuance. In accordance with the loan agreement, no principal or interest payments are due until December 15, 2026. Beginning in 2026, annual payments of principal and interest are required based on available tax increment revenues, or if tax increment is insufficient, according to the contractual amortization schedule. The note matures on December 31, 2049. The loan is secured by a mortgage and assignment of tax increment revenues associated with the Scattered Sites properties located within the designated TID area. Accrued interest receivable related to this loan totaled \$45,964 at December 31, 2025.

Future payments on the notes receivable are as follows:

| | |
|------------------------------|---------------------|
| December 31, 2026 | \$ 1,144 |
| December 31, 2027 | 44,187 |
| December 31, 2028 | 52,798 |
| December 31, 2029 | 55,097 |
| December 31, 2030 | 57,466 |
| Thereafter | 1,433,902 |
| Less: Present value discount | <u>(69,290)</u> |
| | <u>\$ 1,575,304</u> |

COMMUNITY DEVELOPMENT ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 – NET ASSETS WITH DONOR RESTRICTION

Amounts of net assets with donor restrictions were as follows for the year ended December 31, 2025:

| | Beginning Balance | Additions | Releases | Ending Balance |
|--|------------------------------|-------------------|-----------------------|---------------------------|
| Purpose restrictions: | | | | |
| Midtown TID Fund | \$ 95,406 | \$ - | \$ (95,406) | \$ - |
| Harambee TID Fund | 260,000 | 125,000 | - | 385,000 |
| DPA Fund | - | - | - | - |
| Innovation Fund | 217,725 | - | (133,315) | 84,410 |
| Wellness Fund | 1,843 | 2,500 | (938) | 3,405 |
| Developer's Roundtable | 390,000 | - | (390,000) | - |
| Resident Collab Fund | 57,000 | 10,000 | (67,000) | - |
| Technology Fund | - | 50,000 | (44,417) | 5,583 |
| Total purpose restrictions | <u>1,021,974</u> | <u>187,500</u> | <u>(731,076)</u> | <u>478,398</u> |
| Time restrictions: | | | | |
| Unconditional promises to give, net | <u>2,240,354</u> | <u>300,000</u> | <u>(1,074,817)</u> | <u>1,465,537</u> |
| Total | <u>\$ 3,262,328</u> | <u>\$ 487,500</u> | <u>\$ (1,805,893)</u> | <u>\$ 1,943,935</u> |

NOTE 9 – LONG-TERM DEBT

On April 11, 2025, the Organization entered into a loan agreement with with a nonprofit organization. The initial amount of the loan was \$600,000 and matures on March 1, 2030. The interest rate is fixed at 3.00% throughout the life of the loan. Payments are due March 1 each year. The loan is secured by the Organization's interest in the note receivable described in Note 7. The loan does not contain any restrictive covenants.

Future payments to maturity are as follows:

| | |
|------|------------------|
| 2026 | \$ - |
| 2027 | 53,947 |
| 2028 | 116,816 |
| 2029 | 131,366 |
| 2030 | 297,871 |
| | <u>\$600,000</u> |

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NOTE 10 – OPERATING LEASE RIGHT-OF-USE ASSET AND LEASE LIABILITY

CDA assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the Statement of Financial Position.

CDA has an operating lease for office space in Milwaukee, Wisconsin. The lease began on February 1, 2024, and expires on December 31, 2029. The lease does not include any renewal options, material residual value guarantees, or material restrictive covenants. Rent is negotiated annually and was \$974 per month for the year ended December 31, 2025. The remaining lease term for the operating lease was 4.92 years as of December 31, 2025. The lease does not provide an implicit rate, so the Organization utilizes the risk-free rate as the discount rate. The weighted-average discount rate associated with the operating lease is 4.38% as of December 31, 2025. Rental expense under this arrangement was \$11,661 for the year ended December 31, 2025.

Future minimum lease payments required under the operating lease is as follows:

| | | | |
|--------------|-----------------------------|----|---------|
| Year ending: | December 31, 2026 | \$ | 11,400 |
| | December 31, 2027 | | 11,400 |
| | December 31, 2028 | | 11,400 |
| | December 31, 2029 | | 11,400 |
| | | | 45,600 |
| | Less present value discount | | (3,841) |
| | | \$ | 41,759 |

NOTE 11 – DEFINED CONTRIBUTION PLAN

CDA offers all eligible employees the option to contribute to a 401(k) retirement plan. The employer makes a safe harbor contribution of up to 3% of the employee’s gross pay. Total combined retirement plan expense for the year ended December 31, 2025 was \$13,655.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

Net assets without donor restrictions at the beginning of 2025 have been adjusted to record the Organization’s beneficial interest in assets held at the Greater Milwaukee Foundation as of January 1, 2025 which had been incorrectly reported as a contribution to the Greater Milwaukee Foundation in the prior year. The correction increased net assets without donor restrictions by \$493,303.

Additionally, net assets without donor restrictions were adjusted to correct the present value discount on the Organization’s existing loan to CDA Scattered Sites. The correction decreased net assets without donor restrictions by \$76,504.

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NOTE 13 – SUBSEQUENT EVENTS

CDA evaluated subsequent events through **DATE TBD**, the date the financial statements were available to be issued. Management is not aware of any subsequent event other than the above which would require recognition or disclosure in the financial statements.