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COMMUNITY DEVELOPMENT ALLIANCE, INC.

MILWAUKEE, WISCONSIN

FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

DRAFT

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, 2024, 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, 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 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, 2024**  
**ASSETS**

**Current Assets**

|   |                         |
|---|-------------------------|
| Cash & cash equivalents                               | \$ 1,855,573            |
| Receivables   |                         |
| Unconditional promises to give, net - current portion | 1,136,731               |
| Fees receivable                                       | 134                     |
| Prepaid expenses                                      | 1,202                   |
| <b>Total Current Assets</b>                           | <b><u>2,993,640</u></b> |

**Noncurrent Assets**

|  |                         |
|--|-------------------------|
| Fixed assets:  |                         |
| Leasehold improvements, net of accumulated depreciation  | 13,013                  |
| Total fixed assets                                       | <u>13,013</u>           |
| Other noncurrent assets:                                 |                         |
| Unconditional promises to give, net - noncurrent portion | 1,103,623               |
| Note receivable  | 1,644,594               |
| Interest receivable                                      | 10,393                  |
| Operating lease right-of-use asset                       | 51,107                  |
| Total other noncurrent assets                            | <u>2,809,717</u>        |
| <b>Total Noncurrent Assets</b>                           | <b><u>2,822,730</u></b> |

|                     |                            |
|---------------------|----------------------------|
| <b>Total Assets</b> | <b><u>\$ 5,816,370</u></b> |
|---------------------|----------------------------|

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

|                                    |                       |
|------------------------------------|-----------------------|
| Accounts payable                   | \$ 172,609            |
| Accrued vacation                   | 8,562                 |
| Deferred revenue                   | 166,667               |
| Operating lease liability, current | 9,348                 |
| <b>Total Current Liabilities</b>   | <b><u>357,186</u></b> |

**Noncurrent Liabilities**

|                                     |                      |
|-------------------------------------|----------------------|
| Operating lease liability           | 41,759               |
| <b>Total Noncurrent Liabilities</b> | <b><u>41,759</u></b> |

|                          |                       |
|--------------------------|-----------------------|
| <b>Total Liabilities</b> | <b><u>398,945</u></b> |
|--------------------------|-----------------------|

**Net Assets**

|                            |                         |
|----------------------------|-------------------------|
| Without donor restrictions | 2,155,097               |
| With donor restrictions    | 3,262,328               |
| <b>Total Net Assets</b>    | <b><u>5,417,425</u></b> |

|   |                            |
|---|----------------------------|
| <b>Total Liabilities and Net Assets</b> | <b><u>\$ 5,816,370</u></b> |
|---|----------------------------|

The accompanying notes are an integral part of these statements.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>Public Support and Revenue</b>                      |                               |                            |                     |
| Public support   |                               |                            |                     |
| Contributions and pledges                              | \$ 595,068                    | \$ 419,166                 | \$ 1,014,234        |
| Initial contribution from Greater Milwaukee Foundation | 1,279,005                     | 5,413,010                  | 6,692,015           |
| Total Public Support                                   | 1,874,073                     | 5,832,176                  | 7,706,249           |
| Revenue  |                               |                            |                     |
| Investment return, net                                 | 24,045                        | -                          | 24,045              |
| Total Revenue  | 24,045                        | -                          | 24,045              |
| Net Assets Released from Restrictions                  | 2,569,848                     | (2,569,848)                | -                   |
| <b>Total Public Support and Revenue</b>                | 4,467,966                     | 3,262,328                  | 7,730,294           |
| <b>Expenses</b>  |                               |                            |                     |
| Program services                                       | 2,233,362                     | -                          | 2,233,362           |
| Supporting services                                    |                               |                            |                     |
| Management and general                                 | 70,610                        | -                          | 70,610              |
| Fundraising  | 8,897                         | -                          | 8,897               |
| <b>Total Expenses</b>                                  | 2,312,869                     | -                          | 2,312,869           |
| <b>Change in Net Assets</b>                            | 2,155,097                     | 3,262,328                  | 5,417,425           |
| Net Assets - Beginning of Year                         | -                             | -                          | -                   |
| <b>Net Assets - End of Year</b>                        | <u>\$ 2,155,097</u>           | <u>\$ 3,262,328</u>        | <u>\$ 5,417,425</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, 2024**

**Cash Flows From Operating Activities**

Change in net assets \$ 5,417,425

Adjustments to reconcile net income to  
net cash provided by operating activities:

|   |             |
|---|-------------|
| Depreciation and amortization                         | 10,076      |
| (Increase)/decrease in unconditional promises to give | (2,240,354) |
| (Increase)/decrease in fees receivable                | (134)       |
| (Increase)/decrease in interest receivable            | (10,393)    |
| (Increase)/decrease in prepaid expenses               | (1,202)     |
| Increase/(decrease) in accounts payable               | 172,609     |
| Increase/(decrease) in deferred revenue               | 166,667     |
| Increase/(decrease) in accrued vacation               | 8,562       |
| Increase/(decrease) in operating lease liability      | (8,217)     |

**Net Cash Provided (Used) by Operating Activities** 3,515,039

**Cash Flows From Investing Activities**

Purchase of fixed assets (14,872)

Issuance of notes receivable (1,644,594)

**Net Cash Provided (Used) by Investing Activities** (1,659,466)

**Net Increase (Decrease) in Cash and Cash Equivalents** 1,855,573

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year -

**Cash, Cash Equivalents, and Restricted Cash - End of Year** \$ 1,855,573

**Supplemental Disclosures**

No interest, taxes or penalties were paid.

Right of use assets acquired in exchange for  
new operating lease liabilities \$ 59,324

The accompanying notes are an integral part of these statements.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

|                                  | Community<br>Housing | Management<br>and General | Fundraising     | Total               |
|----------------------------------|----------------------|---------------------------|-----------------|---------------------|
| Expenses                         |                      |                           |                 |                     |
| Capacity expansion               | \$ 41,362            | \$ -                      | \$ -            | \$ 41,362           |
| Conferences & meetings           | 17,445               | 1,463                     | -               | 18,908              |
| Depreciation and amortization    | 1,673                | 186                       | -               | 1,859               |
| Down payment assistance          | 670,000              | -                         | -               | 670,000             |
| Employee benefits                | 34,392               | 9,171                     | 2,293           | 45,856              |
| Information technology           | 55,827               | 6,203                     | -               | 62,030              |
| Insurance                        | 4,770                | 530                       | -               | 5,300               |
| Miscellaneous                    | 9,162                | 261                       | -               | 9,423               |
| Occupancy                        | 14,257               | 1,584                     | -               | 15,841              |
| Office expense                   | 9,266                | 1,029                     | -               | 10,295              |
| Payroll taxes                    | 7,175                | 1,913                     | 478             | 9,566               |
| Professional fees                | 66,439               | 20,011                    | 83              | 86,533              |
| Program events                   | 1,052,781            | -                         | -               | 1,052,781           |
| Program planning & collaboration | 134,200              | 1,425                     | -               | 135,625             |
| Salaries                         | 90,639               | 24,170                    | 6,043           | 120,852             |
| Travel                           | 23,974               | 2,664                     | -               | 26,638              |
| Total Expenses                   | <u>\$ 2,233,362</u>  | <u>\$ 70,610</u>          | <u>\$ 8,897</u> | <u>\$ 2,312,869</u> |

The accompanying notes are an integral part of these statements.



**COMMUNITY DEVELOPMENT ALLIANCE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**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 \$3,132,328 of net assets with donor restrictions as of the year ended December 31, 2024. See Note 6 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, 2024**

**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, 2024, CDA has \$333,333 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, 2024 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 \$166,667 recognized in the Statement of Financial Position as deferred revenue.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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 |
|------------------------|---------|

Total depreciation expense amounted to \$1,859 in 2024.

**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, 2024, CDA's uninsured portion of the balances held at the banks and with investment brokers aggregated to \$2,221,833. 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, 2024**

**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 \$833,733 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   | \$ 1,855,573             |
| Unconditional promises to give, net - current   | 1,136,731                |
| Fees receivable   | <u>134</u>               |
| Total financial assets  | <u>2,992,438</u>         |
| Less:   |                          |
| Funds restricted by donors  | <u>(2,158,705)</u>       |
| Financial assets available to meet cash needs<br>for general expenditures within one year | <u><u>\$ 833,733</u></u> |

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Pledges receivable at December 31, 2024 are expected to be received in the following periods:

|                             |                   |                            |
|-----------------------------|-------------------|----------------------------|
| Year ending:                | December 31, 2025 | \$ 1,170,833               |
|                             | December 31, 2026 | <u>1,170,833</u>           |
|                             |                   | <u>2,341,666</u>           |
| Less present value discount |                   | <u>(101,312)</u>           |
|                             |                   | <u><u>\$ 2,240,354</u></u> |

The discount rate was calculated using CDA's incremental borrowing rate of 3% as of December 31, 2024.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5 – 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. Because no payments are due within twelve months after year-end, the entire outstanding balance is classified as noncurrent at December 31, 2024. Accrued interest receivable related to this loan totaled \$10,393 at December 31, 2024.

Future payments on the notes receivable are as follows:

|                   |    |                            |
|-------------------|----|----------------------------|
| December 31, 2025 | \$ | -                          |
| December 31, 2026 |    | 14,263                     |
| December 31, 2027 |    | 43,533                     |
| December 31, 2028 |    | 52,128                     |
| December 31, 2029 |    | 54,410                     |
| Thereafter        |    | <u>1,480,260</u>           |
|                   |    | <u><u>\$ 1,644,594</u></u> |

**COMMUNITY DEVELOPMENT ALLIANCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTION**

Amounts of net assets with donor restrictions were as follows for the year ended December 31, 2024:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Releases</b>       | <b>Ending<br/>Balance</b> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| Purpose restrictions:                  |                              |                     |                       |                           |
| Midtown TID Fund                       | \$ -                         | \$ 1,740,000        | \$ (1,644,594)        | \$ 95,406                 |
| Harambee TID Fund                      | -                            | 260,000             | -                     | 260,000                   |
| DPA Fund                               | -                            | 895,000             | (895,000)             | -                         |
| Innovation Fund                        | -                            | 247,322             | (29,597)              | 217,725                   |
| Wellness Fund                          | -                            | 2,500               | (657)                 | 1,843                     |
| Developer's Roundtable                 | -                            | 390,000             | -                     | 390,000                   |
| Resident Collab Fund                   | -                            | 57,000              | -                     | 57,000                    |
| Total purpose restrictions             | <u>-</u>                     | <u>3,591,822</u>    | <u>(2,569,848)</u>    | <u>1,021,974</u>          |
| Time restrictions:                     |                              |                     |                       |                           |
| Unconditional promises<br>to give, net | <u>-</u>                     | <u>2,240,354</u>    | <u>-</u>              | <u>2,240,354</u>          |
| Total                                  | <u>\$ -</u>                  | <u>\$ 5,832,176</u> | <u>\$ (2,569,848)</u> | <u>\$ 3,262,328</u>       |

**NOTE 7 – 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 \$950 per month during the year ended December 31, 2024. The remaining lease term for the operating lease was 5.92 years as of December 31, 2024. 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, 2024. Rental expense under this arrangement was \$10,450 for the year ended December 31, 2024.

**COMMUNITY DEVELOPMENT ALLIANCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 – OPERATING LEASE RIGHT-OF-USE ASSET AND LEASE LIABILITY**  
(continued)

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

|                             |                   |                  |
|-----------------------------|-------------------|------------------|
| Year ending:                | December 31, 2025 | \$ 11,400        |
|                             | December 31, 2026 | 11,400           |
|                             | December 31, 2027 | 11,400           |
|                             | December 31, 2028 | 11,400           |
|                             | December 31, 2029 | 11,400           |
|                             |                   | <u>57,000</u>    |
| Less present value discount |                   | <u>(5,893)</u>   |
|                             |                   | <u>\$ 51,107</u> |

**NOTE 8 – CONCENTRATION OF REVENUE**

When CDA commenced independent operations during 2024, the balance of funds held on its behalf by the Greater Milwaukee Foundation was transferred to CDA and has been reflected in the accompanying financial statements as an initial contribution. This contribution from the Foundation accounted for 87% of CDA's total revenue for the year ended December 31, 2024.

**NOTE 9 – 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, 2024 was \$3,633.

**NOTE 10 – SUBSEQUENT EVENTS**

CDA evaluated subsequent events through **DATE TBD**, the date the financial statements were available to be issued.

On April 11, 2025, the Organization entered into a Loan Agreement with Milwaukee Development Corporation ("MDC"), under which MDC agreed to provide a \$600,000 term loan to support construction activities related to the Scattered Sites housing development project. The loan is evidenced by a Promissory Note dated April 1, 2025. The loan bears interest at 3.0% per year, with annual payments due each March 1 beginning March 1, 2026, in accordance with the amortization schedule attached to the agreement. All remaining principal and interest are due at maturity on March 31, 2030. The loan is secured by a collateral assignment of the Development Agreement with the City of Milwaukee, under which future TID reimbursements are required to be remitted to the lender until the loan is fully repaid.

Management is not aware of any subsequent event other than the above which would require recognition or disclosure in the financial statements.