CMC FOUNDATION FOR CHANGE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

GETTRYMARCUS

CMC Foundation For Change

Table of Contents

Years Ended December 31, 2021 and 2020

Independent Accountant's Review Report

To the Board of Directors
CMC Foundation For Change
New York, New York

We have reviewed the accompanying financial statements of CMC Foundation For Change (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of CMC Foundation for Change and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
November 10, 2022

CMC Foundation For Change
Statement of Financial Position
December 31, 2021

	Net Assets (Deficiency) Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Current assets			
Cash	$ 74,066	$ -	$ 74,066
Accounts receivable	35,500	-	35,500
Prepaid expenses	5,841	-	5,841
Total current assets	115,407	-	115,407
Property and equipment - net of accumulated depreciation of $199	1,793	-	1,793
Total assets	$ 117,200	$ -	$ 117,200
Liabilities and Net Deficiency			
Current liabilities			
Accounts payable and accrued expenses	$ 18,271	$ -	$ 18,271
Total current liabilities	18,271	-	18,271
Long-term liabilities			
Notes payable	327,107	-	327,107
Total liabilities	345,378	-	345,378
Net deficiency			
Without donor restrictions	(228,178)	-	(228,178)
Total liabilities and net deficiency	$ 117,200	$ -	$ 117,200

CMC Foundation For Change
Statement of Financial Position
December 31, 2020

	Net Assets (Deficiency) Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Current assets			
Cash	$ 196,125	$ -	$ 196,125
Accounts receivable	76,825	-	76,825
Total assets	$ 272,950	$ -	$ 272,950
Liabilities and Net Deficiency			
Current liabilities			
Accounts payable and accrued expenses	$ 24,116	$ -	$ 24,116
Short-term notes payable	369,107	-	369,107
Total liabilities	393,223	-	393,223
Net deficiency			
Without donor restrictions	(120,273)	-	(120,273)
Total liabilities and net deficiency	$ 272,950	$ -	$ 272,950

CMC Foundation For Change
Statement of Activities
Year Ended December 31, 2021

	Net Assets (Deficiency) Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue			
Contributions	$ 266,685	$ -	$ 266,685
In-kind donations	330,825	-	330,825
Program income	179,693	-	179,693
	777,203	-	777,203
Net assets released from restrictions	-	-	-
Total support, revenues and reclassifications	777,203	-	777,203
Functional expenses			
Program services	537,926	-	537,926
Supporting services	347,182	-	347,182
Total functional expenses	885,108	-	885,108
Increase in net deficiency	(107,905)	-	(107,905)
Net deficiency - Beginning of year	(120,273)	-	(120,273)
Net deficiency - End of year	$ (228,178)	$ -	$ (228,178)

CMC Foundation For Change
Statement of Activities
Year Ended December 31, 2020

	Net Assets (Deficiency) Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue			
Contributions	$ 361,963	$ -	$ 361,963
Program income	142,398	-	142,398
Total support and revenue	504,361	-	504,361
Net assets released from restrictions	15,000	(15,000)	-
Total support, revenues and reclassifications	519,361	(15,000)	504,361
Functional expenses			
Program services	313,040	-	313,040
Supporting services	251,976	-	251,976
Total functional expenses	565,016	-	565,016
Decrease in net assets (deficiency)	(45,655)	(15,000)	(60,655)
Net assets (deficiency) - Beginning of year	(74,618)	15,000	(59,618)
Net deficiency - End of year	$ (120,273)	$ -	$ (120,273)

CMC Foundation For Change
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services			Supporting Services			
	Training	Book & Video Series	Total Program Services	Administration	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries and related expenses	$ 179,055	$ 71,576	$ 250,631	$ 102,303	$ 50,525	$ 152,828	$ 403,459
Contract services	33,420	13,900	47,320	615	-	615	47,935
Charitable contributions	-	-	-	500	-	500	500
Professional fees	117,885	114,660	232,545	83,020	35,065	118,085	350,630
Occupancy	-	-	-	44,725	-	44,725	44,725
Insurance	-	-	-	7,974	-	7,974	7,974
Office supplies and expenses	20	297	317	8,804	1,185	9,989	10,306
Training	1,275	-	1,275	-	-	-	1,275
Travel and meetings	45	-	45	552	-	552	597
Computer expense	372	670	1,042	8,097	252	8,349	9,391
Advertising and marketing	-	-	-	520	591	1,111	1,111
Books, dues and subscriptions	10	4,064	4,074	305	-	305	4,379
Bank and credit card fees	329	348	677	936	1,014	1,950	2,627
Total expenses before depreciation	332,411	205,515	537,926	258,351	88,632	346,983	884,909
Depreciation	-	-	-	199	-	199	199
Total expenses	$ 332,411	$ 205,515	$ 537,926	$ 258,550	$ 88,632	$ 347,182	$ 885,108

CMC Foundation For Change
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			Supporting Services			
	Training	Book & Video Series	Total Program Services	Administration	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries and related expenses	$ 166,714	$ 73,540	$ 240,254	$ 102,816	$ 53,137	$ 155,953	$ 396,207
Contract services	44,300	8,290	52,590	400	5,000	5,400	57,990
Professional fees	-	-	-	17,900	1,280	19,180	19,180
Occupancy	-	-	-	44,725	-	44,725	44,725
Insurance	-	-	-	9,659	-	9,659	9,659
Office supplies and expenses	3,792	-	3,792	5,298	476	5,774	9,566
Training	4,411	-	4,411	200	-	200	4,611
Travel and meetings	9,274	-	9,274	140	-	140	9,414
Computer expense	967	-	967	8,096	590	8,686	9,653
Advertising and marketing	-	1,590	1,590	527	123	650	2,240
Books, dues and subscriptions	-	-	-	95	-	95	95
Bank and credit card fees	-	162	162	1,340	174	1,514	1,676
Total expenses	$ 229,458	$ 83,582	$ 313,040	$ 191,196	$ 60,780	$ 251,976	$ 565,016

CMC Foundation For Change
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Increase in net deficiency	$ (107,905)	$ (60,655)
Adjustments to reconcile increase in net deficiency to net cash used by operating activities:		
Depreciation expense	199	-
(Increase) decrease in operating assets:		
Accounts receivable	41,325	(37,326)
Prepaid expenses	(5,841)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(5,845)	3,893
Total adjustments	29,838	(33,433)
Net cash used by operating activities	(78,067)	(94,088)
Cash flows from investing activities		
Purchase of property and equipment	(1,992)	-
Net cash used by investing activities	(1,992)	-
Cash flows from financing activities		
Repayment of notes payable	(42,000)	(9,000)
Net cash used by financing activities	(42,000)	(9,000)
Net decrease in cash	(122,059)	(103,088)
Cash - Beginning of year	196,125	299,213
Cash - End of year	$ 74,066	$ 196,125

Note 1 – Summary of Organization and Nature of Activities

Organization and Nature of Activities
CMC Foundation For Change (the "Organization"), is a nonprofit organization founded in 2017 and incorporated under the laws of the State of Delaware. The purpose of the Organization is to develop and provide training programs for non-professional communities in support of persons with substance abuse disorders and aid in the dissemination of information and resources for the families of those struggling with substance abuse disorders.

The Organization is supported primarily through donor contributions and funds raised through programs and events.

Description of Program and Supporting Services

Training
The Organization offers a variety of trainings, talks, and workshops, both in the invitation to change approach and in other skill sets.

Book and Video Guides
The Organization offers for sale a variety of books and guides that deal with addiction.

Administration
Includes the functions necessary to ensure an adequate working environment and to manage the administrative, financial and budgetary responsibilities of the Organization.

Fundraising
Provides the structure necessary to encourage and secure financial support from individuals, foundations and corporations.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation
The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. When a restriction expires (when a stipulated time restriction ends or a 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. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions and Expenditures
Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give will be recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets will be reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities will be reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Property and Equipment
Property and equipment are recorded at cost and are depreciated using the straight line method over its estimated life, which is 5 years for computer equipment. Depreciation expense for the years ended December 31, 2021 and 2020 was $199 and $0, respectively.

Uninsured Cash Balances
The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, such cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it its exposed to any significant credit risk on its cash.

Tax-Exempt Status
The Organization has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code (“Code”). The Organization follows the guidance of Accounting Standards Codification 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

In-Kind Donations
During the years ended December 31, 2021 and 2020, the value of the in-kind donations meeting the requirements for recognition in the financial statements were $330,825 and $0, respectively which is included in support on the statement of activities. The in-kind donations for the year ended December 31, 2021 were for training, co-authoring books, administrative work and fundraising.

Functional Expenses and Allocation Method
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using appropriate measurement methodologies. The expenses that are being allocated include salaries and related expenses and professional fees, which are allocated on the basis of estimates of time and effort.

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. A significant estimate of the Organization includes the allocation of costs among program services and supporting services on the statement of functional expenses.

Subsequent Events
Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 10, 2022, the date the financial statements were available to be issued.

Accounting Standards Updates ("ASU")
The Organization has reviewed recently issued ASU's by the Financial Accounting Standards Board ("FASB") and based on that review, has determined that those pronouncements, with the exceptions below, will not have a significant effect on the Organization's financial statements.

In May 2014, FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocate the transaction to each performance obligation. The ASU is effective for annual periods beginning after December 15, 2019. Entities can use either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Organization has adopted this ASU effective January 1, 2020, and the adoption had no impact on its financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies and improves accounting guidance for contributions received and made. This ASU clarifies (i) the evaluation of transactions that are to be characterized as contributions/grants (nonreciprocal transactions) or as exchange (reciprocal) transactions, and (ii) determining whether a contribution is conditional. The ASU is effective for annual periods beginning after December 15, 2018 for entities that serve as a resource recipient and periods beginning after December 15, 2019 for entities that serve as a resource provider. The adoption of this accounting guidance had no impact on its financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 replaced all current U.S. GAAP guidance on this topic. Under ASU 2016-02:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the statement of financial position, with an exception for leases that commence at or near the end of the underlying asset’s economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight-line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease.

- Allows for an optional transition method to adopt this ASU for comparative financial statement presentations. Under this transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of net assets (deficit) in the year of adoption. Consequently, an entity’s reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

- The ASU, as amended, is effective for fiscal years beginning after December 15, 2021.

The Organization is evaluating the impact the adoption of this ASU, as amended, could have on its financial statements. Management expects the impact will not be material.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intention of this ASU is to increase transparency about nonfinancial gifts in kind, including how they are used and how they are valued. The ASU requires a separate line-item presentation of contributed nonfinancial assets in the statement of activities, apart from the contributions of cash or other financial assets. The ASU requires disclosure of the disaggregation of the amount of nonfinancial gifts in-kind received by category and the organization, and for each category, disclosure of: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; (ii) the not-for-profit's policy about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any related donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure. The ASU is effective for annual reporting periods beginning after June 15, 2021, to be applied on a retrospective basis, and earlier application is permitted. Management has not assessed the impact, if any, this ASU will have on its financial statements.

Note 3 – Net Assets - With Donor Restrictions

There were no donor restricted net assets as of December 31, 2021 and 2020.
Net assets released from donor restrictions were for the following purposes for the years ended December 31:

	2021	2020
Subject to expenditure for specified purpose:		
Administrative expenses	$ -	$ 15,000
Total releases from restrictions	$ -	$ 15,000

Note 4 – Related Party Transactions

The Organization leases employees and subleases office space in New York City from The Psychological Motivation and Change Group, PLLC ("PMCG"), a for-profit Company owned by two of the Organization's Board Members. The total value of consideration received from PMCG for these services for the years 2017 through 2019, was converted to non-interest bearing promissory notes at the end of each year. The original terms of the promissory notes provided that the notes were payable within 10 business days following demand by PMCG, so that notes payable with a balance of $369,107 at December 31, 2020 were included in current liabilities. In 2022, the payment terms of the notes were amended by the Organization and PMCG to provide that PMCG will not demand payment until December 2023 at the earliest. Accordingly, as of December 31, 2021, notes payable with a balance of $327,107 are reflected in long-term liabilities in the statement of financial position. Payments on the notes amounted to $42,000 and $9,000 for the years ended December 31, 2021 and 2020, respectively. The total value of these services for the years ended December 31, 2021 and 2020 was $119,980 and $116,225, respectively, and were paid as services were rendered.

Note 5 – Operating Leases

The Organization subleases office space in New York City under an operating lease with a monthly rental of $3,727 through August 1, 2022. In July 2022, the sublease was extended through August 1, 2023 with a monthly rental of $1,863. The new sublease agreement includes an option for the Organization to extend the sublease for one year. Rent expense amounted to $44,725 for each of the years ended December 31, 2021 and 2020. Future minimum annual lease payments due under this lease amount to approximately $35,000 for the year ended December 31, 2022 and $13,000 for the year ended December 31, 2023.

Note 6 – Retirement Plan

The Organization established a 401k plan for its employees effective January 1, 2020. Eligible employees can make contributions to their individual 401k accounts immediately upon hiring. The employer matches employee contributions to satisfy the Safe Harbor Rules and additional employer contributions are discretionary. Retirement plan expense for the years ended December 31, 2021 and 2020 amounted to $8,797 and $4,068, respectively.

Note 7 – Liquidity

As part of its liquidity management, the Organization established a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2021	2020
Cash	$ 74,066	$ 196,125
Accounts receivable	35,500	76,825
Financial assets available within one year	109,566	272,950
Less: those unavailable for general expenditures within one year due to donor restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	$ 109,566	$ 272,950

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance date.

Note 8 – Risks and Uncertainties

The Organization is dependent upon contributions from the public for its revenue. The ability of the Organization to continue to elicit this level of contribution is dependent upon current and future economic conditions as well as income tax efficiencies.

The coronavirus pandemic ("COVID-19") continues to adversely impact the United States and many other parts of the world. Accordingly, the Organization could experience further reductions in contributions from donors. Currently, the Organization has not been materially impacted by these consequences (through the date of these financial statements), however there could be a significant adverse impact on the Organization's future activities as it is impossible to predict the ultimate effect COVID-19 will have on the economy. In response to the COVID-19 outbreak, the Organization has implemented various short-term cost reductions and cash flow improvement actions. In addition, the Organization has transitioned to a more virtual based program by implementing a digital care package and virtual training sessions across the country. Given this uncertainty, the Organization is not able to estimate the potential effects of COVID-19 for near and long term purposes.