

MAKING CHANGE
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**MAKING CHANGE
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YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
making change
Alexandria, Virginia

We have audited the accompanying financial statements of making change, which comprise the statements of financial position as of September 30, 2015 and 2014, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
making change

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of making change as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 8, 2015

**MAKING CHANGE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 243,055	\$ 619,519
Certificates of Deposit	750,000	1,250,000
Pledges Receivable	3,993	464,761
Accounts Receivable	38,638	44,892
Point of Purchase Program Supplies Inventory	636	6,419
Prepaid Expenses	7,950	9,286
Total Current Assets	1,044,272	2,394,877
INVESTMENTS	-	72,503
DEPOSIT	2,100	2,100
PROPERTY AND EQUIPMENT		
Net of Accumulated Depreciation of \$31,588 and \$30,365, Respectively	1,955	3,178
Total Assets	\$ 1,048,327	\$ 2,472,658
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grants Payable	\$ 140,018	\$ 820,440
Accounts Payable and Accrued Expenses	2,249	58,748
Deferred Rent	2,830	2,000
Total Current Liabilities	145,097	881,188
DEFERRED RENT	65	2,985
Total Liabilities	145,162	884,173
NET ASSETS		
Unrestricted		
Undesignated	769,060	1,454,380
Designated	134,105	134,105
Total Net Assets	903,165	1,588,485
Total Liabilities and Net Assets	\$ 1,048,327	\$ 2,472,658

See accompanying Notes to Financial Statements.

**MAKING CHANGE
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Point of Purchase Program Contributions	\$ 4,814,189	\$ -	\$ 4,814,189	\$ 5,912,298	\$ -	\$ 5,912,298
Other Contributions	10,361	25,000	35,361	11,535	-	11,535
Interest and Dividends	5,902	-	5,902	6,613	-	6,613
Realized and Unrealized Gain (Loss) on Investments	2,587	-	2,587	14,861	-	14,861
Net Assets Released from Restrictions	25,000	(25,000)	-	-	-	-
Total Revenue	<u>4,858,039</u>	<u>-</u>	<u>4,858,039</u>	<u>5,945,307</u>	<u>-</u>	<u>5,945,307</u>
EXPENSE						
Program Services						
Point of Purchase Program	4,696,167	-	4,696,167	4,910,395	-	4,910,395
Long-Term Self-Help	25,000	-	25,000	-	-	-
Other Programs	6,410	-	6,410	80,981	-	80,981
Total Program Services	<u>4,727,577</u>	<u>-</u>	<u>4,727,577</u>	<u>4,991,376</u>	<u>-</u>	<u>4,991,376</u>
Supporting Services						
General and Administrative	476,667	-	476,667	276,256	-	276,256
Fundraising:						
Point of Purchase Program Contributions	336,528	-	336,528	471,154	-	471,154
Other Contributions	2,587	-	2,587	48,432	-	48,432
Total Supporting Services	<u>815,782</u>	<u>-</u>	<u>815,782</u>	<u>795,842</u>	<u>-</u>	<u>795,842</u>
Total Expense	<u>5,543,359</u>	<u>-</u>	<u>5,543,359</u>	<u>5,787,218</u>	<u>-</u>	<u>5,787,218</u>
CHANGE IN NET ASSETS	(685,320)	-	(685,320)	158,089	-	158,089
Net Assets - Beginning of Year	<u>1,588,485</u>	<u>-</u>	<u>1,588,485</u>	<u>1,430,396</u>	<u>-</u>	<u>1,430,396</u>
NET ASSETS - END OF YEAR	<u>\$ 903,165</u>	<u>\$ -</u>	<u>\$ 903,165</u>	<u>\$ 1,588,485</u>	<u>\$ -</u>	<u>\$ 1,588,485</u>

See accompanying Notes to Financial Statements.

**MAKING CHANGE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2015**

EXPENSES	Point of Purchase		Long-Term Self-Help	Other Programs		General and Administrative	Total
	Program	Fundraising		Program	Fundraising		
Grants	\$ 4,530,863	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 4,555,863
Operating Expenses:							
Accounting Fees	-	-	-	-	-	23,084	23,084
Bank Fees	-	-	-	-	-	206	206
Board Meeting Expenses	-	-	-	-	-	9,811	9,811
Depreciation	247	202	-	47	30	697	1,223
Dues/Publications	-	-	-	-	-	590	590
Equipment Repairs/Maintenance	-	-	-	-	-	2,816	2,816
Insurance	-	-	-	-	-	4,042	4,042
Lease Payments	-	-	-	-	-	1,861	1,861
License and Fees	-	6,692	-	-	-	-	6,692
Legal/Miscellaneous	-	-	-	-	-	3,072	3,072
Occupancy	5,158	4,229	-	982	632	14,583	25,584
Office Supplies	46	144	-	3	-	5,662	5,855
Outside Contractors	-	-	-	-	-	22,618	22,618
Point of Purchase Seasonal	-	190,924	-	-	-	-	190,924
Point of Purchase Year-Round	-	5,784	-	-	-	-	5,784
Postage and Shipping	-	433	-	-	-	908	1,341
Property Taxes	-	-	-	-	-	165	165
Salaries and Benefits	159,083	127,508	-	5,258	1,774	380,060	673,683
Telephone	770	612	-	120	151	5,121	6,774
Travel	-	-	-	-	-	1,371	1,371
Total Operating Expenses	<u>165,304</u>	<u>336,528</u>	<u>-</u>	<u>6,410</u>	<u>2,587</u>	<u>476,667</u>	<u>987,496</u>
Total Expenses	<u>\$ 4,696,167</u>	<u>\$ 336,528</u>	<u>\$ 25,000</u>	<u>\$ 6,410</u>	<u>\$ 2,587</u>	<u>\$ 476,667</u>	<u>\$ 5,543,359</u>

See accompanying Notes to Financial Statements.

**MAKING CHANGE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Point of Purchase</u>		<u>Other Programs</u>		<u>General and</u>	<u>Total</u>
	<u>Program</u>	<u>Fundraising</u>	<u>Program</u>	<u>Fundraising</u>	<u>Administrative</u>	
EXPENSES						
Grants	\$ 4,663,488	\$ -	\$ 1,030	\$ -	\$ -	\$ 4,664,518
Operating Expenses:						
Accounting Fees	-	-	-	-	24,751	24,751
Bank Fees	-	-	-	-	275	275
Board Meeting Expenses	-	-	-	-	11,457	11,457
Depreciation	547	319	166	100	409	1,541
Dues/Publications	-	-	-	-	755	755
Equipment Repairs/Maintenance	-	-	-	-	2,816	2,816
Insurance	-	-	-	-	5,236	5,236
Lease Payments	-	-	-	-	2,320	2,320
License and Fees	-	6,476	-	-	-	6,476
Legal/Miscellaneous	-	-	-	-	3,727	3,727
Occupancy	9,067	5,282	2,755	1,661	6,765	25,530
Office Supplies	-	-	-	-	9,435	9,435
Outside Contractors	-	-	-	-	7,833	7,833
Point of Purchase Seasonal	-	306,733	-	-	-	306,733
Point of Purchase Year-Round	-	12,412	-	-	-	12,412
Postage and Shipping	157	534	16	19	1,218	1,944
Property Taxes	-	-	-	-	351	351
Salaries and Benefits	236,348	138,943	76,777	46,512	165,301	663,881
Telephone	788	455	237	140	4,652	6,272
Travel	-	-	-	-	28,955	28,955
Total Operating Expenses	<u>246,907</u>	<u>471,154</u>	<u>79,951</u>	<u>48,432</u>	<u>276,256</u>	<u>1,122,700</u>
Total Expenses	<u>\$ 4,910,395</u>	<u>\$ 471,154</u>	<u>\$ 80,981</u>	<u>\$ 48,432</u>	<u>\$ 276,256</u>	<u>\$ 5,787,218</u>

See accompanying Notes to Financial Statements.

**MAKING CHANGE
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (685,320)	\$ 158,089
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Realized and Unrealized Gain on Investments	(2,587)	(14,861)
Depreciation	1,223	1,541
Changes in Assets and Liabilities:		
Pledges Receivable	460,768	10,358
Accounts Receivable	6,254	(44,892)
Point of Purchase Program Supplies Inventory	5,783	3,956
Prepaid Expenses	1,336	2,085
Deposit	-	2,100
Grants Payable	(680,422)	497,922
Accounts Payable and Accrued Expenses	(56,499)	58,461
Deferred Rent	(2,090)	(1,256)
Net Cash (Used in) Provided by Operating Activities	(951,554)	673,503
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Certificates of Deposit	4,321,000	4,002,000
Purchases of Certificates of Deposit	(3,821,000)	(4,403,000)
Proceeds from Sales of Investments	75,090	73,898
Net Cash Provided by (Used in) Investing Activities	575,090	(327,102)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(376,464)	346,401
Cash and Cash Equivalents - Beginning of Year	619,519	273,118
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 243,055	\$ 619,519

See accompanying Notes to Financial Statements.

**MAKING CHANGE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Making change, formally known as The Food Industry Crusade Against Hunger (FICAH) and as Food For All, was incorporated on July 23, 1985, for the purpose of soliciting contributions from retail and private sources to fund self-help community development projects throughout the world. Making change uses the Point of Purchase (POP) program, which is a fundraising program supported by customers of participating retailers. The POP program is designed to provide support to non-profit agencies whose missions are to promote health, education, and community spirit.

Basis of Accounting

The financial statements of making change are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when obligations are incurred.

Income Taxes

Making change is a not-for-profit organization incorporated in the District of Columbia and is exempt from the payment of federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Making change is classified as a publicly supported foundation as defined in section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. Contributions made to making change are deductible by the donor for federal income tax purposes, subject to the statutory limitation on charitable contributions.

Making change's tax returns are subject to review and examination by federal, state, and local authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the 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.

Cash and Cash Equivalents

For financial statement purposes, making change considers liquid investments with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit

The certificates of deposit are recorded at cost which approximates fair market value.

**MAKING CHANGE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Receivables

Pledges receivable consist of amounts due from supermarket chains related to the POP programs and are expected to be collected within one year. Accounts receivable consist primarily of amounts due from investment transactions. Making change employs the direct charge-off method for uncollectible accounts. Amounts over 90 days old are assessed for collectibility and written off if deemed uncollectible. Accordingly, no provision for doubtful accounts has been made in the accompanying statement of financial position. Management estimates that all receivables are fully collectible.

Point of Purchase Program Supplies Inventory

Inventory consists of collection canisters and scan items that will be utilized in the Annual Point of Purchase campaign and is valued at cost (first-in, first-out method).

Investments

Investments are recorded at fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Acquisitions of property and equipment greater or equal to \$1,000 are capitalized.

Fair Value

Fair Value Hierarchy

Making change has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets whose values are based on unadjusted quoted prices for identical assets in an active market that making change has the ability to access.

Level 2 - Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include among others, quoted prices for similar assets in active markets or non-active markets.

Level 3 - Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset.

**MAKING CHANGE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Grants Payable

Grants payable consist of contributions received by making change and committed to various charitable organizations.

Net Assets

Making change reports its net assets in the following categories:

Unrestricted

Undesignated: Represents net assets available for general operations.

Designated: Represents net assets set aside by management to fund future international grant disbursements.

Temporarily Restricted

Represents net assets that are subject to donor-imposed purpose or time restrictions. There were no temporarily restricted net assets at September 30, 2015 and 2014.

Contributions

Making change recognizes unconditional contributions as revenue in the period the contribution is received or pledged. Contributions are reported as unrestricted or temporarily restricted based on restrictions imposed by the donor.

Grant Expenses

Grant expenses and the related obligations are recognized when approved by the Board of Trustees.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, salaries and overhead costs have been allocated among the programs benefited based on the estimated time spent by staff in the respective program areas.

Subsequent Events

In preparing these financial statements, making change has evaluated events and transactions for potential recognition or disclosure through December 8, 2015, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS

Revenue Risk

During fiscal years 2015 and 2014, two supermarket chains collected approximately 97% and 96%, respectively, of the Point of Purchase (POP) program contributions. During 2015, one of the two supermarket chains left the program, which will result in nearly 100% of the POP contributions coming from the remaining supermarket chain.

**MAKING CHANGE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 2 CONCENTRATIONS (CONTINUED)

Credit Risk

Financial instruments which subject making change to a concentration of credit risk consist of demand deposits placed with a financial institution. At certain times during the fiscal year, making change had funds on deposit with a financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

At September 30, 2014, investments were comprised of corporate bonds with a cost basis of \$74,460 and fair value of \$72,503. The following table presents the fair value hierarchy for those assets measured at fair value under accounting standards on a recurring basis as of September 30, 2014:

	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 72,503	\$ -	\$ 72,503

These investments were sold during the year ended September 30, 2015.

NOTE 4 RETIREMENT PLAN

Making change sponsors a contributory defined contribution retirement plan that covers all eligible employees. Making change makes contributions to the plan equal to 10% of the employee's gross compensation. Total retirement expense for the years ended September 30, 2015 and 2014, was \$34,553 and \$47,857, respectively.

NOTE 5 OFFICE LEASE

Making change has a non-cancelable lease agreement for office space located in Alexandria, Virginia that expires on October 31, 2016. As part of the lease agreement, making change received three months of abated rent as a rent incentive. The recognition of this has been recorded as deferred rent on the accompanying statements of financial position and will be recognized over the term of the lease.

Office rent expense for the years ended September 30, 2015 and 2014, totaled \$25,584 and \$25,531, respectively. Future minimum rental payments for the office space consist of the following:

Year Ending September 30,	
2016	\$ 28,505
2017	2,434
	\$ 30,939