Thousand Currents and Subsidiary

Consolidated Financial Statements

June 30, 2023

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Independent Auditors' Report

To the Board of Directors of
Thousand Currents and Subsidiary

Opinion

We have audited the consolidated financial statements of Thousand Currents and Subsidiary, a nonprofit organization (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Baker Tilly US, LLP

San Francisco, California
May 1, 2024

Thousand Currents and Subsidiary

Consolidated Statement of Financial Position
June 30, 2023

Assets

Current Assets	
Cash and cash equivalents	$ 23,110,956
Grants receivable, net (Note 5)	1,863,041
Short term investments (Note 6)	3,241,780
Prepaid expenses	155,809
Total current assets	28,371,586
Noncurrent Assets	
Long-term investments (Note 6)	134,671
Grants receivable, net of current portion (Note 5)	386,544
Total noncurrent assets	521,215
Total assets	$ 28,892,801

Liabilities and Net Assets

Current Liabilities	
Accounts payable and accrued expenses	$ 221,251
Grants payable	323,227
Accrued payroll and benefits	164,294
Deferred revenue	5,145
Total current liabilities	713,917
Net Assets	
Without donor restrictions:	
Board designated (Note 1)	10,000,000
Undesignated	11,144,340
Total net assets without donor restrictions	21,144,340
With donor restrictions (Note 7)	7,034,544
Total net assets	28,178,884
Total liabilities and net assets	$ 28,892,801

See notes to consolidated financial statements

Thousand Currents and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support:			
Contributions	$ 1,255,142	$ 707,643	$ 1,962,785
Foundations and corporations	3,764,584	17,734,778	21,499,362
Contributed nonfinancial assets	30,000	-	30,000
Total support	5,049,726	18,442,421	23,492,147
Revenue:			
Net realized and unrealized gain on investments	208,650	-	208,650
Interest and dividend income, net	242,633	-	242,633
Other income	68,246	-	68,246
Total revenue	519,529	-	519,529
Net assets released from restrictions	15,656,943	(15,656,943)	-
Total support and revenue	21,226,198	2,785,478	24,011,676
Expenses			
Program services	21,597,737	-	21,597,737
Supporting services:			
Management and general	1,219,673	-	1,219,673
Fundraising	1,076,664	-	1,076,664
Total expenses	23,894,074	-	23,894,074
Change in net assets	(2,667,876)	2,785,478	117,602
Net Assets, Beginning	23,812,216	4,249,066	28,061,282
Net Assets, Ending	$ 21,144,340	$ 7,034,544	$ 28,178,884

Thousand Currents and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Programs Services				Supporting Services		
	Grants and Grantee Services	Philanthropic Organizing and Outreach	CLIMA Fund	Total Programs	Management and General	Fundraising	Total Expenses
Salaries	$ 1,128,284	$ 362,771	$ 285,143	$ 1,776,198	$ 687,824	$ 640,203	$ 3,104,225
Employee benefits	180,310	54,855	46,532	281,697	102,297	101,028	485,022
Payroll taxes	59,789	18,283	22,501	100,573	34,095	33,601	168,269
Total personnel	1,368,383	435,909	354,176	2,158,468	824,216	774,832	3,757,516
Grants	9,583,947	-	8,711,000	18,294,947	-	-	18,294,947
Consultant fees	174,849	106,696	113,511	395,056	83,721	88,863	567,640
Travel and meals	122,179	29,418	57,449	209,046	37,022	39,723	285,791
Legal	149,019	9,021	8,869	166,909	91,606	14,930	273,445
Conferences and meetings	59,403	18,261	11,700	89,364	40,771	48,659	178,794
Language interpretation	139,712	373	11,317	151,402	5,078	975	157,455
Accounting	-	-	-	-	86,029	-	86,029
Information technology	31,905	9,716	5,884	47,505	16,010	18,816	82,331
Dues, licenses and service fees	8,083	2,169	1,501	11,753	5,947	38,536	56,236
Occupancy	11,028	3,203	2,305	16,536	6,586	6,237	29,359
Bank and payroll fees	10,955	2,583	2,766	16,304	6,699	8,679	31,682
Supplies and office expense	10,598	22,503	2,903	36,004	2,828	4,768	43,600
Contributed nonfinancial assets	-	-	-	-	-	30,000	30,000
Insurance	2,110	645	446	3,201	12,693	1,186	17,080
Depreciation	819	250	173	1,242	467	460	2,169
Total expenses	$ 11,672,990	$ 640,747	$ 9,284,000	$ 21,597,737	$ 1,219,673	$ 1,076,664	$ 23,894,074

Thousand Currents and Subsidiary

Consolidated Statement of Cash Flows
Year Ended June 30, 2023

Cash Flows From Operating Activities	
Change in net assets	$ 117,602
Adjustments to reconcile change in net assets to net cash used in from operating activities:	
Realized and unrealized gain on investments	(208,650)
Depreciation	2,169
Changes in operating assets and liabilities:	
Grants receivable	(762,712)
Prepaid expenses	(127,502)
Accounts payable and accrued expenses	(37,505)
Grants payable	25,405
Accrued payroll and benefits	49,259
Deferred revenue	5,145
Net cash used in operating activities	(936,789)
Cash Flows From Investing Activities	
Proceeds from sales of investments	332,624
Purchase of investments	(762,763)
Net cash used in investing activities	(430,139)
Net decrease in cash and cash equivalents	(1,366,928)
Cash and Cash Equivalents, Beginning	24,477,884
Cash and Cash Equivalents, Ending	$ 23,110,956

1. Organization and Nature of Activities

Thousand Currents is a California nonprofit public benefit corporation formed in 1985 that partners with grassroots groups, led by women, youth, and Indigenous Peoples in the Global South who are transforming their communities and creating lasting solutions to their shared global challenges.

Thousand Currents' programs include:

- Grants and Grantee services: In addition to providing financial resources to partners in Africa, Asia, and Latin America, Thousand Currents organizes local and transnational learning exchanges and facilitates strategic networks and alliances. Through the Climate Leaders in Movement Action Fund (CLIMA), they work in collaboration with their peers to increase resources to our grassroots partners.

- Philanthropic Organizing and Outreach: Thousand Currents works to educate, train and support philanthropists to engage in meaningful and transformative giving through programs such as the Thousand Currents Academy and Diaspora Partnerships. They also model effective giving and investment practices by creating experimental programs like the Buen Vivir Fund.

In January 2018, Thousand Currents formed Buen Vivir Investment Management, LLC, (BVIM) (the Subsidiary) with Thousand Currents as its sole member. BVIM's purpose is to further the charitable purpose of Thousand Currents and to support investment related activities that are within their programmatic focus. In February 2018, BVIM entered into an operating agreement with the Buen Vivir Fund, LLC (BVF), to act as its implementing member and manage the day-to-day activities of BVF under the direction of the Members Assembly, as defined in the agreement. BVIM has no ownership interest in BVF. There were no fees earned by BVIM from BVF during the year.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Thousand Currents and its wholly owned subsidiary, BVIM (collectively, the Organization). Significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles promulgated in the United States for not-for-profit organizations (U.S. GAAP).

Description of Net Assets

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets as follows:

Without Donor Restrictions: Net assets without donor restrictions consist of resources which have not been specifically restricted by a donor. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties. The Organization's Board designated $10,000,000 of net assets without donor restrictions for operating reserves.

With Donor Restrictions: Net assets with donor restrictions consist of contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets with donor restrictions also includes funds held in perpetuity as directed by donors, which specify the assets donated be invested to provide a permanent source of income. As of June 30, 2023, there were no net assets with donor restrictions held in perpetuity.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments, with an initial maturity of three months or less, to be cash equivalents. The Organization holds its available cash in a checking and brokerage account with a major United States bank and with a brokerage house, respectively.

Grants and Accounts Receivable

Grants receivable includes unconditional promises to give from donors. Grants receivable are recorded at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at net realizable value at the date of promise. That net realizable value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

Unconditional grants receivable are subject to an allowance for uncollectible amounts. The Organization considers all grants and accounts receivable to be fully collectible at the end of the year. Accordingly, there is no allowance for doubtful accounts at June 30, 2023.

Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Investments

Investments consist of equities, bonds, and exchange traded funds that are recorded at their published fair market value. Unrealized and realized gains and losses are reflected as increases or decreases in the consolidated statement of activities. Marketable equity securities or investments received by donation are recorded at fair value on the date or receipt, are sold as soon as practicable after receipt, and are classified based on the donor's intention.

Dividend and interest income are recorded when received by the Organization and are reflected net of investment fees. Investments are classified as long term when they cannot be liquidated within the following fiscal year.

Fair Value Measurements

The Organization considers the use of market-based information over entity specific information in valuing its investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of the financial assets, as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

> Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> Level 2 - inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
>
> Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Deferred Revenue

The Organization receives cash up front for certain tuition fees. Deferred revenue represents tuition fee received, but not expended. Performance obligation must be satisfied in accordance with the provisions of the contract to which they apply. As of June 30, 2023, tuition fee included in deferred revenue were amounting to $5,145.

Grants Payable

Unconditional grants are recognized as grant expense and a liability when the Organization approves the grants. Grant refunds are recorded as receivable and as a reduction of grant expense at the time the Organization becomes aware the grant will be refunded.

Sabbatical

The Organization offers a sabbatical to staff who have completed seven years of service subject to a variety of limitations and conditions. There was no accrued sabbatical as of June 30, 2023.

Revenue Recognition

Contributions and Grants

Contributions and grants, including unconditional promises to give, from individuals, foundations, and corporations, are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give, including contributions from individuals and foundation grants, are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time the conditions are substantially met.

Contributed Nonfinancial Assets

Donations of materials are recorded as support at their fair value on the date of the donation. Donated services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Academy for Collaborative Philanthropic Leadership

Revenue recognition is evaluated through the following five steps under the Accounting Standards Codification (ASC) 606: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

The Organization recognizes tuition fee revenue in the period in which the services are provided. Amounts received in advance of service periods are recorded as deferred revenue. The performance obligation of the Organization is to provide training sessions that support the transformation of philanthropy grounded in leadership and collaboration practices from the Global South and communities of color in the United States. The revenue is recognized ratably over the course of the applicable academic year.

The transaction price is fixed and nonrefundable. Payment terms are typically 30 days from the invoice date, however, payment terms may be made in one lump sum or installments over the covered academic period. The Organization does not offer rights of return for its services in the normal course of business, and contracts generally do not include customer acceptance clauses. The Organization's academic term starts in March of each year and lasts for three years. There was no tuition revenue during the year.

Income Taxes

Thousand Currents qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and by California Revenue and Taxation Code Section 23701(d), and accordingly, is not subject to federal and California income taxes. BVIM is a single member LLC and considered a disregarded entity for federal purposes. For state reporting purposes BVIM is subject to the California gross receipts tax and minimum franchise tax of $800.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority, and hence, do not need to be measured or disclosed in these consolidated financial statements.

Functional Allocation of Expenses

The Organization's costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain shared costs have been allocated among programs and supporting services benefited, pro rata based on time spent and usage of resources.

Recently Issued Accounting Pronouncements

During June 2016, the FASB issued ASU No. 2016-13, *Measure of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets are measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable standards to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 (as amended) is effective for the Organization for its year ending June 30, 2024. The Organization is currently assessing the effect that ASU No. 2016-13 and its impact on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 1, 2024, the date the consolidated financial statements were available to be issued.

On December 31, 2023, the Organization filed for dissolution of BVIM with the Secretary of State for the state of California.

3. Newly Adopted Accounting Pronouncement

Effective July 1, 2022, the Organization adopted FASB Accounting Standards Update No. 2016-02, *Leases (Topic 842),* and all related amendments using the modified retrospective approach.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Organization did not have any operating or financing leases and therefore the adoption of Topic 842 did not have a significant impact on the Organization's financial statements.

4. Liquidity and Availability of Financial Assets

The Organization has various sources that provide liquidity during the year such as contributions, academy, and investment revenue.

The Organization considers net assets without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include programmatic expenses, management and general expenses, and fundraising expenses that are expected to be paid in the subsequent year. The Organization considers Board designated net assets as available for general expenditures as the Board has the ability to undesignate, as necessary.

The table below represents financial assets available to fund general operating expenditures within one year at June 30, 2023:

Financial assets at June 30, 2023:	
Cash and cash equivalents	$ 23,110,956
Grants receivable	2,249,585
Investments	3,376,451
Total financial assets	28,736,992
Less amounts not available to be used within one year:	
Time or purpose restrictions beyond one year	(425,000)
Financial assets available to meet general expenditures within one year	$ 28,311,992

5. Grants Receivable

At June 30, 2023, grants receivable consisted of the following:

Due in less than one year	$ 1,863,041
Due in one to five years	425,000
	2,288,041
Less discount to present value	(38,456)
	$ 2,249,585

These receivables have been discounted using interest rates of 4.87%.

The Organization received conditional grants during the year which are recognized once conditions are fulfilled. At June 30, 2023, remaining conditional amounts total $1,000,000 which will be recognized once performance conditions are met.

6. Investments

At June 30, 2023, investments consisted of the following:

	Fair Value Total	Level 1	Level 2
Short term investments:			
Bond funds	$ 970,190	$ 970,190	$ -
Equity funds	1,608,590	1,608,590	-
Exchange traded funds	663,000	663,000	-
Long-term investments:			
Municipal bonds	134,671	-	134,671
Total	$ 3,376,451	$ 3,241,780	$ 134,671

7. Net Assets With Donor Restrictions

At June 30, 2023, net assets with donor restrictions consisted of the following:

Subject to purpose restrictions:	
CLIMA Fund	$ 3,470,158
Thousand Currents' CLIMA Grantmaking	743,000
Buen Vivir Fund	5,213
Latin America Program	30,000
A&B Solidarity Fund	24,380
Contributions receivable restricted for:	
CLIMA Fund	1,068,732
A&B Solidarity Fund	100,000
Latin America Program	75,000
Buen Vivir Fund	72,345
	5,588,828
Subject to passage of time	1,445,716
	$ 7,034,544

During the year ended June 30, 2023, net assets with donor restrictions were released for the following purposes:

CLIMA	$ 9,284,000
Thousand Currents' CLIMA Grantmaking	3,800,492
Passage of time	668,861
Latin American Program	579,181
A&B Solidarity Fund	572,898
Africa Program	412,565
Buen Vivir Fund	288,946
Asia Program	50,000
	$ 15,656,943

8. Risks and Contingencies

Grant Awards

Grant awards require the fulfillment of certain terms as set forth in the instrument of grant. Failure to fulfill the terms of the grant award could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants.

9. Concentrations

Receivables

For the year ended June 30, 2023, 59% of grant receivable is due from two donors.

Credit Risk

The Organization maintains its cash balances at various financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. At various times throughout the year, the balances in these accounts may be in excess of insured amounts. Money market funds are protected under the Securities Investor Protection Corporation (SIPC) up to $500,000, with additional private insurance purchased by the financial institution up to $1,150,000. The Organization has not experienced any losses in such accounts.

10. Contributed Nonfinancial Assets

During June 30, 2023, the Organization received a $30,000 donation for software subscription services, valued at current market prices (see Note 2).