MAKING CHANGE

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

MAKING CHANGE
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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, 2014 and 2013, and 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, 2014 and 2013, 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 12, 2014

MAKING CHANGE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 619,519	$ 273,118
Certificates of Deposit	1,250,000	849,000
Pledges Receivable	464,761	475,119
Accounts Receivable	44,892	-
Point of Purchase Program Supplies Inventory	6,419	10,375
Prepaid Expenses	9,286	11,371
Total Current Assets	2,394,877	1,618,983
INVESTMENTS	72,503	131,540
DEPOSIT	2,100	4,200
PROPERTY AND EQUIPMENT		
Net of Accumulated Depreciation of $30,365 and $28,824, Respectively	3,178	4,719
Total Assets	$ 2,472,658	$ 1,759,442
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grants Payable	$ 820,440	$ 322,518
Accounts Payable and Accrued Expenses	58,748	287
Total Current Liabilities	879,188	322,805
DEFERRED RENT	4,985	6,241
Total Liabilities	884,173	329,046
NET ASSETS		
Unrestricted		
Undesignated	1,454,380	1,296,291
Designated	134,105	134,105
Total Net Assets	1,588,485	1,430,396
Total Liabilities and Net Assets	$ 2,472,658	$ 1,759,442

See accompanying Notes to Financial Statements.

MAKING CHANGE
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Point of Purchase Program Contributions	$ 5,912,298	$ -	$ 5,912,298	$ 4,852,699	$ -	$ 4,852,699
Other Contributions	11,535	-	11,535	17,649	10,000	27,649
Interest and Dividends	6,613	-	6,613	6,763	-	6,763
Realized and Unrealized Gain (Loss) on Investments	14,861	-	14,861	(20,378)	-	(20,378)
Net Assets Released from Restrictions	-	-	-	20,000	(20,000)	-
Total Revenue	5,945,307	-	5,945,307	4,876,733	(10,000)	4,866,733
EXPENSE						
Program Services						
Point of Purchase Program	4,910,395	-	4,910,395	3,891,370	-	3,891,370
Long-Term Self-Help	-	-	-	20,000	-	20,000
Other Programs	80,981	-	80,981	59,467	-	59,467
Total Program Services	4,991,376	-	4,991,376	3,970,837	-	3,970,837
Supporting Services						
General and Administrative	276,256	-	276,256	242,080	-	242,080
Fundraising:						
Point of Purchase Program Contributions	471,154	-	471,154	269,453	-	269,453
Other Contributions	48,432	-	48,432	34,511	-	34,511
Total Supporting Services	795,842	-	795,842	546,044	-	546,044
Total Expense	5,787,218	-	5,787,218	4,516,881	-	4,516,881
CHANGE IN NET ASSETS	158,089	-	158,089	359,852	(10,000)	349,852
Net Assets - Beginning of Year	1,430,396	-	1,430,396	1,070,544	10,000	1,080,544
NET ASSETS - END OF YEAR	$ 1,588,485	$ -	$ 1,588,485	$ 1,430,396	$ -	$ 1,430,396

See accompanying Notes to Financial Statements.

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

	Point of Purchase		Long-Term	Other Programs		General and	
	Program	Fundraising	Self-Help	Program	Fundraising	Administrative	Total
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 and Amortization	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	246,907	471,154	-	79,951	48,432	276,256	1,122,700
Total Expenses	$ 4,910,395	$ 471,154	$ -	$ 80,981	$ 48,432	$ 276,256	$ 5,787,218

See accompanying Notes to Financial Statements.

MAKING CHANGE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2013

	Point of Purchase		Long-Term	Other Programs		General and	
	Program	Fundraising	Self-Help	Program	Fundraising	Administrative	Total
EXPENSES							
Grants	$ 3,696,956	$ -	$ 20,000	$ 990	$ -	$ -	$ 3,717,946
Operating Expenses:							
Accounting Fees	-	-	-	-	-	24,166	24,166
Bank Fees	-	-	-	-	-	231	231
Board Meeting Expenses	-	-	-	-	-	3,108	3,108
Depreciation and Amortization	466	318	-	164	94	414	1,456
Dues/Publications	-	-	-	-	-	710	710
Equipment Repairs/Maintenance	-	-	-	-	-	2,816	2,816
Insurance	-	-	-	-	-	4,207	4,207
Lease Payments	-	-	-			1,885	1,885
License and Fees	-	5,562	-	-	-	1,188	6,750
Legal/Miscellaneous	-	-	-	-	-	3,028	3,028
Occupancy	9,191	5,295	-	2,720	1,576	6,818	25,600
Office Supplies	-	1,402	-	-	-	11,271	12,673
Outside Contractors	-	-	-	-	-	11,328	11,328
Point of Purchase Seasonal	-	149,737	-	-	-	-	149,737
Point of Purchase Year-Round	-	545	-	-	-	-	545
Postage and Shipping	-	145	-	-	-	1,224	1,369
Professional Fundraising Fees	-	-	-	-	225	-	225
Property Taxes	-	-	-	-	-	187	187
Salaries and Benefits	183,967	105,995	-	55,358	32,481	139,601	517,402
Telephone	790	454	-	235	135	4,682	6,296
Travel	-	-	-	-	-	25,216	25,216
Total Operating Expenses	194,414	269,453	-	58,477	34,511	242,080	798,935
Total Expenses	$ 3,891,370	$ 269,453	$ 20,000	$ 59,467	$ 34,511	$ 242,080	$ 4,516,881

See accompanying Notes to Financial Statements.

MAKING CHANGE
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 158,089	$ 349,852
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized and Unrealized (Gain) Loss on Investments	(14,861)	20,378
Depreciation	1,541	1,456
Changes in Assets and Liabilities:		
Pledges Receivable	10,358	(409,014)
Accounts Receivable	(44,892)	-
Point of Purchase Program Supplies Inventory	3,956	545
Prepaid Expenses	2,085	(2,319)
Deposit	2,100	-
Grants Payable	497,922	(39,624)
Accounts Payable and Accrued Expenses	58,461	(6,073)
Deferred Rent	(1,256)	(470)
Net Cash Provided by (Used in) Operating Activities	673,503	(85,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Certificates of Deposit	4,002,000	3,838,000
Purchases of Certificates of Deposit	(4,403,000)	(3,937,000)
Sales of Investments	73,898	94,972
Purchases of Property and Equipment	-	(3,151)
Net Cash Used in Investing Activities	(327,102)	(7,179)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	346,401	(92,448)
Cash and Cash Equivalents - Beginning of Year	273,118	365,566
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 619,519	$ 273,118

See accompanying Notes to Financial Statements.

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 tax returns are subject to review and examination by federal, state, and local authorities. The tax returns for the fiscal years ended 2011, 2012 and 2013 are open for examination by federal, state, and local authorities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 represents fair market value.

Accounts Receivable

Accounts receivable consist of contributions receivable from supermarket chains related to the POP programs. 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.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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

Making change invests in a variety of investments. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. 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 and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1

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

Level 2

Financial assets and liabilities 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 or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active markets or non-active markets.

Level 3

Financial assets and liabilities 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 or liability.

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 for the years ended September 30, 2014 and 2013.

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 12, 2014, the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE

Unrestricted investments are recorded at fair value and consist of the following at September 30:

	2014	
	Cost	Fair Value
Corporate Bonds	$ 74,460	$ 72,503
	$ 74,460	$ 72,503

	2013	
	Cost	Fair Value
Corporate Bonds	$ 148,095	$ 131,540
	$ 148,095	$ 131,540

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

	2013			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	$ -	$ 131,540	$ -	$ 131,540

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments which subject making change to a concentration of credit risk consist of demand deposits and certificates of deposit 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 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, 2014 and 2013, was $47,857 and $36,441, respectively.

NOTE 5 OFFICE LEASE

Making change entered into a non-cancelable lease agreement for office space located in Alexandria, Virginia beginning on July 1, 2011, that expires on September 30, 2016. As part of the lease agreement, making change received three months of abated rent as a rent incentive on the new lease. 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, 2014 and 2013 totaled $25,597 and $25,600, respectively. Future minimum rental payments for the office space consist of the following:

Year Ending September 30,	
2015	$ 27,743
2016	28,576
	$ 56,319

NOTE 6 CONCENTRATION OF REVENUE RISK

During fiscal year 2014 and 2013, two supermarket chains collected approximately 77 and 90 percent, respectively, of the Point of Purchase program contributions.