



**REPORT ON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED
FINANCIAL INFORMATION FROM 2024**

CHANGING PERCEPTIONS

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SALTI & ASSOCIATES, LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Changing Perceptions
Washington, D.C.

Opinion

I have audited the accompanying financial statements of Changing Perceptions (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year that ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Changing Perceptions as of December 31, 2025, and the changes in its net assets and its cash flows for the year that ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Changing Perceptions and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Changing Perceptions' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Changing Perceptions internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Changing Perceptions' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Changing Perceptions 2024 financial statements, and my report dated September 29, 2025, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Washington, DC

No. 2411 SALT

September 24, 2026

CHANGING PERCEPTIONS, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 41,787	\$ 51,456
Restricted cash for fiscal sponsorship	22,500	22,500
Accounts receivable	123,830	157,991
Grant receivable - current portion	50,000	145,000
Prepaid and deferred expenses	761	11,088
Security deposits	6,680	6,680
Total Current Assets	<u>245,558</u>	<u>394,715</u>
 Property & Equipment		
Computer equipment	2,384	2,384
Less: Accumulated depreciation	<u>(1,457)</u>	<u>(662)</u>
Property & Equipment, Net	<u>927</u>	<u>1,722</u>
 Other Assets		
Promises to give - non-current portion, net	<u>-</u>	<u>46,006</u>
Total Other Assets	<u>-</u>	<u>46,006</u>
 TOTAL ASSETS	 <u><u>\$ 246,485</u></u>	 <u><u>\$ 442,443</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 52,451	\$ 23,925
Funds held on behalf of others	<u>22,500</u>	<u>22,500</u>
Total Current Liabilities	<u>74,951</u>	<u>46,425</u>
 Total Liabilities	 <u><u>74,951</u></u>	 <u><u>46,425</u></u>
 Net Assets		
Without donor restrictions	45,528	142,512
With donor restrictions	<u>126,006</u>	<u>253,506</u>
Net Assets	<u>171,534</u>	<u>396,018</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 246,485</u></u>	 <u><u>\$ 442,443</u></u>

The accompanying notes are an integral part of these financial statements

CHANGING PERCEPTIONS, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	2025	2024
REVENUE				
Contributions - individuals & corporations	\$ 36,140	\$ -	\$ 36,140	\$ 37,359
Contributions - foundation grants	143,994	30,000	173,994	400,256
Contributions - government	513,762	-	513,762	498,957
Fee for service - exchange	-	-	-	2,500
Miscellaneous income	2,363	-	2,363	1,704
Net assets released from restrictions:	157,500	(157,500)	-	-
TOTAL REVENUE	853,759	(127,500)	726,259	940,775
EXPENSES				
Program Services Expenses	549,881	-	549,881	489,313
Total Program Expenses	549,881	-	549,881	489,313
Supporting Services Expenses:				
Management and General	262,778	-	262,778	143,221
Fundraising	138,084	-	138,084	47,896
Total Supporting Services Expenses	400,862	-	400,862	191,117
TOTAL EXPENSES	950,743	-	950,743	680,430
CHANGE IN NET ASSETS	(96,984)	(127,500)	(224,484)	260,346
Net Assets, Beginning of Year	142,512	253,506	396,018	135,672
NET ASSETS, END OF YEAR	\$ 45,528	\$ 126,006	\$ 171,534	\$ 396,018

The accompanying notes are an integral part of these financial statements

CHANGING PERCEPTIONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Expenses	Management and General	Fundraising	2025	2024
Salaries & wages	\$ 130,842	\$ 98,131	\$ 98,131	\$ 327,104	\$ 115,000
Payroll taxes	12,534	12,242	9,401	34,177	10,056
Contractors	257,319	20,486	-	277,805	323,450
Accounting services	-	37,650	-	37,650	32,367
Advertising & marketing	1,621	810	810	3,241	1,776
Bank charges & fees	412	144	-	556	1,889
Depreciation expense	317	239	239	795	662
Direct assistance to others	-	-	-	-	3,000
Dues & subscriptions	-	4,557	3,269	7,826	1,161
Equipment purchases under \$1,500	4,861	3,027	1,284	9,172	-
Flex funds	83,796	-	-	83,796	109,173
Insurance	-	1,681	-	1,681	2,389
Interest Paid	-	4,366	-	4,366	-
IT & computer expenses	503	1,006	5,767	7,276	3,544
Human Resource & Grant Management	-	1,700	-	1,700	-
Meals	-	12,285	12,285	24,570	5,060
Office expenses and software	22,135	13,755	5,932	41,822	25,022
Parking/Tolls	-	14,760	-	14,760	-
Professional services	-	4,500	-	4,500	28,847
Program supplies	2,295	-	-	2,295	4,511
Rent	29,162	29,162	-	58,324	7,984
Telephone	2,294	1,420	634	4,348	-
Travel	1,790	332	332	2,454	4,539
Miscellaneous	-	525	-	525	-
TOTAL EXPENSES	\$ 549,881	\$ 262,778	\$ 138,084	\$ 950,743	\$ 680,430

The accompanying notes are an integral part of these financial statements

CHANGING PERCEPTIONS, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (224,484)	\$ 260,346
Adjustments to reconcile change in net assets to net cash		
Depreciation expense	795	662
(Increase) decrease in:		
Grants & pledges receivable	175,167	(251,274)
Prepaid expenses	10,327	2,486
Security deposits	-	(6,680)
Increase (decrease) in:		
Accounts payable and accrued expenses	28,526	13,653
Funds held on behalf of others	-	22,500
Net cash (used) by operating activities	<u>(9,669)</u>	<u>41,693</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of computer equipment	-	(2,384)
Net cash flows used in investing activities	<u>-</u>	<u>(2,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans to others	-	2,500
Net cash flows used in investing activities	<u>-</u>	<u>2,500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,669)	41,809
Cash and cash equivalents, beginning of year	<u>73,956</u>	<u>32,147</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 64,287</u></u>	<u><u>\$ 73,956</u></u>

The accompanying notes are an integral part of these financial statements

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

1. ORGANIZATION

Changing Perceptions (“Organization”) was incorporated in 2018 as a non-profit corporation under Title 29 Chapter 4 of the District of Columbia. Changing Perceptions is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)3.

Changing Perceptions was founded with a vision to break the cycle of recidivism and create opportunities for individuals reentering society after incarceration. It all began when a group of passionate returning citizens recognized the need for a support system that not only addresses the barriers faced by those with criminal records but also celebrates their potential for success. Fueled by a commitment to provide comprehensive reentry services and driven by lived experiences, Changing Perceptions was launched to offer mentorship, job readiness training, and critical resources that empower individuals to build new lives, reconnect with their communities, and thrive. Changing Perceptions continue to grow and innovate, dedicated to transforming the lives of returning citizens and advocating for systemic change.

Activities:

Fighting Recidivism

At Changing Perceptions, we are dedicated to breaking the cycle of recidivism by focusing on three core pillars: economic mobility, social justice, and racial equity. We believe that everyone, regardless of their past, deserves the chance to thrive. To promote **economic mobility**, we offer job training, financial literacy, and support services that help individuals secure stable employment and build a solid financial foundation. In pursuit of **social justice**, we advocate for fair treatment and opportunities for returning citizens, working to dismantle the systemic barriers they face. Our commitment to **racial equity** ensures that we address the unique challenges impacting communities of color, providing targeted resources and support to those most affected by the criminal justice system. By empowering returning citizens with the tools and opportunities to succeed, we aim to create a more just and equitable society for all.

Peer Mentorship

The Peer Mentorship Program operates year-round, providing personalized planning and social work support. Recently released individuals receive guidance from peer mentors, helping them to reintegrate into society, secure employment, and navigate the challenges of post-release life. Each client is equipped with a case plan crafted by a social worker to foster successful outcomes.

Case Management & Social Work

Our program offers tailored case management to understand each participant's unique needs and goals. We develop personalized support plans and connect individuals with essential resources, including social services, to ensure they have the support they need for successful reintegration.

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

1. ORGANIZATION (continued)

Job Readiness Program

The Job Readiness Program equips participants with essential skills for employment. Through paid stipends, resume building, interview preparation, and market-driven vocational training, we help individuals transition from past challenges to sustainable careers.

Advocacy and Justice

We collaborate with legal professionals to support clients through reentry, providing services like letters of support for motions and in-person or virtual courtroom advocacy under the Incarceration Reduction Amendment Act and the Second Look Amendment Act. We advocate for fair and just reintegration, ensuring clients have a strong ally in their journey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the U.S. The Organization presents information regarding its financial position and activities according to two classes of net assets.

Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Changing Perceptions and changes therein are classified and reported as:

Without Donor Restrictions – Those resources are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of Changing Perceptions or by passage of time.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization maintains a single cash account that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants Receivable

Government grants represent amounts awarded by various government agencies. Government grants receivables are due within one year and are recorded at their net realizable value. It is the policy of management to review the government grants receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. Management believes that all accounts are collectible as of December 31, 2025.

Promises to Give

Promises to Give consist of outstanding amounts due for grants and promises which have been awarded to the Organization. The Organization recognizes promises to give upon notification of the unconditional grant award.

Changing Perceptions has received unconditional promises that are expected to be collected within one year are recorded at net realizable value. Unconditional Promises to give that are expected to be collected after one year are recorded at the present value of their estimated future cash flows. The discounts on the future cash flows are computed using the U.S. Treasury Bond Yield for the term of the future cash flow as of year-end.

Property and Equipment

Property and Equipment are recorded at cost, except for donated items, which are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method based on the assets' estimated useful lives. When assets are retired or otherwise disposed of, the cost and the accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Equipment purchases over \$1,500 are capitalized. Depreciation charged to expense in 2025 and 2024 amounted to \$795 and \$662 respectively.

Revenue Recognition

All contributions are considered to be without donor restrictions unless specifically communicated by the donor. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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. When restrictions are fulfilled in the same time period as the contribution is received, the Organization presents such contributions in the net assets without donor restrictions.

The Organization receives conditional grants from the Government of the District of Columbia in the form of reimbursable grants. The Organization is required to incur program related expenses and submit for reimbursement from the District. The Organization was granted \$590,000 in reimbursement grants in 2025. The remaining conditional balance as of December 31st, 2025 is \$480,481.

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization uses advertising to promote its programs amongst participants, potential donors, and the non-profit community. Advertising is expensed in the period incurred. Changing Perceptions incurred advertising expense of \$3,241 in 2025 and \$1,776 in 2024.

Contributed Services

The value of contributed non-cash services from *members of the board of directors* is not reflected in the accompanying financial statements. When there is no objective basis available by which to measure the value of such services, such contributions are not reflected in these financial statements.

Functional Expenses

Costs are charged to program services and management and general functions based on direct expenditures incurred. Expenses not directly chargeable to these functional categories include contractor costs, which are allocated based on time and effort.

Leases

The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes and measures its leases in accordance with FASB ASC Topic 842, Leases, recognizing a lease liability and a right of use ("ROU") asset at the commencement date of a lease.

The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases generally comprised of leases for office and communication equipment that have a lease term of twelve months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Lease cost associated with short-term leases is recognized on a straight-line basis over the lease term. The Organization made an accounting policy election, for office and communication equipment, to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

For the year ended December 31, 2025, the Organization incurred short-term lease expense for office rent which amounted to \$58,324 and communication equipment amounted to \$+9,173. At December 31, 2025, the Organization had a short-term office lease commitment of \$91,374 and communication equipment of \$7,212 for the year ending December 31, 2026.

Income Taxes

Changing Perceptions is exempt from Federal and D.C. income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and is considered a publicly supported organization as described in Section 509(a)(2) of the IRC. Therefore, no provision has been made for income taxes in the financial statements. The Organization is required to report unrelated business income to the Internal Revenue Service ("IRS"). The Organization earned no unrelated business income during 2025.

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Uncertainty in Income Taxes

The Organization has adopted Accounting Standards Codification Topic 740-10, Income Taxes, which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The topic provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that the Organization does not hold any uncertain tax positions. The Organization's tax returns are subject to examination by the IRS generally for three years following the date filed.

3. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash	\$ 64,287
Accounts receivable	123,830
Grant receivable	50,000
Financial assets, at year-end	<u>238,117</u>
Less: those unavailable for general expenditures within one year, due to:	
Job training	(65,000)
Funds held for others as a fiscal sponsor	<u>(22,500)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 150,617</u>

The Organization monitors cash flows in relation to government & foundation grants receivable, and operates with prudent attention to cash balances to provide reasonable assurance that long-term program goals will continue to be met.

4. LEASES

Office Rent:

The Organization maintained a month-to-month lease for office space with WeWork during the year. The Organization has maintained the short-term lease since November, 2021 and renewed every quarter until January 31st, 2025. On January 2025, Changing Perception renewed its lease with WeWork for 12 months ending on January 2026. On October 2025, Changing Perception amended its office lease arrangement with WeWork and extended its membership to November 2026.

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

4. LEASES (continued)

Communication Equipment:

During the course of 2025, Changing Perception signed multiple lease agreements with Apple Financial Services for different iPhone. Terms of payments range 2 to 4 payments over a period 12 or 24 months.

5. PROMISES TO GIVE

The Organization received promises to give in the form of long-term grants receivable over multiple years. All receivables are expected to be collected, therefore no allowance has been provided. Included in Promises to Give are the following unconditional promises to give:

Unconditional promises to give before	
unamortized discount due in 2026	\$ 50,000
Less: Unamortized discount	-
Net Unconditional Promises to Give	<u>\$ 50,000</u>

6. CONCENTRATIONS OF REVENUE

The Organization received two annual grants from the DC Office of Victim Services and Justice. These grants represent 71% of total revenue. Government grants receivable are from these grants, representing 71% of total receivables.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2025 consist of the following:

Subject to expenditures for specific purpose:	
Job training	\$ 65,000
Grenerl support - timing	<u>61,006</u>
Total net assets with donor imposed restricted	<u>\$ 126,006</u>

8. PROGRAM AUDIT

Changing Perceptions receives substantial funding from federal and state grants. These grants are subject to audits by the respective grantors. Changing Perceptions management does not expect any significant adjustments to the financial statements as a result of such audits, should they occur.

CHANGING PERCEPTIONS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

9. FISCAL SPONSORSHIP

On June 10th, 2024, The Organization entered into an agreement with High School Law Review to act as a fiscal sponsor for the purpose of education on the legal process and civil rights to high school students. The Organization will collect all contributions and disburse all expenses for High School Law Review, as the sponsored organization has not received exempt status under Internal Revenue Code 501(c)3. The sponsored organization will conduct the program in accordance with exempt status activities. Cash received on behalf of High School Law Review shall be held in a separate account and classified as restricted cash. The Organization received a \$2,500 fee per agreement upon signing.

10. SUBSEQUENT EVENTS

Changing Perception has evaluated subsequent events occurring after the statement of financial position date through September 24, 2026, the date the financial statements were available to be issued. Based upon this evaluation, Changing Perception has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the financial statements..