

# COMMUNITY INITIATIVES

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

# **Community Initiatives**

## **Independent Auditors' Report and Financial Statements**

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## **Independent Auditors' Report**

THE BOARD OF DIRECTORS  
COMMUNITY INITIATIVES  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **COMMUNITY INITIATIVES (CI)** which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 auditor's 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 CI'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 CI'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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Initiatives of June 30, 2019, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Effect of Adopting New Accounting Standard**

As described in Note 2(n), CI adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the accounting change has been applied retrospectively to prior periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to that matter.

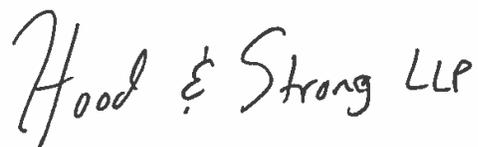
### **Other Matter**

#### *Report on Summarized Comparative Information*

The financial statements of CI as of June 30, 2018 were audited by other auditors whose report dated November 28, 2018 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived after the restatement noted in the Emphasis of Matter paragraph below.

### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, the June 30, 2018 financial statements have been restated to correct contributed revenue and receivables. The financial statements of CI as of June 30, 2018 were audited by other auditors whose report dated November 28, 2018 expressed an unmodified opinion on those statements. Our opinion is not modified with respect to this matter.

Handwritten signature in cursive script that reads "Hood & Strong LLP".

San Francisco, California  
October 22, 2019

# Community Initiatives

## Statement of Financial Position

<i>June 30, 2019 (with comparative totals for 2018)</i>	2019	2018 (as restated - see Note 11)
<b>Assets</b>		
Cash and cash equivalents	\$ 2,932,036	\$ 4,128,964
Short-term investments	19,642,798	19,473,766
Government and accounts receivable	1,116,915	671,305
Grants and pledges receivable	8,377,108	7,988,670
Prepaid expenses	199,975	182,025
Fixed assets, net	520,625	601,568
<b>Total assets</b>	<b>\$ 32,789,457</b>	<b>\$ 33,046,298</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 860,351	\$ 550,297
Accrued wages and related costs	720,929	668,283
Grants payable	933,000	426,250
Deferred revenue	30,304	30,002
<b>Total liabilities</b>	<b>2,544,584</b>	<b>1,674,832</b>
<b>Net Assets:</b>		
Without donor restrictions	1,893,148	1,899,965
With donor restrictions	28,351,725	29,471,501
<b>Total net assets</b>	<b>30,244,873</b>	<b>31,371,466</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,789,457</b>	<b>\$ 33,046,298</b>

See accompanying notes to financial statements.

## Community Initiatives

### Statement of Activities and Changes in Net Assets

*Year Ended June 30, 2019 (with comparative totals for 2018)*

	2019			2018 (as restated - see Note 11) Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenues and Support:</b>				
Grants and contribution revenue	\$ 69,130	\$ 24,899,724	\$ 24,968,854	\$ 33,649,492
Government contracts		2,279,145	2,279,145	1,464,407
Earned income		3,822,174	3,822,174	3,295,385
In-kind		166,150	166,150	252,198
Investment income, net	290,296		290,296	86,960
Other income	71,572	18,447	90,019	3,172
Net assets released from restrictions	32,305,416	(32,305,416)	-	-
<b>Total Revenue and Support</b>	<b>32,736,414</b>	<b>(1,119,776)</b>	<b>31,616,638</b>	<b>38,751,614</b>
<b>Expenses:</b>				
Fiscal sponsor program	29,691,410		29,691,410	24,594,437
Management and general	3,051,821		3,051,821	2,852,650
<b>Total Expenses</b>	<b>32,743,231</b>	<b>-</b>	<b>32,743,231</b>	<b>27,447,087</b>
<b>Changes in Net Assets</b>	<b>(6,817)</b>	<b>(1,119,776)</b>	<b>(1,126,593)</b>	<b>11,304,527</b>
<b>Net Assets, beginning of year</b>	<b>1,899,965</b>	<b>29,471,501</b>	<b>31,371,466</b>	<b>20,066,939</b>
<b>Net Assets, end of year</b>	<b>\$ 1,893,148</b>	<b>\$ 28,351,725</b>	<b>\$ 30,244,873</b>	<b>\$ 31,371,466</b>

See accompanying notes to financial statements.

## Community Initiatives

### Statement of Functional Expenses

*Year Ended June 30, 2019 (with comparative totals for 2018)*

	Fiscal Sponsor Program			Management and General	2019 Total	2018 Total
	Program Services	Fundraising	Subtotal			
Salaries and related benefits	\$ 10,265,602	\$ 1,140,622	\$ 11,406,224	\$ 2,027,645	\$ 13,433,869	\$ 12,155,379
Grants	7,380,424	820,047	8,200,471		8,200,471	5,529,294
Professional services	4,667,732	518,637	5,186,369	425,898	5,612,267	4,982,060
Travel	1,740,409	193,379	1,933,788	8,244	1,942,032	1,322,771
Occupancy	540,870	60,097	600,967	187,604	788,571	722,656
Program supplies and marketing	646,216	71,802	718,018		718,018	759,694
Conferences, conventions, and meetings	438,497	48,721	487,218	14,538	501,756	607,358
Equipment rental and maintenance	415,432	46,159	461,591	113,700	575,291	472,203
Office expenses, postage and shipping	253,887	28,209	282,096	73,683	355,779	296,196
Depreciation and amortization	106,712	11,857	118,569	9,545	128,114	129,898
Insurance	4,830	537	5,367	145,976	151,343	125,955
Printing and publications	142,973	15,886	158,859	11,612	170,471	112,220
Taxes, fees, and licenses	55,222	6,136	61,358	16,696	78,054	112,106
Telephone and communications	63,463	7,052	70,515	16,680	87,195	119,297
	\$ 26,722,269	\$ 2,969,141	\$ 29,691,410	\$ 3,051,821	\$ 32,743,231	\$ 27,447,087

See accompanying notes to financial statements.

# Community Initiatives

## Statement of Cash Flows

<i>Year Ended June 30, 2019 (with comparative totals for 2018)</i>	2019	2018 (as restated - see note 11)
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (1,126,593)	\$ 11,304,527
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	128,114	129,897
Realized and unrealized gain on investments	(18,792)	(11,527)
(Increase) decrease in operating assets:		
Government and accounts receivable	(445,610)	(249,303)
Grants and pledges receivable	(388,438)	(4,970,850)
Prepaid expenses	(17,950)	75,525
Increase (decrease) in operating liabilities:		
Accounts payable	310,054	161,364
Accrued wages and related costs	52,646	180,676
Grants payable	506,750	426,250
Deferred revenue	302	(86,372)
Net cash (used) provided by operating activities	(999,517)	6,960,187
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	72,408,283	28,887,504
Purchases of investments	(72,557,097)	(41,367,938)
Purchase of fixed assets	(48,597)	(114,479)
Net cash used in investing activities	(197,411)	(12,594,913)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,196,928)</b>	<b>(5,634,726)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>4,128,964</b>	<b>9,763,690</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 2,932,036</b>	<b>\$ 4,128,964</b>

See accompanying notes to financial statements.

# Community Initiatives

## Notes to Financial Statements

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### Note 1 - Organization:

Community Initiatives (“CI”) is a nonprofit fiscal sponsor that enables charitable groups to focus on their missions while unencumbered by administrative burdens. CI offers an extensive suite of back-office services. These services include benefits, payroll, and human resource administration; financial management; tax preparation and compliance; grant support; risk management and insurance; legal counsel; donation management and crowdfunding support; and coaching on various other common nonprofit issues.

CI currently sponsors nearly 100 projects. The majority of the projects are based in the San Francisco Bay Area, though many operate programs outside the State of California. The projects represent nonprofit activities in all areas of the nonprofit sector, with current projects active in animals, arts, capacity building, education, environment, health and wellness, networks and alliances, philanthropy, social justice, and youth development. Projects may be of limited duration, incubating nonprofit organizations, public/private partnerships, or multiple funder collaborations.

CI is primarily funded through grants, contributions, and fees generated from its fiscal sponsor contracts.

### Note 2 - Summary of Significant Accounting Policies:

#### a. Basis of Accounting

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

##### *Net Assets Without Donor Restrictions*

The portion of net assets that is neither subject to time nor donor-imposed restrictions and may be expended for any purpose in performing the primary objective of CI. Net assets without donor restrictions also include net assets set aside by the Board of Directors to maintain an operating reserve (See Note 3).

##### *Net Assets With Donor Restrictions*

The portion of net assets whose use by CI is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CI.

# Community Initiatives

## Notes to Financial Statements

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b. Cash and Cash Equivalents

CI has defined cash and cash equivalents as cash and all highly liquid investments with maturities of three months or less at date of acquisition, except those that are held for short-term investment purposes.

c. Short-Term Investments

Investments are reported at fair value. Changes in fair values as well as realized gains and losses are reflected in the Statement of Activities and Changes in Net Assets. Dividend and interest income are accrued when earned. Fair values are generally provided by using quoted market prices.

d. Fair Value Measurements

CI carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. CI classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted market prices included within Level 1 such as quoted prices for similar securities or quoted prices in inactive markets.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

e. Grants and Pledges Receivable

Grants and pledges receivable consist primarily of commitments made by individuals and foundations. Long-term receivables are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the market rate applicable in the year in which those promises were made. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

CI uses the allowance method to account for uncollectible receivables and contributions. The reserve against contributions receivable is based on historical experience and an evaluation of the outstanding receivables at year-end. There was no reserve against contributions receivable as of June 30, 2019.

# Community Initiatives

## Notes to Financial Statements

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f. Revenue Recognition

Grants and contributions are recognized when the donor or grantor makes an unconditional promise to give to CI. Amounts that are restricted are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets. CI reports grants and contributions, investments and other income with donor restrictions if they are received with donor stipulations that limit the use to a fiscally sponsored project. All funds for a newly sponsored project transferred into CI are with donor restrictions for the sponsored project. In-kind donations are recorded at the estimated fair value at the date of donation.

Government contracts are recognized when CI incurs expenditures related to the required services. Amounts billed or received in advance are recorded as deferred revenue until the related services are performed. Amounts due at June 30, 2019, are included in government and accounts receivable and are expected to be collected in fiscal year ending June 30, 2020.

Earned income consists primarily of fee for service and membership fees that are recognized as earned.

g. Fixed Assets

Fixed assets are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars.

h. Grants and Grants Payable

Grants are made to tax-exempt organizations with objectives consistent with the mission of CI and the fiscal sponsor projects and are reviewed and approved by management. Grant expenses are recorded when CI makes an unconditional promise to give and a signed agreement is received. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. Grant cancellations or unspent funds are recorded in the year cancelled or the funds returned. Grants are expected to be paid in fiscal year ending June 30, 2020.

# Community Initiatives

## Notes to Financial Statements

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i. Fiscal Sponsorship Projects

All the financial activity of CI's fiscally sponsored projects ("FSPs") is aggregated for financial statement purposes. Their funds, however, are kept strictly segregated in individual fund accounts. The majority of its FSPs (those in a comprehensive fiscal sponsorship relationship) are legally a part of CI and all their employees are employees of CI. A handful of projects are in a "pre-approved grant" fiscal sponsorship relationship and those projects are separate legal entities.

It is the nature of the business of fiscal sponsorship business to have a variable portfolio. CI's project roster can fluctuate regularly with time-limited projects completing, maturing nonprofits spinning off into their own 501(c)(3) organizations, and new start-ups signing up throughout each year. In situations where a sponsored project attains status as an independent entity and ends the fiscal sponsorship relationship with CI, the respective project's funds are granted out to a newly created entity. During 2019, net assets of approximately \$927,000 were distributed to spun-off projects and were recorded as grant expense.

j. Functional Allocation of Expenses

Costs of providing fiscal sponsorship by CI have been presented in the Statement of Functional Expenses. All expenses paid on behalf of CI's projects are recorded as program services or fundraising expenses. Expenses incurred by CI's administrative group are recorded as management and general expenses.

k. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l. Comparative Information and Reclassifications

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with CI's financial statements for the year ended June 30, 2018 from which the summarized information is derived.

Certain reclassifications have been made to the 2018 financial statements in order to conform to the 2019 presentation. These reclassifications had no impact on net assets or changes in net assets.

# Community Initiatives

## Notes to Financial Statements

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m. Income Taxes

CI is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

CI follows the guidance on accounting for uncertainty in income taxes according to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740. Management evaluated CI's tax positions and concluded that CI had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements.

n. Recent Accounting Pronouncements

*Pronouncements Adopted:*

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

The adoption of this accounting standard changed the terminology used in describing CI's net assets and added a new disclosure (Note 3) that discusses CI's availability of financial assets and liquidity. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year statement of functional expenses and availability of resource information as permitted by the ASU.

*Pronouncements Effective in the Future:*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities and Changes in Net Assets. The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. CI is currently evaluating the impact of this pronouncement on its financial statements.

# Community Initiatives

## Notes to Financial Statements

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In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU does not apply to transfers of assets from governments to businesses. The guidance is effective for the fiscal years beginning after December 15, 2018. CI is currently evaluating the impact the new standard will have on its financial statements.

In May 2014, the FASB issued ASU 2014-09: *Revenue from Contracts with Customers (Topic 606)*. The guidance in this ASU amends the existing accounting standards for revenue recognition and outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. CI will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time using either of two methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the guidance; or (b) retrospective with the cumulative effect of initially applying the guidance recognized at the date of initial application and providing certain additional disclosures as defined in the guidance. In August 2015, the FASB deferred the effective date for non-public entities to annual periods beginning after December 15, 2018. CI is in process of addressing the transition method and the impact of the new accounting guidance on its financial statements.

o. Subsequent Events

CI evaluated subsequent events with respect to the financial statements for the year ended June 30, 2019 through October 22, 2019, the date these financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as disclosed in Note 3.

# Community Initiatives

## Notes to Financial Statements

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### Note 3 - Availability of Financial Assets and Liquidity:

CI's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

Financial assets at June 30, 2019:	
Cash and cash equivalents	\$ 2,932,036
Government and accounts receivable	1,116,915
Grants and pledges receivable	8,377,108
Short-term investments	19,642,798
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Total financial assets	32,068,857
Less amounts not available to be used within one year:	
Net assets with donor restrictions including long term receivables	(28,351,726)
Board designated funds – operational reserve	(1,206,000)
Add:	
Net assets with time and purpose restrictions to be met within one year	26,520,637
	<hr/>
	(3,037,089)
	<hr/>
Financial assets available to meet general expenditures within one year	\$ 29,031,768

CI manages its liquidity and cash flow requirements by investing its excess cash in short-term investments, including money market accounts, certificates of deposit, and U.S. Treasury bonds. Certain financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the financial statements. There are also net assets designated as an operating reserve by the Board of Directors, which could be undesignated by the Board of Directors and made available for general operations as needed. Subsequent to year end, CI's board approved to establish an operational reserve of \$1,206,000.

### Note 4 - Grants and Pledges Receivables:

Grants and pledges receivable consist primarily of commitments made by individuals and foundations. Grants and pledges receivables are due as follows:

Year Ending	
June 30,	
2020	\$ 6,546,019
2021	1,756,089
2022	75,000
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	\$ 8,377,108

# Community Initiatives

## Notes to Financial Statements

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### Note 5 - Short-Term Investments and Fair Value Measurements:

#### *Investments*

Short-Term Investments consist of the following at June 30, 2019:

Cash and cash equivalents	\$ 8,305,260
U.S. Treasury bonds:	
Maturity of less than one year	11,337,538
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Total investments	\$ 19,642,798

CI's investment income consists of the following for the year ended June 30, 2019:

Realized and unrealized gain	\$ 18,792
Dividends and interest	271,504
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Investment income, net	\$ 290,296

#### *Fair Value Measurement*

Investments which consist of money market funds and U.S. treasury bonds are valued under fair value measurement using level 1 inputs.

### Note 6 - Fixed Assets:

Property and equipment at June 30, 2019 consist of the following:

Leasehold improvements	\$ 780,323
Computer equipment and software	198,342
Furniture and fixtures	200,350
Office equipment	97,400
Vehicles	46,438
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	1,322,853
Less: accumulated depreciation	802,228
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Total fixed assets, net	\$ 520,625

Depreciation and amortization expense was \$128,114 for the year ended June 30, 2019.

# Community Initiatives

## Notes to Financial Statements

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### Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions as of June 30, 2019, consist of the following:

<u>Fiscal sponsor projects and time restrictions</u>	<u>\$ 28,351,726</u>
<u>Total</u>	<u>\$ 28,351,726</u>

Net assets with donor restrictions were released from donor restrictions during the year ended June 30, 2019, as follows:

<u>Fiscal sponsor projects and time restrictions</u>	<u>\$ 32,305,416</u>
<u>Total</u>	<u>\$ 32,305,416</u>

### Note 8 - Commitments and Contingencies:

#### a. Operating Leases

CI leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

Year Ending	
June 30,	
2020	\$ 309,414
2021	311,905
2022	314,446
2023	268,716
2024	44,961
<u>Total</u>	<u>\$ 1,249,442</u>

Rent and equipment lease expenses under operating leases for the year ended June 30, 2019 was \$624,542.

# Community Initiatives

## Notes to Financial Statements

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### *b. Contracts*

Grant awards required the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to the grantors. CI's management is of the opinion that it has complied with the terms of all grants. Certain grants and contracts that CI administers and receives reimbursement for are subject to audit and final acceptance by the local, state and federal funding agencies. Current and prior year costs of such grants are subject to adjustment upon audit.

### **Note 9 - Employee Benefit Plan:**

CI has a 401(k) plan available to all employees who have completed one month of service, as defined under the plan. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. Effective January 1, 2014, CI amended the plan to incorporate a Safe Harbor employer matching contribution that provides a 100% match of employee contributions up to 3% of salary, and an additional 50% match of employee contributions between 3% and 5% of salary for all plan participants. CI also has a deferred compensation plan under Section 457 of the Internal Revenue Code for a select group of management. For the years ended June 30, 2019, total expense related to the matching contribution was \$337,907.

### **Note 10 - Concentration of Credit Risks:**

CI places its temporary cash investments with high-credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. CI has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2019 consists of government contract receivables due from county, state, federal granting agencies, and contributions from foundations. Concentrations of credit risks with respect to receivables are limited, as the management believes grants and contributions receivable are collectible.

# Community Initiatives

## Notes to Financial Statements

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### Note 11 - Restatement of June 30, 2018 Financial Statements:

The June 30, 2018 financial statements were restated to properly record revenue activities that occurred during the year. The financial statement for June 30, 2018 was restated to recognize revenue in the proper financial year, as well as properly record consultancy projects and agreements with payments coming from donor advised funds. The restatement impacted grants and pledges receivable and grants and contribution revenue and increased net assets with donor restrictions by \$1,766,158.

Impact to Statement of Financial Position:

	As previously reported	Effect of change	As restated
Total assets	\$ 31,280,140	\$ 1,766,158	\$ 33,046,298
Total liabilities	1,674,832		1,674,832
Total net assets	\$ 29,605,308	\$ 1,766,158	\$ 31,371,466

Impact to Statement of Activities and Changes in Net Assets:

Total revenue and support	\$ 36,985,456	\$ 1,766,158	\$ 38,751,614
Total expenses	27,447,087		27,447,087
Change in net assets	\$ 9,538,369	\$ 1,766,158	\$ 11,304,527

### Note 12 - Litigation:

From time to time, CI is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities and fiscal sponsor projects. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of CI in connection with its legal proceedings is expected not to have a material adverse effect on the CIs financial position and activities.