

COMMUNITY INITIATIVES

JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

Community Initiatives

Independent Auditors' Report and Financial Statements

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A Century Strong

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, 2021, 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.

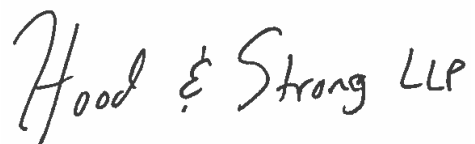
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Initiatives as of June 30, 2021, 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.

Other Matter*Report on Summarized Comparative Information*

We have previously audited CI's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

San Francisco, California
October 22, 2021

Community Initiatives

Statement of Financial Position

<i>June 30, 2021 (with comparative totals for 2020)</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 11,208,021	\$ 6,579,360
Short-term investments	19,018,747	19,364,472
Government and accounts receivable	1,479,060	1,029,959
Grants and pledges receivable	6,037,049	5,380,310
Prepaid expenses	181,695	205,804
Fixed assets, net	304,352	403,560
Total assets	\$ 38,228,924	\$ 32,963,465
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 948,374	\$ 760,943
Accrued wages and related costs	1,140,997	886,547
Grants payable	1,348,266	273,000
Paycheck Protection Program loan	2,000,000	2,531,451
Deferred revenue	129,209	30,359
Total liabilities	5,566,846	4,482,300
Net Assets:		
Without donor restrictions	2,296,355	1,810,410
With donor restrictions	30,365,723	26,670,755
Total net assets	32,662,078	28,481,165
Total liabilities and net assets	\$ 38,228,924	\$ 32,963,465

See accompanying notes to financial statements.

Community Initiatives

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2021 (with comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and Support:				
Grants and contribution revenue	\$ 20,075	\$ 33,129,172	\$ 33,149,247	\$ 27,466,217
Government contracts		5,109,405	5,109,405	2,291,211
Earned income		3,755,281	3,755,281	3,220,883
In-kind		95,613	95,613	38,862
Investment income, net	23,098		23,098	190,476
Forgiveness of Paycheck Protection Program loan	2,531,451		2,531,451	-
Other income	19,492	20,582	40,074	28,073
Net assets released from restrictions	38,960,614	(38,960,614)	-	-
Total revenue and support	41,554,730	3,149,439	44,704,169	33,235,722
Expenses:				
Fiscal sponsor program	36,957,435		36,957,435	31,955,732
Management and general	4,111,350		4,111,350	3,543,698
Total expenses	41,068,785	-	41,068,785	35,499,430
Change in Net Assets Before Other Changes	485,945	3,149,439	3,635,384	(2,263,708)
Other Changes in Net Assets:				
Net assets transferred in (Note 2i)		545,529	545,529	500,000
Change in Net Assets	485,945	3,694,968	4,180,913	(1,763,708)
Net Assets, beginning of year	1,810,410	26,670,755	28,481,165	30,244,873
Net Assets, end of year	\$ 2,296,355	\$ 30,365,723	\$ 32,662,078	\$ 28,481,165

See accompanying notes to financial statements.

Community Initiatives

Statement of Functional Expenses

Year Ended June 30, 2021 (with comparative totals for 2020)

	Fiscal Sponsor Program			Management and General	2021 Total	2020 Total
	Program Services	Fundraising	Subtotal			
Salaries and related benefits	\$ 16,754,619	\$ 2,070,796	\$ 18,825,415	\$ 2,706,288	\$ 21,531,703	\$ 15,909,489
Grants	8,686,386	944,153	9,630,539		9,630,539	9,808,066
Professional services	4,315,964	616,293	4,932,257	813,683	5,745,940	4,950,141
Travel	76,608	9,468	86,076	1,608	87,684	1,558,117
Occupancy	397,357	49,112	446,469	186,100	632,569	716,921
Program supplies and marketing	1,610,897	199,100	1,809,997	6,578	1,816,575	818,818
Conferences, conventions, and meetings	109,856	13,578	123,434	5,797	129,231	523,842
Equipment rental and maintenance	186,125	23,004	209,129	111,023	320,152	372,957
Office expenses, postage and shipping	516,278	63,810	580,088	37,084	617,172	262,306
Depreciation and amortization	114,542	14,157	128,699	9,782	138,481	134,910
Insurance	6,081	752	6,833	164,863	171,696	166,276
Printing and publications	64,688	7,995	72,683	3,587	76,270	104,693
Taxes, fees, and licenses	28,965	3,580	32,545	44,334	76,879	89,113
Telephone and communications	65,211	8,060	73,271	20,623	93,894	83,781
	\$ 32,933,577	\$ 4,023,858	\$ 36,957,435	\$ 4,111,350	\$ 41,068,785	\$ 35,499,430

See accompanying notes to financial statements.

Community Initiatives

Statement of Cash Flows

<i>Year Ended June 30, 2021 (with comparative totals for 2020)</i>	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 4,180,913	\$ (1,763,708)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	(2,531,451)	
Depreciation and amortization	138,481	134,910
Loss on disposal of fixed assets	8,673	
Realized and unrealized gain on investments	(15,780)	(139,496)
Change in operating assets and liabilities:		
Government and accounts receivable	(449,101)	86,956
Grants and pledges receivable	(656,739)	2,996,798
Prepaid expenses	24,109	(5,829)
Accounts payable	187,431	(99,408)
Accrued wages and related costs	254,450	165,618
Grants payable	1,075,266	(660,000)
Deferred revenue	98,850	55
Net cash provided by operating activities	2,315,102	715,896
Cash Flows from Investing Activities:		
Proceeds from sale of investments	144,942,493	135,254,409
Purchases of investments	(144,580,988)	(134,836,586)
Purchase of fixed assets	(47,946)	(17,846)
Net cash provided in investing activities	313,559	399,977
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program loan	2,000,000	2,531,451
Net cash provided by financing activities	2,000,000	2,531,451
Net Change in Cash and Cash Equivalents	4,628,661	3,647,324
Cash and Cash Equivalents, beginning of year	6,579,360	2,932,036
Cash and Cash Equivalents, end of year	\$ 11,208,021	\$ 6,579,360

See accompanying notes to financial statements.

Community Initiatives

Notes to Financial Statements

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 over 100 projects. The majority of the projects are based in the San Francisco Bay Area, and CI has employees in 27 states and 4 countries. 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 8).

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

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 - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been 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, 2021.

Community Initiatives

Notes to Financial Statements

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.

A portion of CI's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CI has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. Amounts due at June 30, 2021 are included in government and accounts receivable and are expected to be collected in fiscal year ending June 30, 2022. CI was awarded cost-reimbursable grants of approximately \$2,723,000 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

Earned income consists primarily of fee for service and membership fees that are recognized as earned and upon meeting the performance obligation.

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 \$1,000.

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, 2022.

Community Initiatives

Notes to Financial Statements

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 the event that an existing FSP is incorporated into CI's portfolio, any assets transferred in are recorded on the Statement of Activities and Changes in Net Assets. For the year ended June 30, 2021, there were three newly incorporated FSPs that transferred assets of approximately \$546,000.

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 2021, net assets of approximately \$2,961,000 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

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, 2020 from which the summarized information is derived.

Community Initiatives

Notes to Financial Statements

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 May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09: *Revenue from Contracts with Customers (Topic 606)*. These amendments provide that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance was adopted as of July 1, 2020. The impact of adopting this guidance is reflected in the financial statements and did not have a significant impact on the financial statements or disclosure. Furthermore, analysis of various provisions of this standard resulted in no significant changes in the way CI recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Pronouncements Effective in the Future:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Among other things, under this guidance, lessees will be required to recognize the following for all leases with a term longer than twelve months at the commencement date: 1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Nonpublic business entities should apply the guidance for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. CI is currently evaluating the impact of this pronouncement on its financial statements.

Community Initiatives

Notes to Financial Statements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changes the required presentation of in-kind contributions other than contributed services. The first element will require separate presentation on the Statement of Activities and the second element will require additional disclosure about how the in-kind gifts were utilized (in which program or as part of management and general or fundraising), donor restrictions associated with the gifts and valuation techniques employed. The ASU is effective for CI for the fiscal year beginning after June 15, 2021 (December 31, 2022), with early application permitted. CI is currently assessing the impact this ASU will have on its financial statements.

o. Subsequent Events

CI evaluated subsequent events with respect to the financial statements for the year ended June 30, 2021 through October 22, 2021, 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 6.

Note 3 - 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,	
2022	\$ 4,522,723
2023	1,396,454
2024	117,872
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	\$ 6,037,049

CI recognizes conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - when the conditions on which they depend have been met.

Community Initiatives

Notes to Financial Statements

The following is a roll-forward of two conditional grants, for which future payments are contingent upon meeting specific milestones and incurring expenses related to the projects:

Balance as of June 30, 2020	\$ 2,273,087
Conditional grants received during fiscal year June 30, 2021	1,365,000
Conditional grants pledged to departed FSPs	(1,625,000)
Revenue recognized for conditions met during 2021	(752,057)
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Balance as of June 30, 2021	\$ 1,261,030
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Note 4 - Short-Term Investments and Fair Value Measurements:

Investments

Short-Term Investments consisted of the following at June 30, 2021:

Cash and cash equivalents	\$ 7,398,936
U.S. Treasury bonds:	
Maturity of less than one year	11,619,811
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Total investments	\$ 19,018,747
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CI's investment income consisted of the following for the year ended June 30, 2021:

Realized and unrealized gain	\$ 15,780
Dividends and interest	7,318
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Investment income, net	\$ 23,098
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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.

Community Initiatives

Notes to Financial Statements

Note 5 - Fixed Assets:

Property and equipment at June 30, 2021 consisted of the following:

Leasehold improvements	\$ 788,019
Computer equipment and software	189,317
Furniture and fixtures	179,861
Office equipment	90,987
Vehicles	89,014
	<hr/>
	1,337,198
Less: accumulated depreciation	(1,032,846)
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Total fixed assets, net	\$ 304,352

Depreciation and amortization expense was \$138,481 for the year ended June 30, 2021.

Note 6 - Loan Payable:

During the year ended June 30, 2020, CI received loan proceeds in the amount of \$2,531,451 with a maturity date of November 1, 2022 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest could be forgiven as long as CI used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll and other personnel related levels. The amount of loan forgiveness could be reduced if certain requirements were not met. CI's use of the loan proceeds met the conditions for forgiveness of the loan, and it completed the application process for forgiveness during the year, receiving forgiveness of the loan on June 15, 2021. CI recognized income for the full value of the loan in the Statement of Activities and Changes in Net Assets as of June 30, 2021.

During the year ended June 30, 2021, CI received loan proceeds in the amount of \$2,000,000 with a maturity date of February 16, 2026 under the Paycheck Protection Program 2 (PPP 2) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin until after the deferral period. CI intends to use the proceeds for purposes consistent with the PPP 2 requirements. CI believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan and it will complete the application process during fiscal year ending June 30, 2022.

Subsequent to year end, the PPP 2 loan was fully forgiven including the accrued interest of \$12,274.

Community Initiatives

Notes to Financial Statements

Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions as of June 30, 2021, consisted of the following:

Fiscal sponsor projects and time restrictions	\$ 30,365,723
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Net assets with donor restrictions were released from donor restrictions during the year ended June 30, 2021, as follows:

Fiscal sponsor projects and time restrictions	\$ 41,063,396
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Note 8 - 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, 2021:

Cash and cash equivalents	\$ 11,208,021
Short-term investments	19,018,747
Government and accounts receivable	1,479,060
Grants and pledges receivable	6,037,049

Total financial assets	37,742,877
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Less amounts not available to be used within one year:

Net assets with donor restrictions including long term receivables	(30,365,723)
Board designated funds – operational reserve	(1,206,000)

Add:

Net assets with time and purpose restrictions to be met within one year	28,851,397
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(2,720,326)

Financial assets available to meet general expenditures within one year	\$ 35,022,551
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Community Initiatives

Notes to Financial Statements

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.

Note 9 - 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,		
2022	\$	295,892
2023		245,288
2024		46,033
2025		18,035
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Total	\$	605,248

Facilities rent and equipment lease expenses under operating leases for the year ended June 30, 2021 was \$568,766.

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. CI administers and receives reimbursement for certain grants and contracts that 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.

Community Initiatives

Notes to Financial Statements

Note 10 - 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 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. For the year ended June 30, 2021, total expense related to the matching contribution was \$452,776. CI also has a deferred compensation plan under Section 457 of the Internal Revenue Code for a select group of management.

Note 11 - 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, 2021 consists of government contract receivables due from county, state, federal granting agencies, and contributions from foundations. Any risk associated with receivables is limited due to the number and variety of entities involved.

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 CI's financial position and activities.

Note 13 - Pandemic:

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. States of emergency were declared in many federal, state and local jurisdictions and shelter in place orders were instituted in many cities and states, including California, which impacted general business operations in most industries and sectors. CI experienced minimal disruption to its business operations and adapted a remote work environment for its administrative functions. CI expects to be able to continue operating in this manner through the fiscal year ended June 30, 2022.

Community Initiatives

Notes to Financial Statements

As time passes, the impact of COVID-19 on CI's business will continue to change. One impact, discussed in Note 6, was CI receiving Paycheck Protection Plan loans during the fiscal years ended June 30, 2020 and 2021 of \$2,531,451 and \$2,000,000, respectively. The first loan was forgiven in 2021 and the second was forgiven after year end, and approximately \$3,888,000 has been redistributed to FSPs. It is uncertain if any further government funding assistance related to COVID-19 will occur.

During the fiscal year ended June 30, 2021 CI experienced an increase in contributed revenue of approximately 15% and a decrease in program expenses of about 12% compared to the prior year. Past performance is not an indicator of future results; the impact for the fiscal year ending June 30, 2022 may be better or worse as CI will remain subject to some uncertainty for the foreseeable future