

Communities in Schools of Los Angeles, Inc.

Financial Statements

June 30, 2022 and 2021



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Communities in Schools of Los Angeles, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Communities in Schools of Los Angeles, Inc. (the "CISLA"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities in Schools of Los Angeles, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities in Schools of Los Angeles, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, 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 Communities in Schools of Los Angeles, Inc.'s 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

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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

- 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 Communities in Schools of Los Angeles, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities in Schools of Los Angeles, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Armanino^{LLP}
Los Angeles, California

October 12, 2022

Communities in Schools of Los Angeles, Inc.
 Statements of Financial Position
 June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash	\$ 2,663,386	\$ 643,099
Contributions and grants receivable	714,950	1,237,584
Investments	1,251,113	750,006
Prepaid expenses and other assets	26,794	32,536
Property and equipment, net	12,982	12,127
Total assets	\$ 4,669,225	\$ 2,675,352
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 246,536	\$ 187,647
Total liabilities	246,536	187,647
Net assets		
Without donor restrictions		
Board-designated - working capital reserve	1,251,113	750,006
Board-designated - building reserve	500,000	-
Undesignated	1,783,205	601,141
Total without donor restrictions	3,534,318	1,351,147
With donor restrictions	888,371	1,136,558
Total net assets	4,422,689	2,487,705
Total liabilities and net assets	\$ 4,669,225	\$ 2,675,352

The accompanying notes are an integral part of these financial statements.

Communities in Schools of Los Angeles, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants and contributions	\$ 2,977,747	\$ 1,567,930	\$ 4,545,677
Government grants	555,000	-	555,000
In-kind revenue	65,301	-	65,301
Special events, net of direct donor benefit of \$76,973	466,786	-	466,786
Investment income	1,107	-	1,107
Net assets released from restriction	<u>1,816,117</u>	<u>(1,816,117)</u>	<u>-</u>
Total revenues, gains, and other support	<u>5,882,058</u>	<u>(248,187)</u>	<u>5,633,871</u>
Functional expenses			
Program services	2,786,204	-	2,786,204
Management and general	363,622	-	363,622
Fundraising	<u>549,061</u>	<u>-</u>	<u>549,061</u>
Total functional expenses	<u>3,698,887</u>	<u>-</u>	<u>3,698,887</u>
Change in net assets	2,183,171	(248,187)	1,934,984
Net assets, beginning of year	<u>1,351,147</u>	<u>1,136,558</u>	<u>2,487,705</u>
Net assets, end of year	<u>\$ 3,534,318</u>	<u>\$ 888,371</u>	<u>\$ 4,422,689</u>

The accompanying notes are an integral part of these financial statements.

Communities in Schools of Los Angeles, Inc.
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grants and contributions	\$ 461,763	\$ 1,826,481	\$ 2,288,244
Government grants	589,000	-	589,000
In-kind revenue	123,906	-	123,906
Special events, net of direct donor benefit of \$17,724	549,642	-	549,642
Investment income	49	-	49
Net assets released from restriction	<u>2,224,874</u>	<u>(2,224,874)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,949,234</u>	<u>(398,393)</u>	<u>3,550,841</u>
Functional expenses			
Program services	2,413,086	-	2,413,086
Management and general	286,096	-	286,096
Fundraising	<u>590,475</u>	<u>-</u>	<u>590,475</u>
Total functional expenses	<u>3,289,657</u>	<u>-</u>	<u>3,289,657</u>
Change in net assets from operations	659,577	(398,393)	261,184
Loan forgiveness - Paycheck Protection Program	<u>376,290</u>	<u>-</u>	<u>376,290</u>
Change in net assets	1,035,867	(398,393)	637,474
Net assets, beginning of year	<u>315,280</u>	<u>1,534,951</u>	<u>1,850,231</u>
Net assets, end of year	<u>\$ 1,351,147</u>	<u>\$ 1,136,558</u>	<u>\$ 2,487,705</u>

The accompanying notes are an integral part of these financial statements.

Communities in Schools of Los Angeles, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 2,158,468	\$ 203,588	\$ 395,624	\$ 2,757,680
Payroll taxes	178,454	15,880	30,859	225,193
Employee benefits	<u>136,758</u>	<u>10,484</u>	<u>25,385</u>	<u>172,627</u>
Total personnel expenses	2,473,680	229,952	451,868	3,155,500
Depreciation	6,569	674	1,179	8,422
Facility expenses	6,231	1,781	488	8,500
Fundraising/marketing expenses	-	-	31,774	31,774
Insurance - Liability, D&O	11,098	1,138	1,992	14,228
Other general and administrative	45,567	16,893	12,150	74,610
Professional services	8,370	107,020	6,690	122,080
Program expense	166,289	-	-	166,289
Scholarships	41,764	-	-	41,764
Special events expenses	-	-	118,213	118,213
Telecommunication	14,413	4,910	2,487	21,810
Worker's compensation insurance	<u>12,223</u>	<u>1,254</u>	<u>2,193</u>	<u>15,670</u>
Total functional expenses	2,786,204	363,622	629,034	3,778,860
Less: Direct donor benefit	<u>-</u>	<u>-</u>	<u>(79,973)</u>	<u>(79,973)</u>
	<u>\$ 2,786,204</u>	<u>\$ 363,622</u>	<u>\$ 549,061</u>	<u>\$ 3,698,887</u>

The accompanying notes are an integral part of these financial statements.

Communities in Schools of Los Angeles, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 1,691,655	\$ 81,666	\$ 432,657	\$ 2,205,978
Payroll taxes	128,376	18,666	30,387	177,429
Employee benefits	<u>129,103</u>	<u>4,171</u>	<u>28,025</u>	<u>161,299</u>
Total personnel expenses	1,949,134	104,503	491,069	2,544,706
Depreciation	4,828	258	1,352	6,438
Facility expenses	14,348	25,018	12,661	52,027
Fundraising/marketing expenses	-	348	25,522	25,870
Insurance - Liability, D&O	7,307	360	2,056	9,723
Other general and administrative	16,867	15,591	11,017	43,475
Professional services	85,817	138,397	18,479	242,693
Program expense	264,440	-	-	264,440
Scholarships	33,000	-	-	33,000
Special events expenses	-	-	38,189	38,189
Telecommunication	23,318	930	3,908	28,156
Worker's compensation insurance	<u>14,027</u>	<u>691</u>	<u>3,946</u>	<u>18,664</u>
Total functional expenses	2,413,086	286,096	608,199	3,307,381
Less: Direct donor benefit	<u>-</u>	<u>-</u>	<u>(17,724)</u>	<u>(17,724)</u>
	<u>\$ 2,413,086</u>	<u>\$ 286,096</u>	<u>\$ 590,475</u>	<u>\$ 3,289,657</u>

The accompanying notes are an integral part of these financial statements.

Communities in Schools of Los Angeles, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 1,934,984	\$ 637,474
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	8,422	6,438
Reinvested interest and dividends	-	(49)
Discount on contributions and grants receivable	(22,815)	5,773
Loan forgiveness - Paycheck Protection Program	-	(376,290)
Changes in operating assets and liabilities		
Contributions and grants receivable	545,449	398,409
Prepaid expenses and other assets	5,742	(13,025)
Accounts payable and accrued expenses	<u>58,889</u>	<u>54,680</u>
Net cash provided by operating activities	<u>2,530,671</u>	<u>713,410</u>
Cash flows from investing activities		
Purchases of investments	(501,107)	(408,398)
Purchases of property and equipment	<u>(9,277)</u>	<u>(8,423)</u>
Net cash used in investing activities	<u>(510,384)</u>	<u>(416,821)</u>
Net increase in cash	2,020,287	296,589
Cash, beginning of year	<u>643,099</u>	<u>346,510</u>
Cash, end of year	<u><u>\$ 2,663,386</u></u>	<u><u>\$ 643,099</u></u>

The accompanying notes are an integral part of these financial statements.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. NATURE OF OPERATIONS

Communities in Schools of Los Angeles, Inc. ("CISLA") is a California nonprofit corporation dedicated to surrounding students with a community of support, empowering them to stay in school and achieve in life. Since its founding in 2007, CISLA has worked toward a vision that students in LA public schools receive the support they need to develop emotional, social, and academic skills required to graduate high school ready for meaningful employment and higher education. CISLA has supported more than 40,000 students and their families, achieving graduation rates between 98% and 100% for caseload-managed seniors in the last several years.

As an independent affiliate of Communities in Schools ("CIS"), CISLA implements an Integrated Student Supports Program model that provides three (3) tiers of service:

- *Tier 1 (School-wide Services):* CISLA works with school leaders to identify schoolwide critical priorities and formalize a School Support Plan to serve as strategic roadmap for the year.
- *Tier 2 (Targeted Groups):* CISLA leads community-responsive group programs to engage students and parents on issues impacting their education.
- *Tier 3 (Individual Case Management):* CISLA works with educators to identify 5-10% of vulnerable students and provides 1:1 support to them throughout the year.

In the 2021-2022 school year, CISLA reached a population of 12,500 K-12 students, including 952 students who received individualized case management. In 2021-22, 94% of CISLA's caseload-managed students were flagged as economically disadvantaged by Los Angeles Unified School District ("LAUSD"). CISLA worked in thirteen Title I public schools across Los Angeles, including Hollenbeck Middle School, Felicitas & Gonzalo Mendez High School, John Liechty Middle School, William Jefferson Clinton Middle School, Santee Education Complex, Mark Twain Middle School, Daniel Webster Middle School, Alexander Hamilton High School, 99th Street Elementary School, 107th Street Elementary School, Grape Street Elementary School, Edwin Markham Middle School, and Jordan High School.

In 2021-22, CISLA also launched two new programs. The Alumni Engagement Program extends the CISLA model to support high school graduates in their post-secondary college and career goals. The Advocacy Initiative connects CISLA's direct-service and community-rooted experts, including staff, school administrators, students and parents/caretakers, with education and civic leaders and the general public to raise awareness on education issues directly impacting CISLA students.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

CISLA prepares its financial statements on an accrual basis and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). CISLA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Accordingly, net assets are reported as follows:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations and net assets designated by the board of directors for specific purposes.
- *Net assets without donor restrictions - board designated* - Include net assets without donor restrictions the CISLA's Board of Directors has segregated for reserves.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Management has elected to treat restricted contributions that are received and released in the same period as net assets without donor restrictions.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. CISLA determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- *Level 1* - Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.
- *Level 2* - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- *Level 3* - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statements of activities.

Property and equipment

Equipment that is purchased is stated at cost; donated assets are stated at fair value at the date of acquisition. CISLA capitalizes equipment purchases of \$500 or more. CISLA uses the straight-line method for the computation of depreciation over three years on equipment.

Grants and contracts

CISLA receives grants and contracts to support its programs at various schools and are recorded as grants and contracts receivable and revenues. Grants and contracts revenue is recognized when allowable expenditures are incurred. As of June 30, 2022, there was unrecognized conditional grants and contracts in the amount of \$244,550.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises, 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. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give 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 in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind revenue

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and increases the disclosure requirements around contributed nonfinancial assets. The standard includes disclosures of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. CISLA adopted ASU 2020-07 with a date of initial application of July 1, 2021. The implementation did not have a significant impact on the financial statements beyond increased disclosures.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CISLA. Donated rent and other non-cash donations are recorded as in-kind revenue at their estimated fair value at the date of receipt and reported as expense when utilized.

Concentration of credit risk

CISLA maintains its cash in an interest bearing checking account at a recognized financial institution. The Federal Deposit Insurance Corporation insures cash accounts up to statutory limits. CISLA's cash accounts may exceed insured limits at times; CISLA has not experienced any losses in such accounts.

Concentration of revenue

For the year ended June 30, 2022, two donors provided 57% of CISLA's total grants and contributions revenue. For the year ended June 30, 2021, one donor provided 13% of CISLA's total grants and contributions revenue.

For the year ended June 30, 2022, three donors constituted 69% of CISLA's total contributions and grants receivable balance. For the year ended June 30, 2021, five donors accounted for 96% of CISLA's total contributions and grants receivable balance.

LAUSD, under a Master Service Agreement, provided 87% and 83% of total grants and contracts revenues for the years ended June 30, 2022 and 2021, respectively. All contracted sites within the organization have separate sub-agreements with CISLA. In August 2022, CISLA executed its first of three options to extend its agreement with LAUSD to September 15, 2023.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

CISLA is a nonprofit, tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income and state franchise taxes on related income pursuant to Section 501(a) of the Code and similar provisions of the California Franchise Tax Code. CISLA does not engage in any significant unrelated trades or businesses. Accordingly, no provision for income taxes is required.

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by CISLA are more likely than not to be sustained upon examination.

Functional allocation of expenses

Management's estimate of the functional expenses shared between program, management and general, and fundraising is based on a reasonable and consistent basis. Salaries and related expenses are allocated based upon the estimated time expended by the employees. Other expenses are allocated according to management's estimates or on a direct basis.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements. The reclassifications had no impact on previously reported net assets and change in net assets.

Subsequent events

Subsequent events have been evaluated through October 12, 2022, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements except for what is disclosed in Note 2.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date at June 30, 2022 and 2021, comprise the following:

	2022	2021
Cash	\$ 2,663,386	\$ 643,099
Contributions and grants receivable	714,950	1,237,584
Investments	1,251,113	750,006
	4,629,449	2,630,689
Less:		
Net assets with donor restrictions	(888,371)	(1,136,558)
Board-designated net assets	(1,751,113)	(750,006)
	(2,639,484)	(1,886,564)
	<u>\$ 1,989,965</u>	<u>\$ 744,125</u>

CISLA receives significant grants and contributions each year from grantors and donors, which are available to meet annual cash needs for general expenditures and for specific purposes within the program mission. CISLA spends approximately 80% of the expenses in program, of which, a portion of it is funded by donor restricted contributions. CISLA forecasts its future cash flows and monitors its liquidity on a weekly basis. The board-designated net assets of \$1,751,113 could be made available in its entirety if needed. As of and for the year ended June 30, 2022, liquidity and availability satisfied cash needs.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consisted of the following:

	2022	2021
Less than one year	\$ 714,950	\$ 100,000
One to five years	-	1,137,584
	<u>\$ 714,950</u>	<u>\$ 1,237,584</u>

Future collections of contributions and grants receivable are expected as follows:

Year ending June 30,

2023	\$ 714,950
	<u>\$ 714,950</u>

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, CISLA's assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money Market funds	<u>\$ 1,251,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,251,113</u>

The following table sets forth by level, within the fair value hierarchy, CISLA's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money Market funds	<u>\$ 750,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,006</u>

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 41,505	\$ 32,228
Accumulated depreciation	<u>(28,523)</u>	<u>(20,101)</u>
	<u>\$ 12,982</u>	<u>\$ 12,127</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$8,422 and \$6,438, respectively.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

Within net assets without donor restrictions, the board of directors has designated balances made up of money market funds for CISLA's working capital and building reserves.

The activities in these Board Designated Funds are as follows:

	<u>Working Capital Reserve</u>	<u>Building Reserve</u>	<u>Total</u>
Balance, beginning of year	\$ 750,006	\$ -	\$ 750,006
Contributions	500,000	500,000	1,000,000
Investment income	<u>1,107</u>	<u>-</u>	<u>1,107</u>
Balance, end of year	<u>\$ 1,251,113</u>	<u>\$ 500,000</u>	<u>\$ 1,751,113</u>

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Subject to passage of time	\$ 145,417	\$ 529,167
Subject to expenditure for specified purpose:		
Civic Engagement and Advocacy	100,000	21,500
Infrastructure for expansion in Watts and Boyle Heights	400,000	577,000
Summer Programming	33,333	-
Digital Equity Implementation	82,500	-
Social Emotional Learning	54,167	-
Others	72,954	8,891
	<u>742,954</u>	<u>607,391</u>
	<u>\$ 888,371</u>	<u>\$ 1,136,558</u>

Included within the purpose-restricted net assets with donor restrictions is the expansion program that is also time-restricted net assets.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2022</u>	<u>2021</u>
Social Emotional Learning	\$ 595,833	\$ -
Infrastructure for expansion in Watts and Boyle Heights	417,000	442,000
Subjected to passage of time	413,750	1,365,800
Specific school sites	230,000	-
Digital Equity Implementation	67,500	-
Scholarships	31,700	39,430
Summer programming	16,667	-
Others	43,667	377,644
	<u>\$ 1,816,117</u>	<u>\$ 2,224,874</u>

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
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9. IN-KIND REVENUE

During the years ended June 30, 2022 and 2021, CISLA received donated professional services and rent from an organization that received no economic benefit in return. The fair value of the professional services is based on number of hours and hourly fees that providers normally charge for such services. Office supplies are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. CISLA did not monetize any contributed nonfinancial assets unless otherwise noted. Contributed nonfinancial assets did not have donor restrictions.

The following non-cash contributions are included as in-kind revenue in the financial statements at fair value:

	2022	2021
Office expenses	\$ 35,756	\$ 4,205
Legal and professional development services	29,545	71,753
Rent	-	44,336
Utilities and maintenance	-	3,612
	\$ 65,301	\$ 123,906

No amounts are included in the accompanying statements of activities related to the fair value of donated volunteer services except the recognized professional services. Management of CISLA estimates as of June 30, 2022 and 2021, there were 398 hours and 1,200 hours of donated volunteer services, respectively.

10. RETIREMENT PLAN

In September 1, 2015, CISLA adopted a 401(k) defined contribution retirement trust (the "Plan") that covers substantially all of its full time employees. CISLA may make discretionary contributions to the Plan. For the years ended June 30, 2022 and 2021, CISLA did not make any contributions to the plan.