

Communities in Schools of Los Angeles, Inc.

Financial Statements

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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

December 7, 2023

Communities in Schools of Los Angeles, Inc.
 Statements of Financial Position
 June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 1,694,602	\$ 2,663,386
Contributions and grants receivable	1,008,965	714,950
Investments	1,831,397	1,251,113
Prepaid expenses and other assets	36,220	26,794
Property and equipment, net	14,815	12,982
Total assets	\$ 4,585,999	\$ 4,669,225
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 136,269	\$ 246,536
Contract advances	83,146	-
Total liabilities	219,415	246,536
Net assets		
Without donor restrictions		
Board-designated - working capital reserve	1,831,397	1,251,113
Board-designated - building reserve	500,000	500,000
Undesignated	928,429	1,783,205
Total without donor restrictions	3,259,826	3,534,318
With donor restrictions	1,106,758	888,371
Total net assets	4,366,584	4,422,689
Total liabilities and net assets	\$ 4,585,999	\$ 4,669,225

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grants and contributions	\$ 1,572,785	\$ 1,585,000	\$ 3,157,785
Government grants	873,404	-	873,404
In-kind revenue	96,173	-	96,173
Special events, net of direct donor benefit of \$99,929	229,384	-	229,384
Investment income	45,454	-	45,454
Other revenue	12,000	-	12,000
Net assets released from restriction	<u>1,366,613</u>	<u>(1,366,613)</u>	<u>-</u>
Total revenues, gains, and other support	<u>4,195,813</u>	<u>218,387</u>	<u>4,414,200</u>
Functional expenses			
Program services	3,435,232	-	3,435,232
Management and general	403,525	-	403,525
Fundraising	<u>631,548</u>	<u>-</u>	<u>631,548</u>
Total functional expenses	<u>4,470,305</u>	<u>-</u>	<u>4,470,305</u>
Change in net assets	(274,492)	218,387	(56,105)
Net assets, beginning of year	<u>3,534,318</u>	<u>888,371</u>	<u>4,422,689</u>
Net assets, end of year	<u>\$ 3,259,826</u>	<u>\$ 1,106,758</u>	<u>\$ 4,366,584</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, 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 \$79,973	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 Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 2,644,541	\$ 205,896	\$ 432,931	\$ 3,283,368
Payroll taxes	217,107	16,472	34,634	268,213
Employee benefits	<u>162,798</u>	<u>12,548</u>	<u>25,470</u>	<u>200,816</u>
Total personnel expenses	3,024,446	234,916	493,035	3,752,397
Depreciation	8,635	669	1,357	10,661
Facility expenses	16,014	1,257	2,550	19,821
Fundraising/marketing expenses	-	-	57,594	57,594
Insurance - Liability, D&O	14,307	1,108	2,248	17,663
Other general and administrative	48,718	28,146	19,115	95,979
Professional services	-	132,499	160	132,659
Program expense	255,972	-	-	255,972
Scholarships	23,800	-	-	23,800
Special events expenses	-	-	148,580	148,580
Telecommunication	19,430	3,079	3,080	25,589
Worker's compensation insurance	<u>23,910</u>	<u>1,851</u>	<u>3,758</u>	<u>29,519</u>
Total functional expenses	3,435,232	403,525	731,477	4,570,234
Less: Direct donor benefit	<u>-</u>	<u>-</u>	<u>(99,929)</u>	<u>(99,929)</u>
	<u>\$ 3,435,232</u>	<u>\$ 403,525</u>	<u>\$ 631,548</u>	<u>\$ 4,470,305</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.
 Statements of Cash Flows
 For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (56,105)	\$ 1,934,984
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	10,661	8,422
Discount on contributions and grants receivable	-	(22,815)
Changes in operating assets and liabilities		
Contributions and grants receivable	(294,015)	545,449
Prepaid expenses and other assets	(9,426)	5,742
Accounts payable and accrued expenses	(110,267)	58,889
Contract advances	83,146	-
Net cash provided by (used in) operating activities	(376,006)	2,530,671
Cash flows from investing activities		
Purchases of investments	(580,284)	(501,107)
Purchases of property and equipment	(12,494)	(9,277)
Net cash used in investing activities	(592,778)	(510,384)
Net increase (decrease) in cash	(968,784)	2,020,287
Cash, beginning of year	2,663,386	643,099
Cash, end of year	\$ 1,694,602	\$ 2,663,386

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

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

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 2022-2023 school year, CISLA reached a population of 11,909 K-12 students, including 1,269 students who received individualized case management. In 2022-23, 94% of CISLA's caseload-managed students were flagged as economically-disadvantaged by Los Angeles Unified School District ("LAUSD"). CISLA worked in fifteen Title I public schools across Los Angeles, including Stevenson Middle School, Hollenbeck Middle School, Felicitas & Gonzalo Mendez High School, John Liechty Middle School, Belmont High 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 2022-23, CISLA also launched a Summer Program which extends the CISLA model to support students transitioning from middle school to the high schools that CISLA currently operates inside of. The program empowers CISLA staff to provide students with ongoing academic and socio-emotional support during those critical summer months when they are out of school, often with little or no proper supervision and resources. The Advocacy Initiative continued to grow CISLA's direct-service and community-rooted experts, including staff, school administrators, students and parents/caretakers, with education and civic leaders. This past year, CISLA focused its advocacy on bridging the digital gaps that impact low-income students and the neighborhoods that we serve.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

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.

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, 2023 and 2022

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.

Investments in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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 a component of contributions and grants receivable and government grant revenues. Government grant revenue is generally recognized on a cost reimbursement basis. School district contracts are recognized over the period of the grant term. As of June 30, 2023, there was \$161,403 received from the California Department of Education but not yet recognized as revenue. This amount is reflect as a contract advance on the statement of functional expenses.

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, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind revenue

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, 2023, one donor provided 29% of CISLA's total grants and contributions 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, 2023, two donors constituted 96% of CISLA's total contributions and grants receivable balance. For the year ended June 30, 2022, three donors accounted for 69% of CISLA's total contributions and grants receivable balance.

LAUSD, under a Master Service Agreement, provided 90% and 87% of total grants and contracts revenues for the years ended June 30, 2023 and 2022, respectively. All contracted sites within the organization have separate sub-agreements with CISLA. In August 2022, CISLA executed its second of three options to extend its agreement with LAUSD to September 15, 2024.

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.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Change in accounting principle

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASC") No. 2016-02, *Leases* (Topic 842) ("ASC 842"), which increases lease transparency and comparability among organizations. The new standard generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the statement of financial position, with the exception of leases with a term of 12 months or less, which permits a lessee to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. For nonpublic entities, this standard is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted for all entities. In March 2018, the FASB approved an alternative transition method to the modified retrospective approach, which eliminates the requirement to restate prior period financial statements and allows the cumulative effect of the retrospective allocation to be recorded as an adjustment of the opening balance of net assets at the date of adoption. Both at the date of adoption and as of June 30, 2023, CISLA has determined that adoption of ASC 842 was immaterial to the financial statements.

Subsequent events

Subsequent events have been evaluated through December 7, 2023, 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.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022, comprise the following:

	2023	2022
Cash	\$ 1,694,602	\$ 2,663,386
Contributions and grants receivable	583,965	714,950
Investments	1,831,397	1,251,113
	4,109,964	4,629,449
Less:		
Purpose-restricted net assets and time-restricted net assets unavailable within one year	(681,758)	(888,371)
Board-designated net assets	(2,331,397)	(1,751,113)
	(3,013,155)	(2,639,484)
	\$ 1,096,809	\$ 1,989,965

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 77% 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 \$2,331,397 could be made available in its entirety if needed. As of and for the year ended June 30, 2023, liquidity and availability satisfied cash needs.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consisted of the following:

	2023	2022
Less than one year	\$ 583,965	\$ 714,950
One to five years	425,000	-
	\$ 1,008,965	\$ 714,950

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

4. CONTRIBUTIONS AND GRANTS RECEIVABLE (continued)

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

<u>Year ending June 30,</u>	
2024	\$ 583,965
2025	<u>425,000</u>
	<u>\$ 1,008,965</u>

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money Market funds	<u>\$ 1,831,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,831,397</u>

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>

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 53,999	\$ 41,505
Accumulated depreciation	<u>(39,184)</u>	<u>(28,523)</u>
	<u>\$ 14,815</u>	<u>\$ 12,982</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$10,661 and \$8,422, respectively.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

7. LINE OF CREDIT

On September 17, 2021, CISLA obtained a Line of Credit from Local Initiatives Support Corporation for \$300,000. The maturity date on the line of credit is October 1, 2023 and has an interest rate of 4.75%. As of both June 30, 2023 and 2022, CISLA had a zero balance in the line of credit. CISLA is in the process of renewing the Line of Credit agreement.

8. 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:

	Working Capital Reserve	Building Reserve	Total
Balance, beginning of year	\$ 1,251,113	\$ 500,000	\$ 1,751,113
Contributions	534,830	-	534,830
Investment income	45,454	-	45,454
Balance, end of year	\$ 1,831,397	\$ 500,000	\$ 2,331,397

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to passage of time	\$ 850,000	\$ 145,417
Subject to expenditure for specified purpose:		
Civic Engagement and Advocacy	100,000	100,000
Infrastructure for expansion in Watts and Boyle Heights	100,000	400,000
Self Empowerment	50,000	-
Others	6,758	72,954
Summer Programming	-	33,333
Digital Equity Implementation	-	82,500
Social Emotional Learning	-	54,167
	256,758	742,954
	\$ 1,106,758	\$ 888,371

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

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9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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

	2023	2022
Subjected to passage of time	\$ 570,417	\$ 413,750
Infrastructure for expansion in Watts and Boyle Heights	300,000	417,000
Civic Engagement and Advocacy	200,000	-
Digital Equity Implementation	82,500	67,500
Specific school sites	58,333	230,000
Social Emotional Learning	54,167	595,833
Others	44,063	43,667
Summer programming	33,333	16,667
Scholarships	23,800	31,700
	\$ 1,366,613	\$ 1,816,117

10. IN-KIND REVENUE

During the years ended June 30, 2023 and 2022, 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:

	2023	2022
Items and supplies	\$ 39,657	\$ 35,756
Legal and professional development services	56,516	29,545
	\$ 96,173	\$ 65,301

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, 2023 and 2022, there were 318 hours and 398 hours of donated volunteer services, respectively.

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11. 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, 2023 and 2022, CISLA did not make any contributions to the plan.