

Communities in Schools of Los Angeles, Inc.

Financial Statements

June 30, 2021 and 2020



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Communities in Schools of Los Angeles, Inc. (a California nonprofit corporation) (the "CISLA"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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.

Auditor's 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 the entity'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 the entity'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 Communities in Schools of Los Angeles, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



An independent firm
associated with Moore
Global Network Limited

Change in Accounting Principle

As described in Note 2 to the financial statements, CISLA has adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.

Prior Period Financial Statements

The financial statements of Communities in Schools of Los Angeles, Inc. as of June 30, 2020, were audited by other auditors whose report dated October 12, 2020, expressed an unmodified opinion on those statements.



Armanino^{LLP}
Los Angeles, California

October 15, 2021

Communities in Schools of Los Angeles, Inc.
 Statements of Financial Position
 June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 643,099	\$ 346,510
Contributions and grants receivable	1,237,584	1,641,766
Investments	750,006	341,559
Prepaid expenses and other assets	32,536	19,511
Property and equipment, net	12,127	10,142
Total assets	\$ 2,675,352	\$ 2,359,488
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 187,647	\$ 132,967
Loan payable - Paycheck Protection Program	-	376,290
Total liabilities	187,647	509,257
Net assets		
Without donor restrictions		
Board-designated - working capital reserve	750,006	-
Undesignated	601,141	315,280
Total without donor restrictions	1,351,147	315,280
With donor restrictions	1,136,558	1,534,951
Total net assets	2,487,705	1,850,231
Total liabilities and net assets	\$ 2,675,352	\$ 2,359,488

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 Activities
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants and contributions	\$ 910,996	\$ 2,263,431	\$ 3,174,427
Government grants	389,500	-	389,500
In-kind revenue	231,294	-	231,294
Special events, net of direct donor benefit of \$16,870	209,600	-	209,600
Investment income	1,666	-	1,666
Net assets released from restriction	<u>1,516,259</u>	<u>(1,516,259)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,259,315</u>	<u>747,172</u>	<u>4,006,487</u>
Functional expenses			
Program services	2,442,490	-	2,442,490
Management and general	295,586	-	295,586
Fundraising	<u>306,606</u>	<u>-</u>	<u>306,606</u>
Total functional expenses	<u>3,044,682</u>	<u>-</u>	<u>3,044,682</u>
Change in net assets	214,633	747,172	961,805
Net assets, beginning of year	<u>100,647</u>	<u>787,779</u>	<u>888,426</u>
Net assets, end of year	<u>\$ 315,280</u>	<u>\$ 1,534,951</u>	<u>\$ 1,850,231</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.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 1,649,153	\$ 87,094	\$ 173,388	\$ 1,909,635
Payroll taxes	137,031	8,611	11,789	157,431
Employee benefits	<u>110,956</u>	<u>8,953</u>	<u>6,386</u>	<u>126,295</u>
Total personnel expenses	1,897,140	104,658	191,563	2,193,361
Conferences	6,031	8,992	1,521	16,544
Depreciation	-	7,188	-	7,188
Facility expenses	16,915	446	446	17,807
Fundraising/marketing expenses	-	-	11,822	11,822
Insurance - Liability, D&O	7,961	2,051	2,051	12,063
Other general and administrative	141,940	109,415	27,026	278,381
Professional services	9,252	54,222	54,222	117,696
Program expense	293,671	-	-	293,671
Scholarships	58,430	-	-	58,430
Special events expenses	-	-	34,541	34,541
Telecommunication	874	7,622	175	8,671
Worker's compensation insurance	<u>10,276</u>	<u>992</u>	<u>109</u>	<u>11,377</u>
Total functional expenses	2,442,490	295,586	323,476	3,061,552
Less: Direct donor benefit	<u>-</u>	<u>-</u>	<u>(16,870)</u>	<u>(16,870)</u>
	<u>\$ 2,442,490</u>	<u>\$ 295,586</u>	<u>\$ 306,606</u>	<u>\$ 3,044,682</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, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 637,474	\$ 961,805
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	6,438	7,188
Reinvested interest and dividends	(49)	(1,666)
Discount on contributions and grants receivable	5,773	-
Loan forgiveness - Paycheck Protection Program	(376,290)	-
Changes in operating assets and liabilities		
Contributions and grants receivable	398,409	(910,366)
Prepaid expenses and other assets	(13,025)	(13,036)
Accounts payable and accrued expenses	54,680	9,498
Net cash provided by operating activities	713,410	53,423
Cash flows from investing activities		
Purchases of investments	(408,398)	(325,000)
Proceeds from sales of investments	-	158,500
Purchases of property and equipment	(8,423)	(7,945)
Net cash used in investing activities	(416,821)	(174,445)
Cash flows from financing activities		
Proceeds from loan payable - Paycheck Protection Program	-	376,290
Net cash provided by financing activities	-	376,290
Net increase in cash	296,589	255,268
Cash, beginning of year	346,510	91,242
Cash, end of year	\$ 643,099	\$ 346,510

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

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

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 supported more than 40,000 students and their families through an integrated student support model, and CISLA has seen excellent results, with graduation rates of between 98% and 100% for our case-managed seniors over the past several years. In the 2020 - 2021 year, our teams focused on supporting students and families heavily impacted by the pandemic and economic distress to stay connected to school and to the community supports they needed to survive. CISLA responded to school closures and pivoted from focusing on 11,000 students to 3,000 students who were most affected by the pandemic. This included 920 case-managed students receiving specialized attention, financial support, and other CISLA resources all with the continued intent to decrease dropout rates and increase rates of eighth-grade culmination and high school graduation. CISLA operated in thirteen Title 1 public schools, including Clinton Middle School, Hamilton High School, Hollenbeck Middle School, Liechty Middle School, Mendez High School, Santee High School, Mark Twain Middle School, Webster Middle School, Markham Middle School, Jordan High School, Grape Street Elementary School, 99th Street Elementary School, and 107th Street Elementary School.

On August 24, 2016, CISLA entered into a master agreement with Los Angeles Unified School District ("LAUSD") to provide in-school academic support, mentoring, positive behavior support, restorative justice practices, and case management to LAUSD students. The master agreement is effective for the period September 16, 2020 to September 15, 2022, with three one-year renewal options to continue services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. CISLA adopted ASU 2014-09 with a date of the initial application of July 1, 2020, using the full retrospective method. The implementation of ASU 2014-09 had no impact on the financial statements for the year ended June 30, 2021.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Revenue recognition

The Company accounts for website activity income under the provisions of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, which, among other things, requires entities to assess the products or services promised in contracts with customers at contract inception to determine the appropriate amount at which to record revenue, which is referred to as a performance obligation. Revenue is recognized when control of the promised products or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the products or services.

Revenue from contracts with customers is recognized using the following five steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the contract price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Company satisfies a performance obligation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Board designated - working capital reserve

Within net assets without donor restrictions, the board of directors has designated a balance made up of money market funds for CISLA's working capital reserve.

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 are considered as conditional contributions and revenue is recognized when allowable expenditures are incurred. As of June 30, 2021, there was no unrecognized conditional grants and contracts.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 fair value at the date of donation.

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 years ended June 30, 2021 and 2020, one donor and three donors provided 13% and 61% of CISLA's total contribution revenue, respectively.

LAUSD, under a Master Service Agreement, provided 100% of total grants and contracts revenues for both the years June 30, 2021 and 2020, respectively. All contracted sites within the organization have separate sub-agreements with CISLA.

As of June 30, 2021 and 2020, five donors and three donors accounted for 96% and 82% of CISLA's contributions and grants receivable, respectively.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

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 15, 2021, 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 below.

In September 2021, CISLA executed a promissory note for a line of credit with a non-profit corporation for a maximum borrowing amount of \$300,000 with an interest rate of 5% and maturing in September 2023.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

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, 2021 and 2020, comprise the following:

	2021	2020
Cash	\$ 643,099	\$ 346,510
Contributions and grants receivable	1,237,584	1,641,766
Investments	750,006	341,559
	2,630,689	2,329,835
Net assets with donor restrictions	(1,136,558)	(1,534,951)
Board-designated - working capital reserve	(750,006)	-
	\$ 744,125	\$ 794,884

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 endowment of \$750,000 could be made available in its entirety if needed. As of and for the year ended June 30, 2021, liquidity and availability satisfied cash needs.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consisted of the following:

	2021	2020
Less than one year	\$ 100,000	\$ 841,808
One to five years	1,160,399	817,000
	1,260,399	1,658,808
Less: discount to net present value at 2%	(22,815)	(17,042)
	\$ 1,237,584	\$ 1,641,766

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

4. CONTRIBUTIONS AND GRANTS RECEIVABLE (continued)

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

<u>Year ending June 30,</u>		
2022	\$	100,000
2023		960,399
2024		<u>200,000</u>
		1,260,399
Discount to net present value		<u>(22,815)</u>
	\$	<u><u>1,237,584</u></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, 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>

The following table sets forth by level, within the fair value hierarchy, CISLA's assets at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money Market funds	<u>\$ 341,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,559</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 32,228	\$ 23,806
Accumulated depreciation	<u>(20,101)</u>	<u>(13,664)</u>
	<u>\$ 12,127</u>	<u>\$ 10,142</u>

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to passage of time	\$ 529,167	\$ 77,778
Subject to expenditure for specified purpose:		
Civic Engagement and Advocacy	21,500	-
Infrastructure for expansion in Watts and Boyle Heights	577,000	1,354,000
Summer Programming	-	44,019
Others	8,891	59,154
	607,391	1,457,173
	\$ 1,136,558	\$ 1,534,951

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:

	2021	2020
Subjected to passage of time	\$ 1,365,800	\$ 107,222
Scholarships	39,430	62,635
Infrastructure for expansion in Watts and Boyle Heights	442,000	974,900
Others	377,644	371,502
	\$ 2,224,874	\$ 1,516,259

8. IN-KIND REVENUE

During the years ended June 30, 2021 and 2020, CISLA received donated 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.

Communities in Schools of Los Angeles, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

8. IN-KIND REVENUE (continued)

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

	2021	2020
Legal and professional development services	\$ 71,753	\$ 49,029
Rent	44,336	28,800
Parking	-	16,969
Utilities and maintenance	3,612	3,600
Office expenses	4,205	1,424
COVID related support - supplies/materials	-	131,472
	\$ 123,906	\$ 231,294

No amounts are included in the accompanying statements of activities related to the fair value of donated volunteer services. Management of CISLA estimates as of June 30, 2021 and 2020, there were 1,200 hours and 800 hours of donated volunteer services, respectively.

9. LOAN FORGIVENESS - PAYCHECK PROTECTION PROGRAM

In April 2020, the CISLA qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, from a qualified bank, in the principal amount of \$376,290. The term on the loan is two years with an annual interest rate of 1%. Subject to SBA provisions and guidelines, payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses, and the maintenance of workforce and compensation levels with certain limitations.

In June 2021, CISLA received full forgiveness of the PPP loan in the amount of \$376,290 and is included as loan forgiveness revenue in the accompanying statement of activities.

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, 2021 and 2020, CISLA did not make any contributions to the plan.

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11. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California where CISLA is headquartered, have declared a state of emergency. It is at least reasonable that this matter could negatively impact CISLA. However, the financial impact and duration cannot be reasonably estimated at this time. Therefore, CISLA has not accrued for any potential losses that may occur in the future as a result. See Note 1 for further discussion on how CISLA has dealt with COVID-19.