

## **Community Initiatives**

Financial Statements and  
Supplementary Information

June 30, 2025

## Community Initiatives

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June 30, 2025

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## Independent Auditors' Report

To the Board of Directors of  
Community Initiatives

### Opinion

We have audited the financial statements of Community Initiatives (CI), which comprise the statements of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CI as of June 30, 2025, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the 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 CI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' 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 GAAS and *Government 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 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 GAAS and *Government 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 CI'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 CI'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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report January 5, 2026, on our consideration of CI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CI's internal control over financial reporting and compliance.

## Report on Summarized Comparative Information

We have previously audited CI's financial statements as of and for the year ended June 30, 2024, and we expressed an unmodified opinion on those audited financial statements in our report dated November 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Baker Tilly US, LLP*

San Francisco, California  
January 5, 2026

## Community Initiatives

### Statement of Financial Position

June 30, 2025

(With summarized comparative financial information for 2024)

	2025	2024
<b>Assets</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 11,387,965	\$ 3,338,825
Short-term investments (Note 4)	46,904,044	51,830,079
Accounts receivable, net	3,698,506	3,424,384
Government receivables, net	1,557,174	902,153
Grants and pledges receivable, net (Note 5)	8,761,406	11,434,758
Prepaid expenses and other assets	616,549	616,883
Fixed assets, net (Note 6)	87,324	107,461
Operating lease right-of-use-assets (Note 7)	2,250,349	2,702,298
Total assets	<u>\$ 75,263,317</u>	<u>\$ 74,356,841</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,056,911	\$ 1,976,788
Accrued wages and related costs	4,003,101	1,861,743
Grants payable	334,306	202,896
Deferred revenue	98,343	535,178
Operating lease liabilities (Note 7)	2,422,634	2,827,985
Total liabilities	<u>7,915,295</u>	<u>7,404,590</u>
<b>Net Assets</b>		
Without donor restrictions	26,773,708	9,069,608
With donor restrictions (Note 8)	40,574,314	57,882,643
Total net assets	<u>67,348,022</u>	<u>66,952,251</u>
Total liabilities and net assets	<u>\$ 75,263,317</u>	<u>\$ 74,356,841</u>

See notes to financial statements

## Community Initiatives

Statement of Activities

Year Ended June 30, 2025

(With summarized comparative financial information for 2024)

		<b>2025</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2024 Total</b>
<b>Revenues and Support</b>				
Grants and contributions revenue	\$ 16,486,219	\$ 48,058,134	\$ 64,544,353	\$ 57,199,912
Government contracts	-	5,407,480	5,407,480	5,366,025
Earned income	14,432,981	-	14,432,981	13,119,579
Contributed nonfinancial assets	108,060	-	108,060	113,163
Investment income, net	2,271,392	-	2,271,392	1,982,654
Other income	86,951	-	86,951	201,939
Net assets released from restrictions	73,690,596	(73,690,596)	-	-
Total revenue and support	107,076,199	(20,224,982)	86,851,217	77,983,272
<b>Expenses</b>				
Program services	76,204,047	-	76,204,047	56,839,741
Management and general	8,258,245	-	8,258,245	6,732,908
Fundraising	4,909,807	-	4,909,807	4,990,027
Total expenses	89,372,099	-	89,372,099	68,562,676
<b>Change in Net Assets Before Other Changes</b>	17,704,100	(20,224,982)	(2,520,882)	9,420,596
<b>Other Changes in Net Assets</b>				
Net assets transferred in	-	2,916,653	2,916,653	6,108,294
<b>Changes in Net Assets</b>	17,704,100	(17,308,329)	395,771	15,528,890
<b>Net Assets, Beginning</b>	9,069,608	57,882,643	66,952,251	51,423,361
<b>Net Assets, Ending</b>	<u>\$ 26,773,708</u>	<u>\$ 40,574,314</u>	<u>\$ 67,348,022</u>	<u>\$ 66,952,251</u>

See notes to financial statements

## Community Initiatives

### Statement of Functional Expenses

Year Ended June 30, 2025

(With summarized comparative financial information for 2024)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>2024 Total</b>
Salaries and related benefits	\$ 35,180,504	\$ 5,959,359	\$ 4,471,016	\$ 45,610,879	\$ 39,387,757
Grants	23,835,649	-	-	23,835,649	11,929,513
Professional services	5,625,600	814,572	128,163	6,568,335	6,805,166
Office expenses, postage and shipping	3,829,735	272,485	-	4,102,220	2,301,001
Program supplies and marketing	2,739,429	30,115	310,628	3,080,172	2,726,153
Travel	1,981,986	88,085	-	2,070,071	1,927,814
Occupancy	1,408,825	349,072	-	1,757,897	1,351,787
Conferences, conventions and meetings	830,791	93,763	-	924,554	1,012,654
Equipment rental and maintenance	408,362	241,411	-	649,773	531,538
Printing and publications	228,371	1,779	-	230,150	120,512
Insurance	7,944	284,741	-	292,685	294,025
Taxes, fees and licenses	25,937	78,979	-	104,916	64,322
Telephone and communications	57,310	34,766	-	92,076	87,801
Depreciation and amortization	43,604	9,118	-	52,722	22,633
Total expenses	<u>\$ 76,204,047</u>	<u>\$ 8,258,245</u>	<u>\$ 4,909,807</u>	<u>\$ 89,372,099</u>	<u>\$ 68,562,676</u>

See notes to financial statements



## Community Initiatives

### Statement of Cash Flows

Year Ended June 30, 2025

(With summarized comparative financial information for 2024)

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 395,771	\$ 15,528,890
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	52,722	22,633
Amortization of operating right-of-use asset	664,983	664,983
Loss on disposal of fixed assets	457	4,565
Donated securities	(5,269)	-
Realized and unrealized gains on investments	147,687	(159,262)
Change in operating assets and liabilities:		
Accounts receivable	(274,122)	(1,592,330)
Government receivables	(655,021)	(317,937)
Grants and pledges receivable	2,673,352	(2,504,151)
Prepaid expenses and other assets	334	(123,904)
Accounts payable	(919,877)	896,315
Accrued wages and related costs	2,141,358	488,349
Grants payable	131,410	57,760
Deferred revenue	(436,835)	(143,121)
Operating lease liability	(618,385)	(585,585)
Net cash provided by operating activities	<u>3,298,565</u>	<u>12,237,205</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	156,334,836	114,066,189
Purchases of fixed assets	(33,042)	-
Purchases of investments	<u>(151,551,219)</u>	<u>(126,124,654)</u>
Net cash provided by (used in) investing activities	<u>4,750,575</u>	<u>(12,058,465)</u>
Net change in cash and cash equivalents	8,049,140	178,740
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,338,825</u>	<u>3,160,085</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 11,387,965</u>	<u>\$ 3,338,825</u>

See notes to financial statements

# Community Initiatives

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Notes to Financial Statements

June 30, 2025

## 1. Organization and Summary of Significant Accounting Policies

Community Initiatives (CI) is a California nonprofit public charity recognized under Section 501(c)(3). CI's primary program is comprehensive fiscal sponsorship: we provide a legal and fiduciary home for charitable initiatives so they can deliver community benefit efficiently and at scale. In limited circumstances, CI also makes grants to pre-approved charitable organizations and projects aligned with its mission.

CI supports more than 150 active projects with activities across the United States and, in some cases, internationally. CI's sponsored projects include time-limited initiatives, incubated organizations, public-private collaborations, and multi-funder partnerships. Program work spans areas such as education, public health, environmental stewardship, youth development, arts and culture, and other community-serving activities.

CI is primarily funded through grants, contributions, and fees associated with its fiscal sponsorship arrangements.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for not-for-profit organizations (U.S. GAAP).

### Description of Net Assets

CI reports information regarding its financial position and activities according to two classes of net assets:

#### Net Assets Without Donor Restrictions

The portion of net assets that is neither subject to time nor donor-imposed restrictions and may be expended for any purpose in performing the primary objective of CI. Net assets without donor restrictions also include net assets set aside by the Board of Directors to maintain an operating reserve totaling \$3,925,000 as of June 30, 2025.

#### Net Assets With Donor Restrictions

Those net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or the 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 specific stipulations are met.

### Cash and Cash Equivalents

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

## Community Initiatives

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Notes to Financial Statements

June 30, 2025

### Short-Term Investments

CI's investments consist of short-term bonds that are reported at fair value. Changes in fair values as well as realized gains and losses are reflected in the Statement of Activities. Dividend and interest income are accrued when earned. Donated securities are initially reported at fair value at the date of donation. Gains and losses on securities sales are determined by the specific identification method. Realized and unrealized gains and losses, interest and dividends are included in the change in net assets in the accompanying Statement of Activities.

### Fair Value Measurements

CI is required to consider the use of market-based information over entity-specific information in valuing its financial assets measured at fair value, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value categorizes the inputs as follows:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the observable inputs and minimize the use of unobservable inputs. At June 30, 2025, there were no changes in the methodologies used.

### Government, Accounts and Pledges Receivable

#### Accounts Receivable

Effective July 1, 2023, CI adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* on a modified retrospective basis. Starting July 2023, under the standard, CI recognizes an allowance for credit losses for account receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on management's expectation as of the statement of financial position date. Accounts receivable are written off when CI determines that such receivables are deemed uncollectible. CI pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, CI measures those receivables individually. CI also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

## Community Initiatives

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### Notes to Financial Statements

June 30, 2025

CI utilizes the aging method in determining its lifetime expected credit losses on its accounts receivable. This method is used for calculating an estimate of losses based primarily on CI's historical loss experience. In determining its loss rates, CI evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, historical collection rates and legal and regulatory requirements.

For accounts receivable that are not expected to be collected within the normal business cycle, CI considers current and forecasted direction of the economic and business environment.

At June 30, 2025, accounts receivable are expected to be collected in full and no adjustments are considered necessary. Contracts with customers that are considered exchange transactions are recorded at the amount management expects to receive from the net transaction price.

### **Government and Pledges Receivable**

Government receivables represent amounts related to conditional grants from state and local government agencies for which the conditions have been met but not yet been collected. Pledges receivable include unconditional promises to give from donors. Throughout the year, management evaluates historical bad debts, ability and intent to pay, current funding trends and changes in payment terms and rates when evaluating the adequacy of the allowance for doubtful accounts. CI has not recorded an allowance on government and pledges receivable at June 30, 2025.

Government receivables and pledges receivable are recorded at net realizable value. Government receivables and pledges receivable that are expected to be received in future years are discounted to the anticipated present value of future cash flows using a discount rate.

### **Fixed Assets**

Fixed assets are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than \$5,000.

CI reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Management believes there were no indicators of impairment at June 30, 2025.

### **Leases**

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

## Community Initiatives

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### Notes to Financial Statements

June 30, 2025

CI has made the following accounting policy elections with regard to its lease accounting:

- CI does not separate lease and non-lease components.
- When the rate implicit in the lease is not determinable, rather than use the incremental borrowing rate, CI uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities.
- CI elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which CI is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

### Grants and Grants Payable

Grants are made to tax-exempt organizations with objectives consistent with the mission of CI and the fiscal sponsor projects and are reviewed and approved by management. Grant expenses are recorded when CI makes an unconditional promise to give and a signed agreement is received. Conditional promises to give are recognized as grant expenses in the period in which the recipient meets the terms of the condition. Grant cancellations or unspent funds are recorded in the year canceled or the funds returned as revenue. Grants payable are expected to be paid in the fiscal year ending June 30, 2026.

### Fiscal Sponsorship Projects

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

It is the nature of the business of fiscal sponsorship business to have a variable portfolio. CI's project roster can fluctuate regularly with time limited projects completing, maturing nonprofits spinning off into their own 501(c)(3) organizations, and new start-ups signing up throughout each year.

In the event that an existing FSP is incorporated into CI's portfolio, any assets transferred in are recorded on the Statement of Activities. For the year ended June 30, 2025, there were 36 newly incorporated FSPs that transferred assets of approximately \$2,916,653 which are recognized under ASC 958-605 and included in other changes in net assets.

In situations where a sponsored project attains status as an independent entity and ends the fiscal sponsorship relationship with CI, the respective project's funds are granted out to a newly created entity. During the year ended June 30, 2025, net assets of \$623,938 were distributed to spun-off projects and were recorded as grant expense.

## Community Initiatives

Notes to Financial Statements

June 30, 2025

### Revenue Recognition

#### Grants and Contributions

Unconditional promises to give are recorded as revenue at fair value when the promise is made by the donor/grantor. Conditional grants and contributions are those with a barrier to entitlement that CI must overcome and a right of return if the conditions are not met. Cash collected for conditional grants and contributions are accounted for as a liability until the barrier to entitlement is overcome, at which point, the revenue is recognized at fair value. Grants and contributions that are restricted by the donor or by time restrictions are reported as increases in net assets with donor restrictions. When CI incurs qualifying expenditures towards the restricted purpose or time restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

#### Earned Income

Revenue recognition for earned income is evaluated through the following five steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied. Revenue is based on the consideration specified in the contract for the exchange of services.

The performance obligation related to fee for service contracts is to provide consulting, teaching, or other performance-based services to other organizations. CI recognizes fee for service income over time in the period that services are rendered. CI bills for services as services are provided or based on contract terms. Payment terms are specified in the contract and are generally due within 30 days and there are no variable considerations. Payments collected in excess of the related program service income recognized as of year-end are recorded as deferred revenue.

Contract receivables and liabilities consist of the following:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Contract receivables	\$ 3,698,506	\$ 3,424,384
Deferred revenue	98,343	535,178

#### Contributed Goods and Services

Donated materials and equipment are recorded as contribution revenue at their estimated fair value on the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose.

CI records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would be purchased if not donated.

## Community Initiatives

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Notes to Financial Statements

June 30, 2025

### Functional Allocation of Expenses

The costs of providing fiscal sponsorship by CI are presented in the Statement of Functional Expenses. All expenses paid on behalf of CI's projects are recorded as program services. Expenses incurred for development and fundraising activities are recorded as fundraising expenses. Expenses incurred by CI's administrative group are recorded as management and general expenses. Development staff costs are fully allocated to fundraising, and a portion of Project Director time is allocated to fundraising based on reasonable estimates of responsibilities. Expenses are directly charged to the functions benefited. Shared costs are allocated based on appropriate usage factors.

### Income Taxes

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

CI follows the guidance on accounting for uncertainty in income taxes according to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. Topic No. 740. Management evaluated CI's tax positions and concluded that CI had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with CI's financial statements for the year ended June 30, 2024 from which the summarized information is derived.

## 3. Liquidity and Availability of Financial Assets

CI has sufficient liquidity sources at the date that the financial statements are issued to meet outstanding obligations. CI manages its liquidity and cash flow requirements by investing its excess cash in short-term investments, including money market accounts, equities and U.S. Treasury bonds. Certain financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the financial statements. CI's management has designated approximately \$3,925,000 of funds as an operating reserve, which are considered made available for general operations as needed.

## Community Initiatives

Notes to Financial Statements

June 30, 2025

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

Financial assets at year-end:	
Cash and cash equivalents	\$ 11,387,965
Short term investments	46,904,044
Accounts receivable, net	3,698,506
Government receivables, net	1,557,174
Grant and pledges receivable, net	<u>8,761,406</u>
Total financial assets at year-end	72,309,095
Less amounts not available to be used within one year:	
Net assets with donor restrictions not available in the next 12 months	<u>(1,880,282)</u>
Financial assets available for general expenses over the next 12 months	<u><u>\$ 70,428,813</u></u>

### 4. Short-Term Investments and Fair Value Measurements

Short-term investments consisted of the following at June 30, 2025:

Cash and cash equivalents	\$ 3,030,235
Equities	5,269
U.S. Treasury bonds	<u>43,868,540</u>
Total investments	<u><u>\$ 46,904,044</u></u>

CI's investment income consisted of the following the for the year ended June 30, 2025:

Realized and unrealized gains	\$ (147,687)
Dividends and interest	<u>2,419,079</u>
Total	<u><u>\$ 2,271,392</u></u>

Investments which consist U.S. treasury bonds are valued under fair value measurement using Level 2 inputs and equities and money market funds using Level 1.

### 5. Grants and Pledges Receivable

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

Years ending June 30:	
2026	\$ 6,881,124
2027	<u>2,010,000</u>
	8,891,124
Discount to net present value	<u>(129,718)</u>
Total	<u><u>\$ 8,761,406</u></u>



## Community Initiatives

### Notes to Financial Statements

June 30, 2025

Pledges receivables are stated at their net present values. Management has discounted these promises to give to the anticipated net present value of the future cash flows using a discount rate of 3.71% to 4.89% determined at the time of the pledge. The present value discount will be recognized in income as a contribution over the period from the date the promise is made to the date of collection.

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

At June 30, 2025, grants and contributions amounting to \$3,706,989, have not been recognized in the accompanying financial statements because of the condition to incur qualifying expenses on which they depend have not been met. At June 30, 2025, \$0 was included in deferred revenue.

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

Balance as of June 30, 2024	\$ 2,325,992
Conditional grants received during fiscal year June 30, 2025	3,383,402
Conditional grants pledged to departed FSPs	(34,386)
Revenue recognized for conditions met during 2025	<u>(1,968,019)</u>
Balance as of June 30, 2025	<u>\$ 3,706,989</u>

## 6. Fixed Assets

At June 30, 2025, fixed assets consist of the following:

Leasehold improvements	\$ 310,335
Computer equipment and software	158,520
Furniture and fixtures	135,305
Office equipment	79,485
Vehicles	<u>85,350</u>
	768,995
Less accumulated depreciation	<u>(681,671)</u>
Total	<u>\$ 87,324</u>

## Community Initiatives

Notes to Financial Statements

June 30, 2025

### 7. Leases

CI leases various facilities and equipment under operating leases with various terms expiring through 2033. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

Years ending June 30:	
2026	\$ 1,040,718
2027	719,342
2028	351,626
2029	144,693
2030	92,458
Thereafter	<u>193,320</u>
Total lease payments	2,542,157
Less present value discount	<u>(119,523)</u>
Total lease liabilities	2,422,634
Less current portion	<u>(961,635)</u>
Long-term lease liabilities	<u>\$ 1,460,999</u>

Right-of-use assets represent CI's right to use an underlying asset for the lease term, while lease liabilities represent CI's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, CI uses the rate implicit in the lease, or if not readily available, CI uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with CI's long-lived asset policy. CI reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

CI does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of June 30, 2025:

Right-of-use assets:	
Operating lease	<u>\$ 2,250,349</u>
Total right of use assets	<u>\$ 2,250,349</u>
Lease liabilities:	
Current operating lease liabilities	\$ 961,635
Long-term operating lease liabilities	<u>1,460,999</u>
Total lease expense	<u>\$ 2,422,634</u>

## Community Initiatives

### Notes to Financial Statements

June 30, 2025

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 981,244
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	2,446,579

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 3.48% for operating leases. As of June 30, 2025, the weighted average remaining lease term was 2.55 years for operating leases.

## 8. Net Assets with Donor Restrictions

At June 30, 2025, net assets with donor restrictions consist of the following:

Fiscal sponsor projects and time restrictions	\$ 8,776,157
Fiscal sponsor projects	<u>31,798,157</u>
Total	<u>\$ 40,574,314</u>

Net assets with donor restrictions released from restriction during the year ended June 30, 2025, consist of the following:

Fiscal sponsor projects and time restrictions	\$ 73,690,596
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## 9. Contingencies

### Contracts

Grant awards require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to the grantors. CI's management is of the opinion that it has complied with the terms of all grants. CI administers and receives reimbursement for certain grants and contracts that are subject to audit and final acceptance by the local, state, and federal funding agencies. Current and prior year costs of such grants are subject to adjustment upon audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

### Litigation

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

## Community Initiatives

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Notes to Financial Statements

June 30, 2025

### 10. Concentrations

#### Credit and Investment Risk

Financial instruments that potentially subject CI to concentrations of credit risk consist principally of cash and cash equivalents. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). CI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Certain investments are insured up to the limit set by the Securities Investor Protection Corporation (SIPC) (currently \$500,000 per depositor). At June 30, 2025, CI held investments in excess of the SIPC insurance limits.

#### Contributions Made and Received

At June 30, 2025, approximately 10% of pledges receivables were due from one donor. During the year ended June 30, 2025, 10% and 18% of foundation and individual contribution support came from one donor.

At June 30, 2025, grants to three grantees comprised 61.60% of grants expense.

### 11. Employee Benefits Plan

CI has a 401(k) plan available to all employees with no minimum service requirements, as defined under the plan. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts permitted by law. Effective January 1, 2014, CI amended the plan to incorporate a Safe Harbor employer matching contribution that provides a 100% match of employee contributions up to 5% of salary. For the year ended June 30, 2025, total expense related to the matching contribution was \$1,220,354. CI also has a deferred compensation plan under Section 457 of the Internal Revenue Code for a select group of management. For the year ended June 30, 2025, there were no contributions to this plan.

### 12. Contributed Nonfinancial Assets

CI recognized contributed nonfinancial assets within revenue, including food, drink, household goods, clothing, camping gear, emergency prep supplies, artwork, experiences, and other miscellaneous fundraising auction goods. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed food, household goods, and clothing were used by fiscally sponsored projects such as The Healing WELL and Project Homeless Connect to support individuals experiencing homelessness and others in need. Camping gear supported Latino Outdoors' outdoor programs, and emergency preparedness supplies assisted Emergency Prep Help's efforts to equip seniors for natural disasters and emergencies. Event supplies and materials were used by SF Dyke March for San Francisco Pride events. The Fund for People in Parks utilized contributed materials to support the restoration of Manzanar's Baseball Field. In addition, projects including Northern Sierra Partnership, Fund for People in Parks, Center for Reaching the Whole Child, Women in Data Science Worldwide, Libros Schimbros Lending Library, Nori's Fight, and Make It Bay received contributed food and beverages for various events. Community Initiatives estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

## Community Initiatives

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Notes to Financial Statements  
June 30, 2025

For the year ended June 30, 2025, contributed nonfinancial assets recognized as in-kind contributions in the statement of activities includes the following:

Latino Outdoors	\$	29,000
Project Homeless Connect		19,976
Nori's Fight		18,341
Emergency Prep Help		12,153
Food		9,600
Fund for People in Parks		8,495
Other		<u>10,495</u>
Total	\$	<u>108,060</u>

### 13. Subsequent Events

Subsequent to year end, CI initiated employment related actions that may result in separation related payments. Based on information currently available, the estimated payments and associated benefits is not reasonably estimable and management does not expect a material impact to the financials.

CI has evaluated subsequent events through January 5, 2026, which represents the date the financial statements were available to be issued.

**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
with Government Auditing Standards**

Independent Auditors' Report

To the Board of Directors of  
Community Initiatives

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Community Initiatives (CI), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CI's internal control. Accordingly, we do not express an opinion on the effectiveness of CI's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CI's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

San Francisco, California  
January 5, 2026

**Report on Compliance  
for Each Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

**Independent Auditors' Report**

To the Board of Directors of  
Community Initiatives

**Report on Compliance for Each Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Community Initiatives (CI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of CI's major federal programs for the year ended June 30, 2025. CI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of CI's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CI's federal programs.



## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CI's compliance based on our audit. 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 GAAS, *Government Auditing Standards* and the Uniform Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, could influence the judgment made by a reasonable user of the report on compliance about CI's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 CI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Baker Tilly US, LLP*

San Francisco, California  
January 5, 2026

**Community Initiatives**

Schedule of Expenditures of Federal Awards (SEFA)  
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	ALN	Pass-Through Entity	Pass-Through Identifying Number	Amount Passed Through	Federal Expenditures
<b>U.S. Department of Justice</b>					
Byrne Discretionary Community Projects Grant	16.753	N/A	N/A	\$ -	\$ 321,364
Total U.S. Department of Justice				-	321,364
<b>U.S. Department of Agriculture</b>					
Regional Food System Partnership	10.177	Community Partners, Center for Good Food Purchasing	Unknown	-	40,953
Total U.S. Department of Agriculture				-	40,953
<b>U.S. Department of Commerce</b>					
Regional Adaptation for Climate Resilience of Monterey Bay Coastal Communities	11.473	Ecology Action	Unknown	10,605	111,611
Total U.S. Department of Commerce				10,605	111,611
<b>U.S. Department of Education</b>					
Education Innovation and Research	84.411	American Institutes for Research	Unknown	114,617	359,111
Education Research	84.305C	Regents of the University of California	Unknown	-	9,375
Total U.S. Department of Education				114,617	368,486
<b>U.S. Department of Health and Human Services</b>					
Aging Cluster:					
Grants for Supportive Services and Senior Centers	93.044	County of Sonoma	Unknown	-	10,000
Total U.S. Department of Health and Human Services				-	10,000
<b>U.S. Department of Treasury</b>					
ARPA State and Local Fiscal Recovery Fund	21.027	City of Birmingham, Alabama	Unknown	-	32,802
ARPA State and Local Fiscal Recovery Fund	21.027	City of St. Louis	Unknown	-	20,000
ARPA State and Local Fiscal Recovery Fund	21.027	City of St. Louis	Unknown	-	84,007
Total U.S. Department of Treasury				-	136,809
Total expenditures of federal awards				\$ 125,222	\$ 989,223

## Community Initiatives

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Notes to Schedule of Expenditures of Federal Awards  
Year ended June 30, 2025

### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community Initiatives (CI) under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR)*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of CI, it is not intended to and does not present the financial position, results of operations or cash flows of CI.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. All numbers and pass-through entity identification numbers are presented where available.

### 3. Indirect Cost Rate

CI elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

## Community Initiatives

Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

### Section I - Summary of Auditors' Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

#### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

\_\_\_\_\_ yes   X   no

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes   X   no

Dollar threshold used to distinguish between Type A and Type B programs:

  \$750,000  

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.753 84.411	Byrne Discretionary Project Education Innovation and Research

## **Community Initiatives**

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Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

### **Section II - Financial Statement Findings**

None.

### **Section III - Federal Award Findings and Questioned Costs**

None.

## **Community Initiatives**

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Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

### **Summary of Prior Year Findings**

None.