

CENTER FOR VOLUNTEER & NONPROFIT LEADERSHIP

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Volunteer and Nonprofit Leadership

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Volunteer and Nonprofit Leadership (a nonprofit organization), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Center for Volunteer and Nonprofit Leadership 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Center for Volunteer and Nonprofit Leadership's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California

April 19, 2022

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,396,981	\$ 1,647,861
Accounts receivable	848,420	735,657
Investments		
Investments held by others (Note 5)	471,989	353,614
Investments (Note 5)	433,944	520,025
Total investments	<u>905,933</u>	<u>873,639</u>
Prepaid and other assets	296,517	16,558
Property and equipment (Note 6)	<u>1,066,959</u>	<u>1,070,464</u>
 TOTAL ASSETS	 <u><u>\$ 4,514,810</u></u>	 <u><u>\$ 4,344,179</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 209,865	\$ 167,950
Accrued liabilities (Note 7)	302,868	320,926
Deferred revenue	70,200	20,000
Paycheck protection program loan	-	736,293
Note payable (Note 9)	<u>1,641,888</u>	<u>1,365,038</u>
 TOTAL LIABILITIES	 <u>2,224,821</u>	 <u>2,610,207</u>
 NET ASSETS		
Without donor restrictions	1,014,427	364,156
Without donor restrictions - Board designated	671,812	671,812
With donor restrictions- purpose/time (Note 10)	383,317	511,994
With donor restrictions - perpetual (Note 10)	<u>220,433</u>	<u>186,010</u>
 TOTAL NET ASSETS	 <u>2,289,989</u>	 <u>1,733,972</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 4,514,810</u></u>	 <u><u>\$ 4,344,179</u></u>

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

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

With comparative totals for the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUE AND SUPPORT				
Government contracts	\$ 1,986,857	\$ 480,137	\$ 2,466,994	\$ 2,580,409
Contributions and grants	1,094,712		1,094,712	2,272,722
Special events	769,136		769,136	456,515
Program service fees	759,069		759,069	738,017
Paycheck protection program loan - forgiveness (Note 8)	736,293		736,293	-
Other income	332,620		332,620	353,699
Gain (loss) on investments	167,733		167,733	(19,613)
Interest and dividends	4,534	34,422	38,956	46,974
In-kind contributions	12,089		12,089	159,879
Net assets released from restrictions (Note 10)	608,813	(608,813)	-	-
	6,471,856	(94,254)	6,377,602	6,588,602
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program services	4,870,588		4,870,588	4,814,662
Management and general	816,194		816,194	1,265,529
Fundraising	134,803		134,803	330,052
	5,821,585	-	5,821,585	6,410,243
TOTAL EXPENSES				
CHANGE IN NET ASSETS FROM OPERATIONS	650,271	(94,254)	556,017	178,359
OTHER CHANGES				
Transfer of net assets due to acquisition			-	150,870
CHANGE IN NET ASSETS	650,271	(94,254)	556,017	329,229
NET ASSETS, BEGINNING OF YEAR	1,035,968	698,004	1,733,972	1,404,743
NET ASSETS, END OF YEAR	\$ 1,686,239	\$ 603,750	\$ 2,289,989	\$ 1,733,972

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

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

With comparative totals for the year ended June 30, 2020

	Program Services					Total Program Services	Management and General	Fundraising	Total Expenses	
	Volunteer Services	Leadership	Executive Search	Volunteer Wheels	Other Programs				2021	2020
Salaries and wages	\$ 526,322	\$ 210,392	\$ 146,736	\$ 1,071,498	\$ 522,044	\$ 2,476,992	\$ 428,726	\$ 110,665	\$ 3,016,383	\$ 3,348,642
Employee benefits and taxes	98,750	39,474	27,531	201,037	97,947	464,739	80,439	20,763	565,941	728,323
Total salaries and related expenses	625,072	249,866	174,267	1,272,535	619,991	2,941,731	509,165	131,428	3,582,324	4,076,965
Professional fees	147,913	22,680			380,338	550,931	76,872		627,803	636,604
Other operational expenses	35,301	782	22,857	5,843	400,467	465,250	15,682		480,932	292,663
Insurance	6,592	2,715	1,939	242,996	5,817	260,059	7,756		267,815	259,432
Occupancy	44,173	12,047	8,605	53,349	40,409	158,583	36,139		194,722	212,445
Supplies and office expense	26,563	5,023	3,980	45,232	21,864	102,662	51,355	2,580	156,597	183,041
Awards and recognition	1,038		70		107,726	108,834	3,157		111,991	36,511
Network and websites	6,467	1,189	1,125	57,625	3,140	69,546	17,340		86,886	51,727
Interest expense	10,633	4,378	3,127	22,516	9,382	50,036	12,509		62,545	68,970
Depreciation and amortization	10,312	4,246	3,033	21,838	9,099	48,528	12,133		60,661	63,532
Assistance to nonprofits					52,500	52,500			52,500	5,000
Equipment purchase and repair	4,375	2,390	1,993	8,842	5,978	23,578	13,831		37,409	116,091
Bank fees	158	2,013		35	611	2,817	30,042		32,859	20,165
Travel and meals	17,056		29	1,718	1,621	20,424	4,384		24,808	120,381
Promotion and advertising	2,160	30	3,250	409	7,090	12,939	5,259		18,198	5,225
In-kind expenses						-	12,089		12,089	159,879
Dues and subscription	81		751	1,171	167	2,170	8,481	795	11,446	81,144
Fiscal sponsorship spin-off						-			-	20,468
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 937,894	\$ 307,359	\$ 225,026	\$ 1,734,109	\$ 1,666,200	\$ 4,870,588	\$ 816,194	\$ 134,803	\$ 5,821,585	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 914,269	\$ 164,701	\$ 247,873	\$ 2,011,954	\$ 1,475,865	\$ 4,814,662	\$ 1,265,529	\$ 330,052		\$ 6,410,243

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

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

With comparative totals for the year ended June 30, 2020

	2021	2020
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 556,017	\$ 329,229
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	60,661	63,532
(Gain) loss on investments	(167,733)	19,613
Interest and dividends reinvested	(38,956)	(46,974)
(Gain) on acquisition of VCSC	-	(150,870)
Cash from acquisition of VCSC	-	303,832
Paycheck protection program loan forgiveness	(736,293)	-
(Increase) decrease in operating assets:		
Accounts receivable	(112,763)	(340,982)
Prepaid and other assets	13,801	80,807
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	23,857	46,703
Deferred revenue	50,200	-
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(351,209)	304,890
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	174,395	52,509
Purchase of property and equipment	(51,774)	(2,129)
NET CASH PROVIDED BY INVESTING ACTIVITIES	122,621	50,380
CASH FLOWS (TO) FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program	-	736,293
Payments on note payable	(29,707)	(34,132)
Proceeds from note payable	7,415	-
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(22,292)	702,161
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(250,880)	1,057,431
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,647,861	590,430
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,396,981	\$ 1,647,861
SUPPLEMENTAL DISCLOSURES:		
Non-cash financing activity:		
Refinance of note payable	\$ 1,340,575	\$ -
Undisbursed note payable funds for future use	\$ 293,760	\$ -
Associated note payable loan costs	\$ 8,250	\$ -
Interest paid of :	\$ 62,545	\$ 68,970

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

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Since 1964, Center for Volunteer & Nonprofit Leadership (CVNL) has advanced nonprofits and volunteerism throughout the North Bay by strengthening leadership, encouraging innovation, and empowering individuals in the community. CVNL knows that passion alone is not enough when it comes to creating strong nonprofits. That is why CVNL works with leaders and volunteers every day to help them build the skills and connections that can take their impact to the next level. When they are confident and prepared, CVNL's nonprofits and volunteers will be better equipped to create healthy, happy, more equitable communities. CVNL now have offices in Marin, Napa, Solano, and Sonoma counties.

CVNL has been building the capacity of volunteers and nonprofits for nearly 60 years. Volunteer Services connects nonprofits to people with the skills, knowledge, and passion to help enact real change in our communities. As the Points of Light Affiliate for the North Bay, CVNL is passionate about providing easy access to meaningful volunteer opportunities for individuals, families, groups, and businesses. Today, CVNL continues to adapt and evolve, leveraging tools and technologies that make it easier for volunteers to engage in service opportunities and for organizations to recruit and retain volunteers that are critical to their mission. CVNL produces Days of Service designed to inspire individuals and groups to make a difference in their community, typically coinciding with national holidays or recognized one-time collaborative events. CVNL helps increase nonprofit and government's capacity to maintain healthy volunteer programs through a Volunteer Manager Peer Learning Network, the Volunteer Engagement Training Program, educational training programs focused on disaster volunteer management, and the Volunteer Infrastructure Project (VIP) AmeriCorps Program. As an Emergency Volunteer Center for Marin, Napa, Sonoma, and Solano Counties, CVNL is responsible for connecting spontaneous volunteers to organizations and people in need in the aftermath of a disaster. CVNL provides local leaders with training and consulting in volunteer management and disaster preparedness.

CVNL's Court Referral Program has been providing courts, probation departments, and judicial officers with a viable option of community service as an alternative to fines, court sentence, and/or incarceration for offenders in Sonoma County since 1974. Court Referral program matched 2,500 volunteers that did 70,382 service hours of impact in our community (by phone during COVID when courts were closed). CVNL's program monitors court mandated participants to serve the community in our area, as well as transferred clients and monitored in surrounding areas to include Sonoma, Marin, Napa, and Solano Counties. CVNL often manage participants in other counties across the California and other states. CVNL's Sonoma County Paratransit/Volunteer Wheels provides door-to-door service to seniors and people with disabilities. CVNL helps those in need live more independently while serving 3,300 people and providing more than 28,000 rides each year in Sonoma County.

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Building and sustaining great organizations requires compassionate, connected, and competent leadership. CVNL is committed to supporting leaders and their teams with world-class programs and professional development. CVNL's Learning and Leadership Department offers a robust menu of opportunities, online and face to face, including workshops, multi-day boot camps, lunch and learns, peer learning networks, and leadership intensives. In 2020, in response to the pandemic, we launched an online resources page for nonprofits that included our "Stronger Together" webinar series. The series provided timely, expert information and practical strategies coupled with an opportunity for peer-sharing and collaboration. Topics included issues related to human resources, fundraising, business continuity, and communications. In 2021, CVNL prototyped learning sessions to support development of policies and practices for more inclusive and equitable stakeholder and staff engagement. These half-day sessions informed CVNL's own strategy as well as evolved into a workshop series to be launch in spring of 2022.

CVNL's Membership Program includes free and discounted workshops for staff, board members, and volunteers; one-on-one support and advice from CVNL staff; and opportunities to network with colleagues. CVNL also acts as a fiscal sponsor for projects seeking to address compelling community-wide needs.

CVNL values the expertise and perspective that our clients bring to the consulting partnership, and we practice a client-driven approach in providing consulting services. CVNL consultants are seasoned nonprofit professionals with hands-on experience leading nonprofit organizations, serving the community, and advancing social change. CVNL specializes in nonprofit governance, strategic and operational leadership, organizational development, assessment and impact, volunteer management, leadership transitions, disaster preparedness, and diversity, equity, and inclusion.

Change is inevitable. When nonprofit organizations experience leadership transitions, many lack the know-how or resources to maintain stability and resilience in the interim. CVNL's Executive Search Services support executive search for CEO/ED and other C- suite positions as well as placement of experienced interim leaders. CVNL strives to ensure the strongest, smartest leaders for your unique situation.

Every day, passionate individuals dedicate their work to advancing communities. CVNL honors local leaders and their causes at CVNL's annual recognition events, the Heart of Marin, Heart of Napa, and Heart of Sonoma County Awards. Produced by CVNL, the Heart Awards recognize outstanding nonprofits and the committed individuals who serve them. All three Heart events took place virtually in 2021. The Sonoma County Human Race is one of the largest collaborative fundraisers in the Bay Area, providing nonprofits with a platform for raising critical funds and spreading awareness for their causes. Unfortunately, due to COVID, the Human Race event was cancelled in 2021. CVNL's Secret Santa Program fulfills the holiday wishes of thousands of people in need each holiday season in Sonoma County. In 2020, Secret Santa shifted from "hands-on" to "hands-off, serving our community on a virtual platform. Volunteers helped CVNL pivot to a gift card format and COVID-safe distribution procedures while still managing to serve 21,717 individuals and 1,660 families, and raise over \$250,000.

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Without Donor Restrictions – Board Designated Reserves. These are comprised of resources that the Board of Directors has established as being designated for operating reserves.

With Donor Restrictions. Net assets subject to 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 those 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.

Cash and Cash Equivalents

CVNL has defined cash in demand deposit accounts and cash on hand as cash. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with an initial maturity of three months or less.

Accounts Receivable

CVNL considers all accounts receivable to be fully collectible, accordingly no allowance for doubtful debts is considered necessary.

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as 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 discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

A portion of CVNL's revenue is derived from state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CVNL has incurred expenditures in compliance with specific contract or grant provisions and/or the specific performance requirements are met.

Concentration of Credit Risks

CVNL places its temporary cash investments with high-credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. CVNL has not incurred losses related to these investments.

CVNL receives a substantial amount of support from the Marin Community Foundation. During the years ended June 30, 2021 and 2020, support from the Marin Community Foundation comprised approximately 7% of CVNL's total revenues for both years. Marin Community Foundation funded CVNL's core activities in the amount of \$450,000 (which excludes fiscal sponsor funding) for both years.

Income Taxes

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

Generally accepted accounting principles provide 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 that all of the positions taken by CVNL in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. CVNL's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing CVNL's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services based upon usage, employee ratios, and square footage of occupied space.

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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CVNL's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassification

Certain amounts from the June 30, 2020 financial statements have been reclassified to conform to the June 30, 2021 presentation.

3. Liquidity and Availability of Resources

CVNL regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of liquidity management, CVNL has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. CVNL has various sources of liquidity at its disposal, including cash, cash equivalents and marketable investments.

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CVNL considers all expenditures related to its ongoing activities and the pattern of income from professional fees, grants, contributions, fundraising, and investments. The Finance Committee of the Board of Directors meets regularly to review all financial aspects of the organization and with CVNL's financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

As of June 30, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2021</u>
Cash and cash equivalents	\$1,396,981
Accounts receivable	848,420
Investments	<u>905,933</u>
Financial assets at year-end	3,151,334
Less: cash with donor restrictions	(383,317)
Less: board designated reserves	(671,812)
Less: endowment funds	<u>(220,433)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,875,772</u>

4. Investments

Investments at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Foundation managed investments (held by others)	\$471,989	\$353,614
Bond funds	172,646	108,193
Exchange traded funds	140,244	166,273
Equity funds	74,956	190,328
Fixed income	<u>46,098</u>	<u>55,231</u>
	<u>\$905,933</u>	<u>\$873,639</u>

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2021 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foundation managed investments (held) by others	\$ _____ -	\$ _____ -	\$471,989	\$471,989
Fixed income-certificates of deposits	<u>46,098</u>	<u>_____ -</u>	<u>_____ -</u>	<u>46,098</u>
Exchange traded funds				
Mid-cap blend	57,763			57,763
Large blend	44,048			44,048
Small blend	22,611			22,611
Long government	<u>15,822</u>	<u>_____ -</u>	<u>_____ -</u>	<u>15,822</u>
Total exchange traded funds	<u>140,244</u>	<u>_____ -</u>	<u>_____ -</u>	<u>140,244</u>
Bond funds				
Intermediate core-plus bond	138,783			138,783
Multi-sector bond	<u>33,863</u>	<u>_____ -</u>	<u>_____ -</u>	<u>33,863</u>
Total bond funds	<u>172,646</u>	<u>_____ -</u>	<u>_____ -</u>	<u>172,646</u>
Equity funds				
Foreign large growth	32,547			32,547
US Equity Mid-cap	23,210			23,210
Diversified Emerging Markets	<u>19,199</u>	<u>_____ -</u>	<u>_____ -</u>	<u>19,199</u>
Total equity funds	<u>74,956</u>	<u>_____ -</u>	<u>_____ -</u>	<u>74,956</u>
Fair value at June 30, 2021	<u>\$433,944</u>	<u>\$ _____ -</u>	<u>\$471,989</u>	<u>\$905,933</u>

The fair value of exchange traded funds, bond funds and equity funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of foundation management investments has been measured with estimates using the best information available when there is little or no market (Level 3 inputs).

The following table provides further details of the Level 3 fair value measurements:

Beginning balance, July 1, 2020	\$353,614
Interest and dividends, net of fees	(4,525)
Net appreciation	<u>122,900</u>
Ending balance, June 30, 2021	<u>\$471,989</u>

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements, continued

The table below present transactions measured at fair value on a non-recurring basis during the year ended June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
In-kind contributions - services	\$ _____	\$12,089	\$ _____	\$12,089
Fair value at June 30, 2021	\$ _____	\$12,089	\$ _____	\$12,089

The fair value of in-kind contributions - services has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

6. Property and Equipment

Property and equipment at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land and building	\$ 1,923,250	\$ 1,923,250
Equipment	302,454	302,454
Leasehold improvements	<u>216,890</u>	<u>165,116</u>
	2,442,594	2,390,820
Less: accumulated depreciation and amortization	<u>(1,375,635)</u>	<u>(1,320,356)</u>
	<u>\$ 1,066,959</u>	<u>\$ 1,070,464</u>

Depreciation expense for the year ended June 30, 2021 and 2020 were \$55,279 and \$62,800, respectively.

7. Accrued Liabilities

Accrued liabilities at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued vacation	\$154,782	\$170,363
Accrued payroll	133,442	139,498
Other accrued liabilities	<u>14,644</u>	<u>11,065</u>
	<u>\$302,868</u>	<u>\$320,926</u>

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

8. Paycheck Protection Program Loan

In April 2020, CVNL received loan proceeds in the amount of \$736,293 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are eligible for forgiveness for a covered period of up to twenty-four weeks, as long as the borrower uses the loan proceeds for eligible purposes (which includes payroll, benefits, rent and utilities) and maintains its full-time staff equivalency levels.

The unforgiven portion of the PPP grant is payable over two years at an interest rate of 1%, with a deferral of either (1) the date that the Small Business Administration (“SBA”) remits the recipient’s forgiveness amount to the lender institution or (2) if the recipient does not apply for forgiveness 10 months after the end of the recipient’s forgiveness covered period.

On November 24, 2020, the SBA approved CVNL’s request for full forgiveness of its PPP loan. As such, the PPP loan amount of \$736,293 was recorded as revenue during the fiscal year ended June 30, 2021.

The SBA reserves the right to review any loan at their discretion and the SBA has indicated that it will review loans of \$2 million or more. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

9. Note Payable

CVNL has a note payable of \$1,650,000 with interest at 3.85% per annum due April 2031 and is secured by the building and land. Monthly payments of principal and interest are \$7,047 on the note payable with a balloon payment of remaining principal and any accrued interest due April 2031. These terms of the note payable are a result of CVNL refinancing an existing note payable. The approved note amount includes \$293,760 considered as “undisbursed loan balance” should CVNL intend to conduct repair works on its building but do not have sufficient cashflows to meet such costs. As per terms of the note agreement, the due date for CVNL to decide on the use of \$293,760 is by June 2022. The amount of \$293,760 is recorded as an “other asset” and included in Prepaid and Other Assets on the Statement of Financial Position for the year ended June 30, 2021. If CVNL decides not to use the \$293,760 by that date, the total note balance will be reduced by the amount.

As of June 30, 2021, the outstanding balance on the note payable was \$1,650,000 before unamortized loan costs.

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

9. Note Payable, continued

Future minimum payments, by year, consist of the following:

<u>Year ending June 30,</u>	
2022	\$ 7,906
2023	79,408
2024	79,664
2025	79,920
2026	80,177
Thereafter	<u>1,322,925</u>
	1,650,000
Less: unamortized loan costs	<u>(8,112)</u>
	<u>\$1,641,888</u>

As of June 30, 2021, the unamortized loan costs associated with the refinance of the property amounted to \$8,112 and are presented net with the loan balance on the statement of financial position. Amortization expense for the year ended June 30, 2021 and 2020 were \$5,382 and \$732 respectively. Amortization expense for the years ending June, 30, 2022 through 2030 will be \$825 annually and \$687 for the year ending June 30, 2031.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are restricted for the following programs:

<u>Purpose and Time Restrictions</u>	<u>2021</u>	<u>2020</u>
Secret Santa	\$200,000	\$325,000
Shore up Marin	111,369	24,045
Powerful Beyond Measure (fiscal sponsor)	51,482	98,390
Marin Interagency Disaster Coalition (fiscal sponsor)	25,528	51,796
Opening Doors (fiscal sponsor)	<u>(5,062)</u>	<u>12,763</u>
	<u>383,317</u>	<u>511,994</u>
<u>Perpetual (See Note 11)</u>		
Sonoma Foundation – Endowment	182,589	148,260
Mason Endowment	30,748	30,238
Raymond Endowment	<u>7,096</u>	<u>7,512</u>
	<u>220,433</u>	<u>186,010</u>
Total net assets with donor restrictions	<u>\$603,750</u>	<u>\$698,004</u>

For the year ended June 30, 2021 and 2020 net assets released from purpose restrictions were \$608,813 and \$836,584, respectively.

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

11. Endowment Funds

CVNL has three permanent endowment funds. One endowment, with a balance of \$7,096 at June 30, 2021, provides for an annual award to a community member who excels in the nonprofit field through its investment earnings. The second, with a balance of \$30,748 at June 30, 2021, provides income for CVNL's Retired Senior Volunteer Program through its investment earnings. The last, with a balance of \$182,589 at June 30, 2021, supports CVNL in furthering its mission to promote volunteerism and strengthen community service efforts. Total endowed assets are \$220,433.

Effective January 1, 2009, the State of California adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The board of directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CVNL classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment, and (c) additions to the permanent endowment in accordance with donor directions.

Spending policy – In accordance with UPMIFA, CVNL considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the endowment funds
- 3) General economic conditions
- 4) The possible effects of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the CVNL
- 7) The investment policies of the CVNL

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CVNL to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions.

Investment policy – The endowment funds are invested according to CVNL's investment policy, which is designed to preserve principal while earning returns relative to the overall market consistent with a prudent level of risk.

Endowment net assets composition by type of fund as of June 30, 2021 is as follows:

	With Donor Restrictions
Donor designated	<u>\$220,433</u>

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

11. Endowment Funds, continued

Changes in the endowment net assets for the year ended June 30, 2021, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, July 01, 2020	\$186,010
Investment return: Gains and interest /dividends	<u>34,423</u>
Endowment net assets, June 30, 2021	<u>\$220,433</u>

12. Volunteer Hours

While CVNL does not include the value of volunteer hours in these financial statements, many CVNL programs depend on the generous support of volunteers. For the years ended June 30, 2021 and 2020 volunteers logged approximately 123,000 and 28,000 hours on various CVNL programs. The estimated dollar value of volunteer services for the years ended June 30, 2021 and 2020 is approximately \$3,900,000 and \$836,765, respectively.

13. Commitment and Contingencies

Obligations Under Operating Leases

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

<u>Year ending June 30,</u>	
2022	\$175,150
2023	203,785
2024	210,469
2025	<u>217,281</u>
	<u>\$806,685</u>

Rent expense under operating leases for the years ended June 30, 2021 and 2020 was \$137,182 and, \$153,529 respectively.

continued

CENTER FOR VOLUNTEER AND NONPROFIT LEADERSHIP

NOTES TO FINANCIAL STATEMENTS

13. **Commitment and Contingencies**, continued

Rental Income under Operating Lease

CVNL has a 60-month lease agreement with a tenant. Base rent to be paid to CVNL for the space totals \$8,500 per month and is subject to an annual increase based on the percentage increase in Consumer Price Index. The tenant received a rent credit beginning on the date of the lease agreement for tenant-paid repairs and upgrades. The credit totals the lessor of \$1,000 per month or the actual cost of the tenant made repairs amortized over the life of the lease. The tenant is responsible for a percentage of operating expenses, as defined in the lease. CVNL also rents meeting room space on a short-term basis to various entities. Rental income received under the operating lease for the year ended June 30, 2021 was \$90,000.

Impact of COVID-19 Virus

Following the State COVID guidelines and protocols, CVNL has been conducting business activities while observing social distancing protocols and offering remote work opportunities. The overall future, financial impact of the COVID-19 virus on CVNL cannot be foreseen at this time and is not reflected in these financial statements.

14. **Defined Contribution Plan**

CVNL sponsors a 403(b) defined contribution plan for its employees. All full-time and part time employees over 20 hours a week are eligible to receive this benefit after one full year of employment. The benefit begins accruing on the first day of the month following the full year of employment at a rate specified by the Board of Directors. Each employee has an account set up in his or her name and is free to make additional contributions up to the maximum allowed by law. In addition, any employee working twenty hours per week or more is eligible for voluntary contributions up to the limit allowed by law. Once the employee qualifies for the CVNL's contributions, such contributions are fully vested and deposited monthly into the employee's account. For the years ended June 30, 2021 and 2020, CVNL contributed \$61,405 and \$61,194 respectively, to the plan.

15. **Subsequent Events**

In December 2021, CVNL entered into a 63-month office space lease, commencing April 2022, at a beginning rental rate of \$14,706 (with 3 free months) and escalating rent each year by 3%. The future rental obligations of this lease are included in the commitments and contingencies footnote in these financial statements.

Management has evaluated subsequent events through April 19, 2022, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.