



from The Center for Investigative Reporting

**THE CENTER FOR INVESTIGATIVE
REPORTING, INC. AND SUBSIDIARY**

Consolidated financial statements

For the Year Ended December 31, 2020



**and
Report Thereon**



THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

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For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Center for Investigative Reporting, Inc. and Subsidiary

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of The Center for Investigative Reporting, Inc. (CIR) and Subsidiary (The Grab) (collectively referred to as CIR) which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Center for Investigative Reporting, Inc. and Subsidiary as of December 31, 2020, 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.

Correction of Error

As disclosed in Note 13 to the consolidated financial statements, the net assets for the year ended December 31, 2019, have been restated to correct an error in applying revenue recognition standards in accordance with generally accepted accounting principles.

Marcum LLP

Washington, DC
September 20, 2021

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 3,058,546
Accounts receivable, net	132,467
Grants and contributions receivable, net	1,006,977
Prepaid expenses and other assets	<u>260,573</u>

Total Current Assets 4,458,563

Property, equipment and improvements, net	64,517
Right of use – premises	<u>1,805,896</u>

Total Noncurrent Assets 1,870,413

TOTAL ASSETS \$ 6,328,976

LIABILITIES AND NET ASSETS

Liabilities

Current liabilities

Accounts payable and accrued expenses	\$ 198,435
Accrued payroll liabilities	541,410
Deferred revenue	500,000
Note payable – Paycheck Protection Program	1,515,400
Lease liability – current portion	<u>484,819</u>

Total Current Liabilities 3,240,064

Lease liability – noncurrent portion	<u>1,499,939</u>
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TOTAL LIABILITIES 4,740,003

Net Assets (Deficit)

Without donor restrictions	(400,294)
With donor restrictions	<u>1,989,267</u>

TOTAL NET ASSETS 1,588,973

TOTAL LIABILITIES AND NET ASSETS \$ 6,328,976

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

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributed income:			
Individual donations	\$ 520,398	\$ -	\$ 520,398
Grants and major gifts	4,967,928	1,690,000	6,657,928
Net assets released from restrictions:			
Satisfaction of time restrictions	2,371,705	(2,371,705)	-
Satisfaction of program restrictions	1,777,492	(1,777,492)	-
 Total Contributed Income	9,637,523	(2,459,197)	7,178,326
 Earned income:			
Content and carriage fees	597,826	-	597,826
Documentary production fees	254,937	-	254,937
Rental income	69,025	-	69,025
Other	175,452	-	175,452
 Total Earned Income	1,097,240	-	1,097,240
 TOTAL REVENUE AND SUPPORT	10,734,763	(2,459,197)	8,275,566
 EXPENSES			
Program services	8,376,385	-	8,376,385
General and administrative	2,163,364	-	2,163,364
Development	802,484	-	802,484
 TOTAL EXPENSES	11,342,233	-	11,342,233
 CHANGE IN NET ASSETS	(607,470)	(2,459,197)	(3,066,667)
 NET ASSETS, BEGINNING OF YEAR, AS RESTATED	207,176	4,448,464	4,655,640
 NET ASSETS, END OF YEAR	\$ (400,294)	\$ 1,989,267	\$ 1,588,973

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

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Supporting Services			Total
	Program Services	General and Administrative	Development	
Salaries and related expenses	\$ 6,316,256	\$ 1,328,673	\$ 581,489	\$ 8,226,418
Occupancy	645,204	159,260	86,027	890,491
Editorial and non-editorial contractor	603,574	303,595	68,833	976,002
General operations	51,704	252,159	11,154	315,017
Insurance	252,592	50,518	33,679	336,789
Projects and production	302,105	1,953	4,853	308,911
Travel	104,645	11,265	172	116,082
Professional services	37,745	43,430	7,936	89,111
Depreciation	47,807	9,561	6,374	63,742
Office supplies and equipment	14,753	2,950	1,967	19,670
TOTAL EXPENSES	\$ 8,376,385	\$ 2,163,364	\$ 802,484	\$ 11,342,233

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

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (3,066,667)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	63,742
Changes in assets and liabilities:	
Accounts receivable	406,602
Grants and contributions receivable	3,542,873
Prepaid expenses and other assets	92,797
Right of use – premises	542,903
Accounts payable and accrued expenses	(6,394)
Accrued payroll liabilities	(159,094)
Deferred revenue	(692,437)
	<u>724,325</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property, equipment and improvements	<u>(46,414)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(46,414)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program loan	1,515,400
Principal payments applied to lease liability	<u>(462,686)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,052,714</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,730,625
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,922,878</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,653,503</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
State filing taxes paid	\$ 10,664
Interest paid	<u>\$ 7,187</u>

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

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies

Organization

The Center for Investigative Reporting, Inc. (CIR) was incorporated in California in 1977 as a nonprofit public benefit corporation. The mission of The Center for Investigative Reporting, Inc. is to engage and empower the public through investigative journalism and groundbreaking storytelling that sparks action, improves lives and protects our democracy. These activities are funded primarily through grants and contributions.

During the year ended December 31, 2019, CIR commenced the production of a documentary film project which prompted the creation of a separate entity (subsidiary), The Grab, LLC (The Grab). The Grab, LLC is a California single-member limited liability company. CIR is The Grab's sole member. The Grab's activities are funded primarily through investments from partners and contributions from donors.

Basis of Presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting, consequently, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of CIR and its subsidiary, The Grab (collectively referred to as CIR). CIR and The Grab have been consolidated, as required under accounting principles generally accepted in the United States of America (GAAP), due to the presence of the sole controlling interest in The Grab by CIR. All significant intercompany balances and transactions have been eliminated on consolidation.

Cash and Cash Equivalents

CIR considers all highly liquid instruments that are to be used for current operations and that have original maturities of three months or less to be cash equivalents.

Accounts and Grants and Contributions Receivables

Accounts and grants and contributions receivables are recorded at their net realizable value. Accounts and grants and contributions receivables that are past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against an allowance account. Management annually adjusts the allowance account based upon its estimate of those receivables it believes to be uncollectible.

Property, Equipment and Improvements and Related Depreciation and Amortization

All acquisitions of property, equipment and improvements greater than \$5,000 and a useful life of more than one year are capitalized at cost. Property and equipment are being depreciated using the straight-line method over estimated useful lives of three to five years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining life of the lease. Expenditures for major additions and improvements are capitalized; expenditures

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Property, Equipment and Improvements and Related Depreciation and Amortization (continued)

for maintenance and repairs are charged to expense when incurred. Costs incurred in the development of software for internal use are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the application development stage of software development are capitalized. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses, as appropriate.

Classification of Net Assets

Net assets without donor restrictions represent the portion of expendable funds that are available for support of CIR's operations. Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of CIR or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2020, CIR had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Unconditional contributions are recognized as revenue in the reporting period in which they are received or when unconditional promises are made. Contributions are considered available for unrestricted use unless specifically restricted by the donor. CIR reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Unconditional contributions that have been committed to CIR, but have not been received as of year-end, are reflected as grants and contributions receivables in the accompanying consolidated statement of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using appropriate discount rates. Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Content and carriage fees are recognized at the time the program or shows is aired or broadcast.

Documentary production fees are recognized based on the expenses incurred on the production.

Rental income is recognized at the point in time the service is provided.

Other revenue principally relates to settlement payments from successful lawsuits and is recognized at the point in time the payment is received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to specific functional areas of CIR are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employees' timesheets. Fringe benefits and shared costs (such as rent, insurance, telephone and internet, computer related expenses, office supplies and equipment, public relations and promotions, project and production expenses and postage, printing and photocopy) that benefit multiple functional areas have been allocated among the various functional areas based on the actual time and effort expended on those functional areas. Depreciation expense has been allocated based on square footage used by the respective departments.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

2. Accounts Receivable

Accounts receivable are due within one year and were primarily comprised of content and carriage fees as of December 31, 2020:

Content and carriage fees	\$ 133,341
Less: Allowance for doubtful accounts	<u>(874)</u>
Accounts Receivables, Net	<u>\$ 132,467</u>

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

3. Grants and Contributions Receivable

Grants and contributions receivable of \$1,006,977 represent promises to give from various organizations and were all due within one year as of December 31, 2020. All amounts are deemed fully collectible. Accordingly, no allowance for uncollectible grants and contracts receivable has been provided.

4. Property, Equipment and Improvements and Related Depreciation and Amortization

Property, equipment and improvements consisted of the following at December 31, 2020:

Furniture, fixtures and equipment	\$ 371,529
Computers and software	437,137
Leasehold improvements	<u>419,155</u>
Total Property, Equipment and Improvements	1,227,821
Less: Accumulated Depreciation and Amortization	<u>(1,163,304)</u>
Property, Equipment and Improvements, Net	<u>\$ 64,517</u>

Depreciation and amortization expense for the year ended December 31, 2020 amounted to \$63,742.

5. Commitments, Contingencies and Risks

Operating Lease

CIR leases office space under a multi-year noncancelable operating lease in Emeryville, California, which is set to expire on June 30, 2024. The lease provides for 3 months of rent abatement, and contains a fixed escalation clause for increases in the annual minimum rent. CIR is also required to pay its pro rata share of increases in real estate taxes and operating expenses.

CIR has recorded a lease obligation equal to the present value of the future payments under the terms of the lease, discounted at an estimated incremental borrowing rate of 4.5%. CIR has also recorded a right of use asset equal to the lease obligations. The asset will be amortized on a straight-line basis over the lease term. As of December 31, 2020, CIR has a total lease liability in the amount of \$1,984,758 for its office space and a corresponding right of use asset for the premises in the amount of \$1,805,896.

Rental expense totaled \$888,418 for the year ended December 31, 2020.

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

5. Commitments, Contingencies and Risks (continued)

Operating Lease (continued)

Future minimum lease payments required under the office space lease are as follows:

For the Years Ending December 31,	
2021	\$ 592,259
2022	610,030
2023	628,325
2024	<u>321,213</u>
Total	<u>\$ 2,151,827</u>

Credit Risk

CIR maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation insured limit of \$250,000 per depositor per institution. As of December 31, 2020, the aggregate balances were in excess of the insurance and therefore bear some risk since they are not collateralized. CIR monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. CIR has been able to continue most of its operations in a remote environment; and CIR continues to monitor the effects of the outbreak on operations; however, the eventual impact on CIR's financial condition or results of operations cannot be predicted.

6. Line of Credit

On June 26, 2020, CIR entered into a revolving line of credit agreement with a financial institution for \$1,000,000, which is renewable annually. Borrowings under the line bear interest at a fluctuating rate per annum determined to be 1.25% above the prime rate in effect, with a minimum rate of 1.5% per annum, which was 4.5% as of December 31, 2020. The line of credit is secured by CIR's assets. As of December 31, 2020, there was no outstanding balance on this line of credit.

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

7. Note Payable – Paycheck Protection Program

On April 10, 2020, CIR's Small Business Administration loan (PPP loan) application for the amount of \$1,515,400 has been approved by a financial institution. The PPP loan will mature on April 10, 2022, with a fixed interest rate of 1% per annum. The payments of principal and interest are deferred during the first six months of the loan. Consecutive monthly payments of principal of approximately \$63,142 plus interest at 1% will commence one month after the earlier of the following dates: (1) the date the financial institution receives the applicable forgiveness amount from the SBA; or (2) the date that is 10 months after the end of the forgiveness covered period, through the maturity date. The PPP loan amount may be eligible for forgiveness pursuant to the Paycheck Protection Program, which requires a majority of the loan funds are to be used to cover payroll costs and the remainder is used for mortgage interest, rent and utility costs over a period after the loan is made, and the number of employees and compensation level are maintained. On November 25, 2020, CIR submitted its application for the full forgiveness of the PPP loan.

8. Program-Related Investments from Impact Partners

In November 2019, The Grab signed an agreement with Impact Partners for the financing of a documentary film, which will be produced by The Grab. Under the agreement, Impact Partners will provide \$1,250,000 as a program-related investment to further the missions of the Impact Partners members' foundations. The funds will be used to cover the expenses, which will be incurred in producing the documentary film. During the year ended December 31, 2019, The Grab received \$812,500 from the Impact Partners and The Grab recorded the fund received as deferred revenue and recognized it as earned over time based to the percentage of completion of the documentary film. The Grab recognized \$254,937 in revenue during the year ended December 31, 2020 and as of December 31, 2020, \$500,000 remained and is shown as deferred revenue on the consolidated statement of financial position. As of December 31, 2020, Impact Partners has not paid the remaining \$437,500 under this agreement.

9. Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:	
Reporting projects	\$ 910,417
Audience	809,867
The Grab documentary	<u>190,063</u>
Total Subject to Expenditure for Specified Purpose	1,910,347
Subject to occurrence of specified events/passage of time:	
Total Subject to Passage of Time	<u>78,920</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,989,267</u>

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

10. Liquidity and Availability of Resources

CIR regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. CIR's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2020, were as follows:

Cash and cash equivalents	\$ 3,058,546
Accounts receivable	132,467
Grants and contributions receivable	<u>1,006,977</u>
Total Financial Assets Available Within One Year	4,197,990
Less:	
Amounts unavailable for general expenditures within one year due to donors with purpose restrictions	<u>(1,910,347)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,287,643</u>

CIR has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of CIR throughout the year. This is done through monitoring and reviewing CIR's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of CIR's cash flow related to CIR's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, CIR has a committed line of credit of \$1,000,000, of which the full amount was unused and available to draw upon as of December 31, 2020. CIR's line of credit is secured by CIR's assets.

11. Net Assets Without Donor Restrictions and Management's Plan

As of December 31, 2020, CIR reported a deficit in its net assets without donor restrictions in the amount of \$400,294. Management expects the majority of CIR's PPP to be forgiven in fiscal year 2021 which will increase CIR's net assets without donor restrictions above zero by a significant amount.

12. Retirement Plan

CIR maintains a Section 403(b) pension benefit plan for its eligible employees. CIR makes a discretionary match to the plan, which is 3% dollar-for-dollar match of an employee's deferral. Participants are vested in the employer contributions according to the employee's years of service. Pension expense totaled \$132,950 for the year ended December 31, 2020.

THE CENTER FOR INVESTIGATIVE REPORTING, INC. AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

13. Prior Period Adjustment

During the year ended December 31, 2020, CIR restated its net asset balances as of December 31, 2019, to properly record a grant as a temporarily restricted contribution. The effect of this adjustment on temporarily restricted net assets as of December 31, 2019, and the change in net assets for the year then ended, was an increase of \$50,000.

14. Income Taxes

CIR qualified as a tax-exempt organization under Section 501(c)(3), of the Internal Revenue Code. Accordingly, CIR is exempt from the payment of taxes on income other than net unrelated business income. The Grab is treated as a disregarded entity for federal income tax purposes and, accordingly, CIR and Grab file a combined tax return. No provision for income taxes was required for the year ended December 31, 2020, as CIR and The Grab had no significant taxable unrelated business income during the year ended December 31, 2020.

CIR evaluated its uncertainty in income taxes for the year ended December 31, 2020, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status; and there are currently no examinations pending or in progress. It is CIR's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2020, CIR had no accruals for interest and/or penalties.

15. Subsequent Events

In the preparation of the consolidated financial statements, CIR has evaluated events and transactions for potential recognition or disclosure through September 20, 2021, the date the consolidated financial statements were available to be issued. Except as disclosed below, there were no subsequent events identified through September 20, 2021 that require recognition or disclosure in these consolidated financial statements.

On April 6, 2021, CIR's second Small Business Administration loan application for the amount of \$1,200,900 was approved by a financial institution. The loan will mature in April 2026 with a fixed interest rate at 1% per annum. Consecutive monthly payments of principal of approximately \$20,015 plus interest at 1% will commence one month after the earlier of the following dates: (1) the date the financial institution receives the applicable forgiveness amount from the SBA; or (2) the date that is 10 months after the end of the forgiveness covered period, through the maturity date. The loan amount may be eligible for forgiveness pursuant to the Paycheck Protection Program, which requires a majority of the loan funds are to be used to cover payroll costs and the remainder is used for mortgage interest, rent and utility costs over a period after the loan is made, and the number of employees and compensation level are maintained.