

Communities in Schools of Randolph County

Asheboro, North Carolina

Financial Statements

June 30, 2019 and 2018

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November 21, 2019
Independent Auditor's Report

The Board of Directors of
Communities In Schools of Randolph County

We have audited the accompanying financial statements of Communities In Schools of Randolph County (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of Randolph County as of June 30, 2019, 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.

Report on Comparative Information

We have previously audited the Communities in Schools of Randolph County's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2019. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 and the schedule of actual and budgeted expenses on page 12 are presented for purposes of additional analysis and are 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.

Myers, Isom & Associates, CPAs, PLLC

Myers, Isom & Associates, CPAs, PLLC
High Point, North Carolina

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Unrestricted Assets		
Cash and cash equivalents	\$ 34,451	\$ 54,925
Accounts receivable	0	672
Prepaid expenses	2,133	437
	36,584	56,034
Total Unrestricted Current Assets		
Property and Equipment, Unrestricted		
Property and equipment, net of accumulated depreciation of \$16,579 and \$16,054 in 2019 and 2018	3,362	3,888
	39,946	59,922
Total Unrestricted Assets		
Restricted Assets		
Cash and cash equivalents	24,154	20,418
Prepaid expenses	1,187	4,418
	25,341	24,836
Total Restricted Assets		
Total Assets	\$ 65,287	\$ 84,758
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 303	\$ 495
Payroll liabilities	1,947	102
Credit card payable - Fidelity	1,284	3,757
	3,534	4,354
Total Liabilities		
Net Assets		
Total unrestricted net assets	36,412	55,568
Total restricted net assets	25,341	24,836
	61,753	80,404
Total Net Assets		
Total Liabilities and Net Assets	\$ 65,287	\$ 84,758

See independent auditor's report and accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Changes in Unrestricted Net Assets		
Unrestricted Revenues		
Donated materials and services	\$ 116,456	\$ 101,962
Randolph County	70,000	70,000
United Way - GHP	67,242	68,836
Randolph County Schools	50,000	50,000
Fundraising	24,243	23,150
Asheboro City Schools	10,000	10,000
Grants - foundation	8,750	1,500
Contributions - unrestricted	7,080	12,342
Grants - local	2,775	3,500
United Way - other	2,416	0
Miscellaneous revenue	11	1,031
Other revenue - interest income	1	1
	<u>358,974</u>	<u>342,322</u>
Total Unrestricted Revenues	<u>358,974</u>	<u>342,322</u>
Net Assets Released from Restrictions	<u>40,724</u>	<u>48,153</u>
	<u>399,698</u>	<u>390,475</u>
Increase in Unrestricted Net Assets	<u>399,698</u>	<u>390,475</u>
Expenses		
Program services	186,570	338,108
Supporting services		
Fundraising	7,212	4,788
Management and general	222,922	31,058
	<u>416,704</u>	<u>373,954</u>
Total Expenses	<u>416,704</u>	<u>373,954</u>
Change in Unrestricted Net Assets	<u>(17,006)</u>	<u>16,521</u>
Changes in Restricted Net Assets		
Contributions - restricted	39,079	39,922
Net assets released from restrictions	(40,724)	(48,153)
	<u>(1,645)</u>	<u>(8,231)</u>
Change in Restricted Net Assets	<u>(1,645)</u>	<u>(8,231)</u>
Change in Net Assets	<u>(18,651)</u>	<u>8,290</u>
Net Assets, Beginning of Year	<u>80,404</u>	<u>72,114</u>
Net Assets, End of Year	<u>\$ 61,753</u>	<u>\$ 80,404</u>

See independent auditor's report and accompanying notes to financial statements.

**COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018**

DESCRIPTION	2019			2018	
	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL	TOTAL
		FUNDRAISING	MGMT/ GENERAL		
Program expenses	186,570			186,570	141,147
Salaries			173,696	173,696	173,520
Payroll taxes			13,323	13,323	12,811
Rent			9,000	9,000	9,000
Insurance			8,277	8,277	5,229
Professional fees: accounting			6,807	6,807	3,802
Equipment repairs			2,782	2,782	-
Fundraising expenses		4,166		4,166	4,788
Printing and reproduction		2,093		2,093	1,222
Utilities			1,830	1,830	1,711
Telephone			1,694	1,694	1,829
Training, seminars and meetings			1,402	1,402	1,839
Office supplies			1,144	1,144	3,580
Marketing, advertising		744		744	184
Dues and subscriptions			735	735	725
Miscellaneous			620	620	46
Meeting board expenses			607	607	-
Travel and entertainment: travel			286	286	8,490
Postage and delivery		209		209	198
Depreciation expense			525	525	423
Bank charges			118	118	910
Meals			76	76	-
Contracted services - other				-	2,500
Total	\$ 186,570	\$ 7,212	\$ 222,922	\$ 416,704	\$ 373,954

**COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (18,651)	\$ 8,289
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	525	423
(Increase) decrease in assets:		
Accounts receivable	672	(152)
Prepaid expenses	1,534	(1,943)
Increase (decrease) in liabilities:		
Accounts payable	(192)	(1,749)
Credit card payable	(2,471)	3,757
Payroll liabilities	1,845	(1,904)
	<u>(16,738)</u>	<u>6,721</u>
 Net Cash Provided (Used) by Operating Activities	 <u>(16,738)</u>	 <u>6,721</u>
 Net Change in Cash and Cash Equivalents	 (16,738)	 6,721
Cash and Cash Equivalents, Beginning of Year	<u>75,343</u>	<u>68,622</u>
Cash and Cash Equivalents, End of Year	<u>\$ 58,605</u>	<u>\$ 75,343</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Donated services and materials	<u>\$ 116,456</u>	<u>\$ 101,962</u>

Communities In Schools of Randolph County
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Note 1. Nature of Operations

Communities In Schools of Randolph County is a non-profit organization established under the laws of the State of North Carolina in August, 1998, for the purpose of providing community resources and assistance for at-risk students in Randolph County to successfully learn, stay in school, and achieve in life.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared using accounting principles generally accepted in the United States of America and in conformity with the recommendations of the American Institute of Certified Public Accountants in its audit and accounting guide, Not-for-Profit Organizations.

Financial Statement Presentation

Communities in Schools of Randolph County has adopted Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: unrestricted and restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

The organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted or restricted support depending on the existence or nature of any donor restrictions. All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor or by the Board of Directors.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization includes all cash accounts which are not subject to withdrawal restrictions or penalties and money market funds with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position.

Accounts Receivable

The Organization carries its accounts receivable at cost net an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions.

Donated Services and Materials

A number of unpaid volunteers have made contributions of their time to Communities in Schools of Randolph County. The value of these contributions is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Donated services and materials are recorded at amounts which estimate the fair market value of the services and materials. Some donated services and materials may not be reflected in these financial statements since they are not susceptible to objective measurements or valuation.

Communities In Schools of Randolph County
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Functional Expenses

Functional expense categories are program services and management and general. The expenses allocated to management and general are based on management's estimates. All other expenses, except those associated with fundraising, are considered direct costs or program services. In accordance with ASU 2016-14 the organization shifted salaries and payroll taxes from program services to management/general expenses starting with the year ending June 30, 2019.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Depreciation is computed under the straight-line cost recovery system. Expenditures over \$500 for major additions and improvements are capitalized; and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. The estimated useful lives for significant property and equipment categories are as follows:

Office Equipment	5 to 7 years
Equipment	5 to 7 years
Vehicles	5 years
Building	39 years

Prior Year Information

The financial statements include certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the comparative information was derived.

Note 3. Property and Equipment

The cost of property and equipment included in the statements of financial position consist of the following:

	2019	2018
Musical instruments	\$ 6,146	\$ 6,146
Office furniture	6,313	6,313
Office equipment	7,482	7,482
	19,941	19,941
Less accumulated depreciation	16,579	16,053
	\$ 3,362	\$ 3,888

**Communities In Schools of Randolph County
Notes to Financial Statements
Years Ended June 30, 2019 and 2018**

Note 3. Property and Equipment (continued)

Depreciation expense was \$525 and \$423 for 2019 and 2018, respectively.

Note 4. Revenue and Support

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. All other donor-restricted support is reported as an increase in restricted net assets. When a stipulated time restriction expires or purpose restriction is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Note 5. Income Tax Status

The Internal Revenue Service has determined that Communities in Schools of Randolph County qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable status under North Carolina law; therefore, no provision for federal or state income taxes has been made in the financial statements.

Accounting standards require entities to disclose in their financial statements the nature of any uncertain tax positions. Tax years including the year ended June 30, 2016 and later are subject to examination by tax authorities. Areas that the IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. Communities in Schools of Randolph County does not believe that it has any uncertain tax positions as of June 30, 2019 and 2018.

Note 6. Fair Values of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, and accounts payable. The Organization estimates that the fair value of all financial instruments at June 30, 2019 and 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Note 7. Contributed Services and Gifts in Kind

Contributed services and gifts in kind for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Program services	\$ 114,681	\$ 101,962
Fundraising expenses	1,775	-
Total	\$ 116,456	\$ 101,962

Communities In Schools of Randolph County
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Note 8. Concentration of Credit Risk

Financial instruments which potentially subject Communities in Schools of Randolph County to concentrations of credit risk consist of cash with a financial institution. As of June 30, 2019 and 2018, the amount of monies exceeding FDIC insured limits totaled \$0. Concentration of credit risk is limited due to the fact that revenues are received from various sources; however, 17.59% and 17.91% of the Organization's revenue came from the Randolph County in 2019 and 2018, respectively.

Note 9. Operating Lease

The Organization has a lease agreement for the office located in Asheboro, North Carolina. For the years ended June 30, 2019 and 2018, the lease was month to month. The annual rent paid by the Organization was \$9,000 for both years ended June 30, 2019 and 2018.

Note 10. Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$744 and \$184 for the years ended June 30, 2019 and 2018, respectively.

Note 11. Subsequent Events

In accordance with ASC 855, the Organization evaluated subsequent events through November 21, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTARY SCHEDULE

**COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY
SCHEDULE OF ACTUAL AND BUDGETED EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>ACTUAL</u>	<u>BUDGETED</u>
Program expenses (includes in-kind)	\$ 186,570	\$ 154,350
Salaries and related expenses	173,696	174,744
Payroll taxes	13,323	8,913
Rent	9,000	14,000
Insurance	8,277	6,000
Professional services	6,807	6,500
Fundraising expenses	7,212	11,850
Equipment repairs	2,782	2,250
Utilities	1,830	5,400
Telephone	1,694	5,500
Seminars and meetings	1,402	1,500
Office supplies	1,144	1,100
Dues and subscriptions	735	750
Miscellaneous	620	750
Meeting and board expenses	607	700
Travel	286	0
Depreciation	525	0
Bank charges	118	600
Meals	76	0
TQS - accreditation	0	900
	<u>0</u>	<u>900</u>
Totals	<u>\$ 416,704</u>	<u>\$ 395,807</u>