

Communities In Schools of Randolph County, Inc.



Sharrard, McGee & Co., PA

Strategy Meets Challenges

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Independent Auditors' Report

Board of Directors
Communities In Schools of Randolph County, Inc.

We have audited the accompanying financial statements of Communities In Schools of Randolph County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 Statement

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.

(Continued)

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, Inc. as of June 30, 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.

Sharrard, McLee + Co., P.A.

High Point, North Carolina
February 4, 2021

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
Statement of Financial Position
June 30, 2020

ASSETS

CURRENT ASSETS:

Cash	\$ 109,032
Accounts receivable	<u>26,260</u>
 TOTAL CURRENT ASSETS	 135,292
 PROPERTY AND EQUIPMENT, less accumulated depreciation	 <u>2,211</u>
 TOTAL ASSETS	 <u><u>\$ 137,503</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 138
Payroll liabilities	1,509
Accrued expenses	698
Payroll protection program loan	<u>36,862</u>
 TOTAL CURRENT LIABILITIES	 <u>39,207</u>

NET ASSETS:

Without donor restrictions	64,432
With donor restrictions	<u>33,864</u>
 TOTAL NET ASSETS	 <u>98,296</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 137,503</u></u>

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.**Statement of Activities****Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	\$ 72,797	\$ 76,452	\$ 149,249
Asheboro city schools	60,000	-	60,000
Grants	9,203	-	9,203
Local government	70,000	-	70,000
Special events income	\$ 35,275	-	-
Less direct expenses	<u>4,089</u>	-	31,186
In-kind contributions	131,127	-	131,127
Other income	<u>770</u>	-	<u>770</u>
TOTAL REVENUE AND SUPPORT	<u>375,083</u>	<u>76,452</u>	<u>451,535</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>67,929</u>	<u>(67,929)</u>	<u>-</u>
EXPENSES:			
Program services	345,311	-	345,311
Supporting services:			
Administration	57,004	-	57,004
Fundraising	<u>12,677</u>	-	<u>12,677</u>
TOTAL EXPENSES	<u>414,992</u>	<u>-</u>	<u>414,992</u>
CHANGE IN NET ASSETS	28,020	8,523	36,543
NET ASSETS, beginning of year	<u>36,412</u>	<u>25,341</u>	<u>61,753</u>
NET ASSETS, end of year	<u>\$ 64,432</u>	<u>\$ 33,864</u>	<u>\$ 98,296</u>

See accompanying summary of accounting
policies and notes to financial statements.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
Statement of Functional Expenses
Year Ended June 30, 2020

	Supporting Services			Total
	Program Services	Administration	Fundraising	
Salaries	\$ 158,130	\$ 26,963	\$ 8,521	\$ 193,614
Payroll taxes	11,069	2,077	657	13,803
Total salaries and related expenses	169,199	29,040	9,178	207,417
In-kind goods and services	129,727	-	1,400	131,127
Program expense	34,065	-	-	34,065
Rent and occupancy	1,070	9,091	535	10,696
Meals	7,722	-	-	7,722
Professional services	-	7,644	-	7,644
Insurance	590	5,015	295	5,900
Advertising and communication	253	1,364	404	2,021
Printing	869	348	521	1,738
Office supplies	168	1,516	-	1,684
Travel and training	800	267	-	1,067
Dues and subscriptions	-	801	-	801
Depreciation	677	104	-	781
Postage	171	171	344	686
Maintenance and upgrades	-	644	-	644
Board expense	-	441	-	441
Miscellaneous	-	558	-	558
TOTAL FUNCTIONAL EXPENSES	\$ 345,311	\$ 57,004	\$ 12,677	\$ 414,992

See accompanying summary of accounting policies and notes to financial statements.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
Statement of Cash Flows
Year Ended June 30, 2020

Cash flows from operating activities:	
Cash received from donors	\$ 294,148
Cash paid to suppliers and employees	<u>(280,583)</u>
Net cash provided by operating activities	13,565
Cash flows from investing activities -	
Proceeds from loan	<u>36,862</u>
Increase in cash	50,427
Cash at beginning of year	<u>58,605</u>
Cash at end of year	<u><u>\$ 109,032</u></u>
 SCHEDULE OF NON-CASH ITEMS:	
Donated supplies	\$ 1,400
Donated services	<u>129,727</u>
	<u><u>\$ 131,127</u></u>

See accompanying summary of accounting policies and notes to financial statements.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.

Summary of Accounting Policies

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statements are prepared in accordance with generally accepted accounting principles applicable to voluntary health and welfare organizations. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when stipulated purpose for which the resource was restricted has been fulfilled or both.

CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions and all highly-liquid debt instruments with a maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost when purchased and fair value when donated. Major additions or betterments are charged to the property accounts while maintenance and repairs are generally charged to expense as incurred. The Organization's definition of a capital item is a purchase exceeding \$500 with a depreciable life of three years or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

CONTRIBUTION REVENUE

Contributions are recognized as income when the donor makes an unconditional promise to give. All contributions are available for unrestricted use unless the donor specifically restricts its use.

WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS REVENUE AND SUPPORT

Support that is restricted by the donor is reported as an increase in without donor restricted net assets if the restriction expires or is used in the reporting period in which the support is recognized. All other donor-restricted gifts of cash and other assets are reported as an increase in with donor restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.

Summary of Accounting Policies (Continued)

WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS REVENUE AND SUPPORT (Continued)

The Organization reports gifts of materials, equipment and facilities as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocates expenses on a functional basis. The directly identifiable expenses are charged to program services, fundraising or management and general services. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Expenses such as salaries, payroll taxes, office expenses, advertising and communications, insurance, and others are allocated based on the estimates of times and effort.

MANAGEMENT ESTIMATES

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

PAYCHECK PROTECTION PROGRAM

Under FASB *Accounting Standards Codification (ASC) 470, Debt*, the proceeds from the Paycheck Protection Program have been accounted for as a financial liability. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Company has been released from the obligation, or (2) the Company pays off the loan. In the event the loan is, in part or wholly, forgiven the Company will reduce the liability by the amount forgiven and record gain on extinguishment.

EVENTS OCCURRING AFTER REPORTING DATE

The Organization has evaluated events and transactions that occurred between June 30, 2020 and February 4, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES

Communities In Schools of Randolph County, Inc. provides programs to at-risk youth in Randolph County and to their families through the supportive environment of public schools and alternate educational sites. The Organization's objective is to reduce the number of youth not graduating from high school.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Communities In Schools of Randolph County, Inc. is supported by grants and contributions, some of which have donor restrictions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in interest bearing money market accounts.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Total assets at June 30, 2020	\$ 137,503
Less property and equipment	<u>(2,211)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 135,292</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

Office equipment	\$ 7,482
Office furniture	6,313
Musical instruments	<u>6,146</u>
	19,941
Less accumulated depreciation	<u>17,730</u>
Net property and equipment	<u>\$ 2,211</u>

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
Notes to Financial Statements (Continued)

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:

Backpack program	\$ 5,226
Student programs	<u>3,876</u>
	9,102

Subject to expenditure for a time period -

United Way funding	<u>24,762</u>
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	<u><u>\$ 33,864</u></u>
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Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of time or other events specified by the donors as follows:

Satisfaction of purpose restrictions:

Backpack program	\$ 39,548
Student programs	<u>28,381</u>

	<u><u>\$ 67,929</u></u>
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NOTE 5 - DONATED SERVICES AND FACILITIES

The Organization receives donated materials for all of its programs.

The Organization also receives donated services from unpaid community volunteers assisting the Organization in a variety of tasks that benefit the Organization. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

NOTE 6 - LEASES

The Organization leases a building from a third party. This lease expired as of September 2020 and a new three-year lease was signed as of October 2020 with payments of \$825 due monthly, expiring October 2023. The Organization leases a copier from a third party. This is a five-year lease with payments of \$79 due monthly, expiring November 2022. Total lease expense for these leases was \$9,948 for the year ended June 30, 2020. The future lease obligations for these leases are as follows: 2021- \$10,623; 2022 - \$10,848; 2023 - \$10,295; and 2024 - \$2,475.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
Notes to Financial Statements (Continued)

NOTE 7 - INCOME TAXES

The Organization has qualified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable statutes under North Carolina law; therefore, no income taxes are reflected in the financial statements.

NOTE 8 - RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. As the global spread of COVID-19 continues, there may be financial or operational impact though the extent of such impact is unpredictable at this time. The financial statements do not reflect any adjustments as a result of the ongoing increase in economic uncertainty.