

**Communities In Schools Of
Palm Beach County, Inc.**

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018
TOGETHER WITH REPORT OF INDEPENDENT AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Communities in Schools of Palm Beach County, Inc.
West Palm Beach, Florida

Report on the Financial Statements

I have audited the financial statements of Communities in Schools of Palm Beach County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities in Schools of Palm Beach County, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated October 17, 2018, on my consideration of the Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Communities in Schools of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Kathleen M. Shafer'.

Kathleen M. Shafer, CPA
West Palm Beach, FL
October 17, 2018

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTAL FUNDS</u> |
|---|------------------------------|-----------------------------------|------------------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 238,212 | \$ 10,000 | \$ 248,212 |
| Grants Receivable | 11,076 | 0 | 11,076 |
| Other Receivable | 1,143 | 0 | 1,143 |
| Security Deposit | 2,625 | 0 | 2,625 |
| Prepaid Expense | 12,421 | 0 | 12,421 |
| Furniture & Equipment | 25,838 | 0 | 25,838 |
| Less Accumulated Depreciation | <u>(25,342)</u> | <u>0</u> | <u>(25,342)</u> |
| Total Assets | <u>\$ 265,973</u> | <u>\$ 10,000</u> | <u>\$ 275,973</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 2,193 | \$ 0 | \$ 2,193 |
| Accrued Expenses | <u>6,218</u> | <u>0</u> | <u>6,218</u> |
| Total Liabilities | <u>8,411</u> | <u>0</u> | <u>8,411</u> |
| <u>NET ASSETS</u> | <u>257,562</u> | <u>10,000</u> | <u>267,562</u> |
| TOTAL LIABILITIES & NET ASSETS | <u>\$ 265,973</u> | <u>\$ 10,000</u> | <u>\$ 275,973</u> |

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTAL FUNDS</u> |
|--|---------------------|-----------------------------------|------------------------|
| REVENUE | | | |
| Grants | \$ 373,564 | \$ 10,000 | \$ 383,564 |
| Contributions | 11,861 | 0 | 11,861 |
| Fund Raising Events | 0 | 0 | 0 |
| Direct Cost To Fund Raising Events | 0 | 0 | 0 |
| Interest | 63 | 0 | 63 |
| Net Assets Released From Restriction | 0 | 0 | 0 |
| Total Revenue | <u>385,488</u> | <u>10,000</u> | <u>395,488</u> |
| EXPENSES | | | |
| Program Services | 311,593 | 0 | 311,593 |
| General & Administrative | 45,610 | 0 | 45,610 |
| Fund Raising & Promotion | 2,199 | 0 | 2,199 |
| Total Expenses | <u>359,402</u> | <u>0</u> | <u>359,402</u> |
| CHANGES IN NET ASSETS | 26,086 | 10,000 | 36,086 |
| NET ASSETS AT BEGINNING OF YEAR | <u>231,476</u> | <u>0</u> | <u>231,476</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 257,562</u> | <u>\$ 10,000</u> | <u>\$ 267,562</u> |

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING ACTIVITIES:

| | |
|--|---------------|
| Change in Net Assets | \$ 36,086 |
| Adjustment to Reconcile Increase in Net Assets to | |
| Net Cash Provided by (Used in) Operating Activities: | |
| Depreciation | 331 |
| Changes in Operating Assets and Liabilities: | |
| Grant Receivables | 42,019 |
| Other Receivables | (1,143) |
| Prepaid Expenses | (5,017) |
| Security Deposit | (150) |
| Accounts Payable | (1,558) |
| Accrued Expenses | 40 |
| Net Cash Provided by (Used in) Operating Activities | <u>70,608</u> |

INVESTING ACTIVITIES:

| | |
|---------------------------------------|----------|
| Purchases of Property & Equipment | <u>0</u> |
| Net Cash Used in Investing Activities | <u>0</u> |

FINANCING ACTIVITIES:

| | |
|---------------------------------------|----------|
| Payment of Note Payable | <u>0</u> |
| Net Cash Used in Financing Activities | <u>0</u> |

| | |
|----------------------------|--------------------------|
| Decrease in Cash | 70,608 |
| Cash at Beginning of Year | <u>177,604</u> |
| Cash at End of Year | <u><u>\$ 248,212</u></u> |

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Program Services</u> | <u>General & Admin</u> | <u>Fund Raising</u> | <u>Total</u> |
|-----------------------------|-----------------------------|--------------------------------|-------------------------|-------------------|
| <u>EXPENSES</u> | | | | |
| Accounting & Bookkeeping | \$ 0 | \$ 7,499 | \$ 0 | \$ 7,499 |
| Bank Fees | 0 | 153 | \$ 0 | 153 |
| Contracted Services | 0 | 0 | 0 | 0 |
| Depreciation | 281 | 50 | 0 | 331 |
| Dues & Subscriptions | 2,692 | 0 | 0 | 2,692 |
| Insurance | 7,408 | 1,852 | 0 | 9,260 |
| Interest | 0 | 43 | 0 | 43 |
| Meetings | 904 | 0 | 0 | 904 |
| Occupancy | 13,982 | 1,554 | 0 | 15,536 |
| Office Supplies | 3,023 | 756 | 0 | 3,779 |
| Program | 7,125 | 0 | 0 | 7,125 |
| Salaries & Related Expenses | 265,982 | 33,060 | 1,503 | 300,545 |
| Taxes, License & Fees | 0 | 295 | 0 | 295 |
| Telephone | 3,927 | 348 | 696 | 4,971 |
| Training & Conferences | 83 | 0 | 0 | 83 |
| Travel | 6,186 | 0 | 0 | 6,186 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | <u>\$ 311,593</u> | <u>\$ 45,610</u> | <u>\$ 2,199</u> | <u>\$ 359,402</u> |

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. General Description of Activities and Significant Accounting Policies:

Communities in Schools of Palm Beach County, Inc. is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

The Organization provides technical assistance to educational and social institutions to reduce the number of students who drop out of school. It is supported with contributions and grants from individuals, corporations, foundations, civic organizations, and government agencies. Supporters include local residents and businesses, as well as some of the area's seasonal residents and their businesses outside of the local area.

The significant accounting policies that follow are presented to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

There are no promises to give receivables at June 30, 2018.

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. General Description of Activities and Significant Accounting Policies, Continued:

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Estimates

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

Functional Expenses

Expenses are allocated based on their proportionate share of total expenses.

2. Restrictions on Net Assets:

As of June 30, 2018, the Organization had \$10,000 in temporarily restricted net assets, for use for Student Leader wages over the summer. There are no permanently restricted net assets.

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2018

3. Revenue Recognition

The Organization recognizes revenue from grants and contracts when earned and other revenues and contributions when received. Pledges or promises to give that are, in substance, unconditional are considered a basis for recording future revenue.

4. Accounts Receivable:

Management periodically reviews the grants and accounts receivable balances and provides an allowance for accounts which may be uncollectible. There are \$11,079 grants receivables at June 30, 2018. Management has determined that all receivables are collectible; therefore, there is no allowance for doubtful accounts.

5. Summary of Fixed Assets and Depreciation

| | |
|-------------------------------|---------------|
| Furniture & Equipment | \$ 25,838 |
| Less Accumulated Depreciation | <u>25,342</u> |
| | <u>\$ 496</u> |

6. Lease commitments

Minimum future lease commitments are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2019 | \$16,100 |
| 2020 | 2,700 |

7. Concentration of Risks

The Organization is dependent on funding from various contributors. The amount of contributions is dependent on the funds available. Lack of funding could have a significant detrimental effect on the continued operations of the Organization.

8. Date of Management Review:

Subsequent events have been evaluated through October 17, 2018, which is the date the financial statements were issued.

KATHLEEN M. SHAFER
Certified Public Accountant

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West Palm Beach, Florida 33406
TEL. 561-963-1003

Member of Florida Institute of Certified Public Accountants

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

Board of Directors
Communities in Schools of Palm Beach County, Inc.
West Palm Beach, Florida

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Communities in Schools of Palm Beach County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 17, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Communities in Schools of Palm Beach County, Inc.'s internal control over financial reporting (internal control) to determine my audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Communities in Schools of Palm Beach County, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Kathleen M. Shafer". The signature is fluid and cursive, with the first name "Kathleen" and last name "Shafer" being clearly legible.

Kathleen M. Shafer, CPA
West Palm Beach, FL
October 17, 2018