

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

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022
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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Communities in Schools of Palm Beach County, Inc. as of June 30, 2022, 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.

Basis for Opinion

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Communities in Schools of Palm Beach County, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my

opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Communities in Schools of Palm Beach County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities in Schools of Palm Beach County, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 17, 2022, 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 solely 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 the effectiveness of Communities in Schools of Palm Beach County, Inc.'s 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.



Kathleen M. Shafer, CPA
West Palm Beach, Florida
November 16, 2022

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 994,253	\$ 272,000	\$ 1,266,253
Grants Receivable	92,324	37,272	129,596
Other Receivable	0	0	0
Security Deposit	2,625	0	2,625
Prepaid Expense	17,917	0	17,917
Furniture & Equipment	36,314	0	36,314
Less Accumulated Depreciation	<u>(31,969)</u>	<u>0</u>	<u>(31,969)</u>
Total Assets	<u>\$ 1,111,464</u>	<u>\$ 309,272</u>	<u>\$ 1,420,736</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,028	\$ 0	\$ 2,028
Deferred Revenue	0	0	0
Accrued Expenses	<u>32,379</u>	<u>0</u>	<u>32,379</u>
Total Liabilities	<u>34,407</u>	<u>0</u>	<u>34,407</u>
<u>NET ASSETS</u>	<u>1,077,057</u>	<u>309,272</u>	<u>1,386,329</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>\$ 1,111,464</u>	 <u>\$ 309,272</u>	 <u>\$ 1,420,736</u>

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL FUNDS</u>
REVENUE			
Grants	\$ 838,862	\$ 309,272	\$ 1,148,134
Contributions	805,712	0	805,712
Fund Raising Events	0	0	0
Direct Cost To Fund Raising Events	0	0	0
Interest	234	0	234
Net Assets Released From Restriction	<u>199,272</u>	<u>(199,272)</u>	<u>0</u>
Total Revenue	<u>1,844,080</u>	<u>110,000</u>	<u>1,954,080</u>
EXPENSES			
Program Services	888,682	0	888,682
General & Administrative	114,324	0	114,324
Fund Raising & Promotion	<u>9,800</u>	<u>0</u>	<u>9,800</u>
Total Expenses	<u>1,012,806</u>	<u>0</u>	<u>1,012,806</u>
CHANGES IN NET ASSETS	831,274	110,000	941,274
NET ASSETS AT BEGINNING OF YEAR	<u>245,783</u>	<u>199,272</u>	<u>445,055</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,077,057</u>	<u>\$ 309,272</u>	<u>\$ 1,386,329</u>

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING ACTIVITIES:

Change in Net Assets	\$	941,274
Adjustment to Reconcile Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation		1,726
Changes in Operating Assets and Liabilities:		
Grant Receivables		(12,642)
Other Receivables		701
Prepaid Expenses		(5,647)
Security Deposit		0
Accounts Payable		(5,100)
Deferred Revenue		0
Accrued Expenses		8,541
Net Cash Provided by (Used in) Operating Activities		928,853

INVESTING ACTIVITIES:

Purchases of Property & Equipment		(2,005)
Net Cash Used in Investing Activities		(2,005)

FINANCING ACTIVITIES:

Net Cash Used in Financing Activities		0
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Increase/(Decrease) in Cash		926,848
Cash at Beginning of Year		339,405
Cash at End of Year	\$	1,266,253

Interest Paid	\$	18
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Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>General & Admin</u>	<u>Fund Raising</u>	<u>Total</u>
<u>EXPENSES</u>				
Accounting & Bookkeeping	\$ 0	\$ 15,432	\$ 0	\$ 15,432
Bank Fees	0	194	0	194
Communications	5,857	519	1,038	7,414
Depreciation	1,467	259	0	1,726
Dues & Subscriptions	2,406	602	0	3,008
Insurance	14,959	3,740	0	18,699
Interest	0	18	0	18
Meetings	1,954	0	0	1,954
Miscellaneous	556	903	0	1,459
Occupancy	15,947	1,772	0	17,719
Office Supplies	8,383	932	0	9,315
Outside Services	0	2,033	0	2,033
Program	36,241	0	0	36,241
Salaries & Related Expenses	779,861	87,625	8,762	876,248
Taxes, License & Fees	0	295	0	295
Training & Conferences	12,132	0	0	12,132
Travel	8,919	0	0	8,919
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 888,682</u>	<u>\$ 114,324</u>	<u>\$ 9,800</u>	<u>\$ 1,012,806</u>

Read Accompanying Notes

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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.

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, 2022.

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 without donor restriction 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 with donor restriction 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 with donor restriction net assets to without donor restriction 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 with donor restriction or without donor restriction 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.

The Organization's Forms 990, *Return of Foundation Exempt from Income Tax*, for the three years ending 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they are filed.

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.

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2022

2. Restrictions on Net Assets:

As of June 30, 2022, the Organization had \$309,272 in donor restricted net assets for use in the next fiscal period.

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 \$129,596 grants and other receivables at June 30, 2022. 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	\$ 36,314
Less Accumulated Depreciation	<u>31,969</u>
	<u>\$ 4,345</u>

6. Lease commitments

Minimum future lease commitments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	2,700

7. Concentration of Risks

The Organization is dependent on funding from grants and various other contributors. The amount of contributions is dependent on the funds available and the budgets of the contributors. Lack of funding could have a significant impact on the continued operations of the Organization.

Financial instruments that subject the Organization to concentrations of credit risks include cash. While the Organization attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The Organization has not experienced any losses on such balances.

COMMUNITIES IN SCHOOLS OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. Availability and Liquidity:

Financial assets of cash \$1,266,253, and account receivables \$129,596, for financial assets available of \$1,395,849 to meet expenses over next twelve months. As part of the Organization's liquidity management plan, the Organization structures its assets to be available as general expenditures, liabilities and other obligations become due.

9. Loss Contingency:

ASC 450 defines a loss contingency as an "existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur." The Organization currently has pending litigation with a former employee. The litigation is for damages "exceeding \$30,000 excluding attorney fees and costs". At this time, the outcome of the pending litigation is uncertain. The former employee first brought the case to the Federal level with the Equal Employment Opportunity Commission (EEOC), who denied the case, but allowed the former employee to pursue the case at the State level. The Organization plans to vigorously defend the allegations.

10. Date of Management Review:

Subsequent events have been evaluated through November 17, 2022, which is the date the financial statements were issued.

KATHLEEN M. SHAFER
Certified Public Accountant

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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, 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, and have issued my report thereon dated November 17, 2022.

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) as a basis for designing 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 financial statements. 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.



Kathleen M. Shafer, CPA
West Palm Beach, FL
November 17, 2022