

**Financial Statements**

**Communities In Schools of Jacksonville, Inc.**

***Years Ended June 30, 2023 and 2022  
with Independent Auditor's Report***

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## **Independent Auditor's Report on Basic Financial Statements**

Board of Directors  
Communities In Schools of Jacksonville, Inc.  
Jacksonville, Florida

### **Opinion**

We have audited the accompanying financial statements of Communities In Schools of Jacksonville, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of Jacksonville, Inc. as of June 30, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities In Schools of Jacksonville, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities In Schools of Jacksonville, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our 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 our 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 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, we:

- 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 Jacksonville, 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.

Board of Directors  
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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities In Schools of Jacksonville, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

COOKSELIOUS & LEONE

Jacksonville, Florida  
October 26, 2023

Communities In Schools of Jacksonville, Inc.  
 Statements of Financial Position  
 June 30, 2023 and 2022

<b>Assets</b>	<u>2023</u>	<u>2022</u>
<b>Current Assets:</b>		
Cash and cash equivalents - unrestricted		
Operating	\$ 619,408	\$ 258,849
Cash in investment account	114,204	693,005
Total Cash and Cash Equivalents - Unrestricted	<u>733,612</u>	<u>951,854</u>
Pledges and support receivable	1,053,488	544,757
Other receivables	1,048,494	-
Prepaid expenses	15,761	2,870
Investments	<u>2,294,783</u>	<u>1,270,234</u>
Total Current Assets	5,146,138	2,769,715
<b>Noncurrent Assets:</b>		
Property and equipment, net	<u>115,484</u>	<u>132,714</u>
Total Noncurrent Assets	<u>115,484</u>	<u>132,714</u>
<b>Other Assets:</b>		
Operating lease right-of-use asset	<u>1,368,895</u>	<u>-</u>
Total Other Assets	<u>1,368,895</u>	<u>-</u>
<b>Total Assets</b>	<u><b>\$ 6,630,517</b></u>	<u><b>\$ 2,902,429</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 295,825	\$ 235,534
Deferred revenue	45,000	6,218
Line of credit	<u>-</u>	<u>236,535</u>
Total Current Liabilities	<u>340,825</u>	<u>478,287</u>
<b>Long Term Liabilities:</b>		
Operating lease liability	<u>\$ 1,368,895</u>	<u>-</u>
Total Long Term Liabilities	<u>\$ 1,368,895</u>	<u>-</u>
<b>Net Assets</b>		
Without Donor Restriction	<u>4,920,797</u>	<u>2,424,142</u>
Total Net Assets	<u>4,920,797</u>	<u>2,424,142</u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 6,630,517</b></u>	<u><b>\$ 2,902,429</b></u>

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2023 and 2022

	<b>Without Donor Restrictions</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues and Other Support</b>		
Contributions and grants	<b>\$ 8,434,068</b>	\$ 7,735,537
In-kind contributions	<b>171,484</b>	121,889
Investment income	<b>31,618</b>	22,155
Gain (loss) on investments	<b>207,652</b>	(423,269)
<b>Total Revenue and Other Support</b>	<b>8,844,822</b>	7,456,312
<b>Expenses</b>		
Program services	<b>7,723,184</b>	7,643,499
Supporting services - management and general	<b>775,670</b>	711,960
Fund and resource development	<b>277,174</b>	236,089
<b>Total Expenses</b>	<b>8,776,028</b>	8,591,548
Change in net assets from operations	<b>68,794</b>	(1,135,236)
Employee Retention Credit	<b>2,303,890</b>	-
Payroll protection plan loan forgiven	<b>123,971</b>	1,018,828
Change in Net Assets	<b>2,496,655</b>	(116,408)
<b>Net Assets, Beginning of Year</b>	<b>2,424,142</b>	2,540,550
<b>Net Assets, End of Year</b>	<b>\$ 4,920,797</b>	\$ 2,424,142

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2023

	<b>Program Services</b>	<b>Supporting Services Management and General</b>	<b>Fund and Resource Development</b>	<b>Total</b>
Computer and technology	\$ 26,421	\$ 1,172	\$ -	\$ 27,593
Conferences, conventions, and meetings	18,586	4,184	486	23,256
Contracted services	45,830	43,294	59,193	148,317
Depreciation	-	17,230	-	17,230
Employee benefits	835,449	157,823	32,952	1,026,224
Events	-	-	27,374	27,374
Insurance	93,900	70,838	-	164,738
Interest	10,032	1,501	-	11,533
Miscellaneous	1,020	15,122	33,401	49,543
Occupancy	132,083	18,199	-	150,282
Professional fees	332,264	35,289	-	367,553
Rental and maintenance of equipment	-	33,120	-	33,120
Salaries	5,546,005	306,139	117,144	5,969,288
Specific assistance to students	239,770	-	-	239,770
Supplies	315,831	36,791	4,613	357,235
Telephone	37,557	34,611	1,474	73,642
Travel and transportation	88,436	357	537	89,330
<b>Total Expenses</b>	<b>\$ 7,723,184</b>	<b>\$ 775,670</b>	<b>\$ 277,174</b>	<b>\$ 8,776,028</b>

*See accompanying notes to financial statements.*



Communities In Schools of Jacksonville, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2022

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Fund and Resource Development</u>	<u>Total</u>
Computer and technology	\$ 10,719	\$ 475	\$ -	\$ 11,194
Conferences, conventions, and meetings	12,623	2,842	330	15,795
Contracted services	47,819	45,174	61,762	154,755
Depreciation	-	9,674	-	9,674
Employee benefits	709,781	134,083	27,995	871,859
Events	-	-	15,473	15,473
Insurance	75,583	57,020	-	132,603
Interest	1,335	200	-	1,535
Miscellaneous	539	7,985	17,631	26,155
Occupancy	114,413	15,764	-	130,177
Postage and shipping	16	521	198	735
Professional fees	231,815	24,621	-	256,436
Rental and maintenance of equipment	-	14,224	-	14,224
Salaries	4,955,211	273,527	104,665	5,333,403
Specific assistance to students	1,060,085	-	-	1,060,085
Supplies	218,076	25,403	3,185	246,664
Telephone	108,573	100,056	4,261	212,890
Travel and transportation	96,911	391	589	97,891
<b>Total Expenses</b>	<b><u>\$ 7,643,499</u></b>	<b><u>\$ 711,960</u></b>	<b><u>\$ 236,089</u></b>	<b><u>\$ 8,591,548</u></b>

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,496,655	\$ (116,408)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,230	9,674
Donated items held for distributions	-	949,562
Changes in operating assets and liabilities:		
Unrealized (gain) loss on investments	(211,683)	339,602
(Gain) loss on sale of investments	4,031	83,667
(Increase) decrease in pledges receivable	(508,731)	50,517
(Increase) decrease in other receivables	(1,048,494)	-
(Increase) decrease in prepaid expenses	(12,891)	2,415
Increase (decrease) in accounts payable	60,291	(42,437)
Deferred revenues	38,782	(663,483)
Net Cash Provided by (used in) Operating Activities	835,190	613,109
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	1,795,440	498,879
Purchase of property and equipment	-	(134,857)
(Purchase) of investments	(2,612,337)	(399,840)
Net Cash Provided by (used in) Investing Activities	(816,897)	(35,818)
<b>Cash Flows from Financing Activities</b>		
Refundable advance	-	(1,018,828)
Advance from City of Jacksonville	-	(227,983)
Borrowings on line of credit	-	236,535
Payments on line of credit	(236,535)	(3,527)
Net Cash from Financing Activities	(236,535)	(1,013,803)
Net Increase in Cash and Cash Equivalents	(218,242)	(436,512)
Cash - Beginning of Year	951,854	1,388,366
Cash - End of Year	\$ 733,612	\$ 951,854
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	\$ 11,533	\$ 1,535

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements  
June 30, 2023 and 2022

**Note A - Organization**

Communities In Schools of Jacksonville, Inc. (the "Corporation"), a nonprofit corporation, was incorporated under the laws of the State of Florida on December 26, 1989. The Corporation is dedicated to coordinating human services and delivering them to at-risk youth in Jacksonville, Florida and to their families through the supportive environment of the public schools or alternate education sites. The Corporation endeavors to enable such youth and their families to have access to a broad range of needed social and educational services by establishing a coordinated delivery system of resources within an educational setting. The objective of the Corporation is to reduce the number of school dropouts in Jacksonville, Florida.

**Note B - Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis of accounting. Assets expendable only for purposes specified by the grantor are reported as "with donor restriction". The accounting and reporting policies of the Corporation conform to generally accepted accounting principles and to general practices of not-for-profit organizations.

**Cash and Cash Equivalents**

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash consists of cash on hand and deposits in the bank. Cash equivalents consist of money market funds.

**Investments**

Investments are carried at their fair market value with realized and unrealized gains and losses reflected in the Statement of Activities.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note B - Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements**

The Corporation follows professional standards for financial assets and liabilities. The standards establish a fair-value hierarchy that prioritizes inputs to valuation techniques used to measure fair values. The hierarchy consists of three broad levels:

1. Level 1 is comprised of inputs from unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority.
2. Level 2 is based upon observable inputs other than quoted market prices.
3. Level 3 is based upon speculation from unobservable inputs.

**Pledges and Support Receivable**

The Corporation records pledge and support commitments at their estimated net realizable value.

**Property and Equipment**

Property and equipment are recorded at cost or, in the case of donated property and equipment, at estimated fair market value at the date of donation. Property and equipment with a cost in excess of \$1,000 is considered for capitalization. Depreciation is recorded using the straight-line method over estimated useful lives of the respective assets. Maintenance and repairs are expensed as incurred.

**Income Taxes**

The Corporation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required.

**Support and Revenue Recognition**

The Corporation recognizes contributions received, including unconditional promises to give, as assets and revenue in the period received at their fair values. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or that are restricted by the donor for specific purposes are reported as “with donor restriction” support which increase that net asset class. When donor restrictions expire, donor restricted net assets are reclassified to “without donor restriction” net assets and are reported in the Statement of Activities as “net assets released from donor restrictions”. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Corporation reports the support as “without donor restriction”.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note B - Summary of Significant Accounting Policies (continued)**

**Support and Revenue Recognition (continued)**

During the year ended June 30, 2021, the Corporation considered the impact of *ASC 606 Revenue Recognition*. As the Standard does not apply to contribution revenue, which includes the grants received by the Corporation, the Standard did not have a material impact on the financial statements.

**Contributions**

Donated supplies, equipment, facilities, space, and professional services are reflected in the accompanying financial statements at their estimated values at the date of receipt. Such contributions in-kind totaled \$171,484 and \$121,889 for the years ended June 30, 2023 and 2022, respectively. Of these totals, \$72,864 and \$95,439 represented the value of discounted rent for office space for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023, all of the contributed items had been distributed.

In addition, certain volunteer workers have donated periodic services to the Corporation to help accomplish its mission. No amounts have been reflected in the financial statements for these volunteer services as no objective basis is available to measure the value of such services.

**Allocation of Costs**

Personnel costs are allocated among program and support categories based on employee function. Other expenses are allocated based on purpose of the expenditure.

**Use of 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.

**Date of Management's Review**

Subsequent events have been evaluated through October 26, 2023, which is the date the financial statements were available to be issued.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note B - Summary of Significant Accounting Policies (continued)**

**Adoption of New Accounting Pronouncements**

While there are many new accounting pronouncements issued that the Corporation has adopted or will be adopting in the near future, the following pronouncements have the most direct impact on the Corporation's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the Statement of Financial Position.

The Company elected to adopt these ASUs effective June 30, 2023 and utilized all of the available practical expedients. The adoption had a material impact on the Company's Statement of Financial Position, but did not have a material impact on the Statement of Activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Company to restate amounts as of June 30, 2023 resulting in an increase in operating lease ROU asset of \$1,368,895, an increase in operating lease liabilities of \$1,368,895.

In June 2018, the FASB issued ASU 2018-08 *Not-for-Profit Entities (Topic 958-605)* clarifying the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance on revenue recognition, to assist entities in distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions, and to determine whether a contribution is conditional. Due to the COVID-19 pandemic further described in Note N, the effective date of the pronouncement was delayed to the fiscal year ending June 30, 2021 and has been implemented. Due to the nature of its funding contracts, the Corporation has deemed them to be nonreciprocal (contribution) contracts.

**Note C- Liquidity Considerations**

The Corporation maintains brokerage accounts which do have various stock investments. The overall strategy of the accounts is to provide increased return through dividends. The investments are utilized when needed to provide operating cash for the Corporation. The investment balances within the accounts at June 30, 2023 and 2022 was \$2,294,783 and \$1,270,234, respectively.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note C- Liquidity Considerations (continued)**

Included in net assets without donor restrictions at June 30, 2023 and 2022 is \$115,484 and \$132,714, respectively, which is the Corporation's investment in fixed assets that is not available to spend on current operations.

**Note D - Pledges and Support Receivable**

Pledges and support receivable at June 30, 2023 and 2022 are expected to be received by the Corporation within the following time periods:

	2023	2022
Less than one year	\$ 1,053,488	\$ 544,757
One to five years	-	-
	\$ 1,053,488	\$ 544,757

The Corporation receives a concentration of its funding by various grant programs through the City of Jacksonville, Florida, Kid's Hope Alliance. During the years ended June 30, 2023 and 2022, this funding represented 46.3% and 46.5% respectively, of the overall contributions and grants received by the Corporation. Additionally, payments by the Duval County Public Schools represented 24.8% and 21.1% of the overall contributions and grants received for the years ended June 30, 2023 and 2022, respectively. Further, the Jacksonville Kid's Hope Alliance funding represented 50.0% and 32.8% of the pledges and support receivable as of June 30, 2023 and 2022, while receivables from the Duval County Public Schools represented 27.3% and 37.3% of the accounts receivable as of June 30, 2023 and 2022, respectively.

**Note E – Property and Equipment**

Depreciation expense for the years ended June 30, 2023 and 2022 was \$17,230 and \$9,674, respectively. The estimated carrying value of property and equipment as of June 30, 2023 and 2022 is as follows:

	2023	2022
Furniture and equipment	\$ 150,455	\$ 332,936
Less accumulated depreciation	34,971	200,222
	\$ 115,484	\$ 132,714

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note F - Contributions and Grants**

Unrestricted contributions and grants in the accompanying Statements of Activities for 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Adams, Arthur	\$ -	\$ 1,500
Albert J. Russel Lodge No. 126	1,021	-
Anderson Charitable Trust	-	50,000
Arthur, Tracy	2,268	1,000
Arthur Vining Davis Foundation	10,000	10,000
Association of Corporate Counsel North Florida	1,022	-
Bank of America Foundation	47,000	52,750
Baxton, Leon	1,255	1,412
Beaches Community Foundation	9,000	9,000
BestBet	1,000	-
Bi-Lo Winn-Dixie Foundation	10,000	10,000
Black Knight Financial	5,995	1,000
Boeing Company	50,000	75,025
Carlucci, Matt	1,000	-
Coach Foundation	78,240	35,000
Communities in Schools - Florida	48,000	90,000
Community Foundation of Northeast Florida	-	80,000
CSX Corporation	2,500	5,000
Dubow Family Foundation	64,605	64,500
Duval County Public Schools - In-Kind Contribution	-	2,250
Duval County Public Schools - Student Enrichment	2,095,405	1,662,894
Edna Sproull Williams Foundation	15,000	15,000
Esteem A Teen	12,240	-
Edminson, Marcy	1,066	-
Fidelity National Financial	2,500	2,500
First Coast Career Source	48,300	33,000
Florida Blue Foundation	10,000	10,000
Florida Blue - In-Kind	72,864	93,188
Flynn, Laurie	-	1,000
Gertrude E. Skelly Foundation	-	20,000
Glen and Lisa Ulman Advised Fund	13,335	-
Gray Charitable Trust	35,000	-
Gooding - Bell Endowment	2,000	2,000
Haskell	3,440	-
HD Supply	1,131	-
Henri Landwirth and Family Advised Fund	26,666	-
Honey Dripper House	4,500	2,500
I'm A Star Foundation	1,000	-
Jacksonville Aviation Authority	1,500	-



Communities In Schools of Jacksonville, Inc  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note F - Contributions and Grants (continued)**

	<u>2023</u>	<u>2022</u>
Jim Moran Foundation	\$ 355,000	\$ 350,500
Johnson and Johnson	30,000	51,500
Kid's Hope Alliance	3,910,250	3,597,013
Lastinger Family Foundation	-	35,000
Lucy Gooding Charitable Trust	80,000	130,000
Martin, Cheryl & Sonny	1,500	1,755
Mayo Foundation	-	7,600
McDonald-Anderson Foundation, Inc.	25,000	-
Nimmicht Chevrolet	5,000	-
Nordstrom	-	5,000
PGA Tour	15,000	10,000
Pratt-Dannals, Ed	2,500	2,000
Publix Corporation	5,000	5,000
Purcell, Flanagan, Hay & Greene	-	1,400
Reynolds, Smith & Hills	6,000	5,000
Sanders, Mr. & Mrs. Ken	5,550	5,000
Stem2Hub	1,200	-
Tapestry	-	5,000
TD Charitable Trust Foundation	-	25,000
Thomas & Irene Kirbo Charitable Foundation	7,500	7,500
TruTechnology	18,600	26,450
United Way - Unrestricted Contributions	-	12,136
United Way of Northeast Florida - Achievers for Life	797,134	678,340
Vulcan Materials	5,000	10,000
Volunteer Florida Foundation	614,725	533,678
Wendy's Foundation	-	10,000
Wheeler, Jerron	1,041	-
Winston Family Foundation	14,085	-
Woolsey Morcom	1,000	-
Wosley, Joshua	1,043	-
Other (\$1,000 or less)	23,571	12,035
	<u>8,605,552</u>	<u>7,857,426</u>
<b>Total Unrestricted Contributions and Grants</b>	<b>8,605,552</b>	<b>7,857,426</b>
	<u><b>\$ 8,605,552</b></u>	<u><b>\$ 7,857,426</b></u>
<b>Total Contributions and Grants</b>	<b>\$ 8,605,552</b>	<b>\$ 7,857,426</b>

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note G - Retirement Plan**

The Corporation has adopted a discretionary 403(b) Retirement & Thrift Plan effective October 1, 1991 (the “Plan”). Eligible employees include all salaried full-time employees having completed one year of service or more. The Corporation makes base contributions to the Plan equal to 3% of participating employees’ base salaries. Also, the Corporation matches 100% of each employee’s voluntary contribution up to 2% of the employee’s base salary. Employer contributions are at the discretion of the Board of Directors and may be changed annually.

Employee contributions are always 100% vested. The Employer’s contributions become vested as follows: 20% after two years of service, 40% after three years of service, 60% after four years of service, and 100% after five years of service. The Plan was initially administered by Variable Annuity Life Insurance Company. During the year ended June 30, 2020, the administration was transferred to Principal Financial Group. Total employer contributions for the years ended June 30, 2023, and 2022 were approximately \$119,747 and \$125,894, respectively.

**Note H – Fair Value Measurements**

Fair market measurements of net assets as of June 30, 2023 and 2022 were as follows:

	<b>2023</b>			
	Total	Level 1	Level 2	Level 3
Managed Investment in Equity Securities	\$2,294,783	\$2,294,783	\$ -	\$ -
	<b>2022</b>			
	Total	Level 1	Level 2	Level 3
Managed Investment in Equity Securities	\$1,270,234	\$1,270,234	\$ -	\$ -

Level 1 is quoted prices in active markets and is principally comprised of certificates of deposits, money market deposits, and traded securities.

Level 2 is significant other observable inputs and is principally comprised of mutual funds.

Level 3 is significant other inputs such as sales of similar or comparable assets.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2023 and 2022

**Note I - Leases**

The Company has operating lease of its offices, copiers, and computer. These leases have terms of three to ten years.

The following summarizes the line items in the Statement of Activities which include amounts for operating leases as of June 30, 2023:

**Operating Lease**

Operating lease right-of-use asset	<u>\$ 1,368,895</u>
Operating lease liability	<u>\$ 1,368,895</u>

**Other Information:**

Lease assets obtained in exchange for lease obligations:

Operating lease	\$ 1,368,895
Weighted average remaining lease term (years)	8.55
Weighted average discount rate	4.08%

Maturities of operating lease liabilities as of:

Year Ending June 30, 2024	\$ 214,325
Year Ending June 30, 2025	206,445
Year Ending June 30, 2026	201,854
Year Ending June 30, 2027	159,224
Year Ending June 30, 2028 and after	<u>849,197</u>
Total lease payments	1,631,045
Less: Interest	<u>262,150</u>
Present value of lease liabilities	<u>\$ 1,368,895</u>

**Note J – Line of Credit**

In addition to its investment account, the Corporation has a line of credit with Wells Fargo Bank, N.A. The line of credit carried an interest rate 7.75% per annum at June 30, 2023 and a 4.75% per annum as of June 30, 2022. The maximum amount of the line of credit is governed by the level of investments of the Corporation that are managed by Wells Fargo Bank, N.A. Based on this criteria, the Corporation's line of credit had a ceiling of approximately

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**Note J – Line of Credit (continued)**

\$1,518,941 and \$1,528,899 as of June 30, 2023, and 2022, respectively. As long as the Corporation maintains sufficient collateral to support the line of credit, there are no payment stipulations. As of June 30, 2023, and 2022, the Corporation's balance on the line of credit was \$0 and \$236,535, respectively. The Corporation incurred \$11,533 and \$1,535 of interest expense during the years ended June 30, 2023, and 2022, respectively.

**Note K – Remaining Tax Years Subject to Examination**

The Corporation is no longer subject to tax examinations by the Internal Revenue Service for years before year end June 30, 2019.

**Note L – Cash in Excess of Insurance**

The Corporation uses financial institutions in which it maintains cash balances, which at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash. Additionally, the Corporation had uninsured cash balances of \$114,204 and \$220,902 as of June 30, 2023 and 2022, respectively.

**Note M – Annual Leave**

Effective July 1, 2016, the Corporation's annual leave policy was amended. Under the previous policy, vacation leave was earned at varying rates depending on length of continuous service of the employee, while sick leave was earned at a standard rate per pay period. Under this policy, unused annual vacation leave was allowed to accumulate to a maximum of 200 hours, while the annual sick leave was allowed to accumulate to a maximum of 240 hours.

Under the revised leave policy, annual vacation leave and sick leave continue to accrue under the same methods as the previous policy. However, annual vacation leave is not allowed to be carried over to future years. In order to facilitate employees with accumulated unused vacation leave, the revised policy allows for the carryover of the unused time. However, the revised policy requires the use of 40 hours of the unused time during each of the years, beginning with the year ended June 30, 2018, in addition to any time that is earned in those years. Any prior accumulation of time that is not used will be forfeited on an annual basis, such that the reduction in the accumulated balance of vacation leave will total 40 hours each year.

As of June 30, 2023, the Corporation had no liability for compensated absences.

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**Note N – Deferred Revenue**

Deferred revenue is comprised of an amount that was designated for the subsequent year, but was received prior to the year end by the Corporation from the Community Foundation and Coach. As of June 30, 2023, and 2022, these amounts totaled \$45,000 and \$6,218 respectively.

**Note O – Contingencies**

In December of 2022, there were two workers' compensation claims that were settled with prior employees. The insurance company paid for the settlements, but the Company paid \$50 to each claimant for general releases that releases them from any and all claims outside of the workers' comp claims.

**Note P – CARES Act**

**COVID-19 Impact**

In early 2020, the United States became aware of the human-to-human spread of COVID-19, an infectious disease also known as the "corona virus". To attempt to prevent the rampant spread of the virus, various measures were undertaken by the United States which included the temporary closure of all businesses deemed to be nonessential. The degree and length of impact from the government decrees are yet to be determined. The Corporation did experience the need to convert some of its programs to a virtual format which did have a negative impact on the number of participants. However, management does not foresee any long-term material negative impact from the government actions taken to attempt to lessen the impact of COVID-19.

**Payroll Protection Program (PPP)**

In May of 2020, the Corporation received \$1,018,858 from the United States Federal Paycheck Protection Program (PPP). The PPP, established by the CARES Act, is implemented by the Small Business Administration with support from the Department of the Treasury. This program provides small businesses with funds to pay up to eight weeks of payroll costs, including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the COVID-19 pandemic.

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**Note P – CARES Act (continued)**

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. In accordance with FASB ASC 958-605, the funds are recognized as a refundable advance and will be recognized as revenue in the fiscal year in which such forgiveness is received. In the event that the advances under the program are not forgiven, the Corporation will be required to repay the loan under the terms to be specified by Bank of America at an interest rate not to exceed 1.0% per annum.

During the fiscal year ended June 30, 2021, the Corporation received notification that the May 2020 PPP loan had been forgiven in full. Accordingly, it was recognized as income during the fiscal year ended June 30, 2021.

On March 20, 2021, the Corporation received a second PPP loan in the amount of \$1,018,827. The Corporation received notification that the second PPP loan was forgiven on October 5, 2021. Accordingly, the loan was reflected as a refundable advance at June 30, 2021. For the fiscal year ended June 30, 2022, this loan was recognized as income.

Additionally, the CARES Act provided the ability to defer the payment of the employer's share of social security taxes with 50% of the deferral to be paid prior to December 31, 2021 and 50% to be paid prior to December 31, 2022. The Corporation's total deferral was \$123,971 at June 30, 2022. The deferrals are included in the "Accounts Payable and Accrued Expenses" category of the financial statements as of June 30, 2022 and it was included in the Payroll protection plan loan forgiven income for the year ended June 30, 2023.

**Employee Retention Credit**

To assist individuals and employees with the impact of the COVID-19 pandemic, the CARES Act was signed into law in March 2020. The CARES Act included certain tax relief provisions applicable to the restraints including: a) the immediate refund of the corporate AMT credit, b) the ability to carry back net operating losses five years for tax years 2018 through 2020, c) the employee retention credit, and d) delayed payment of the employer payroll taxes.

The Corporation has filed a claim for employee retention credits of \$2,710,459, of which \$2,303,890 was included in "other income" as net of the 15% preparation fee.