

**Financial Statements**

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

*Years Ended June 30, 2021 and 2020  
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

We have audited the accompanying financial statements of Communities In Schools of Jacksonville, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.



Board of Directors  
Communities In Schools of Jacksonville, Inc.  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of Jacksonville, Inc., as of June 30, 2021 and 2020, 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.

*Cornelius, Schou & Leone, LLC*

Cornelius, Schou & Leone, LLC  
Jacksonville, Florida  
November 15, 2021

Communities In Schools of Jacksonville, Inc.  
 Statements of Financial Position  
 June 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current Assets:</b>		
Cash and cash equivalents - unrestricted		
Operating	\$ 771,477	\$ 600,559
Cash in investment account	<u>616,889</u>	<u>839,898</u>
Total Cash and Cash Equivalents - Unrestricted	<u>1,388,366</u>	<u>1,440,457</u>
Pledges and support receivable	595,274	661,076
Prepaid expenses	3,085	15,123
Donated items held for distribution	949,562	-
Investments	<u>1,537,518</u>	<u>293,584</u>
Total Current Assets	<u>4,473,805</u>	<u>2,410,240</u>
<b>Noncurrent Assets:</b>		
Property and equipment, net	<u>34,572</u>	<u>39,299</u>
Total Noncurrent Assets	<u>34,572</u>	<u>39,299</u>
<b>Other Assets:</b>		
Deposits	<u>2,200</u>	<u>2,200</u>
Total Other Assets	<u>2,200</u>	<u>2,200</u>
<b>Total Assets</b>	<b><u>\$ 4,510,577</u></b>	<b><u>\$ 2,451,739</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 277,971	\$ 169,815
Deferred revenue	669,701	598,494
Refundable advance	1,018,828	1,018,828
Line of credit	<u>3,527</u>	<u>653</u>
Total Current Liabilities	<u>1,970,027</u>	<u>1,787,790</u>
<b>Net Assets</b>		
Without Donor Restriction	<u>2,540,550</u>	<u>663,949</u>
Total Net Assets	<u>2,540,550</u>	<u>663,949</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 4,510,577</u></b>	<b><u>\$ 2,451,739</u></b>

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2021 and 2020

	<u>Without Donor Restrictions</u>	
<b>Revenues and Other Support</b>	<u>2021</u>	<u>2020</u>
Contributions and grants	\$ 6,406,817	\$ 7,077,328
In-kind contributions	1,945,003	297,600
Investment income	8,711	5,542
Miscellaneous	2,312	4,137
Gain (loss) on investments	<u>162,023</u>	<u>(923)</u>
 Total Revenue and Other Support	 <u>8,524,866</u>	 <u>7,383,684</u>
 <b>Expenses</b>		
Program services	6,792,655	6,396,479
Supporting services - management and general	679,938	675,837
Fund and resource development	<u>194,499</u>	<u>240,390</u>
 Total Expenses	 <u>7,667,092</u>	 <u>7,312,706</u>
 Change in net assets from operations	 857,774	 70,978
Payroll protection plan loan forgiven	<u>1,018,827</u>	<u>-</u>
 Change in Net Assets	 1,876,601	 70,978
 <b>Net Assets, Beginning of Year</b>	 <u>663,949</u>	 <u>592,971</u>
 <b>Net Assets, End of Year</b>	 <u><u>\$ 2,540,550</u></u>	 <u><u>\$ 663,949</u></u>

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2021

	<b>Program Services</b>	<b>Supporting Services Management and General</b>	<b>Fund and Resource Development</b>	<b>Total</b>
Computer and technology	\$ 21,431	\$ 950	\$ -	\$ 22,381
Conferences, conventions, and meetings	4,939	1,112	129	6,180
Contracted services	36,477	34,459	47,114	118,050
Depreciation	-	4,726	-	4,726
Employee benefits	686,261	129,640	27,068	842,969
Events	-	-	9,212	9,212
Insurance	74,973	56,559	-	131,532
Interest	1,066	159	-	1,225
Miscellaneous	335	4,963	10,959	16,257
Occupancy	341,989	47,121	-	389,110
Postage and shipping	2	54	-	56
Printing and copying	14	451	172	637
Professional fees	220,603	23,430	-	244,033
Rental and maintenance of equipment	-	12,091	-	12,091
Salaries	4,407,022	243,268	93,085	4,743,375
Specific assistance to students	694,418	-	-	694,418
Supplies	132,179	15,397	1,931	149,507
Telephone	114,295	105,329	4,485	224,109
Travel and transportation	56,651	229	344	57,224
<b>Total Expenses</b>	<b>\$ 6,792,655</b>	<b>\$ 679,938</b>	<b>\$ 194,499</b>	<b>\$ 7,667,092</b>

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2020

	<b>Program Services</b>	<b>Supporting Services Management and General</b>	<b>Fund and Resource Development</b>	<b>Total</b>
Computer and technology	\$ 13,124	\$ 582	\$ -	\$ 13,706
Conferences, conventions, and meetings	68,514	15,424	1,792	85,730
Contracted services	29,734	28,089	38,404	96,227
Depreciation	-	2,626	-	2,626
Employee benefits	699,223	132,089	27,579	858,891
Events	-	-	49,688	49,688
Insurance	44,516	33,583	-	78,099
Interest	6,222	931	-	7,153
Miscellaneous	663	9,828	21,700	32,191
Occupancy	284,764	39,236	-	324,000
Postage and shipping	40	953	-	993
Printing and copying	6	197	75	278
Professional fees	304,808	32,373	-	337,181
Rental and maintenance of equipment	-	10,645	-	10,645
Salaries	4,408,595	243,354	93,119	4,745,068
Specific assistance to students	90,172	-	-	90,172
Supplies	187,116	21,797	2,733	211,646
Telephone	112,352	103,538	4,409	220,299
Travel and transportation	146,630	592	891	148,113
<b>Total Expenses</b>	<b>\$ 6,396,479</b>	<b>\$ 675,837</b>	<b>\$ 240,390</b>	<b>\$ 7,312,706</b>

*See accompanying notes to financial statements.*



Communities In Schools of Jacksonville, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2021 and 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,876,601	\$ 70,978
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,726	2,626
Donated items held for distributions	(949,562)	
Changes in operating assets and liabilities:		
Unrealized (gain) loss on investments	(137,753)	1,422
(Gain) loss on sale of investments	(33,651)	(499)
(Increase) decrease in pledges receivable	65,802	(3,113)
(Increase) decrease in prepaid expenses	12,038	20,565
Increase (decrease) in accounts payable	108,156	(208,357)
Deferred revenues	(669,701)	-
Net Cash Provided by (used in) Operating Activities	276,656	(116,378)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	693,881	13,104
Purchase of property and equipment	-	(9,450)
(Purchase) of investments	(1,441,737)	(263,810)
Net Cash Provided by (used in) Investing Activities	(747,856)	(260,156)
<b>Cash Flows from Financing Activities</b>		
Refundable advance	1,018,828	1,018,828
Advance from City of Jacksonville	(598,494)	598,494
Borrowings on line of credit	300,000	590,598
Payments on line of credit	(301,225)	(602,465)
Net Cash from Financing Activities	419,109	1,605,455
Net Increase in Cash and Cash Equivalents	(52,091)	1,228,921
<b>Cash - Beginning of Year</b>	<b>1,440,457</b>	<b>211,536</b>
<b>Cash - End of Year</b>	<b>\$ 1,388,366</b>	<b>\$ 1,440,457</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	\$ 1,225	\$ 7,153

*See accompanying notes to financial statements.*

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements  
June 30, 2021 and 2020

**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, 2021 and 2020

**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, 2021 and 2020

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

**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 \$1,945,003 and \$297,600 for the years ended June 30, 2021 and 2020, respectively. Of these totals, \$362,400 and \$297,600 represented the value of discounted rent for office space for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021, \$949,562 of contributed items were on hand pending distribution.

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 November 15, 2021, which is the date the financial statements were available to be issued.

**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.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2021 and 2020

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

**Adoption of New Accounting Pronouncements (continued)**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards update (“ASU”) 2016-02, *Leases (Topic 842)*, which when effective will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The required disclosures will provide additional information about the lease transaction amounts recorded in the financial statements. Due to the COVID-19 pandemic further described in Note N, the effective date of the pronouncement was delayed until the year ending June 30, 2022, with early adoption being permitted. The potential impact to the Corporation’s financial statements is currently being evaluated.

In August 2016, the FASB issued ASU 2016-14 – *Not-for-Profit Entities (Topic 958: Presentation of Financial Statements of Not-for-Profit Entities)*, which makes several improvements to current financial reporting for not-for-profits. The guidance was effective for the year ended June 30, 2019, and the standard has been adopted. The most significant impact of this standard is to present two classes of net assets, as well as disclosure about how liquidity is managed.

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. The potential impact to the Corporation’s financial statements is currently being evaluated but is not expected to have a material impact on the Corporation’s financial statements.

**Note C- Liquidity Considerations**

The Corporation maintains a brokerage account which does have various stock investments. The overall strategy of the account is to provide increased return through dividends. The investments are utilized when needed to provide operating cash for the Corporation. The investment balance within the account at June 30, 2021 and 2020 was \$1,537,518 and \$293,584, respectively.

Included in net assets without donor restrictions at June 30, 2021 and 2020 is \$34,572 and \$39,299, respectively, which is the Corporation’s investment in fixed assets that is not available to spend on current operations. Additionally, the Corporation has \$2,200 of deposits held by others as security deposits that are also not available to spend on current operations.

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2021 and 2020

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

As further described in Note O, management is of the conclusion that the United States Federal Paycheck Protection Program refundable advance will ultimately be forgiven in full.

**Note D - Pledges and Support Receivable**

Pledges and support receivable at June 30, 2021 and 2020 are expected to be received by the Corporation within the following time periods:

	<b>2021</b>	<b>2020</b>
Less than one year	<b>\$ 595,274</b>	\$ 661,076
One to five years	-	-
	<b>\$ 595,274</b>	<b>\$ 661,076</b>

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, 2021 and 2020, this funding represented 39.13% and 52.12%, respectively, of the overall contributions and grants received by the Corporation. Additionally, the Jacksonville Kid’s Hope Alliance funding represented 87.99% and 78.82% of the pledges and support receivable as of June 30, 2021 and 2020, respectively.

**Note E – Property and Equipment**

Depreciation expense for the years ended June 30, 2021 and 2020 was \$4,726 and \$2,626, respectively. The estimated carrying value of property and equipment as of June 30, 2021 and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
Furniture and equipment	<b>\$ 242,838</b>	\$ 242,838
Less accumulated depreciation	<b>208,266</b>	203,539
	<b>\$ 34,572</b>	<b>\$ 39,299</b>

Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2021 and 2020

**Note F - Contributions and Grants**

Unrestricted contributions and grants in the accompanying Statement of Activities for 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
American Express	\$ 1,829	\$ 4,669
Arthur Vining Davis Foundation	10,000	-
Bank of America Foundation	52,000	32,250
Leon Baxton	1,164	-
Beaches Community Foundation	20,000	-
Benevity Community Impact Fund	5,628	-
BestBet	-	2,500
Black Knight Financial	-	2,500
Boeing Company	26,000	-
Charities Aid Foundation	1,432	-
Charles Clarkson	1,000	-
BNY Mellon	-	5,000
Coach Foundation	1,587,603	35,000
Community Foundation of Jacksonville	77,279	17,500
Communities in Schools - Florida	-	68,721
CROP Media	-	3,000
CSX Corporation	5,000	10,000
David A. Stein Family Foundation	-	2,500
Dollar General Literacy Foundation	-	2,500
Nancy Dreicer	-	3,486
Dubow Family Foundation	64,500	67,500
Duval County Public Schools - Student Enrichment	1,149,013	1,210,234
Duval County Public School - in-kind contribution	362,400	297,600
Ed Pratt-Dannals	2,000	-
Edna Sproull Williams Foundation	15,000	-
Facebook Donors	2,231	-
Federal PPP	-	10,000
Fidelity National Financial	2,500	5,000
Fifth Third Bank	-	35,000
FIS Foundation	-	5,000
First Coast Workplace Development	-	17,000
Gertrude E. Skelly Foundation	13,300	13,000
Florida Blue Foundation	-	10,000
Gooding - Bell Endowment	2,000	2,000
Henry and Lucy Gooding Endowment	5,000	-
Gunn Chamberlain, CPA	1,000	1,500
Haskell	-	2,948
I9 Technology, LLC	-	3,500
Jackson Walker, LLP	-	5,000

Communities In Schools of Jacksonville, Inc  
Notes to Financial Statements (continued)  
June 30, 2021 and 2020

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

Jacksonville Business Journal	\$ -	\$ 10,000
Jim Moran Foundation	401,333	351,333
Joyce Camille Chuhran	-	2,000
JP Morgan Chase	-	5,975
Mark Kennedy	1,054	-
Kid's Hope Alliance	3,232,811	3,844,450
Lastinger Family Foundation	35,000	35,000
Lucy Gooding Charitable Trust	50,000	40,000
Cheryl & Sonny Martin	1,435	1,250
Mayo Foundation	2,000	-
Nimmicht Chevrolet	-	20,000
Nordstrom	-	5,000
Northeast Florida Association of Realtors	-	2,500
PGA Tour	3,750	10,000
The Players Championship	-	10,000
Publix Corporation	5,000	5,000
Scheidel Foundation	-	1,400
Purcell, Flanagan, Hay & Greene	-	2,500
Mr. & Mrs. Ken Sanders	5,000	5,000
Network for Good	1,155	-
Reynolds, Smith & Hills	5,000	8,930
Rotary Club of South Jacksonville	1,250	-
Square, Inc.	-	1,559
Stem2Hub	2,095	-
Matt Carlucci	-	2,500
Michael Stewart	-	1,500
SunTrust Foundation	-	10,000
TD Charitable Trust Foundation	5,000	-
Thomas & Irene Kirbo Charitable Foundation	7,500	5,000
Tracy Arthur	2,000	2,500
TruTechnology	34,800	35,675
United Way of Northeast Florida - Achievers for Life	678,341	698,340
United Way - Unrestricted Contributions	6,090	11,287
Vulcan Materials	5,000	-
Volunteer Florida Foundation	442,752	320,570
WalMart Foundation	-	4,500
Wawa	-	1,000
Weaver Family Foundation	-	30,000
Mary Ellen Willis Charter Trust	2,000	-
Woolsey Morcom	1,500	2,500
Other (\$1,000 or less)	12,075	12,751
<b>Total Unrestricted Contributions and Grants</b>	<b>8,351,820</b>	<b>7,374,928</b>
<b>Total Contributions and Grants</b>	<b>\$ 8,351,820</b>	<b>\$ 7,374,928</b>



Communities In Schools of Jacksonville, Inc.  
Notes to Financial Statements (continued)  
June 30, 2021 and 2020

**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 salary. 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, 2021 and 2020 were approximately \$142,743 and \$128,562, respectively.

**Note H – Fair Value Measurements**

Fair market measurements of net assets as of June 30, 2021 and 2020 were as follows:

	<b>2021</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Managed Investment in Equity Securities	<u>\$ 1,537,518</u>	<u>\$ 1,537,518</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>2020</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Managed Investment in Equity Securities	<u>\$ 293,584</u>	<u>\$ 293,584</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021 and 2020

**Note I - Commitments**

The Corporation is obligated under certain noncancelable operating leases for office equipment. Total rental expense related to noncancelable leases for the years ended June 30, 2021 and 2020 was \$64,860 and \$46,320, respectively. The following is a schedule of future minimum lease payments on noncancelable leases at June 30, 2021 and 2020.

	<b>2021</b>	<b>2020</b>
Year ending June 30, 2021	\$ -	\$ 64,860
Year ending June 30, 2022	<b>38,085</b>	38,085
Year ending June 30, 2023	<b>11,070</b>	11,070
Year ending June 30, 2024	-	-
Year ending June 30, 2025	-	-
	<b>\$ 49,155</b>	<b>\$ 114,015</b>

**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 of 3.25% per annum at June 30, 2021, and a 4.25% per annum as of June 30, 2020. 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 \$1,136,623 and \$900,975 as of June 30, 2021 and 2020, respectively. As long as the Corporation maintains sufficient collateral to support the line of credit, there are no payment stipulations. As of June 30, 2021, and 2020, the Corporation's balance on the line of credit was \$3,527 and \$653, respectively. The Corporation incurred \$1,225 and \$7,153 of interest expense during the years ended June 30, 2021 and 2020, 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, 2017.

**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 \$887,995 and \$869,898 as of June 30, 2021 and 2020, respectively.

Communities In Schools of Jacksonville, Inc.  
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**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, 2021, the Corporation had no liability for compensated absences.

**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 City of Jacksonville, Florida’s Kid’s Hope Alliance and other entities, mainly the Moran Foundation and the Beaches Community Foundation. As of June 30, 2021, and 2020, these amounts totaled \$669,701 and \$511,216 respectively.

**Note O – Refundable Advance**

**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.

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**Note O – Refundable Advance (continued)**

**COVID-19 Impact (continued)**

**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.

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 is reflected as a refundable advance at June 30, 2021. For the fiscal year ended June 30, 2022, this loan will also be recognized as income.

Additionally, the CARES Act provided the ability to defer the payment of the employer's share of social security taxes with fifty percent of the deferral to be paid prior to December 31, 2021, and fifty percent to be paid prior to December 31, 2022. The Corporation's total deferral was \$123,971 at June 30, 2021, and \$37,821 at June 30, 2020. The deferrals are included in the "Accounts Payable and Accrued Expenses" category of the financial statements as of June 30, 2021, and June 30, 2020.