

**Financial Statements and Supplementary Information
and
Reports as Required by the Comptroller
General of the United States**

Communities In Schools of Jacksonville, Inc.

Years Ended June 30, 2018 and 2017

with Independent Auditors' Report

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Independent Auditors' Report on Basic Financial Statements and Supplementary Information

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, 2018 and 2017, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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, 2018 and 2017, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of Communities In Schools of Jacksonville, Inc.'s internal control over financial reporting and on our 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 our 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 Jacksonville, Inc.'s internal control over financial reporting and compliance.

Cornelius, Schou & Leone, LLC

CORNELIUS, SCHOU & LEONE, LLC
October 19, 2018

Communities In Schools of Jacksonville, Inc.
Statements of Financial Position
June 30, 2018 and 2017

| Assets | 2018 | 2017 |
|--|---------------------|---------------------|
| Current Assets: | | |
| Cash and cash equivalents - unrestricted | | |
| Operating | \$ 32,548 | \$ 36,083 |
| Cash in Investment Account | 600,888 | 38,368 |
| Total Cash and Cash Equivalents - Unrestricted | 633,436 | 74,451 |
| Pledges and support receivable | 854,436 | 965,588 |
| Prepaid expenses | - | 605 |
| Investments | 3,270 | 649,483 |
| Total Current Assets | 1,491,142 | 1,690,127 |
| Noncurrent Assets: | | |
| Property and equipment, net | 34,051 | 33,263 |
| Total Noncurrent Assets | 34,051 | 33,263 |
| Other Assets: | | |
| Deposits | 2,200 | - |
| Total Other Assets | 2,200 | - |
| Total Assets | \$ 1,527,393 | \$ 1,723,390 |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 670,659 | \$ 802,890 |
| Line of credit | 270,969 | 371,017 |
| Total Current Liabilities | 941,628 | 1,173,907 |
| Net Assets | | |
| Unrestricted | 585,765 | 549,483 |
| Total Net Assets | 585,765 | 549,483 |
| Total Liabilities and Net Assets | \$ 1,527,393 | \$ 1,723,390 |

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2018 and 2017

| | <u>Unrestricted</u> | |
|---|-----------------------|-----------------------|
| | <u>2018</u> | <u>2017</u> |
| Revenues and Other Support | | |
| Contributions and grants | \$ 7,578,137 | \$ 7,038,494 |
| Investment income | 5,938 | 18,497 |
| Miscellaneous | - | 44,184 |
| Gain (loss) on investments | <u>61,694</u> | <u>50,587</u> |
| Total Revenue and Other Support | <u>7,645,769</u> | <u>7,151,762</u> |
| Expenses | | |
| Program services | 6,710,336 | 6,513,976 |
| Supporting services - management and general | 696,777 | 646,994 |
| Fund and resource development | <u>202,374</u> | <u>213,351</u> |
| Total Expenses | <u>7,609,487</u> | <u>7,374,321</u> |
| Change in Net Assets | 36,282 | (222,559) |
| Net Assets, Beginning of Year | <u>549,483</u> | <u>772,042</u> |
| Net Assets, End of Year | <u>\$ 585,765</u> | <u>\$ 549,483</u> |

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

| | Program Services | Supporting Services Management and General | Fund and Resource Development | Total |
|--------------------------------------|-----------------------------|---|--|---------------------|
| Computer and technology | \$ 9,283 | \$ 412 | \$ - | \$ 9,695 |
| Conference, conventions and meetings | 51,213 | 11,528 | 1,340 | 64,081 |
| Contracted services | 33,351 | 31,506 | 43,076 | 107,933 |
| Depreciation | - | 1,810 | - | 1,810 |
| Employee benefits | 644,643 | 121,865 | 25,339 | 791,847 |
| Events | - | - | 23,353 | 23,353 |
| Insurance | 27,829 | 20,993 | - | 48,822 |
| Interest | 6,845 | 1,024 | - | 7,869 |
| Miscellaneous | 596 | 8,838 | 19,516 | 28,950 |
| Occupancy | 429,097 | 59,123 | - | 488,220 |
| Postage and shipping | 63 | 1,521 | - | 1,584 |
| Printing and copying | 386 | 13,705 | 5,211 | 19,302 |
| Professional fees | 376,534 | 39,987 | - | 416,521 |
| Rental and maintenance of equipment | - | 6,002 | - | 6,002 |
| Salaries | 4,546,779 | 270,129 | 76,784 | 4,893,692 |
| Specific assistance to students | 94,286 | - | - | 94,286 |
| Supplies | 228,088 | 26,574 | 3,328 | 257,990 |
| Telephone | 87,881 | 80,989 | 3,446 | 172,316 |
| Travel and transportation | 173,462 | 771 | 981 | 175,214 |
| Total Expenses | \$ 6,710,336 | \$ 696,777 | \$ 202,374 | \$ 7,609,487 |

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017

| | <u>Program Services</u> | <u>Supporting Services Management and General</u> | <u>Fund and Resource Development</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|---|--|----------------------------|
| Computer and technology | \$ 10,763 | \$ 478 | \$ - | \$ 11,241 |
| Conference, conventions and meetings | 61,778 | 13,906 | 1,616 | 77,300 |
| Contracted services | 40,785 | 38,528 | 52,678 | 131,991 |
| Depreciation | - | 4,801 | - | 4,801 |
| Employee benefits | 631,842 | 119,445 | 24,836 | 776,123 |
| Events | - | - | 27,497 | 27,497 |
| Insurance | 23,211 | 16,850 | - | 40,061 |
| Interest | 10,068 | 1,388 | - | 11,456 |
| Miscellaneous | 856 | 12,687 | 28,014 | 41,557 |
| Occupancy | 488,528 | 67,312 | - | 555,840 |
| Postage and shipping | 53 | 1,334 | - | 1,387 |
| Printing and copying | 227 | 5,962 | 2,152 | 8,341 |
| Professional fees | 310,857 | 33,011 | - | 343,868 |
| Rental and maintenance of equipment | - | 6,228 | - | 6,228 |
| Salaries | 4,268,456 | 253,599 | 72,129 | 4,594,184 |
| Specific assistance to students | 198,612 | - | - | 198,612 |
| Supplies | 90,122 | 10,500 | 1,315 | 101,937 |
| Telephone | 63,716 | 59,570 | 1,624 | 124,910 |
| Travel and transportation | 314,102 | 1,395 | 1,490 | 316,987 |
| Total Expenses | <u>\$ 6,513,976</u> | <u>\$ 646,994</u> | <u>\$ 213,351</u> | <u>\$ 7,374,321</u> |

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

| | 2018 | 2017 |
|---|-------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 36,282 | \$ (222,559) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 1,810 | 4,801 |
| Changes in operating assets and liabilities: | | |
| Unrealized (gain) loss on investments | (911) | (33,048) |
| (Gain) loss on sale of investments | (61,694) | (17,539) |
| (Increase) decrease in pledges receivable | 111,152 | 94,755 |
| (Increase) decrease in prepaid expenses | 605 | (605) |
| Increase (decrease) in accounts payable | (132,231) | 46,751 |
| Net Cash Provided by (used in) Operating Activities | (44,987) | (127,444) |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of investments | 705,269 | 278,132 |
| (Purchase) of investments | (1,249) | (254,067) |
| Net Cash Provided by (used in) Investing Activities | 704,020 | 24,065 |
| Cash Flows from Financing Activities | | |
| Borrowings on line of credit | 673,253 | 371,017 |
| Payments on line of credit | (773,301) | (200,409) |
| Net Cash from Financing Activities | (100,048) | 170,608 |
| Net Increase in Cash and Cash Equivalents | 558,985 | 67,229 |
| Cash - Beginning of Year | 74,451 | 7,222 |
| Cash - End of Year | \$ 633,436 | \$ 74,451 |
| Supplemental Disclosures of Cash Flow Information | | |
| Interest paid | \$ 7,869 | \$ 11,456 |

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

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 “restricted”. 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 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, 2018 and 2017

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.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2018 and 2017

Note B - Summary of Significant Accounting Policies (continued)

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 temporarily restricted support which increase that net asset class. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Corporation reports the support as “unrestricted”.

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 \$471,134 and \$529,790, respectively, for the years ended June 30, 2018 and 2017. In addition, certain volunteer workers have donated periodic services to the Corporation. 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.

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 19, 2018, 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, 2018 and 2017

Note C - Pledges and Support Receivable

Pledges and support receivable at June 30, 2018 and 2017 are expected to be received by the Corporation within the following time periods:

| | 2018 | 2017 |
|--------------------|-------------------|-------------------|
| Less than one year | \$ 854,436 | \$ 965,588 |
| One to five years | - | - |
| | \$ 854,436 | \$ 965,588 |

The Corporation receives a concentration of its funding by various grant programs through the City of Jacksonville, Florida, Public Service Grant Assistance Program. During the years ended June 30, 2018 and 2017, this funding represented 56.4% and 57.3%, respectively, of the overall contributions and grants received by the Corporation. Additionally, the Jacksonville Public Service Grant Assistance funding represented 80.0% and 90.6% of the pledges and support receivable as of June 30, 2018 and 2017, respectively.

Note D – Property and Equipment

Depreciation expense for the years ended June 30, 2018 and 2017 was \$1,810 and \$4,801, respectively. The estimated carrying value of property and equipment as of June 30, 2018 and 2017 is as follows:

| | 2018 | 2017 |
|-------------------------------|-------------------|------------------|
| Furniture and equipment | \$ 233,377 | \$ 230,790 |
| Less accumulated depreciation | 199,336 | 197,527 |
| | \$ 34,041 | \$ 33,263 |

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2018 and 2017

Note E - Contributions and Grants

Unrestricted contributions and grants in the accompanying Statement of Activities for 2018 and 2017 consist of the following:

| | <u>2018</u> | <u>2017</u> |
|--|------------------|-------------|
| Arby's Foundation | \$ - | \$ 1,553 |
| Arthur Vining Davis Foundation | 10,000 | - |
| BAE Systems | 15,000 | - |
| Bank of America | - | 2,401 |
| Bank of America Foundation | 47,000 | 37,000 |
| Barbara Bush Foundation for Family Literacy | - | 3,000 |
| Beaches Oktoberfest, LLC | 6,391 | 19,854 |
| BestBet | - | 2,000 |
| Black Knight Financial | 2,500 | 2,000 |
| Board Support | - | 16,895 |
| Chartrand Advised Fund | 25,000 | 25,000 |
| City of Jacksonville, Jacksonville Children's Commission | - | 4,032,325 |
| Coach Foundation | 25,000 | 27,065 |
| Compass Bank | - | 2,500 |
| CSX Corporation | 1,500 | 13,042 |
| Deerwood Rotary Charities | 4,000 | 4,000 |
| Nancy Dreicer | 1,000 | - |
| Dubow Family Foundation | 57,500 | 55,000 |
| Duval County Public Schools - Student Enrichment | 1,224,969 | 833,500 |
| Duval County Public School - in-kind contribution | 471,134 | 529,790 |
| Ed Pratt-Dannals | 5,000 | - |
| Edna Sproull Williams Foundation | 20,000 | 5,000 |
| Elizabeth C. Walters | 2,000 | - |
| Fidelity Charitable | 1,000 | - |
| FIS Foundation | 2,000 | 2,000 |
| Florida Blue | - | 4,362 |
| Florida Blue Foundation | 12,000 | - |
| Haskell | 2,500 | - |
| Howard, David and Jan | 2,000 | 2,000 |
| I'm A Star Foundation | 1,000 | 1,000 |
| Jacksonville Aviation Authority | 1,000 | 1,500 |
| Jacksonville Sheriff's Office | - | 15,000 |

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2018 and 2017

Note E - Contributions and Grants (continued)

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Jaxport | \$ - | \$ 1,038 |
| Jerry Gilbert | 5,000 | 5,000 |
| Jim Moran Foundation | 225,780 | 225,780 |
| JP Morgan Chase | 2,500 | - |
| Kid's Hope Alliance | 4,272,417 | - |
| Lillie Evans | 1,500 | 1,000 |
| Linda Edwards | 1,000 | - |
| Lucy Gooding Charitable Trust | - | 40,000 |
| Cheryl & Sonny Martin | 1,250 | - |
| Medtronic | 4,300 | 3,000 |
| Merrill Lynch Employee's Philanthropic Fund | 4,250 | - |
| Nimnicht Chevrolet | 2,500 | 2,000 |
| Nordstrom | - | 5,000 |
| Northeast Florida Association of Realtors | 2,000 | - |
| Pajcic & Pajcic, P.A. | 2,500 | 2,000 |
| PGA Tour | 5,000 | 7,500 |
| Publix Corporation | 10,000 | - |
| Purcell, Flanagan, Hay & Greene | 1,500 | - |
| Mr. & Mrs. Ken Sanders | 4,029 | - |
| Rick Schart | 1,200 | 2,000 |
| Taylor Wilson Thompson Family Fund | 1,000 | - |
| Tracey Arthur | 3,500 | 1,500 |
| TruTechnology | 21,508 | 8,350 |
| United Way of Northeast Florida - Achievers for Life | 678,000 | 679,710 |
| United Way - Unrestricted Contributions | 42,793 | 35,319 |
| Variable Annuity Life Insurance Company | - | 16,311 |
| Vulcan Materials | 5,000 | - |
| Volunteer Florida Foundation | 303,521 | 297,112 |
| Delores Barr Weaver Fund | - | 35,000 |
| Woolsey Morcom | 1,500 | - |
| Woosley Law | - | 1,000 |
| Other (\$1,000 or less) | 35,095 | 32,087 |
| | <u>7,578,137</u> | <u>7,038,494</u> |
| Total Unrestricted Contributions and Grants | <u>7,578,137</u> | <u>7,038,494</u> |
| | <u>\$ 7,578,137</u> | <u>\$ 7,038,494</u> |
| Total Contributions and Grants | <u>\$ 7,578,137</u> | <u>\$ 7,038,494</u> |

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2018 and 2017

Note F - 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 is administered by Variable Annuity Life Insurance Company. Total employer contributions for the years ended June 30, 2018 and 2017 were approximately \$88,740 and \$94,104, respectively.

Note G – Fair Value Measurements

Fair market measurements of net assets as of June 30, 2018 and 2017 were as follows:

| | 2018 | | | |
|---|-------------|------------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Managed Investment in Equity Securities | \$ 3,270 | \$ 3,270 | \$ - | \$ - |
| | 2017 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Managed Investment in Equity Securities | \$ 649,483 | \$ 649,483 | \$ - | \$ - |

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, 2018 and 2017

Note H - 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, 2018 and 2017 was \$4,971 in each year. The following is a schedule of future minimum lease payments on noncancelable leases at June 30, 2018 and 2017:

| | 2018 | 2017 |
|---------------------------|-------------|-------------|
| Year ending June 30, 2018 | \$ - | \$ 4,971 |
| Year ending June 30, 2019 | 4,557 | 4,557 |
| Year ending June 30, 2020 | - | - |
| Year ending June 30, 2021 | - | - |
| Year ending June 30, 2022 | - | - |
| | \$ 4,557 | \$ 9,528 |

Note I – Line of Credit

During the years ended June 30, 2017, the Corporation utilized a line of credit obtained through UBS Financial Services, Inc. (UBS), which managed the investments of the Corporation. The line of credit was secured by the investments of the Corporation that were managed by UBS, and was due on demand. The line of credit bore an interest rate that varied from 5.50% to 1.75% in excess of the LIBOR rate. The percentage excess over the LIBOR rate was determined by the balance of the line of credit. As of June 30, 2017, the Corporation's balance on the line of credit was \$371,017. Interest in the amount of \$11,456 was paid during the year ended June 30, 2017.

During the year ended June 30, 2018, the Corporation moved its investment and Line of Credit account to Wells Fargo Bank, N.A. The line of credit with Wells Fargo Bank, N.A., carries an interest rate of 6% per annum, and, as of June 30, 2018, had a ceiling of approximately \$420,000. The maximum line of credit amount is governed by the level of investments of the Corporation that are managed by Wells Fargo Bank, N.A. As long as the Corporation maintains sufficient collateral to support the line of credit, there are no payment stipulations. As of June 30, 2018, the Corporation's balance on the line of credit was \$270,969. The Corporation incurred \$7,869 of interest expense during the year ended June 30, 2018.

Note J – 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, 2014.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2018 and 2017

Note K – 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. The Corporation had uninsured cash balances of \$600,888 and \$38,368 as of June 30, 2018 and 2017, respectively.

NOTE L – 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, 2017, 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.

**Independent Auditors' 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***

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

We have audited, in accordance with the 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 Jacksonville, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Communities In Schools of Jacksonville, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Communities In Schools of Jacksonville, Inc.'s internal control. Accordingly, we 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Board of Directors
Communities In Schools of Jacksonville, Inc.
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Communities In Schools of Jacksonville, Inc.'s financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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.

Cornelius, Schou & Leone, LLC

October 19, 2018