

**COMMUNITIES IN SCHOOLS
OF ATLANTA, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2020

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Communities In Schools of Atlanta, Inc.
Atlanta, Georgia**

We have audited the accompanying financial statements of **Communities In Schools of Atlanta, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

Auditor's 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.

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 Atlanta, Inc. as of June 30, 2020 and 2019, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia

May 5, 2021

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 199,898	\$ 168,461
Grants and contracts receivable	392,624	194,887
Prepaid expenses and other assets	41,905	17,841
Investments	2,812,093	2,682,957
Property and equipment, net	<u>23,618</u>	<u>39,532</u>
Total Assets	<u>\$ 3,470,138</u>	<u>\$ 3,103,678</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 82,914	\$ 90,559
Accrued expenses	643,620	356,561
Line of credit	-	269,878
Note payable	<u>559,838</u>	<u>-</u>
Total liabilities	<u>1,286,372</u>	<u>716,998</u>
Net assets		
Without donor restrictions	1,831,483	1,960,602
With donor restrictions	<u>352,283</u>	<u>426,078</u>
Total net assets	<u>2,183,766</u>	<u>2,386,680</u>
Total Liabilities and Net Assets	<u>\$ 3,470,138</u>	<u>\$ 3,103,678</u>

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Revenues			
Government funding	\$ 3,370,866	\$ -	\$ 3,370,866
Contributions	539,147	920,643	1,459,790
Realized and unrealized gains on investments	49,902	-	49,902
Interest and dividend income	52,785	-	52,785
Other income	-	-	-
Special events revenue	837,830	-	837,830
Less: costs of direct benefits to donors	(34,928)	-	(34,928)
Total special events revenue, net	802,902	-	802,902
Net assets released from restrictions	994,438	(994,438)	-
Total revenues and other support	5,810,040	(73,795)	5,736,245
EXPENSES			
Program services			
Direct services	4,842,139	-	4,842,139
Supporting services			
Management and general	830,744	-	830,744
Fundraising	266,276	-	266,276
Total expenses	5,939,159	-	5,939,159
Change in net assets	(129,119)	(73,795)	(202,914)
Net assets at beginning of year	1,960,602	426,078	2,386,680
Net assets at end of year	\$ 1,831,483	\$ 352,283	\$ 2,183,766

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Revenues			
Government funding	\$ 4,188,225	\$ -	\$ 4,188,225
Contributions	502,120	688,770	1,190,890
Realized and unrealized gains on investments	106,391	-	106,391
Interest and dividend income	71,388	-	71,388
Other income	63	-	63
Special events revenue	348,339	-	348,339
Less: costs of direct benefits to donors	(131,976)	-	(131,976)
Total special events revenue, net	216,363	-	216,363
Net assets released from restrictions	842,284	(842,284)	-
Total revenues and other support	5,926,834	(153,514)	5,773,320
EXPENSES			
Program services			
Direct services	5,501,592	-	5,501,592
Supporting services			
Management and general	775,749	-	775,749
Fundraising	313,911	-	313,911
Total expenses	6,591,252	-	6,591,252
Change in net assets	(664,418)	(153,514)	(817,932)
Net assets at beginning of year	2,625,020	579,592	3,204,612
Net assets at end of year	\$ 1,960,602	\$ 426,078	\$ 2,386,680

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	Program Services		Supporting Services		Total
	Direct Services	Management and General	Fundraising	Total	
Salaries	\$ 2,870,399	\$ 476,712	\$ 146,843	\$ 3,493,954	
Taxes and benefits	807,139	134,049	41,291	982,479	
Professional fees	219,817	142,282	64,745	426,844	
Rent	78,723	16,592	1,844	97,159	
School activities	232,294	811	-	233,105	
Assistance to individuals	358,117	-	-	358,117	
Office expenses	43,823	7,323	482	51,628	
Depreciation	17,076	5,353	-	22,429	
Other expenses	69,631	10,227	5,000	84,858	
Staff development and conferences	42,842	5,541	-	48,383	
Travel	27,029	1,878	193	29,100	
Advertising/branding	28,585	6,631	-	35,216	
Insurance	23,682	4,991	555	29,228	
Events/meetings	20,393	3,749	2,733	26,875	
Equipment and maintenance	2,589	1,422	2,590	6,601	
Interest expense	-	13,183	-	13,183	
	\$ 4,842,139	\$ 830,744	\$ 266,276	\$ 5,939,159	
Total	\$ 4,842,139	\$ 830,744	\$ 266,276	\$ 5,939,159	

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Direct Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 3,383,955	\$ 397,151	\$ 185,885	\$ 3,966,991	
Taxes and benefits	928,161	115,236	34,612	1,078,009	
Professional fees	298,653	150,410	66,582	515,645	
Rent	82,245	13,005	1,445	96,695	
School activities	271,296	-	-	271,296	
Assistance to individuals	171,282	50	-	171,332	
Office expenses	54,395	6,770	7,202	68,367	
Depreciation	24,964	7,825	-	32,789	
Other expenses	52,898	12,827	1,055	66,780	
Staff development and conferences	81,507	31,460	-	112,967	
Travel	49,627	3,012	373	53,012	
Advertising/branding	19,212	2,471	-	21,683	
Insurance	36,836	5,793	644	43,273	
Events/meetings	46,000	9,309	12,741	68,050	
Equipment and maintenance	561	5,552	3,372	9,485	
Interest expense	-	14,878	-	14,878	
	<u>\$ 5,501,592</u>	<u>\$ 775,749</u>	<u>\$ 313,911</u>	<u>\$ 6,591,252</u>	

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	\$ (202,914)	\$ (817,932)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	22,429	32,789
(Gain) loss on disposal of property and equipment	583	(298)
Realized and unrealized gain on investments	(49,902)	(106,391)
Forgiveness of note payable	(272,488)	-
Change in assets and liabilities		
(Increase) in grants and contracts receivable	(197,737)	(113,825)
(Increase) decrease in prepaid expenses and other assets	(24,064)	8,334
Increase (decrease) in accounts payable and accrued expenses	279,414	(30,219)
	(444,679)	(1,027,542)
INVESTING ACTIVITIES		
Purchases of property and equipment	(7,098)	(22,936)
Purchases of investments and reinvested earnings	(429,234)	(50,946)
Proceeds from sale of investments	350,000	400,000
	(86,332)	326,118
FINANCING ACTIVITIES		
Borrowings on line of credit	-	699,878
Repayments on line of credit	(269,878)	(430,000)
Borrowings on note payable	832,326	-
	562,448	269,878
Net cash provided by financing activities	562,448	269,878
Net increase (decrease) in cash and cash equivalents	31,437	(431,546)
Cash and cash equivalents at beginning of year	168,461	600,007
Cash and cash equivalents at end of year	\$ 199,898	\$ 168,461
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 13,183	\$ 14,878
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES		
Forgiveness of note payable	\$ 272,488	\$ -

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Communities In Schools of Atlanta, Inc. (the “Organization”) is a Georgia nonprofit organization located in Atlanta, Georgia that was established in 1971 within the meaning of Section 501(c)(3) of the Internal Revenue Code. The mission of Communities In Schools of Atlanta, Inc. is to surround young people with a community of support, empowering them to stay in school and achieve in life. The Organization is part of the largest and most effective research-based dropout prevention organization in the nation. The Organization places trained staff in schools who build relationships with struggling students and their families. They help identify the non-instructional obstacles that are preventing children from succeeding in school, and then connect students and their families to resources and services already available in the community. When the needs of students are met, they can concentrate on learning, and teachers are free to teach. The Organization offers services to Atlanta Public Schools, the Clayton County School District, the DeKalb County School District, and the Fulton County School District.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. It is the policy of the board of directors to review their financial standing from time to time and to designate sums of net assets without donor restrictions for specific efforts.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash Equivalents

The Organization considers all short-term, interest-bearing deposits external of the investment accounts with maturities of three months or less to be cash equivalents.

Accounts Receivable

Grants and contracts receivable represents fees that have been billed but not collected as of the date of the accompanying financial statements. A provision for doubtful accounts is made to maintain adequate reserves to cover anticipated losses based upon management's evaluation of the collectability of grants and contracts receivable. At June 30, 2020 and 2019, the Organization considers all grants and contracts receivable fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

Investments

Investments are reported at fair value.

Property and Equipment

The Organization capitalizes property and equipment in excess of \$500. Purchased property and equipment is recorded at cost. Donated items are recorded at fair market value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment have estimated useful lives ranging from three to eight years. Depreciation expense was \$22,429 and \$32,789 for the years ended June 30, 2020 and 2019, respectively.

Donated Services and Materials

Various individuals, corporations, and foundations donate materials and services to the Organization for use in its programs and are recorded at the estimated fair market value at the date of donation. For the years ended June 30, 2020 and 2019, contributed materials of \$172,460 and \$14,130, respectively, have been included in contributions and expenses in the accompanying statements of activities.

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the years ended June 30, 2020 and 2019, contributed services of \$53,097 and \$75,656, respectively, have been included in contributions and expenses in the accompanying statements of activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, professional fees, office expenses, and equipment and maintenance, which are allocated on the basis of estimates of time and effort and facility usage.

Income Taxes

The Organization formed as a non-profit corporation under the laws of the state of Georgia in 1971 and is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization is not required to pay federal taxes on income, and contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax exempt status.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that affect the Organization's revenue recognition. The first, ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

For the year ending June 30, 2020, the Organization adopted ASU 2014-09 and ASU 2018-08, and has adjusted the presentation in these financial statements accordingly. The adoption of ASU 2014-09 did not have an impact on the Organization's timing of the recognition of government funding recognized over a period of time, or special events revenue recognized at a point in time. The adoption of ASU 2018-08 did not have an impact on the Organization's timing of the recognition of contribution revenue.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 199,898	\$ 168,461
Investments	2,812,093	2,682,957
Grants and contracts receivable	392,624	194,887
Less:		
Cash and cash equivalents held for donor restrictions	(199,898)	(168,461)
Investments held for donor restrictions	(85,676)	(255,617)
Receivables held for donor restrictions	(66,709)	(2,000)
Financial assets available for general expenditures	\$ 3,052,332	\$ 2,620,227

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in order to meet its liabilities and other obligations as they become due.

NOTE 3. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are derived from valuation techniques in which one or more significant inputs are unobservable. At June 30, 2020 and 2019, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments.

Following are valuation methodology descriptions used for assets measured at fair value:

Common stocks and exchange-traded funds ("ETFs"): Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Certificate of deposit: Does not meet the definition of a debt security as it is not traded on a market or exchange; therefore, it is not subject to fair value leveling and is reported at cost.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Foreign bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Common stock and ETFs	\$ 1,200,240	\$ -	\$ -	\$ 1,200,240
Mutual funds	1,030,038	-	-	1,030,038
Corporate bonds	-	507,870	-	507,870
U.S. government securities	-	38,985	-	38,985
Cash and money markets	34,960	-	-	34,960
Total investments	\$ 2,265,238	\$ 546,855	\$ -	\$ 2,812,093

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Common stock and ETFs	\$ 1,195,132	\$ -	\$ -	\$ 1,195,132
Mutual funds	777,835	-	-	777,835
Corporate bonds	-	610,324	-	610,324
U.S. government securities	-	40,055	-	40,055
Cash and money markets	59,611	-	-	59,611
Total investments	\$ 2,032,578	\$ 650,379	\$ -	\$ 2,682,957

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2020	2019
Computers and software	\$ 350,201	\$ 343,103
Furniture, fixtures, and equipment	205,791	205,791
Vehicles	69,041	69,041
Improvements	25,519	25,519
Total	650,552	643,454
Less accumulated depreciation	(626,934)	(603,922)
Total property and equipment, net	\$ 23,618	\$ 39,532

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LINES OF CREDIT

The Organization entered into a line of credit agreement with a financial institution that holds a portion of the Organization's investments. The agreement allows for borrowings based on a percentage of the eligible securities maintained in the investment account that serves as collateral. Interest is charged monthly at the lender's calculated base rate with an additional rate above or below the base rate depending on the amount of assets held under management of the institution (5% at June 30, 2020). As of June 30, 2020 and 2019, the outstanding balance on the line of credit was \$- and \$269,878, respectively. Interest expense related to this line of credit was \$13,183 and \$14,878 for the years ended June 30, 2020 and 2019, respectively. The line of credit was closed on September 23, 2020.

NOTE 6. NOTE PAYABLE

On March 27, 2020, the United States President signed into law the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act. One component of the CARES Act was the paycheck protection program ("PPP") which provides small businesses with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration ("SBA") with support from the Department of Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The Organization applied for and was accepted to participate in this program, and received funding of \$832,326.

The loan is a 2 year loan with a maturity date of May 3, 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. Loan provisions allow the Organization to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Organization is eligible for loan forgiveness in an amount equal to payments made during the 24 week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses.

The Organization spent \$272,488 of the funds on eligible expenses by June 30, 2020, and therefore has recognized the amount as income in government funding on the statement of activities.

Annual principal payments for the note payable are as follows for the years ending June 30:

2021	\$	280,336
2022		<u>279,502</u>
	\$	<u>559,838</u>

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Traditional program	\$ 238,196	\$ 347,890
Miscellaneous program services	73,521	38,449
21 st Century program	2,768	12,667
Family literacy	<u>37,798</u>	<u>27,072</u>
Total	<u>\$ 352,283</u>	<u>\$ 426,078</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 199,898	\$ 168,461
Investments	85,676	255,617
Grants and contracts receivable	<u>66,709</u>	<u>2,000</u>
Total	<u>\$ 352,283</u>	<u>\$ 426,078</u>

Net assets with donor restrictions totaling \$994,438 and \$842,284 were released from restrictions during the years ended June 30, 2020 and 2019, respectively, by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

NOTE 8. CONCENTRATIONS

During the years ended June 30, 2020 and 2019, the Organization received funding from two government agencies representing approximately 59% and 77%, respectively, of total government funding.

During the years ended June 30, 2020 and 2019, the Organization received contributions from six donors representing approximately 44% and 45%, respectively, of total contributions.

At June 30, 2020 and 2019, two agencies represented approximately 70% and 73%, respectively, of grants and contracts receivable.

NOTE 9. RELATED PARTY TRANSACTIONS

The Organization receives grants and subgrants from Communities In Schools of Georgia, a nonprofit organization which supports the work of the local Communities In Schools affiliates in the state of Georgia, and from Communities In Schools, the national affiliate.

During the years ended June 30, 2020 and 2019, the Organization received \$278,148 and \$99,815, respectively, from these related parties. At June 30, 2020 and 2019, the Organization's grants and contracts receivable included \$55,723 and \$22,540, respectively, due from these related parties.

NOTE 10. RETIREMENT PLAN

The Organization provides an employee benefit retirement plan established pursuant to Section 403(b) of the Internal Revenue Code. An employee is eligible to join the Plan immediately upon employment and elect to voluntarily contribute up to the maximum allowed in accordance with Section 403(b) of the Internal Revenue Code. Participants are immediately vested in any elected deferrals and in the earnings on those deferrals. The Organization may also elect to make additional matching or non-elective contributions to the Plan on behalf of all eligible employees. Employees are eligible to receive the employer contributions after one year of service. All benefits payable under the Plan are to be provided from tax sheltered annuities which are not assets of the Organization. Employer contributions to the Plan were \$50,850 and \$64,834 for the years ended June 30, 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS

The Organization has entered into operating leases for office space expiring at various dates through the year ended June 30, 2025. Total rent expense under these leases was \$97,159 and \$96,695 for the years ended June 30, 2020 and 2019, respectively. The Organization also entered into an operating lease through February 2022 for office equipment. The future minimum lease payments under these non-cancelable operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 108,037
2022	87,914
2023	87,045
2024	89,231
2025	<u>26,982</u>
Total	<u>\$ 399,209</u>

NOTE 12. EFFECTS OF COVID-19

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the coronavirus disease (COVID-19) as a pandemic. COVID-19 has significantly impacted and may continue to affect economic activity globally, nationally and locally. Economic and market conditions and other effects of the COVID-19 outbreak may continue to affect the Organization. The extent of the impact of the COVID-19 outbreak cannot be predicted at this time.

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2021, the date these financial statements were available to be issued.

On April 15, 2021 the PPP note payable described in Note 6, and related accrued interest, were forgiven by the SBA.