

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

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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
December 4, 2019

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 168,461	\$ 600,007
Grants and contracts receivable	194,887	81,062
Prepaid expenses and other assets	17,841	26,175
Investments	2,682,957	2,925,620
Property and equipment, net	39,532	49,087
	<u> </u>	<u> </u>
Total assets	<u>\$ 3,103,678</u>	<u>\$ 3,681,951</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 90,559	\$ 69,807
Accrued expenses	356,561	407,532
Line of credit	269,878	-
	<u> </u>	<u> </u>
Total liabilities	<u>716,998</u>	<u>477,339</u>
Net assets		
Without donor restrictions	1,960,602	2,625,020
With donor restrictions	426,078	579,592
	<u> </u>	<u> </u>
Total net assets	<u>2,386,680</u>	<u>3,204,612</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 3,103,678</u>	<u>\$ 3,681,951</u>

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Government funding	\$ 4,188,225	\$ -	\$ 4,188,225
Contributions	502,120	688,770	1,190,890
Special events, net of \$131,976 of direct costs	216,363	-	216,363
Realized and unrealized gains on investments	106,391	-	106,391
Interest and dividend income	71,388	-	71,388
Other income	63	-	63
	<u>5,084,550</u>	<u>688,770</u>	<u>5,773,320</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>842,284</u>	<u>(842,284)</u>	<u>-</u>
Expenses			
Program services	5,501,592	-	5,501,592
Supporting services			
Management and general	775,749	-	775,749
Fundraising	313,911	-	313,911
	<u>6,591,252</u>	<u>-</u>	<u>6,591,252</u>
Change in net assets	(664,418)	(153,514)	(817,932)
Net assets at beginning of year	<u>2,625,020</u>	<u>579,592</u>	<u>3,204,612</u>
Net assets at end of year	<u>\$ 1,960,602</u>	<u>\$ 426,078</u>	<u>\$ 2,386,680</u>

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Government funding	\$ 4,246,316	\$ 19,000	\$ 4,265,316
Contributions	658,301	1,381,258	2,039,559
Special events, net of \$135,860 of direct costs	278,579	-	278,579
Realized and unrealized gains on investments	134,821	-	134,821
Interest and dividend income	52,821	-	52,821
Other income	845	-	845
	<u>5,371,683</u>	<u>1,400,258</u>	<u>6,771,941</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>909,069</u>	<u>(909,069)</u>	<u>-</u>
Expenses			
Program services	5,003,604	-	5,003,604
Supporting services			
Management and general	908,720	-	908,720
Fundraising	420,545	-	420,545
	<u>6,332,869</u>	<u>-</u>	<u>6,332,869</u>
Change in net assets	(52,117)	491,189	439,072
Net assets at beginning of year	<u>2,677,137</u>	<u>88,403</u>	<u>2,765,540</u>
Net assets at end of year	<u>\$ 2,625,020</u>	<u>\$ 579,592</u>	<u>\$ 3,204,612</u>

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.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Direct Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 3,012,001	\$ 462,485	\$ 230,849	\$ 3,705,335	
Taxes and benefits	904,514	167,203	93,169	1,164,886	
Professional fees	219,791	168,225	60,114	448,130	
Rent	77,072	15,965	1,774	94,811	
School activities	239,709	592	-	240,301	
Assistance to individuals	248,669	10,076	-	258,745	
Office expenses	50,868	18,263	2,317	71,448	
Depreciation	23,995	8,260	-	32,255	
Other expenses	44,270	16,091	7,926	68,287	
Staff development and conferences	35,680	6,813	1,552	44,045	
Travel	50,138	5,503	1,090	56,731	
Advertising/branding	17,872	7,366	-	25,238	
Insurance	32,131	6,519	724	39,374	
Events/meetings	38,226	10,026	17,766	66,018	
Equipment and maintenance	8,668	5,333	3,264	17,265	
	<u>\$ 5,003,604</u>	<u>\$ 908,720</u>	<u>\$ 420,545</u>	<u>\$ 6,332,869</u>	

See Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	\$ (817,932)	\$ 439,072
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	32,789	32,255
(Gain) loss on disposal of property and equipment	(298)	331
Realized and unrealized gain on investments	(106,391)	(134,821)
Change in assets and liabilities		
Grants and contracts receivable	(113,825)	(39,119)
Prepaid expenses and other assets	8,334	(8,274)
Accounts payable and accrued expenses	(30,219)	122,103
	(1,027,542)	411,547
Net cash (used in) provided by operating activities		
INVESTING ACTIVITIES		
Purchases of property and equipment	(22,936)	(24,040)
Purchases of investments and reinvested earnings	(50,946)	(979,233)
Proceeds from sale of investments	400,000	645,267
	326,118	(358,006)
Net cash provided by (used in) investing activities		
FINANCING ACTIVITIES		
Borrowings on line of credit	699,878	-
Repayments on line of credit	(430,000)	-
	269,878	-
Net cash provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(431,546)	53,541
Cash and cash equivalents at beginning of year	600,007	546,466
Cash and cash equivalents at end of year	\$ 168,461	\$ 600,007
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 14,878	\$ -

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 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, 2019 and 2018, 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 \$32,789 and \$32,255 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, contributed materials of \$14,130 and \$158,980, 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, 2019 and 2018, contributed services of \$75,656 and \$72,258, 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 expense, 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

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 (1) reduces the number of net asset classes presented from three to two, (2) requires the presentation of expenses by functional and natural classification in one location, and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets. The Organization adopted ASU 2016-14 in 2019, and the accompanying information from the 2018 financial statements has been adjusted to conform to the new presentation and disclosure requirements. This adjustment did not have an effect on total net assets or the change in net assets for 2018.

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:

Financial assets:		
Cash and cash equivalents	\$	168,461
Investments		2,682,957
Grants and contracts receivable		194,887
Less:		
Cash and cash equivalents held for donor restrictions		(168,461)
Investments held for donor restrictions		(255,617)
Receivables held for donor restrictions		(2,000)
Financial assets available for general expenditures	\$	<u>2,620,227</u>

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

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, 2019 and 2018, 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 (Continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
	<u>59,611</u>	<u>-</u>	<u>-</u>	<u>59,611</u>
Total investments	<u>\$ 2,032,578</u>	<u>\$ 650,379</u>	<u>\$ -</u>	<u>\$ 2,682,957</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock and ETFs	\$ 1,197,223	\$ -	\$ -	\$ 1,197,223
Mutual funds	727,272	-	-	727,272
Corporate bonds	-	918,084	-	918,084
U.S. government securities	-	35,534	-	35,534
Cash and money markets	45,565	-	-	45,565
Foreign bonds	-	1,942	-	1,942
	<u>-</u>	<u>1,942</u>	<u>-</u>	<u>1,942</u>
Total investments	<u>\$ 1,970,060</u>	<u>\$ 955,560</u>	<u>\$ -</u>	<u>\$ 2,925,620</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Computers and software	\$ 343,103	\$ 322,747
Furniture, fixtures, and equipment	205,791	198,504
Vehicles	69,041	69,041
Improvements	25,519	25,519
	<u>25,519</u>	<u>25,519</u>
Total	643,454	615,811
Less accumulated depreciation	<u>(603,922)</u>	<u>(566,724)</u>
Total property and equipment, net	<u>\$ 39,532</u>	<u>\$ 49,087</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LINES OF CREDIT

In November 2015, 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. As of June 30, 2019 and 2018, the outstanding balance on the line of credit was \$269,878 and \$-, respectively. Interest expense related to this line of credit was \$14,878 and \$- for the years ended June 30, 2019 and 2018, respectively.

In March 2016, the Organization entered into a \$500,000 line of credit agreement with a financial institution. Interest is charged on the outstanding balance at a rate of 3.60 percentage points over LIBOR. The agreement matures on August 10, 2019 and requires monthly interest payments on the outstanding principal balance. As of June 30, 2019 and 2018, there was no outstanding balance on the line of credit.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to expenditure for specified purpose:		
Traditional program	\$ 347,890	\$ 517,692
Miscellaneous program services	38,449	4,533
21 st Century program	12,667	15,689
Family literacy	27,072	17,615
Social emotional learning program	-	24,063
Total	\$ 426,078	\$ 579,592

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

	2019	2018
Cash and cash equivalents	\$ 168,461	\$ 579,592
Investments	255,617	-
Promises to give	2,000	-
Total	\$ 426,078	\$ 579,592

Net assets with donor restrictions totaling \$842,284 and \$909,069 were released from restrictions during the years ended June 30, 2019 and 2018, respectively, by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

NOTE 7. CONCENTRATIONS

During the year ended June 30, 2019, the Organization received contributions from six donors representing approximately 45% of total contributions. During the year ended June 30, 2018, the Organization received contributions from three donors representing approximately 42% of total contributions.

During the years ended June 30, 2019 and 2018, the Organization received funding from two government agencies representing approximately 77% and 80% of total government funding, respectively.

At June 30, 2019, two government agencies represented approximately 73% of grants and contracts receivable, and at June 30, 2018, three government agencies represented approximately 72% of grants and contracts receivable.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Organization received grants and subgrants totaling \$20,275 and \$219,000, respectively, 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. During the years ended June 30, 2019 and 2018, the Organization received grants of \$79,540 and \$136,560, respectively, from Communities In Schools, the national affiliate. At June 30, 2019 and 2018, the Organization's grants and contracts receivable included \$22,540 and \$8,700, respectively, due from these related parties.

NOTE 9. 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 \$64,834 and \$29,722 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10. 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 \$96,695 and \$94,811 for the years ended June 30, 2019 and 2018, 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>
2020	\$ 105,518
2021	87,355
2022	87,914
2023	87,045
2024	89,231
Thereafter	26,982
Total	<u>\$ 484,045</u>

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2019, the date these financial statements were available to be issued.