

**COMMUNITIES IN SCHOOLS OF  
GREATER NEW ORLEANS, INC.**

**FINANCIAL REPORT**

**For the Years Ended June 30, 2018 and 2017**



**CRI** CARR  
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**JUNE 30, 2018**

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**Report**



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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Communities In Schools of Greater New Orleans, Inc.  
New Orleans, Louisiana

We have audited the accompanying financial statements of Communities In Schools of Greater New Orleans, Inc. ("CIS") (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 CIS'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 CIS'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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIS 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 Matters**

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to President, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of CIS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CIS's internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

December 28, 2018



# Financial Statements

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

<i>As of June 30,</i>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 56,348	\$ 27,132
Accounts receivable	130,985	151,875
Prepaid expenses and deposits	14,013	21,232
Inventory	25,805	24,400
Total current assets	<b>227,151</b>	224,639
<b>Other assets</b>		
Beneficial interest in assets held by others	108,813	100,940
<b>Total assets</b>	<b>\$ 335,964</b>	<b>\$ 325,579</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 18,385	\$ 17,554
Accrued expenses	45,163	25,812
Line of credit	250,000	70,100
Total liabilities	<b>313,548</b>	113,466
<b>Net assets (deficit)</b>		
Unrestricted	(115,506)	(33,855)
Temporarily restricted	63,461	145,028
Permanently restricted	74,461	100,940
Total net assets	<b>22,416</b>	212,113
<b>Total liabilities and net assets</b>	<b>\$ 335,964</b>	<b>\$ 325,579</b>

*The accompanying footnotes are an integral part of these financial statements.*

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF ACTIVITIES - 2018**

*For the Year Ended June 30, 2018*

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>Revenues and other support</b>				
Contributions	\$ 146,603	\$ 185,031	\$ -	\$ 331,634
Contract income	1,546,088	-	-	1,546,088
In-kind contributions	9,572	-	-	9,572
Federal program revenue	-	67,781	-	67,781
State and local government revenue	2,574	276,388	-	278,962
Net assets released from restrictions	610,767	(610,767)	-	-
<b>Total revenues</b>	<b>2,315,604</b>	<b>(81,567)</b>	<b>-</b>	<b>2,234,037</b>
<b>Expenses</b>				
Program services	2,413,048	-	-	2,413,048
Supporting services:				
General and administrative	6,766	-	-	6,766
Fundraising	11,793	-	-	11,793
<b>Total expenses</b>	<b>2,431,607</b>	<b>-</b>	<b>-</b>	<b>2,431,607</b>
<b>Nonoperating Activities</b>				
Board-designated endowment income	7,873	-	-	7,873
Transfer of net assets due to clarification of donor intent	26,479	-	(26,479)	-
<b>Total nonoperating activities</b>	<b>34,352</b>	<b>-</b>	<b>(26,479)</b>	<b>7,873</b>
<b>Change in net assets</b>	<b>(81,651)</b>	<b>(81,567)</b>	<b>(26,479)</b>	<b>(189,697)</b>
<b>Net assets (deficit) - beginning of year</b>	<b>(33,855)</b>	<b>145,028</b>	<b>100,940</b>	<b>212,113</b>
<b>Net assets (deficit) - end of year</b>	<b>\$ (115,506)</b>	<b>\$ 63,461</b>	<b>\$ 74,461</b>	<b>\$ 22,416</b>

*The accompanying footnotes are an integral part of this financial statement.*

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF ACTIVITIES - 2017**

*For the Year Ended June 30, 2017*

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTL Y RESTRICTED	TOTAL
<b>Revenues and other support</b>				
Contributions	\$ 142,287	\$ 326,797	\$ -	\$ 469,084
Contract income	1,073,631	-	-	1,073,631
In-kind contributions	44,377	-	-	44,377
Federal program revenue	-	67,887	-	67,887
State and local government revenue	103,389	354,586	-	457,975
Investment income	1,106	-	8,093	9,199
Net assets released from restrictions	656,111	(655,630)	(481)	-
<b>Total revenues</b>	<b>2,020,901</b>	<b>93,640</b>	<b>7,612</b>	<b>2,122,153</b>
<b>Expenses</b>				
Program services	2,234,338	-	-	2,234,338
Supporting services:				
General and administrative	2,483	-	-	2,483
Fundraising	9,878	-	-	9,878
<b>Total expenses</b>	<b>2,246,699</b>	<b>-</b>	<b>-</b>	<b>2,246,699</b>
<b>Change in net assets</b>	<b>(225,798)</b>	<b>93,640</b>	<b>7,612</b>	<b>(124,546)</b>
<b>Net assets - beginning of year</b>	<b>191,943</b>	<b>51,388</b>	<b>93,328</b>	<b>336,659</b>
<b>Net (deficit) assets - end of year</b>	<b>\$ (33,855)</b>	<b>\$ 145,028</b>	<b>\$ 100,940</b>	<b>\$ 212,113</b>

*The accompanying footnotes are an integral part of this financial statement.*

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - 2018**

*For the Year Ended June 30, 2018*

	Total	Supporting Services			Total
		Program Services	General and Administrative	Fundraising	
Salaries	\$ 1,601,609	\$ -	\$ -	\$ -	\$ 1,601,609
Payroll - benefits	315,503	-	-	-	315,503
Contract services	177,071	-	1,071	1,071	178,142
School programs	82,354	6,225	-	6,225	88,579
General and administration	38,524	-	-	-	38,524
Facilities	49,906	541	-	541	50,447
Employee leave expense	38,750	-	-	-	38,750
Supplies and small equipment	15,111	-	-	-	15,111
Conferences, conventions, and training	18,636	-	-	-	18,636
Travel	12,569	-	-	-	12,569
Professional fees	15,926	-	-	-	15,926
Food and meetings	4,074	-	-	-	4,074
Fundraising expenses	6,222	-	3,642	3,642	9,864
Marketing and public relations	6,757	-	7,080	7,080	13,837
Interest expense	14,214	-	-	-	14,214
Printing and copying	6,506	-	-	-	6,506
Volunteer expenses	5,009	-	-	-	5,009
Recognitions	4,307	-	-	-	4,307
	<b>\$ 2,413,048</b>	<b>\$ 6,766</b>	<b>\$ 11,793</b>	<b>\$ 18,559</b>	<b>\$ 2,431,607</b>

*The accompanying footnotes are an integral part of this financial statement.*

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - 2017**

*For the Year Ended June 30, 2017*

	Total	Supporting Services			Total
		Program Services	General and Administrative	Fundraising	
Salaries	\$ 1,427,426	\$ -	\$ -	\$ -	\$ 1,427,426
Payroll - benefits	256,735	-	-	-	256,735
Contract services	186,474	-	-	-	186,474
School programs	151,244	-	-	-	151,244
General and administration	49,482	-	7	7	49,489
Facilities	48,138	1,078	-	1,078	49,216
Employee leave expense	24,875	-	-	-	24,875
Supplies and small equipment	14,541	856	481	1,337	15,878
Conferences, conventions, and training	13,816	-	-	-	13,816
Travel	13,260	-	-	-	13,260
Professional fees	10,045	549	-	549	10,594
Food and meetings	10,508	-	-	-	10,508
Fundraising expenses	803	-	9,170	9,170	9,973
Marketing and public relations	7,258	-	220	220	7,478
Interest expense	7,145	-	-	-	7,145
Printing and copying	6,927	-	-	-	6,927
Volunteer expenses	4,430	-	-	-	4,430
Recognitions	1,231	-	-	-	1,231
	\$ 2,234,338	\$ 2,483	\$ 9,878	\$ 12,361	\$ 2,246,699

*The accompanying footnotes are an integral part of this financial statement.*

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**STATEMENTS OF CASH FLOWS**

<i>For the Years Ended June 30,</i>	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (189,697)	\$ (124,546)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Unrealized gain on investment	(7,873)	(7,612)
Decrease (increase) in operating assets:		
Accounts receivable	20,890	(74,491)
Prepaid expenses	7,219	(8,990)
Inventory	(1,405)	940
Increase (decrease) in operating liabilities:		
Accounts payable	831	12,919
Accrued expenses	19,351	5,089
<b>Net cash used in operating activities</b>	<b>(150,684)</b>	<b>(196,691)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings on line of credit	179,900	69,900
<b>Net cash provided by financing activities</b>	<b>179,900</b>	<b>69,900</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>29,216</b>	<b>(126,791)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of fiscal year</b>	<b>27,132</b>	<b>153,923</b>
<b>CASH AND CASH EQUIVALENTS - End of fiscal year</b>	<b>\$ 56,348</b>	<b>\$ 27,132</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the fiscal year for interest	\$ 14,214	\$ 7,145

*The accompanying footnotes are an integral part of these financial statements.*

## COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC. NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Organization***

Communities In Schools of Greater New Orleans, Inc. (“CIS”) is a nonprofit organization that provides preventive dropout services and programs for students in public schools in the Greater New Orleans region. As of June 30, 2018, CIS provides services to 21 schools in the Greater New Orleans area. As of June 30, 2017, CIS provided services to 15 schools in the Greater New Orleans area and East Baton Rouge areas. In August 2017, CIS stopped providing services in East Baton Rouge area.

CIS’s mission is to surround students with a community of support, empowering them to stay in school and achieve in life. CIS champions the connection of needed community resources with schools to help young people successfully learn, stay in school and prepare for life. By bringing caring adults into the schools to address children’s unmet needs, CIS provides the link between educators and the community. The result: teachers are free to teach, and students – many in jeopardy of dropping out – have the opportunity to focus on learning.

CIS changes the dropout equation with Integrated Student Services (ISS). CIS works inside school systems with superintendents, principals, educators and other personnel, and forges community partnerships that bring resources into schools and help remove barriers to learning. The CIS model addresses the total student—because students with unmet physical, psychological and social needs cannot learn effectively—and the whole school environment. Research has shown that this attention to the needs of both the entire school and the individual student is critical to reducing dropout rates and increasing graduation rates. CIS’s unique model positions a “Site Coordinator” inside schools to assess needs and deliver necessary resources. Site Coordinators are consistent, caring adults whose only job is to support students to succeed. These extraordinary and dedicated individuals change lives one day and one student at a time. As a single point of contact, they are uniquely positioned to match the needs of students and families with resources in the community, and to be active participants in the work of teachers and administrators in making their schools places of learning and achievement.

#### **Program Services provided by CIS are as follows:**

##### ***Coordination of School-wide Services***

CIS Site Coordinators ensure at least four activities during the school year that will impact at least 75% of students by building their awareness, skills or access to services. During the years ended June 30, 2018 and 2017, school-wide services were received by 5,329 and 3,962 students, respectively.



## COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC. NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Case Management***

Each CIS Site Coordinator also manages a specific caseload of students who need access to programs and services to overcome challenges to their success. They assess the needs, create a service plan, and either provide the services themselves, or seek community programs with expertise in providing the specific service. Coordination of services often spans the entire school year. During the year ended June 30, 2018, 1,662 students received intensive case management services. A total of 35,357 and 23,533 services were provided to students during the years ended June 30, 2018 and 2017, respectively. During the year ended June 30, 2017, there were 2,271 students that received a documented service and 1,108 students received intensive case management of community based services.

#### ***Out-of-school Time Programs***

CIS is a grantee of the Louisiana Department of Education, receiving 21st Century Community Learning Center funds to provide the CIS Champ Camp to students across three school sites. CIS provided Champ Camp to 307 and 321 students during the years ended June 30, 2018 and 2017, respectively. Programming is provided before and after the school day and includes academic support coordinated with the school's leaders as well as enrichment activities through the "Voice and Choices" component designed to give students and parents a voice in the programs provided by community members.

#### ***AmeriCorps***

Volunteer Louisiana, the grantee of the Corporation for National and Community Service's state direct program for AmeriCorps positions, has granted CIS the right to host up to 10 reduced half-time and 10 quarter time AmeriCorps members who work inside CIS schools. These AmeriCorps members are all graduate students in a counseling or social work graduate program. They provide one-on-one mentoring and social skills groups to students for a minimum of 24 hours per week. The 10 reduced half-time members each serve 675 hours and the 10 quarter-time members each serves 450 hours to significantly boost the one-on-one and group support that the schools and Site Coordinators provide to students.

#### ***Mentoring***

CIS coordinates in-school mentoring relationships between adults and CIS students. Evidence that mentoring and wrap-around support services are highly effective in the social and emotional development of students is undisputed. CIS uniquely provides this combination in the New Orleans area because it provides the wrap-around support through the CIS Site Coordinator at the school and the Mentoring Coordinator focuses on the recruitment, training and matching of adult mentors to the students selected by the CIS Site Coordinator.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***School Resources and Materials***

School supplies, equipment, materials, and services are usually limited to those items which are donated to CIS for further distribution to a school for use by its students and teachers. In addition, donors often make a direct contribution to CIS and CIS facilitates the purchase of school materials and equipment in accordance with the wishes of the donor and in fulfillment of a need expressed by the school. CIS also uses some of its own funds to provide for materials used by CIS staff in the delivery of their services to students.

***Basis of Accounting***

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

***Basis of Presentation***

Financial statement presentation follows the provisions of *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which established external financial reporting for not-for-profit entities which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets. As of the years ended June 30, 2018 and 2017, CIS had \$(115,506) and \$(33,855) of unrestricted net assets (deficit), respectively.
- Temporarily Restricted – Net assets whose use by CIS is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of CIS pursuant to such stipulations. As of the years ended June 30, 2018 and 2017, CIS had \$63,461 and 145,028 of temporarily restricted net assets, respectively.
- Permanently Restricted – Net assets whose use by CIS is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of CIS. As of the years ended June 30, 2018 and 2017, CIS had \$74,461 and \$100,940 of permanently restricted net assets, respectively.

***Cash and Cash Equivalents***

For purposes of the Statements of Cash Flows, CIS considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Functional Expenses***

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the indirect method of allocation.

***Inventory***

Inventory consists of donated supplies, books, and other publications and recognized at fair value at the time of donation.

***Beneficial Interest in Assets Held by Others***

Beneficial interest in assets held by others consists of assets transferred to the Greater New Orleans Foundation for investment purposes, with the understanding that the income pertaining to these assets would be distributed to CIS.

The Board of Trustees of the Greater New Orleans Foundation have the power to modify any restriction or condition on the distribution of funds for any specified charitable organization or organizations if in the sole judgment of the Board of Trustees (without any approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served.

***Donor Redesignations***

Certain amounts previously received from earnings on the beneficial interest in assets held by others have been transferred between net asset categories due to changes in the interpretation of the restrictions on the earnings on the gifts by the donor.

***Contributions***

Contributions are recognized when the donor makes a promise to give to CIS that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable***

CIS uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. It is management's judgment that no allowance for uncollectible receivables is necessary as of June 30, 2018 and 2017.

***Contributed Materials and Services***

CIS records various types of in-kind contributions. In-kind contribution support is recognized in accordance with the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958-30). This pronouncement requires recognition of contributed services received, if those services create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind conditions are offset by like amounts included in expenses.

CIS received contributed materials and supplies for its programs during the years ended June 30, 2018 and 2017, with fair values on the dates of donation of \$9,572 and \$44,377, respectively. CIS did not receive any significant contributed professional services for the years ended June 30, 2018 and 2017.

In addition, volunteers have served on the Board, various committees and in schools under the direction of CIS staff in CIS-coordinated programs and projects. Volunteer hours totaled approximately 9,121 and 8,622 for the years ended June 30, 2018 and 2017, respectively. These contributions of in-kind services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition.

***Contract Income***

Contract income represents program fees provided to CIS by outside organizations. These funds require CIS to provide resources and materials to schools in the Greater New Orleans area. These funds are considered to be earned when qualifying expenditures are made and all other requirements have been met.

***Federal and State Program Income***

Federal and state program income represents grants or contract income from Federal and State programs that are passed through another entity for use on specific projects. Most programs are funded on a reimbursement basis and revenues are considered to be earned when the expense is incurred and reimbursement requested.

## COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC. NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Income Tax Status***

CIS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, CIS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

#### ***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.

#### ***Recent Financial Accounting Pronouncement***

In August 2016, FASB released ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which amends the financial reporting and disclosure of net assets for not-for-profit entities. The main provisions include presenting net assets in two classes, net assets with donor restrictions and net assets without donor restrictions, on the statements of financial position; presenting on the face of the statements of activities the amount of change in each of the two classes; and providing enhanced disclosures over the amounts and purposes of governing board designations, composition of net assets with donor restrictions, and qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position dates. The provisions of this standard are effective for the fiscal year beginning July 1, 2018. Management is still evaluating the impact that the implementation of this ASU will have on CIS's financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The provisions of this standard are effective for the fiscal year beginning July 1, 2019. Management is still evaluating the impact that the implementation of this ASU will have on CIS's financial statements.

In February 2016, FASB released ASU No. 2016-02, *Leases* (Topic 842). Topic 842 supersedes Topic 840, *Leases*, and affects how entities account for operating and capital leases. The main provision of Topic 842 requires entities to recognize a lease asset and lease liability for leases classified as operating under previous guidance. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The guidance allows for accounting policy election to not recognize a lease asset or liability for leases with terms of 12 months or less. The amendments of ASU 2016-07 are effective for the fiscal year beginning July 1, 2020. Management is still evaluating the impact that the implementation of this ASU will have on CIS's financial statements.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The main provisions include guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The provisions of this standard are effective for the fiscal year beginning July 1, 2019. Management is still evaluating the impact that the implementation of this ASU will have on CIS's financial statements.

***Subsequent Events***

On July 1, 2018, Communities In Schools of Greater New Orleans changed its name to Communities In Schools of the Gulf South (CIS Gulf South) to reflect the growing needs of the broader community and to serve more students in the growing region. CIS Gulf South is continuing to expand and serve more students and families in the Greater New Orleans area, and will also begin serving students and families in Capital Area, Central Louisiana, and Acadiana in the near future.

CIS has evaluated subsequent events through December 28, 2018, which is the date the financial statements were available to be issued and determined that there were no other material events that would require disclosure.

**NOTE 2: CASH AND CASH EQUIVALENTS**

CIS maintains its cash balances at several financial institutions where deposits are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. At times throughout the year, the balances may have exceeded the federally insured limit. As of June 30, 2018 and 2017, the balances were fully insured as they did not exceed the FDIC coverage limit of \$250,000.

**NOTE 3: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

For purposes of endowment, CIS has placed funds on deposit with the Greater New Orleans Foundation. The deposit is a permanent endowment, to be held in perpetuity by the Greater New Orleans Foundation, who maintains variance power and legal ownership of all contributions made to the endowment.

Distributions from the endowment funds are subject to the Greater New Orleans Foundation's endowed fund spending policy. The current spending policy makes available on an annual basis 4% of the 12-quarter rolling average market value of the funds. The cutoff of calculation is September 30<sup>th</sup> of each year. Distributions are unrestricted and used to support CIS's general operations. As of June 30, 2018 and 2017, no distributions have been made and earnings were restricted by board designation.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)**

Net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions. The investments are reported at market value. CIS's management has determined that there was no impairment as of June 30, 2018 and 2017.

***Return Objectives and Risk Parameters***

CIS has adopted the Greater New Orleans Foundation's investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Actual returns in any given year may vary from this amount.

CIS had the following endowment-related activities for the years ended June 30, 2018 and 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2018
Beneficial interest in assets at July 1, 2017	\$ -	\$ -	\$ 100,940	\$ <b>100,940</b>
Board-designated endowment income	7,873	-	-	<b>7,873</b>
Transfer of net assets due to donor intent	26,479	-	(26,479)	-
<b>Total endowment funds</b>	<b>\$ 34,352</b>	<b>\$ -</b>	<b>\$ 74,461</b>	<b>\$ 108,813</b>

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2017
Beneficial interest in assets at July 1, 2016	\$ -	\$ -	\$ 93,328	\$ 93,328
Investment income	-	-	663	663
Unrealized gain	-	-	7,430	7,430
Administration fees	-	-	(481)	(481)
<b>Total endowment funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,940</b>	<b>\$ 100,940</b>

**NOTE 4: FAIR VALUE MEASUREMENT AND DISCLOSURES**

The beneficial interests in assets held by others are reported at fair value in the accompanying Statements of Financial Position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CIS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4: FAIR VALUE MEASUREMENT AND DISCLOSURES (CONTINUED)**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs are readily available quoted market prices (unadjusted) in active markets where there is significant transparency in the executed/quoted price for identical assets or liabilities that CIS has the ability to access at the measurement date.
- Level 2 inputs are observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for CIS's investments, which are measured at fair value on a recurring basis:

The endowment funds held by others for CIS cannot be redeemed by CIS and are valued at net asset value within the endowment. According to Accounting Standards Update 2015-07 *Fair Value Measurement* (Topic 820), if an organization will never have the ability to redeem its investment in an endowment pool at net asset value per share (or its equivalent), the fair value measurement of the investment should be categorized within level 3 of the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CIS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The valuation of CIS's assets that are measured at fair value on a recurring basis at June 30, 2018, are as follows:

Fair Value Measurements at Reporting Date Using					
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	<b>Total</b>	
Beneficial interest in assets held by others	\$ -	\$ -	\$ 108,813	\$	<b>108,813</b>
<b>Total assets at fair value</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,813</b>	<b>\$</b>	<b>108,813</b>

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4: FAIR VALUE MEASUREMENT AND DISCLOSURES (CONTINUED)**

The valuation of CIS's assets that are measured at fair value on a recurring basis at June 30, 2017, are as follows:

Fair Value Measurements at Reporting Date Using				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 100,940	\$ 100,940
Total assets at fair value	\$ -	\$ -	\$ 100,940	\$ 100,940

**NOTE 5: ACCRUED EMPLOYEE LEAVE**

CIS full-time office based employees may earn up to twelve (12) vacation days each year. CIS full-time school based employees may earn up to twenty-four (24) paid time off (PTO) days per year. Full-time office based employees that work through the completion of the fiscal year are eligible to carry over all vacation days, these vacation days expire at the end of the calendar year. Full-time school based employees are ineligible to carry over any PTO days. Upon termination or resignation, any accumulated employee leave is paid to the former employee. Accrued employee leave was \$37,850 and \$24,875 as of June 30, 2018 and 2017, respectively, and is included in accrued expenses on the accompanying Statements of Financial Position.

**NOTE 6: LINE OF CREDIT**

CIS has a line of credit agreement with a local bank, which provides for borrowings up to \$250,000 at a variable rate of interest. The line of credit was renewed with a maturity date of November 10, 2019. Outstanding borrowings under the Credit Agreement are unsecured. As of June 30, 2018, the outstanding balance was \$250,000, with an annual rate of interest of 7%. The outstanding balance was \$70,100 as of June 30, 2017. For the years ended June 30, 2018 and 2017, CIS paid \$14,214 and \$7,145, respectively, for interest on the line of credit.

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7: UNCERTAIN INCOME TAX POSITIONS**

Accounting principles generally accepted in the United States of America require CIS management to evaluate tax positions taken by CIS and recognize a tax liability if CIS has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. CIS management has analyzed the tax positions taken by CIS, and has concluded that as of June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. CIS is subject to routine audits by taxing jurisdictions as of June 30, 2017, 2016, and 2015; however, there are currently no audits for any tax periods in progress.

**NOTE 8: TEMPORARILY RESTRICTED NET ASSETS**

For the years ended June 30, 2018 and 2017, CIS had the following temporarily restricted net asset activities:

	June 30, 2018	June 30, 2017
Contributions	\$ 529,200	\$ 749,270
Released from restrictions	(610,767)	(655,630)
(Decrease) increase in temporarily restricted net assets	(81,567)	93,640
Available for coordination of resources and materials at July 1, 2017 and 2016, respectively	145,028	51,388
Available for coordination of resources and materials at June 30, 2018 and 2017, respectively	\$ 63,461	\$ 145,028

**NOTE 9: PERMANENTLY RESTRICTED NET ASSETS**

For the years ended June 30, 2018 and 2017, CIS had the following permanently restricted net asset activities:

	June 30, 2018	June 30, 2017
Contributions to endowment fund	\$ -	\$ -
Transfer of net assets due to clarification of donor intent	(26,479)	
Change in permanently restricted net assets	(26,479)	7,612
Net assets permanently restricted for purpose of endowment at July 1, 2017 and 2016, respectively	100,940	93,328
Net assets permanently restricted for purpose of endowment at June 30, 2018 and 2017, respectively	\$ 74,461	\$ 100,940

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: RETIREMENT PLAN**

CIS provides a simple IRA retirement plan for full-time employees commencing on the date of hire. CIS makes a contribution equal to 2% of gross pay for all eligible employees. Expenses related to the retirement plan for the years ended June 30, 2018 and 2017, were \$28,422 and \$26,165, respectively. These expenses are included in program and fundraising expenses on the Statements of Activities.

**NOTE 11: OPERATING LEASE**

CIS moved to another location within New Orleans during the 2015 fiscal year, where a new lease agreement commenced. The lease is a three year operating lease, with options to renew thereafter, that commenced on November 1, 2014. In October 30, 2017, CIS renewed the lease agreement for one year. On October 1, 2018, CIS renewed the lease agreement for the term of the lease agreement ending May 31, 2023. Payments range from \$2,940 to \$3,311 throughout the term of the lease, and are due on the first day of each month. Rent expense for the years ended June 30, 2018 and 2017, was \$36,733 and \$34,800, respectively.

In the 2015 fiscal year, CIS obtained a second office of operations held in Baton Rouge. The lease is an operating lease with a six month term that commenced November 1, 2014 and ended April 30, 2015. At the end of the term, the lease became a month to month tenancy, terminable by either party upon a thirty day written notice. Payments of \$300 are due by the fifth day of each month. Rent expense for the years ended June 30, 2018 and 2017, was \$300 and \$3,600, respectively. CIS terminated the Baton Rouge lease in August 2017.

Future minimum lease commitments required under operating leases in excess of one year are as follows:

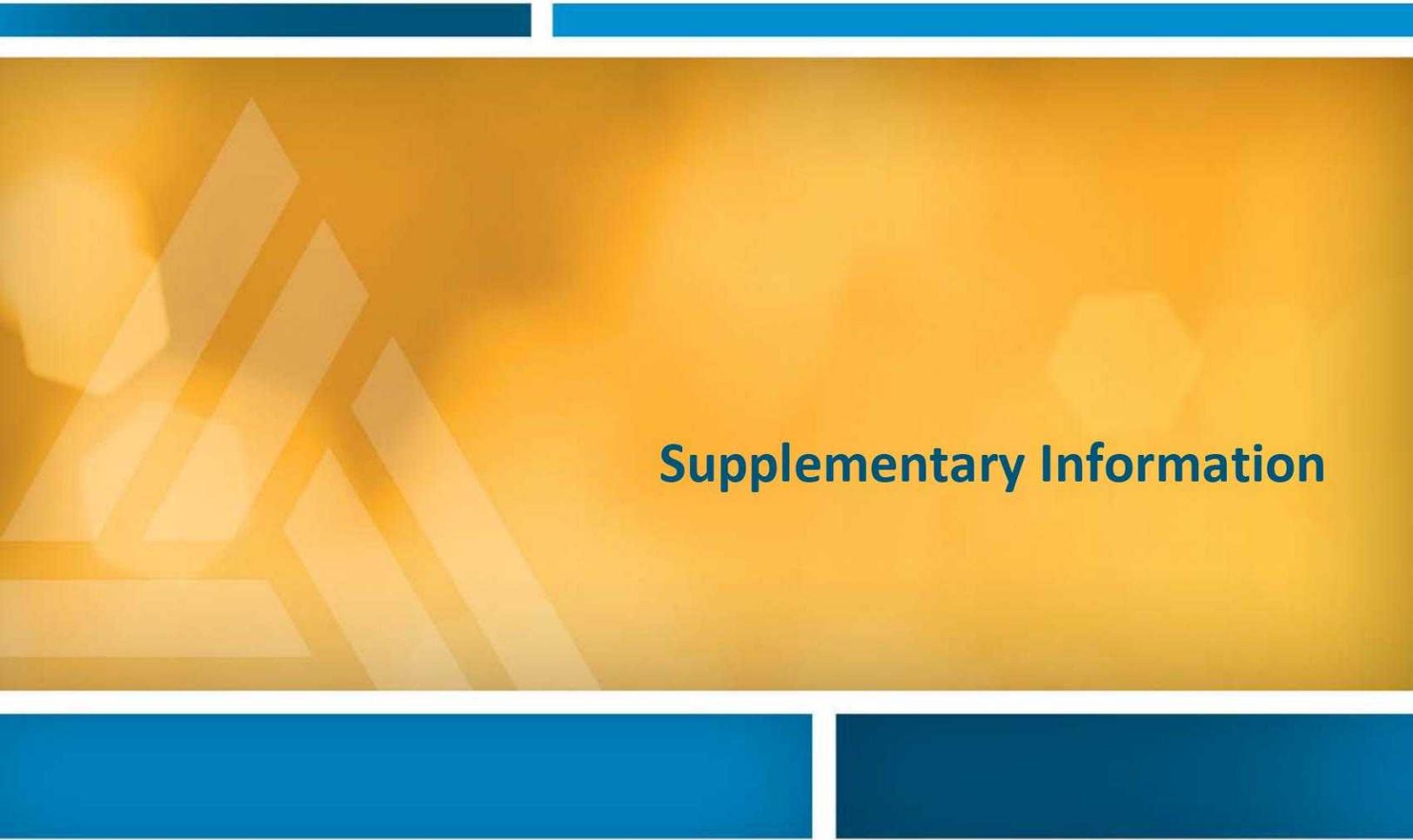
Year Ending June 30,	Lease Payments
2019	\$ 35,210
2020	36,450
2021	37,444
2022	37,671
2023	36,421
Total	\$ 183,196



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12: OPERATING RESULTS**

As shown in the accompanying financial statements, CIS incurred an overall deficiency of revenues over expenses and a decrease in net assets of (\$189,697) for the year ended June 30, 2018. The substantial loss from operations over the past year was a direct result of increasing expenses from program services, and a decrease in revenue from contract services. The increase in expenditures relates to the hire of a new Executive Director and Development Director along with certain nonrecurring expenses. CIS intends to reduce overhead costs through a number of different measures, while at the same time implementing standard contract revenue costs. It has now turned its focus on improving its profitability through revenue growth through both contract income and contributions. Management believes these changes will result in its profitability. CIS's ability to achieve its goals is dependent upon the continued success of management's plans and continued liquidity.



**Supplementary Information**

**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO PRESIDENT**

*For the Year Ended June 30, 2018*

Agency Head Name: Amanda Schroeder, President

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 85,000
Benefits-health insurance	4,700
Benefits-retirement	1,700
Deferred compensation	-
Workers comp	634
Benefits-life insurance	209
Benefits-long term disability	-
Benefits-Fica and Medicare	6,650
Benefits-unemployment insurance	-
Car allowance	-
Vehicle provided by government	-
Cell phone	660
Dues	221
Vehicle rental	-
Per diem	-
Reimbursements	7,046
Travel	4,251
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
	<b>\$ 111,071</b>

*See independent auditors' report.*



**Report Required by  
*Government Auditing Standards***



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**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**

Board of Directors  
Communities In Schools of Greater New Orleans, Inc.  
New Orleans, Louisiana

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 Greater New Orleans, Inc. ("CIS") (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2018, and the related Statement of Activities and Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CIS'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 CIS's internal control. Accordingly, we do not express an opinion on the effectiveness of the CIS'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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CIS'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 CIS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CIS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carri Riggs & Ingram, L.L.C.*

December 28, 2018



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Communities In Schools of Greater New Orleans, Inc. ("CIS") (a nonprofit organization).
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance material to the financial statements of CIS were reported in the 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*.
4. No management letter was issued for the year ended June 30, 2018.

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2018.

**C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2018.



**COMMUNITIES IN SCHOOLS OF GREATER NEW ORLEANS, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2017.

**B. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2017.