

**Financial Statements
and
Reports as Required by the Comptroller
General of the United States
Communities In Schools of Jacksonville, Inc.**

*Years Ended June 30, 2020 and 2019
with Independent Auditor's Report*

Contents

Independent Auditor's Report on Basic Financial Statements	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statement of Functional Expenses for 2020	5
Statement of Functional Expenses for 2019	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8



Independent Auditor's Report on Basic Financial Statements

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

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

Auditors' Responsibility

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

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



Board of Directors
Communities In Schools of Jacksonville, Inc.
Page Two

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Cornelius, Schou & Leone, LLC

Cornelius, Schou & Leone, LLC
Jacksonville, Florida
November 12, 2020

Communities In Schools of Jacksonville, Inc.
 Statements of Financial Position
 June 30, 2020 and 2019

Assets	2020	2019
Current Assets:		
Cash and cash equivalents - unrestricted		
Operating	\$ 600,559	\$ 200,467
Cash in Investment Account	839,898	11,069
Total Cash and Cash Equivalents - Unrestricted	1,440,457	211,536
Pledges and support receivable	661,076	657,963
Prepaid expenses	15,123	35,688
Investments	293,584	53,070
Total Current Assets	2,410,240	958,257
Noncurrent Assets:		
Property and equipment, net	39,299	32,465
Total Noncurrent Assets	39,299	32,465
Other Assets:		
Deposits	2,200	2,200
Total Other Assets	2,200	2,200
Total Assets	\$ 2,451,739	\$ 992,922
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 169,815	\$ 378,172
Deferred revenue	598,494	10,565
Refundable advance	1,018,828	-
Line of credit	653	11,214
Total Current Liabilities	1,787,790	399,951
Net Assets		
Without Donor Restriction	663,949	592,971
Total Net Assets	663,949	592,971
Total Liabilities and Net Assets	\$ 2,451,739	\$ 992,922

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2020 and 2019

	Without Donor Restriction	
Revenues and Other Support	2020	2019
Contributions and grants	\$ 7,374,928	\$ 7,803,378
Investment income	5,542	4,398
Miscellaneous	4,137	104,877
Gain (loss) on investments	(923)	42,379
 Total Revenue and Other Support	 7,383,684	 7,955,032
 Expenses		
Program services	6,396,479	7,010,776
Supporting services - management and general	675,837	729,959
Fund and resource development	240,390	207,091
 Total Expenses	 7,312,706	 7,947,826
 Change in Net Assets	 70,978	 7,206
 Net Assets, Beginning of Year	 592,971	 585,765
 Net Assets, End of Year	 \$ 663,949	 \$ 592,971

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Supporting Services Management and General	Fund and Resource Development	Total
Computer and technology	\$ 11,718	\$ 520	\$ -	\$ 12,238
Conferences, conventions, and meetings	57,750	13,001	1,510	72,261
Contracted services	38,342	36,220	49,521	124,083
Depreciation	-	1,576	-	1,576
Employee benefits	696,940	131,666	27,480	856,086
Events	-	-	14,434	14,434
Insurance	40,438	30,506	-	70,944
Interest	7,439	1,113	-	8,552
Miscellaneous	700	10,373	22,902	33,975
Occupancy	284,764	39,236	-	324,000
Postage and shipping	69	1,653	-	1,722
Printing and copying	113	3,995	1,519	5,627
Professional fees	385,508	40,939	-	426,447
Rental and maintenance of equipment	-	8,553	-	8,553
Salaries	4,800,092	285,185	81,112	5,166,389
Specific assistance to students	151,192	-	-	151,192
Supplies	204,171	23,786	2,979	230,936
Telephone	109,313	100,739	4,287	214,339
Travel and transportation	222,227	898	1,347	224,472
Total Expenses	\$ 7,010,776	\$ 729,959	\$ 207,091	\$ 7,947,826

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 70,978	\$ 7,206
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,626	1,576
Changes in operating assets and liabilities:		
Unrealized (gain) loss on investments	1,422	(1,422)
(Gain) loss on sale of investments	(499)	(36,718)
(Increase) decrease in pledges receivable	(3,113)	196,473
(Increase) decrease in prepaid expenses	20,565	(35,688)
Increase (decrease) in accounts payable	(208,357)	(281,922)
 Net Cash Provided by (used in) Operating Activities	(116,378)	(150,495)
 Cash Flows from Investing Activities		
Proceeds from sale of investments	13,104	442,447
Purchase of property and equipment	(9,450)	-
(Purchase) of investments	(263,810)	(449,859)
 Net Cash Provided by (used in) Investing Activities	(260,156)	(7,412)
 Cash Flows from Financing Activities		
Refundable advance	1,018,828	-
Advance from City of Jacksonville	598,494	-
Borrowings on line of credit	590,598	1,215,822
Payments on line of credit	(602,465)	(1,479,815)
 Net Cash from Financing Activities	1,605,455	(263,993)
 Net Increase in Cash and Cash Equivalents	1,228,921	(421,900)
 Cash - Beginning of Year	211,536	633,436
 Cash - End of Year	\$ 1,440,457	\$ 211,536
 Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 7,153	\$ 8,552

See accompanying notes to financial statements.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note A - Organization

Communities In Schools of Jacksonville, Inc. (the “Corporation”), a nonprofit corporation, was incorporated under the laws of the State of Florida on December 26, 1989. The Corporation is dedicated to coordinating human services and delivering them to at-risk youth in Jacksonville, Florida, and to their families through the supportive environment of the public schools or alternate education sites. The Corporation endeavors to enable such youth and their families to have access to a broad range of needed social and educational services by establishing a coordinated delivery system of resources within an educational setting. The objective of the Corporation is to reduce the number of school dropouts in Jacksonville, Florida.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting. Assets expendable only for purposes specified by the grantor are reported as “with donor restriction”. The accounting and reporting policies of the Corporation conform to generally accepted accounting principles and to general practices of not-for-profit organizations.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash consists of cash on hand and deposits in bank. Cash equivalents consist of money market funds.

Investments

Investments are carried at their fair market value with realized and unrealized gains and losses reflected in the Statement of Activities.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Corporation follows professional standards for financial assets and liabilities. The standards establish a fair-value hierarchy that prioritizes inputs to valuation techniques used to measure fair values. The hierarchy consists of three broad levels:

1. Level 1 is comprised of inputs from unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority.
2. Level 2 is based upon observable inputs other than quoted market prices.
3. Level 3 is based upon speculation from unobservable inputs.

Pledges and Support Receivable

The Corporation records pledge and support commitments at their estimated net realizable value.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property and equipment, at estimated fair market value at the date of donation. Property and equipment with a cost in excess of \$1,000 is considered for capitalization. Depreciation is recorded using the straight-line method over estimated useful lives of the respective assets. Maintenance and repairs are expensed as incurred.

Income Taxes

The Corporation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required.

Support and Revenue Recognition

The Corporation recognizes contributions received, including unconditional promises to give, as assets and revenue in the period received at their fair values. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or that are restricted by the donor for specific purposes are reported as “with donor restriction” support which increase that net asset class. When donor restrictions expire, donor restricted net assets are reclassified to without donor restriction net assets and are reported in the Statement of Activities as net assets released from donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Corporation reports the support as “without donor restriction”.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Contributions

Donated supplies, equipment, facilities, space, and professional services are reflected in the accompanying financial statements at their estimated values at the date of receipt. Such contributions in-kind totaled \$297,600 for the years ended June 30, 2020 and 2019. In addition, certain volunteer workers have donated periodic services to the Corporation to help accomplish its mission. No amounts have been reflected in the financial statements for these volunteer services as no objective basis is available to measure the value of such services.

Allocation of Costs

Personnel costs are allocated among program and support categories based on employee function. Other expenses are allocated based on purpose of the expenditure.

Use of Estimates

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

Date of Management's Review

Subsequent events have been evaluated through November 12, 2020, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncements

While there are many new accounting pronouncements issued that the Corporation has adopted or will be adopting in the near future, the following pronouncements have the most direct impact on the Corporation's financial statements.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements (continued)

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

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

In June 2018, the FASB issued ASU 2018-08 *Not-for-Profit Entities (Topic 958-605)* clarifying the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance on revenue recognition, to assist entities in distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. Due to the COVID-19 pandemic further described in Note N, the effective date of the pronouncement was delayed to the fiscal year ending June 30, 2021. The potential impact to the Corporation’s financial statements is currently being evaluated but is not expected to have a material impact on the Corporation’s financial statements.

Note C- Liquidity Considerations

The Corporation maintains a brokerage account which does have various stock investments. The overall strategy of the account is to provide increased return through dividends. The investments are utilized when needed to provide operating cash for the Corporation. The investment balance within the account at June 30, 2020 and 2019 was \$293,584 and \$53,070, respectively.

Included in net assets without donor restrictions at June 30, 2020 and 2019 is \$39,299 and \$32,465, respectively, that is the Corporation’s investment in fixed assets which is not available to spend on current operations. Additionally, the Corporation has \$2,200 of deposits held by others as security deposits that are also not available to spend on current operations.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note C- Liquidity Considerations (continued)

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

Note D - Pledges and Support Receivable

Pledges and support receivable at June 30, 2020 and 2019 are expected to be received by the Corporation within the following time periods:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 661,076	\$ 657,963
One to five years	-	-
	<u>\$ 661,076</u>	<u>\$ 657,963</u>

The Corporation receives a concentration of its funding by various grant programs through the City of Jacksonville, Florida, Kid's Hope Alliance. During the years ended June 30, 2020 and 2019, this funding represented 52.12% and 53.67%, respectively, of the overall contributions and grants received by the Corporation. Additionally, the Jacksonville Kid's Hope Alliance funding represented 78.82% and 62.11% of the pledges and support receivable as of June 30, 2020 and 2019, respectively.

Note E – Property and Equipment

Depreciation expense for the years ended June 30, 2020 and 2019 was \$2,626 and \$1,576, respectively. The estimated carrying value of property and equipment as of June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 242,838	\$ 233,377
Less accumulated depreciation	<u>203,539</u>	<u>200,912</u>
	<u>\$ 39,299</u>	<u>\$ 32,465</u>

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note F - Contributions and Grants

Unrestricted contributions and grants in the accompanying Statement of Activities for 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
American Express	\$ 4,669	\$ -
Arthur Vining Davis Foundation	-	10,000
BAE Systems	-	10,000
Bank of America Foundation	32,250	48,325
Beaches Community Foundation	-	15,000
Beaches Oktoberfest, LLC	-	1,351
BestBet	2,500	-
Black Knight Financial	2,500	5,000
BNY Mellon	5,000	-
C. Herman Terry Foundation	-	10,000
Clint and Lori Pyle	-	2,500
Coach Foundation	35,000	6,296
Community Foundation in Jacksonville	17,500	-
Communities in Schools - Florida	68,721	-
Creative Artist Agency	-	5,000
CROP Media	3,000	-
CSX Corporation	10,000	10,000
David A. Stein Family Foundation	2,500	-
Deerwood Rotary Charities	-	4,000
Dollar General Literacy Foundation	2,500	-
Nancy Dreicer	3,486	-
Dubow Family Foundation	67,500	51,000
Duval County Public Schools - Student Enrichment	1,210,234	1,384,654
Duval County Public School - in-kind contribution	297,600	297,600
Ed Pratt-Dannals	-	10,000
Edna Sproull Williams Foundation	-	15,000
Federal PPP	10,000	-
Fidelity National Financial	5,000	-
Fifth Third Bank	35,000	-
FIS Foundation	5,000	2,250
First Coast Workplace Development	17,000	-
Gertrude E. Skelly Foundation	13,000	-
Florida Blue Foundation	10,000	9,000
Gooding - Bell Endowment	2,000	2,000
Gunn Chamberlain, CPA	1,500	-
Haskell	2,948	2,785
Howard, David and Jan	-	2,000
I9 Technology, LLC	3,500	-
Jackson Walker, LLP	5,000	-

Communities In Schools of Jacksonville, Inc
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note F - Contributions and Grants (continued)

	<u>2020</u>	<u>2019</u>
Jacksonville Business Journal	\$ 10,000	\$ -
Jerry Gilbert	-	5,000
Jim Moran Foundation	351,333	349,833
Joyce Camille Chuhran	2,000	1,500
JP Morgan Chase	5,975	2,500
Kid's Hope Alliance	3,844,450	4,188,583
Lastinger Family Foundation	35,000	25,000
Len Mattiace Foundation, Inc.	-	1,400
Lucy Gooding Charitable Trust	40,000	40,000
Cheryl & Sonny Martin	1,250	-
Medtronic	-	1,500
Nimmicht Chevrolet	20,000	2,500
Nordstrom	5,000	-
Northeast Florida Association of Realtors	2,500	-
PGA Tour	10,000	10,000
The Players Championship	10,000	-
Publix Corporation	5,000	5,500
Scheidel Foundation	1,400	-
Purcell, Flanagan, Hay & Greene	2,500	2,500
Mr. & Mrs. Ken Sanders	5,000	5,000
Renaissance Charitable Foundation	-	5,000
Reynolds, Smith & Hills	8,930	8,000
Rick Schart	-	1,500
Square, Inc.	1,559	-
Stellar Group	-	2,030
Matt Carlucci	2,500	-
Michael Stewart	1,500	-
SunTrust Foundation	10,000	5,000
Thomas & Irene Kirbo Charitable Foundation	5,000	5,000
Todd Johnson	-	2,500
Tracey Arthur	2,500	1,500
TruTechnology	35,675	27,649
United Way of Northeast Florida - Achievers for Life	698,340	684,800
United Way - Unrestricted Contributions	11,287	22,555
Variable Annuity Life Insurance Company	-	99,320
Vulcan Materials	-	5,000
Volunteer Florida Foundation	320,570	336,232
WalMart Foundation	4,500	-
Wawa	1,000	-
Weaver Family Foundation	30,000	-
Wells Fargo Foundation	-	10,500
Woolsey Morcom	2,500	-
Other (\$1,000 or less)	12,751	42,215
Total Unrestricted Contributions and Grants	7,374,928	7,803,378
Total Contributions and Grants	\$ 7,374,928	\$ 7,803,378

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note G - Retirement Plan

The Corporation has adopted a discretionary 403(b) Retirement & Thrift Plan effective October 1, 1991 (the “Plan”). Eligible employees include all salaried full-time employees having completed one year of service or more. The Corporation makes base contributions to the Plan equal to 3% of participating employees’ base salary. Also, the Corporation matches 100% of each employee’s voluntary contribution up to 2% of the employee’s base salary. Employer contributions are at the discretion of the Board of Directors and may be changed annually.

Employee contributions are always 100% vested. The Employer’s contributions become vested as follows: 20% after two years of service, 40% after three years of service, 60% after four years of service, and 100% after five years of service. The Plan was initially administered by Variable Annuity Life Insurance Company. During the year ended June 30, 2020, the administration was transferred to Principal Financial Group. Total employer contributions for the years ended June 30, 2020 and 2019 were approximately \$128,562 and \$103,004, respectively.

Note H – Fair Value Measurements

Fair market measurements of net assets as of June 30, 2020 and 2019 were as follows:

	2020			
	Total	Level 1	Level 2	Level 3
Managed Investment in Equity Securities	\$ 293,584	\$ 293,584	\$ -	\$ -
	2019			
	Total	Level 1	Level 2	Level 3
Managed Investment in Equity Securities	\$ 53,070	\$ 53,070	\$ -	\$ -

Level 1 is quoted prices in active markets and is principally comprised of certificates of deposits, money market deposits, and traded securities.

Level 2 is significant other observable inputs and is principally comprised of mutual funds.

Level 3 is significant other inputs such as sales of similar or comparable assets.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note I - Commitments

The Corporation is obligated under certain noncancelable operating leases for office equipment. Total rental expense related to noncancelable leases for the years ended June 30, 2020 and 2019 was \$8,088 and \$4,971, respectively. The following is a schedule of future minimum lease payments on noncancelable leases at June 30, 2020 and 2019:

	2020	2019
Year ending June 30, 2020	\$ -	\$ 8,088
Year ending June 30, 2021	8,088	8,088
Year ending June 30, 2022	8,088	8,088
Year ending June 30, 2023	8,088	8,088
Year ending June 30, 2024	4,718	4,718
	\$ 28,982	\$ 37,070

Note J – Line of Credit

In addition to its investment account, the Corporation has a line of credit with Wells Fargo Bank, N.A. The line of credit carried an interest rate of 4.25% per annum at June 30, 2020, and a 6% per annum as of June 30, 2019. The maximum amount of the line of credit is governed by the level of investments of the Corporation that are managed by Wells Fargo Bank, N.A. Based on this criteria, the Corporation's line of credit had a ceiling of approximately \$990,975 and \$45,000 as of June 30, 2020 and 2019, respectively. As long as the Corporation maintains sufficient collateral to support the line of credit, there are no payment stipulations. As of June 30, 2020, and 2019, the Corporation's balance on the line of credit was \$653 and \$11,214, respectively. The Corporation incurred \$7,153 and \$8,552 of interest expense during the years ended June 30, 2020 and 2019, respectively.

Note K – Remaining Tax Years Subject to Examination

The Corporation is no longer subject to tax examinations by the Internal Revenue Service for years before year end June 30, 2016.

Note L – Cash in Excess of Insurance

The Corporation uses financial institutions in which it maintains cash balances, which at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash. Additionally, the Corporation had uninsured cash balances of \$869,898 and \$11,069 as of June 30, 2020 and 2019, respectively.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

NOTE M – Annual Leave

Effective July 1, 2016, the Corporation's annual leave policy was amended. Under the previous policy, vacation leave was earned at varying rates depending on length of continuous service of the employee, while sick leave was earned at a standard rate per pay period. Under this policy, unused annual vacation leave was allowed to accumulate to a maximum of 200 hours, while the annual sick leave was allowed to accumulate to a maximum of 240 hours.

Under the revised leave policy, annual vacation leave and sick leave continue to accrue under the same methods as the previous policy. However, annual vacation leave is not allowed to be carried over to future years. In order to facilitate employees with accumulated unused vacation leave, the revised policy allows for the carryover of the unused time. However, the revised policy requires the use of 40 hours of the unused time during each of the years, beginning with the year ended June 30, 2018, in addition to any time that is earned in those years. Any prior accumulation of time that is not used will be forfeited on an annual basis, such that the reduction in the accumulated balance of vacation leave will total 40 hours each year.

Note N – Deferred Revenue

Deferred revenue is comprised of an amount that was designated for the subsequent year, but was received prior to the year end by the Corporation from the City of Jacksonville, Florida's Kid's Hope Alliance. As of June 30, 2020, and 2019, this amount totaled \$511,216 and \$10,565, respectively.

Note O – Refundable Advance

COVID-19 Impact

In early 2020, the United States became aware of the human-to-human spread of COVID-19, an infectious disease also known as the "corona virus". To attempt to prevent the rampant spread of the virus, various measures were undertaken by the United States which included the temporary closure of all businesses deemed to be nonessential. The degree and length of impact from the government decrees are yet to be determined. The Corporation did experience the need to convert some of its programs to a virtual format which did have a negative impact on the number of participants. However, management does not foresee any long-term material negative impact from the government actions taken to attempt to lessen the impact of COVID-19.

Communities In Schools of Jacksonville, Inc.
Notes to Financial Statements (continued)
June 30, 2020 and 2019

Note O – Refundable Advance (continued)

COVID-19 Impact (continued)

Payroll Protection Program (PPP)

In May of 2020, the Corporation received \$1,018,858 from the United States Federal Paycheck Protection Program (PPP). The PPP, established by the CARES Act, is implemented by the Small Business Administration with support from the Department of the Treasury. This program provides small businesses with funds to pay up to eight weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the COVID-19 pandemic.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. Management anticipates that all of the funds received through the PPP loan will be forgiven. However, as of November 12, 2020, the Corporation had not received official notification that any of its PPP loan had been forgiven. In accordance with FASB ASC 958-605, the funds are recognized as a refundable advance and will be recognized as revenue in the fiscal year in which such forgiveness is received. In the event that the advances under the program are not forgiven, the Corporation will be required to repay the loan under the terms to be specified by Bank of America at an interest rate not to exceed 1.0% per annum.

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