



COMMUNITIES IN SCHOOLS
of
BRUNSWICK COUNTY, INC.

Audited Financial Statements

for the fiscal year ended

June 30, 2018

(with comparative totals for 2017)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Communities In Schools of Brunswick County, Inc.
Southport, North Carolina

We have audited the accompanying financial statements of Communities In Schools of Brunswick County, Inc. (CIS), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows, for the year 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 audit. We conducted our audit 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 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 risk 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 CIS as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Summarized Comparative Information

We have previously audited CIS's 2016 financial statements and our report dated October 5, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal and State Awards 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 October 18, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CIS's internal control over financial reporting and compliance.

Bearman CPA PC

Wilmington, North Carolina
October 18, 2018

Communities In Schools of Brunswick County, Inc.

Statement of Financial Position

as of June 30, 2018

(with comparative totals for 2017)

	<u>6/30/18</u>	<u>6/30/17</u>
Assets		
Cash and Cash Equivalents (Note 3c)	\$ 261,305	\$ 140,977
Certificate of Deposit (Note 4)	111,686	-
Grants and Contracts Receivable (Note 6)	60,992	36,705
Prepays and Other Current Assets	2,200	11,850
Long-term Investments (Note 5)	26,457	157,943
Property & Equipment, Net (Note 7)	<u>5,614</u>	<u>8,020</u>
Total Assets	<u>468,254</u>	<u>355,495</u>
Liabilities & Net Assets		
Accounts Payable & Accrued Liabilities (Note 8)	<u>34,246</u>	<u>63,397</u>
Total Liabilities	<u>34,246</u>	<u>63,397</u>
Net Assets		
Unrestricted (Note 3b)	430,977	255,023
Temporarily Restricted (Notes 3b)	3,031	37,075
Permanently Restricted (Note 3b)	<u>-</u>	<u>-</u>
Total Net Assets	<u>434,008</u>	<u>292,098</u>
Total Liabilities & Net Assets	<u>\$ 468,254</u>	<u>\$ 355,495</u>

The accompanying notes are an integral part of these financial statements.

Communities In Schools of Brunswick County, Inc.

Statement of Activities

for the year ended June 30, 2018
(with comparative totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total FY 2017/18</u>	<u>Total FY 2016/17</u>
Revenue				
Private Grants & Contributions (Notes 3d & 6)	\$ 90,411	\$ 3,031	\$ 93,442	\$ 156,571
Government Grants and Contracts (Note 6)	165,151	579,831	744,982	921,165
In-kind Contributions (Note 3d)	130,394	-	130,394	219,460
Program Service Fees	-	-	-	89,197
Special Events, net (Note 3e)	70,967	-	70,967	74,954
Thrift Shops, net (Note 9)	300,404	-	300,404	250,651
Investment Income (Note 5)	1,700	-	1,700	3,301
Net Assets Released from Restriction (Note 3b)	616,906	(616,906)	-	-
Total Revenue	<u>1,375,933</u>	<u>(34,044)</u>	<u>1,341,889</u>	<u>1,715,299</u>
Expense				
Program (Note 3e)	1,028,754		1,028,754	1,456,409
Management & General (Note 3e)	136,155		136,155	178,556
Fundraising (Note 3e)	35,070		35,070	80,004
Total Expense	<u>1,199,979</u>	<u>-</u>	<u>1,199,979</u>	<u>1,714,969</u>
Change in Net Assets	<u>175,954</u>	<u>(34,044)</u>	<u>141,910</u>	<u>330</u>
Net Assets Beginning of Year	<u>255,023</u>	<u>37,075</u>	<u>292,098</u>	<u>291,768</u>
Net Assets End of Year	<u>\$ 430,977</u>	<u>\$ 3,031</u>	<u>\$ 434,008</u>	<u>\$ 292,098</u>

The accompanying notes are an integral part of these financial statements.

Communities In Schools of Brunswick County, Inc.

Statement of Functional Expenses

for the year ended June 30, 2018

(with comparative totals for 2017)

Expense Type	Program	Management & General	Fundraising	Total FY 2017/18	Total FY 2016/17
Wages, Taxes & Benefits	\$ 612,103	\$ 109,215	\$ 32,620	\$ 753,938	\$ 1,094,013
Contracted Services	66,721	6,808	-	73,529	84,998
General Operations	79,036	13,156	634	92,826	143,587
Student Transportation	104,039	-	-	104,039	109,857
Donated Goods, Services & Facilities	130,394	-	-	130,394	219,460
Insurance	11,442	2,041	610	14,093	17,492
Occupancy	2,111	1,277	113	3,501	7,481
Travel & Training	20,502	3,658	1,093	25,253	35,604
Depreciation (Note 7)	2,406	-	-	2,406	2,477
Total Expense	\$1,028,754	\$ 136,155	\$ 35,070	\$1,199,979	\$ 1,714,969

The accompanying notes are an integral part of these financial statements.

Communities In Schools of Brunswick County, Inc.

Statement of Cash Flows

for the year ended June 30, 2018

(with comparative totals for 2017)

	<u>FY 2017/18</u>	<u>FY 2016/17</u>
Cash Flows from Operating Activity		
Change in Net Assets	\$ 141,910	\$ 330
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Changes in certain assets and liabilities:		
(Increase) Decrease in Grants & Contracts Receivable	(24,287)	27,232
(Increase) Decrease in Prepaids & Other Current Assets	9,650	(8,150)
Increase (Decrease) in Accounts Payable & Accrued Expenses	(29,151)	(34,879)
Depreciation	2,406	2,477
Net Cash Provided by (Used in) Operating Activities	<u>100,528</u>	<u>(12,990)</u>
Cash Flows from Investing Activities		
Certificate of Deposit	(111,686)	26,279
Sale (Purchase) of Long-term Investments, net	131,486	(3,072)
Net Cash Provided by (Used in) Investing Activities	<u>19,800</u>	<u>23,207</u>
Cash Flows from Financing Activities		
None	-	-
Net Cash Provided by (Used in) Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	120,328	10,217
Cash and cash equivalents, beginning of year	140,977	130,760
Cash and cash equivalents, end of year	<u>\$ 261,305</u>	<u>\$ 140,977</u>

The accompanying notes are an integral part of these financial statements.

Communities In Schools of Brunswick County, Inc.

Notes to Financial Statements

June 30, 2018

1. Organization

Communities In Schools of Brunswick County, Inc. (CIS) is a North Carolina nonprofit corporation organized in June 1995. The organization is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3). As such, contributions to the organization are generally tax deductible.

2. Mission

CIS works in partnership with Brunswick County Schools and other partners to serve at-risk students. CIS provides tutors, mentors, academic assistance, attendance monitoring, behavioral interventions, parent engagement opportunities, and social-emotional learning groups. During the fiscal year, more than 350 students received individualized supports and over 4,220 benefited from school wide supports, basic need items, and enrichment activities.

3. Summary of Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. As such, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting and reporting policies used by the organization are described below to enhance the usefulness and understandability of the financial statements.

3a. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

3b. Net Asset Classes

The Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) topic 958, "Not-for-Profit Entities," requires the reporting of the organization's activities by net asset class. The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

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Communities In Schools of Brunswick County, Inc.

Notes to Financial Statements

June 30, 2018

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

The restrictions on net assets of \$3,031 are temporary and relate to funds awarded by granting agencies prior to the end of the fiscal year for future year programs. In addition, contributions with specific restrictions were initially recorded as temporarily restricted and then released from restriction once the restrictions were met. During the fiscal year, \$616,906 of grant funds were used for their intended purposes and therefore appear on the Statement of Activities as the revenue line item "Net Assets Released from Restriction."

Permanently restricted net assets result from contributions to the organization that must be maintained permanently. Typically, the future investment returns on such assets may be used in full or in part for the operations of the organization. *As of June 30, 2018, CIS held no permanently restricted net assets.*

3c. Cash and Cash Equivalents

The organization considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

3d. Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless the use of the contributed assets is specifically restricted by the donor (see *Note 3b*, previously). Also see *Note 6, Grants & Contracts*.

Donated Facilities

The organization performs many of its program and administrative activities at facilities owned primarily by Brunswick County Schools as well as other entities. CIS is not charged rent for occupying approximately 10,500 combined square feet of space at multiple locations across the

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Communities In Schools of Brunswick County, Inc.

Notes to Financial Statements

June 30, 2018

County. In order to determine a value for these in-kind donations, CIS uses market rental rates provided by the donors.

Contributed Services

Contributed services are only recorded if they meet the requirements for recognition (such as if they require specialized skills and would otherwise have been purchased by the organization). These requirements are outlined in FASB ASC 958-605-25-16, "Contributed Services." In FY 2017/18, the organization chose not to record the time of volunteers working in the Thrift Stores because the contributed services did not meet the FASB criteria for recognition.

3e. Functional Allocation of Expenses

The Statement of Activities presents expenses by functional classification (program, management and general, and fundraising). Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using an objective basis (such as staff members' time). The Statement of Functional Expenses presents these same expenses by natural classification (e.g. wages, contracted services).

Management and General activities include the functions necessary to provide support for the organization's program. These include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

CIS hosts occasional special events to raise awareness of its mission and to raise funds for the organization. During the fiscal year, CIS incurred \$19,286 of expenses in connection with these events. These disbursements are considered primarily fundraising costs and are therefore netted against special events revenue of \$90,253. The net amount of \$70,967 appears on the Statement of Activities as the line item "Special Events, net."

3f. Property & Equipment

CIS capitalizes property and equipment costing more than \$1,000 with a useful life of more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as unrestricted contributions unless the donor specifically restricts the asset's use. Also see *Note 7, Property & Equipment*.

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Communities In Schools of Brunswick County, Inc.

Notes to Financial Statements

June 30, 2018

3g. Investments

Investments are reported at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets as there are no donor-imposed restrictions upon them. Also see *Note 5, Investments*.

4. Certificates of Deposit

CIS held \$111,686 in 5 certificates of deposit held at various banks through a single Edward Jones investment account. The entire deposit amount is eligible for FDIC insurance.

5. Investments

On June 30, 2015, the organization purchased a non-qualified annuity with Forethought Life Insurance Company in the amount of \$25,000. This annuity matured on July 2, 2018 and was liquidated at that time. As of June 30, 2018, the balance in the account was \$26,457.

The annuities owned by CIS are guaranteed by the claims paying ability of Global Atlantic Insurance.

In establishing the “fair value” of its investments, CIS follows FASB ASC topic 820, *Fair Value Measurements and Disclosures*, which provides a basic hierarchy for measuring fair values. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). *The fair values for CIS’s investments are determined by reference to quoted market prices (i.e. level 1 measurements).*

On the Statement of Activities, the line item “Investment Income” of \$1,700 consists of interest income.

6. Grants & Contracts

CIS receives its revenue from a variety of grants and contracts with governmental and private agencies as well as support from individuals, businesses and local civic organizations. Total grants and contracts and contributions revenue for the fiscal year is summarized in the table that follows:

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Communities In Schools of Brunswick County, Inc.
Notes to Financial Statements
 June 30, 2018

Funding Source	Amount	% of Total
GOVERNMENTAL GRANTS & CONTRACTS		
North Carolina Department of Public Instruction	\$ 452,319	54%
Brunswick County Schools	100,000	12%
North Carolina Department of Social Services	102,877	12%
Brunswick County	86,636	10%
Other Governmental Grants & Contracts	3,150	<1%
Total Government Grants & Contracts	744,982	89%
PRIVATE GRANTS & CONTRACTS		
Cape Fear Area United Way	18,000	2%
CIS North Carolina	10,000	1%
Other Private Grants & Contracts	65,442	8%
Total Private Grants & Contracts	93,442	11%
Total	\$ 838,424	100%

If a significant reduction in funding from the North Carolina agencies, Brunswick County and its school system were ever to occur, it could have an adverse impact on CIS's programs and activities.

Grants Receivable

The grants and contracts receivable balance of \$60,992 consists of grants awarded but not received before the end of the fiscal year. Management believes all amounts are fully collectible. Accordingly, no provision is made for uncollectible amounts.

7. Property & Equipment

Property and equipment is stated at cost and consists of \$22,838 of furniture, fixtures and equipment less \$17,224 of accumulated depreciation. The assets are being depreciated over a 5-year useful life. Depreciation expense of \$2,406 appears as a line item on the Statement of Functional Expenses.

8. Accounts Payable & Accrued Liabilities

The accounts payable and accrued liabilities balance of \$34,246 consists of \$12,823 of operational accounts payable and \$21,423 of payroll-related liabilities.

9. Thrift Shop Donations

CIS receives support in the form of in-kind donations of personal and household items. It operates four thrift stores in Brunswick County in order to liquidate these items. These contributions are valued at the amount of cash received for the items less all costs associated with

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Communities In Schools of Brunswick County, Inc.

Notes to Financial Statements

June 30, 2018

their sale. The in-kind contributions are recorded as revenue once their fair market values can be determined (i.e. when the items are sold). Accordingly, no inventory of these items is recorded at year-end. A summary of Thrift Shop activity for the current fiscal year follows:

	Boiling Spring Lakes	Southport	Sunset Beach	Leland	Total
Sales	\$ 151,655	\$ 333,705	\$ 164,665	\$ 75,684	\$ 725,709
Less Expenses:					
Wages , Taxes & Benefits	63,956	60,147	62,440	52,931	239,474
Contracted Services	2,876	1,206	889	2,741	7,712
General Operations	6,869	10,945	6,355	5,935	30,104
Insurance	1,233	1,501	1,301	1,170	5,205
Occupancy	29,591	47,209	32,648	30,341	139,789
Travel & Training	1,317	405	741	558	3,021
Total Expenses	105,842	121,413	104,374	93,676	425,305
Net Revenue	\$ 45,813	\$ 212,292	\$ 60,291	\$ (17,992)	\$ 300,404

10. Income Taxes

The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Additionally, it does not generate business income unrelated to its exempt purpose and therefore has made no provision for income taxes or uncertain tax positions in the financial statements. There are no federal or state tax audits of the organization in progress and CIS believes it is not subject to tax examinations for fiscal years prior to FY 2014/15.

11. Subsequent Events

In mid-September 2018, the Cape Fear region of North Carolina sustained widespread damage from Hurricane Florence. While CISBC's operations were adversely impacted by the storm and its Thrift Stores were closed for two weeks, management has calculated that the amount of lost revenue and the cost of replacement equipment will not exceed \$20,000 and believes there will be no long-term detriment to its financial position or operations. No adjustments related to the storm were required in the accompanying financial statements.

CIS has evaluated events that have occurred subsequent to the statement of financial position date (June 30, 2018) and through the date that the Independent Auditor's Report was available to be issued (October 18, 2018). No other events have occurred during that period that would require adjustments to the audited financial statements or further disclosure in these notes.

See the Independent Auditor's Report



**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Communities In Schools of Brunswick County, Inc.
Southport, North Carolina

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 Brunswick County, Inc. (CIS), a nonprofit organization, which comprise the statement of financial position as June 30, 2018, and the related statements of activities, 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 October 18, 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 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 is important enough to merit attention by those charged with governance.

Our consideration of the 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bearman CPA PC

Wilmington, North Carolina
October 18, 2018

Communities In Schools of Brunswick County, Inc.
Schedule of Expenditures of Federal and State Awards
for the fiscal year ended June 30, 2018

Federal Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Education		
Office of Elementary and Secondary Education		
Passed through the N.C. Department of Public Instruction		
Twenty-First Century Community Learning Centers	84.287	\$ 390,318
U.S. Department of Health and Human Services		
Administration for Children and Families		
Passed through the N.C. Department of Health and Human Services		
Promoting Safe and Stable Families	93.556	<u>\$ 102,877</u>
Total Federal Expenditures		<u>\$ 493,195</u>
North Carolina State Grantor/ Program Title	State Ref. Number	Expenditures
Department of Public Safety / Juvenile Crime Prevention Council (JCPC)		
Office of Juvenile Justice		
Passed through Brunswick County		
Teen Court 13th District	NC-510	49,624
Department of Public Instruction		
Extended Learning and Integrated Student Supports	Session Law 2017-57	<u>62,001</u>
Total State Expenditures		<u>\$ 111,625</u>
Total Federal and State Expenditures		<u>\$ 604,820</u>

The accompanying notes are an integral part of this schedule.

Communities In Schools of Brunswick County, Inc.
Notes to the Schedule of Expenditures of Federal and State Awards
for the fiscal year ended June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (“the Schedule”) includes the federal and state grant activities of CIS, primarily under the program “Twenty-First Century Community Learning Centers” for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of the applicable sections of *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CIS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the organization.

CIS received its federal funding indirectly as it was initially awarded to the State of North Carolina and passed through its agencies. It also received direct State funding which is presented in a separate section of the Schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations, Part 230, Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Subrecipients

CIS spent the federal and state funds presented in the Schedule directly and did not make awards to subrecipients.

4. Indirect Cost Rate

CIS did not elect to use the 10% de minimis indirect cost rate for reimbursement of overhead costs that non-federal entities may use if they have never received a negotiated indirect cost rate.

See the accompanying Schedule of Expenditures of Federal and State Awards