

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



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**COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
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YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Communities in Schools of Brunswick County, Inc.
Southport, North Carolina

Report on the Financial Statements

Unmodified Opinion on June 30, 2023 Statement of Financial Position and Qualified Opinion on June 30, 2023 Statement of Activities

We have audited the accompanying financial statements of Communities in Schools of Brunswick County, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the statements.

In our opinion, except for the possible effects on the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2023 of the matter described in the basis for qualified opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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.

Basis for Unmodified Opinion on June 30, 2023 Statement of Financial Position and Qualified Opinion on June 30, 2023 Statement of Activities

We were unable to gain comfort over the statement of activities, functional expenses, and cash flows due to a material departure from accounting principles generally accepted in the United States of America. Thrift store inventories were not recorded as of June 30, 2022, therefore we were not able to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the statement of financial position as of June 30, 2023, and qualified opinion on statement of activities, functional expenses, and cash flows for the year ended June 30, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

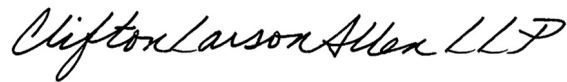
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards, as required by North Carolina G.S. 143C-6-23 *Non-State Entities Receiving State Funds*, 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 February 6, 2024 , on our consideration of the Organization’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 solely 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 the effectiveness of the Organization’s 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 the Organization’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Raleigh, North Carolina
February 6, 2024

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Cash and Cash Equivalents	\$	669,988
Investments		426,839
Grants and Contracts Receivable		181,460
Prepays and Other Current Assets		8,800
Thrift Shop Inventory		125,117
Right-of-Use Asset - Operating		<u>101,386</u>
Total Assets	\$	<u><u>1,513,590</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Liabilities	\$	58,800
Funds Held for Others		75,742
Lease Liability - Operating		<u>103,019</u>
Total Liabilities		237,561

NET ASSETS

Without Donor Restrictions		1,269,414
With Donor Restrictions		<u>6,615</u>
Total Net Assets		<u><u>1,276,029</u></u>
Total Liabilities and Net Assets	\$	<u><u>1,513,590</u></u>

See accompanying Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Private Grants and Contributions	\$ 165,100	\$ 25,479	\$ 190,579
Government Grants and Contracts	611,493	-	611,493
In-Kind Inventory Donations	1,047,292	-	1,047,292
In-Kind Contributions - Donated Space	138,604	-	138,604
Thrift Shop Sales	922,175	-	922,175
Less: Cost of Sales	<u>(922,175)</u>	<u>-</u>	<u>(922,175)</u>
Net Sales Revenue	-	-	-
Investment Income	19,726	-	19,726
Net Assets Released from Restrictions	<u>52,364</u>	<u>(52,364)</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>2,034,579</u>	<u>(26,885)</u>	<u>2,007,694</u>
EXPENSES AND LOSSES			
Program Services Expense	893,522	-	893,522
Management and General	132,458	-	132,458
Fundraising and Development	27,138	-	27,138
Thrift Shop	<u>474,618</u>	<u>-</u>	<u>474,618</u>
Total Expenses and Losses	<u>1,527,736</u>	<u>-</u>	<u>1,527,736</u>
CHANGE IN NET ASSETS	506,843	(26,885)	479,958
Net Assets - Beginning of Year	<u>762,571</u>	<u>33,500</u>	<u>796,071</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,269,414</u></u>	<u><u>\$ 6,615</u></u>	<u><u>\$ 1,276,029</u></u>

See accompanying Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising and Development	Thrift Shop	Total
Employee Compensation	\$ 566,965	\$ 101,584	\$ 20,719	\$ 246,880	\$ 936,148
Payroll Taxes	42,572	7,404	1,569	18,767	70,312
Employee Benefits	32,510	9,203	877	8,873	51,463
Payroll Expenses	-	49	-	-	49
Bus Transportation	39,942	-	-	-	39,942
Contracted Services	2,300	753	273	6,220	9,546
Telephone and Internet	867	964	229	6,607	8,667
Bank Fees	18	-	286	13,191	13,495
Rental Space	-	2,410	460	124,986	127,856
Donated Space	138,604	-	-	-	138,604
Thrift Store Cost of Sales	-	-	-	922,175	922,175
Postage Shipping	64	340	88	81	573
Utilities	-	984	-	14,066	15,050
Trash Removal	-	-	-	5,240	5,240
Equipment	3,020	882	-	538	4,440
Equipment Rental	1,508	1,508	-	-	3,016
Repairs and Maintenance	-	-	-	3,773	3,773
Printing	-	-	48	357	405
Dues and Subscriptions	255	2,746	255	2,019	5,275
Travel Expenses	10,918	3,324	538	4,308	19,088
Training and Professional Development	4,407	149	-	125	4,681
Supplies	3,102	97	144	7,121	10,464
Legal and Audit Fees	5,311	842	325	3,023	9,501
Insurance	11,400	-	398	6,432	18,230
Employee Relations	181	81	-	184	446
Miscellaneous Expenses	-	(872)	-	-	(872)
Amortization Expense	-	-	-	658	658
Fundraising Expenses	-	-	708	-	708
Advertising	-	-	49	500	549
Indirect Program Cost	8,370	-	-	-	8,370
Program Snacks	744	-	-	-	744
Program Activities	2,580	-	-	-	2,580
Program Supplies	17,340	-	-	-	17,340
Incentives	151	-	-	-	151
Family Program Supplies	56	-	-	-	56
Family Program Snacks	77	-	-	-	77
Public Relations	-	10	172	-	182
CIS Recognition	260	-	-	669	929
Total Expenses by Function	893,522	132,458	27,138	1,396,793	2,449,911
Less: Thrift Store Cost of Sales	-	-	-	(922,175)	(922,175)
Total Expenses per Statement of Activities	\$ 893,522	\$ 132,458	\$ 27,138	\$ 474,618	\$ 1,527,736

See accompanying Notes to Financial Statements.

**COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	479,958
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment Income, Net		(19,723)
Amortization		(658)
Changes in Operating Assets and Liabilities:		
Grants and Contracts Receivable		(97,119)
Prepaid Expenses and Other Assets		(6,350)
Thrift Shop Inventory		(125,117)
Accounts Payable and Accrued Liabilities		(5,072)
Funds Held for Others		12,704
Net Cash Provided by Operating Activities		238,623

NET CHANGE IN CASH AND CASH EQUIVALENTS

238,623

Cash and Cash Equivalents - Beginning of Year

431,365

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 669,988

See accompanying Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Communities in Schools of Brunswick County, Inc. (CIS) is a North Carolina nonprofit corporation organized in June 1995. 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 470 students received individualized support and over 3,800 benefited from school-wide support, basic needs items, and enrichment activities.

Basis of Presentation

The financial statements of CIS have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CIS considers cash in the bank, all cash held on hand and highly liquid short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Grants and Contracts Receivable

Grants and contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CIS provides for losses on receivables using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability to collect. It is CIS's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management has determined that all receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2023.

Investments

CIS records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Return on investments is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventory

Inventory donations are recorded at fair value on the date of donation, with any resulting gain or loss recognized in the statement of activities. Donated inventory is recognized as contribution revenue and as an increase in inventory in the period received. The fair value of donated inventory is determined based on the estimated selling price in the normal course of business, less any costs of disposal.

Funds Held for Others

CIS received funds to provide fiscal administration of funds to be distributed to agencies across a six-county region of North Carolina whose focus is the health and well-being of foster care children and foster families. CIS does not control the activities of the other agencies and therefore the funds remaining to be distributed are included on the statement of financial position as a liability.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions include net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent resources subject to donor restrictions that are restricted for certain purposes.

Revenue Recognition

To determine revenue recognition for the arrangements that CIS determines are within the scope of Topic 606, CIS performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when CIS satisfies a performance obligation.

Performance obligations are determined based on the nature of the services provided by CIS. Revenue that consists of performance obligations satisfied at a point in time is generally recognized when criteria for the contract have been achieved, or when specific events have occurred, and when there are no additional services related to that obligation. CIS recognizes revenue from the thrift store sales at the time of purchase.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions and Grants

All contributions and grants are classified as contributions without donor restrictions unless specifically restricted by the donor. Grants and other contributions of cash are reported as “with donor restrictions” if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a purpose restriction is accomplished, net asset “with donor restrictions” are reclassified to net assets “without donor restrictions” as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same year in which contributions are received are classified as unrestricted contributions. Conditional contributions and promises to give are recognized when the conditions are substantially met.

Donated Services and In-Kind Contributions

CIS follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2020-07), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires enhancements to presentation and disclosure around contributed nonfinancial assets. This standard did not affect the recognition of these transactions.

Donated materials, furniture, equipment, space, and services are recorded at their estimated fair values at the date of receipt and are reflected as in-kind contributions in the accompanying financial statements. CIS does not imply time restrictions on gifts of long-lived assets. The amounts reflected in the accompanying statement of activities as in-kind contributions are offset by like amounts included in expenses to the extent that amounts are not capitalized.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

CIS is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and is not a private foundation. Accordingly, no income taxes have been provided in the accompanying financial statements.

Management has evaluated the effect of the guidance provided by U.S. GAAP on accounting for the uncertainty of income taxes. Management believes that CIS continues to satisfy the requirements of a tax-exempt entity at June 30, 2023. Management has evaluated all other tax positions that could have significant effect on the financial statements and determined that CIS had no uncertain income tax positions at June 30, 2023.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases

CIS follows FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. This standard was early adopted by CIS in 2022.

CIS applies Topic 842 in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period in excess of 12 months in exchange for consideration. CIS defines control of the asset as the right to obtain substantially all of the economic benefits from the use of the identified asset as well as the right to direct the use of the identified asset. CIS does not have any short-term leases with a lease term of 12 months or less.

CIS has determined it has multiple existing leases that are material to the financial statements and those leases are operating leases, which are included as operating ROU asset and operating lease liabilities in the accompanying statements of financial position. ROU assets represent CIS's right to use leased assets over the term of the lease. Lease liabilities represent CIS's contractual obligation to make lease payments and are measured at the present value of future lease payments over the lease term. ROU assets are calculated at the present value of the future lease payments adjusted by and deferred rent liability. ROU assets and lease liabilities are recognized at the lease commencement date.

CIS uses the incremental borrowing rate to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

CIS has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Concentration of Credit Risk

Financial instruments, which potentially subject CIS to concentration of credit risk, consist primarily of cash and cash equivalents. At times, CIS has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Subsequent Events

CIS has evaluated subsequent events through February 6, 2024 , the date the financial statements were available to be issued.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 CONCENTRATIONS

For the year ended June 30, 2023, CIS received funding from three grantors that comprise approximately 79% of total private and government grants.

NOTE 3 INVESTMENTS

CIS reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CIS's assessment of the quality, risk, or liquidity profile of the asset or liability.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 3 INVESTMENTS (CONTINUED)

The following table set forth by level within the fair value hierarchy CIS's investments accounted for at fair value on a recurring basis as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange Traded Funds	\$ 126,029	\$ -	\$ -	\$ 126,029
Mutual Funds - Fixed Income	250,533	-	-	250,533
Certificates of Deposits	50,085	-	-	50,085
Cash	192	-	-	192
Total	<u>\$ 426,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,839</u>

NOTE 4 DONATED SPACE

CIS receives the use of donated facilities for its program operations. CIS recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The fair value is estimated using the average price per square foot of publicly available commercial real estate listings in the Organization's service area. CIS estimates the value of its facilities to be approximately \$138,600 for the year ended June 30, 2023. The donated facility agreement is short term in nature (less than 12 months) and thus there is no receivable for the long-term use of such space.

NOTE 5 THRIFT SHOP DONATIONS AND INVENTORY

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 sell these items. The fair values of the in-kind donations of inventory are recorded at their fair value on the date of the contribution. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement dates. For donated items, fair value is determined based on the estimated retail value of the item or similar items in the market.

The amount of in-kind inventory donations received during the year was approximately \$1,047,000 and is included in the accompanying statement of activities. The remaining inventory on hand at year-end is approximately \$125,000, included in the accompanying statement of financial position.

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 LEASES

CIS leases building space under various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2025 and some of the leases provide for flexible renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. The agreements generally require CIS to pay for repairs and maintenance.

As of June 30, 2023, the CIS's leases consisted of four operating leases. The following table provides quantitative information concerning the CIS's leases for the year ended June 30, 2023:

Other Information:

Operating Lease Costs	\$ 110,874
Operating Cash Flows from Operating Leases	112,656
Weighted-Average Remaining Lease Term - Operating Leases	11 Months
Weighted-Average Discount Rate - Operating Leases	4.25%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2024	\$ 100,122
2025	4,740
Total Minimum Lease Payments	<u>104,862</u>
Less: Amount Representing Interest	(1,843)
Capital Lease Obligation	<u><u>\$ 103,019</u></u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Expenditure for Specified Purpose:

Publix	\$ 4,865
Southport Realty Sponsorship	750
GFWC South Brunswick Island	1,000
Total Net Assets With Donor Restrictions	<u><u>\$ 6,615</u></u>

COMMUNITIES IN SCHOOLS OF BRUNSWICK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2023:

Satisfaction of Purpose Restrictions:	
CFMF	\$ 25,000
Ocean Ridge Charities	1,200
St. James Service Club	8,000
Total	34,200
Satisfaction of Time Restrictions:	
CSX	500
International Paper	2,500
Landfall Foundation	6,000
Publix	9,164
Total	18,164
Total Net Assets Released from Donor Restrictions	\$ 52,364

NOTE 8 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023, comprise the following:

Cash and Cash Equivalents	\$ 669,988
Investments	426,839
Grants and Contracts Receivable	181,460
Total	\$ 1,278,287