

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

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*June 30, 2021*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Communities In Schools of Nevada, Inc.  
Las Vegas, Nevada

We have audited the accompanying financial statements of Communities In Schools of Nevada, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2021, 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, 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.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of Nevada, Inc. as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

December 10, 2021

*frazier & Deeter, LLC*

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Statement of Financial Position*

*June 30, 2021*

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### Assets

Assets:

Cash and cash equivalents - unrestricted	\$	4,646,275
Cash and cash equivalents - restricted		766,841
Investments		1,263,450
Accounts receivable		279,930
Prepaid expenses		25,232
Deposits		15,995
Property and equipment, net		<u>26,862</u>

Total Assets \$ 7,024,585

### Liabilities and Net Assets

Liabilities:

Accounts payable	\$	30,239
Accrued liabilities		200,627
Deferred revenue		<u>7,500</u>

Total liabilities 238,366

Net assets:

Without donor restrictions:

Board designated for operating reserves		1,000,000
Undesignated		<u>5,019,378</u>

Total net assets without donor restrictions 6,019,378

With donor restrictions 766,841

Total net assets 6,786,219

Total Liabilities and Net Assets \$ 7,024,585

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See notes to financial statements.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Statement of Activities*

*For the Year Ended June 30, 2021*

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### **Change in net assets without donor restrictions:**

Revenues, gains, and other support:

Contributions	\$ 4,611,302
Paycheck Protection Program debt and fees forgiveness	1,261,666
Special events, net of direct costs of \$34,102	392,542
Fee income	2,528,575
In kind contributions	412,169
Investment income	27,185
Net assets released from restriction	<u>634,000</u>

Total revenues, gains, and other support 9,867,439

Expenses:

Program services 6,885,506

Supporting activities:

Management and general	833,688
Fundraising	<u>296,042</u>

Total supporting activities 1,129,730

Total operating expenses 8,015,236

Increase in net assets without donor restrictions 1,852,203

### **Change in net assets with donor restrictions:**

Contributions	766,841
Net assets released from restriction	<u>(634,000)</u>

Increase in net assets with donor restrictions 132,841

Total change in net assets 1,985,044

Net assets, beginning of year 4,801,175

Net assets, end of year \$ 6,786,219

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See notes to financial statements.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Salaries and wages	\$ 4,642,402	\$ 524,645	\$ 220,122	\$ 744,767	\$ 5,387,169
Payroll tax expense	385,003	42,849	17,641	60,490	445,493
Health insurance expense	565,981	38,326	21,706	60,032	626,013
Employee retirement expense	85,902	12,771	5,000	17,771	103,673
Payroll service fees	4,758	24,534	-	24,534	29,292
Hunger prevention	162,662	37	-	37	162,699
School site services	158,102	383	162	545	158,647
School site supplies	89,362	1,325	-	1,325	90,687
Bank fees	-	13,774	1,558	15,332	15,332
Contracted services	74,892	29,368	3,390	32,758	107,650
Depreciation	-	4,507	-	4,507	4,507
Miscellaneous	34	1,134	647	1,781	1,815
Insurance	38,414	9,078	-	9,078	47,492
Other supplies	33,036	14,895	133	15,028	48,064
Printing	7,456	10,914	-	10,914	18,370
Public awareness	9,480	4,424	428	4,852	14,332
Rent	83,878	38,651	-	38,651	122,529
Telecommunication	126,938	45,114	7,617	52,731	179,669
Professional development	4,026	12,843	534	13,377	17,403
Travel	14,646	3,105	1,110	4,215	18,861
Utilities	2,359	1,011	-	1,011	3,370
In kind expenses	396,175	-	15,994	15,994	412,169
<b>Total operating expenses</b>	<b>6,885,506</b>	<b>833,688</b>	<b>296,042</b>	<b>1,129,730</b>	<b>8,015,236</b>
Direct costs related to special events	-	-	34,102	34,102	34,102
<b>Total expenses</b>	<b>\$ 6,885,506</b>	<b>\$ 833,688</b>	<b>\$ 330,144</b>	<b>\$ 1,163,832</b>	<b>\$ 8,049,338</b>
	<u>86 %</u>	<u>10 %</u>	<u>4 %</u>	<u>14 %</u>	<u>100 %</u>

See notes to financial statements.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Statement of Cash Flows*

*For the Year Ended June 30, 2021*

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### **Cash flows from operating activities:**

Change in net assets \$ 1,985,044

#### **Adjustments to reconcile change in net assets to net cash provided by operating activities:**

Depreciation 4,507

Unrealized gain on investments (21,394)

Paycheck Protection Program debt forgiveness (1,253,800)

#### **Changes in operating assets and liabilities:**

Accounts receivable 141,762

Prepaid expenses (228)

Deposits (11,674)

Accounts payable 21,687

Accrued liabilities (2,046)

Deferred revenue (18,000)

Deferred rent (4,906)

Net cash provided by operating activities 840,952

### **Cash flows from investing activities:**

Net increase in investments (4,154)

Net cash used in investing activities (4,154)

Net increase in cash and cash equivalents 836,798

**Cash and cash equivalents, beginning of year** 4,576,318

**Cash and cash equivalents, end of year** \$ 5,413,116

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See notes to financial statements.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements*

*June 30, 2021*

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### Note 1 - Nature of the Organization:

Communities In Schools of Nevada, Inc. (the Organization) is a Nevada not-for-profit corporation established in 1992 as a dropout prevention program for students in the Clark, Washoe, Elko, and Humboldt county school districts.

The Organization's mission is to surround students with a community of support, empowering them to stay in school and achieve in life. The Organization carries out this mission by providing site coordinators inside schools to assess students' needs and give resources to help them succeed. The Organization partners with local business, social service agencies, health care providers, and volunteers to provide food, school supplies, health care, counseling, academic assistance, and positive role models.

### Note 2 - Summary of significant accounting policies:

#### Basis of presentation

The Organization applies the Financial Accounting Standards Board (FASB) Codification (Codification). The Codification is the single official source of authoritative generally accepted accounting principles in the United States (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities, and all of the Codification's content carries the same level of authority.

The financial statements are prepared on the accrual basis of accounting and are presented in conformity with U.S. GAAP, which requires net assets be categorized as with donor restrictions and without donor restrictions based on the existence of donor-imposed restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

The following is a summary of the more important accounting principles and policies followed by the Organization.

#### Use of estimates

The preparation of the Organization's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements - Continued*

*June 30, 2021*

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### Note 2 - Summary of significant accounting policies - continued:

#### Cash and cash equivalents

The Organization considers all highly-liquid investments which are readily convertible to known amounts of cash and cash accounts that are not subject to withdrawal restrictions or penalties to be cash equivalents.

The Organization maintains its cash and cash equivalents in bank accounts which may, at times, exceed federally insured limits. The Organization has not experienced any losses on such accounts.

#### Investments and fair value measurements

Investments are measured at fair value and unrealized gains and losses are reflected in the statement of activities and are combined with investment income earned during the period. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. U.S. GAAP provides a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted market prices in active markets for identical assets or liabilities to which an entity has access at the measurement date.
- Level 2 - Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the measurement date.
- Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally-developed methodologies that result in management's best estimate of fair value.

The Organization uses the specific identification method to calculate the amount of gain or loss on investments sold.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements - Continued*

*June 30, 2021*

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### Note 2 - Summary of significant accounting policies - continued:

#### Accounts receivable

Accounts receivable consists of amounts owed to the Organization from the Nevada School Districts for program services rendered under contractual obligation. Accounts receivable are recorded when the Organization has an unconditional right to consideration for completed performance under the contract; therefore the entire amount is recorded as accounts receivable and the Organization has no contract assets. The Organization had receivables relating to contracts with customers of \$421,692 at July 1, 2020, and had no credit losses from contracts with customers during the year ended June 30, 2021.

Management individually reviews all accounts receivable balances and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All outstanding accounts receivable are considered collectible and an allowance for uncollectible amounts was not recorded.

#### Property and equipment, net

Purchased property and equipment are recorded at cost and donated property and equipment are recorded at fair value on the date of the gift. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years.

The Organization reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment charge recognized during the year ended June 30, 2021.

#### Support and revenue

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements - Continued*

*June 30, 2021*

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### Note 2 - Summary of significant accounting policies - continued:

#### Support and revenue - continued

are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from unconditional contributions are recognized when received. Revenues from conditional contributions are recognized in the year in which all eligibility requirements have been satisfied and the contribution becomes unconditional. Unsatisfied conditional contributions are shown as deferred revenue on the statement of financial position.

Donations of investments are recorded at fair value when received. Contributed services are reported as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Other noncash contributions in the form of in kind contributions are recorded at fair value as of the date of the gift. Special event revenue is recognized and recorded when the events occur.

On its effective date of July 1, 2020, the Organization adopted FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, using the modified retrospective approach. Based on the evaluation performed, the Organization concluded that the adoption of this standard did not have a material impact on the financial statements for the year ended June 30, 2021.

Program service fee revenue is recognized over the life of the contract as the services are provided, in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for the service. Services include need assessments, site coordinators, counseling and academic assistance. The consideration is the fixed price noted in the contracts. The Organization has not experienced significant refunds or other obligations to customers for the year ended June 30, 2021.

#### Functional expenses

Expenses are reported when costs are incurred. The costs of providing the various program services and supporting activities of the Organization are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are allocated among the program services and supporting activities benefited based on the use of facilities, level of support effort, and relative program and supporting activity benefited.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements - Continued*

*June 30, 2021*

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### Note 2 - Summary of significant accounting policies - continued:

#### Income taxes

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). The Internal Revenue Service has determined the Organization is not a private foundation as defined by 509(a)(1) of the IRC. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of June 30, 2021, there are no known items which would result in a material accrual for federal or state attributable tax positions.

#### Recent Accounting Pronouncements

In August 2018, the FASB released Accounting Standards Update (ASU) 2018-13: *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which added new disclosure requirements and eliminated or modified disclosure requirements on fair value measurement. The new guidance is effective for fiscal years beginning after December 15, 2019. The Organization adopted ASU 2018-13 effective July 1, 2020. The adoption of ASU 2018-13 did not have material effect on the Organization's financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize most leases on their statements of financial position related to the rights and obligations created by those leases. Topic 842 also requires additional qualitative and quantitative disclosures related to the nature, timing, and uncertainty of cash flows arising from leases. Topic 842 is effective for annual reporting periods beginning after December 15, 2021, and is required to be applied on a modified retrospective basis beginning at the earliest period presented. Early adoption is permitted. The Organization is currently evaluating the impact of adopting this new guidance on the financial statements.

#### Subsequent events

The Organization has evaluated subsequent events through December 10, 2021, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of June 30, 2021, have been incorporated into these financial statements.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## Notes to Financial Statements - Continued

June 30, 2021

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### Note 3 - Investments:

The following table summarizes, by level within the fair value hierarchy, the Organization's investments by major category on the basis of nature and risk of the investments as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash, bank deposits, and money market funds	\$ 633,764	\$ -	\$ -	\$ 633,764
Savings and time deposits	565,797	-	-	565,797
Corporate stocks	<u>63,889</u>	<u>-</u>	<u>-</u>	<u>63,889</u>
Total	<u>\$ 1,263,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,263,450</u>

### Note 4 - Property and equipment, net:

Property and equipment consist of the following at June 30, 2021:

Computers	\$ 244,030
Furniture and fixtures	<u>53,953</u>
	297,983
Less accumulated depreciation	<u>(271,121)</u>
Total property and equipment	<u>\$ 26,862</u>

### Note 5 - Debt:

During the year ended June 30, 2020, the Organization received \$1,253,800 in funds from Nevada State Bank through the Paycheck Protection Program (PPP Loan) administered by the U.S. Small Business Administration (SBA) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act. On November 26, 2020, the SBA authorized forgiveness of 100% of the PPP Loan, including fees and accrued interest.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements - Continued*

***June 30, 2021***

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Note 6 - Net assets with donor restrictions:

As of June 30, 2021, net assets with donor restrictions consist of \$649,000 restricted for Southern Nevada programs expenses in the 2021-2022 school year, \$95,341 restricted for the 2021-2022 school year, and \$22,500 restricted for specific Western Nevada purposes in the 2021-2022 school year. Net assets were released from restriction during the year ended June 30, 2021 due to the passage of time and provision of program services, of which \$634,000 was restricted specifically for Southern Nevada programs.

Note 7 - Lease obligations:

The Organization has various operating leases for its office facilities. At June 30, 2021 the leases require monthly payments ranging from \$500 to \$4,543. In addition, the Organization has various non-cancelable leases for office equipment. Total rent and lease expense amounted to \$122,529 for the year ended June 30, 2021. The Organization entered into a new office lease subsequent to year end with monthly payments ranging from \$10,462 to \$11,836 and periods of free rent. This lease has been included in the future minimum lease payments below.

The future minimum lease payments under non-cancelable operating lease agreements at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 146,919
2023	128,219
2024	131,155
2025	140,935
2026	138,008
Thereafter	<u>58,604</u>
	<u>\$ 743,840</u>

Note 8 - Employee benefit plan:

The Organization provides a 403(b) Retirement Plan (the Plan) for employees. Employees are immediately eligible to participate in the Plan. Unless otherwise elected, the employee shall be deemed to have directed the Organization to make a 3% contribution on their behalf. The Plan provides a graded vesting schedule from one to four years of service. The Organization will contribute, on a matching basis, a 50% match on the first 3% of employee contributions. The Organization's policy is to fund the Plan's costs. Contributions to the Plan during the year ended June 30, 2021 were \$103,673.

# COMMUNITIES IN SCHOOLS OF NEVADA, INC.

## *Notes to Financial Statements - Continued*

***June 30, 2021***

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### Note 9 - Liquidity and availability of net assets:

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments and money market accounts.

As of June 30, 2021, the Organization has the following financial assets available to meet cash needs for general expenditures within the next year, including \$1,000,000 designated by the Board for operations reserves:

Cash and cash equivalents - unrestricted	\$ 4,646,275
Cash and cash equivalents - restricted	766,841
Investments	1,263,450
Accounts receivable	<u>279,930</u>
	<u>\$ 6,956,496</u>

### Note 10 - Concentrations:

The Organization received \$1,500,000 in contributions during the year ended June 30, 2021 from a single donor.

### Note 11 - Risks and uncertainties:

In March 2020, the World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic and the President of the United States declared it a national emergency. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak within Nevada, government actions and programs, and the related impact on donor confidence and contributions, all of which are highly uncertain.