

**Communities In Schools Of
Greater New Orleans, Inc.
(A Nonprofit Organization)**

Financial Statements

June 30, 2014 and 2013



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com | blog.cricpa.com



Communities In Schools Of Greater New Orleans, Inc.
Table of Contents
June 30, 2014

REPORT

Independent Auditor's Report	1
------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position	3
----------------------------------	---

Statement of Activities 2014	4
------------------------------	---

Statement of Activities 2013	5
------------------------------	---

Statement of Functional Expenses- 2014	6
--	---

Statement of Functional Expenses- 2013	7
--	---

Statements of Cash Flows	8
--------------------------	---

Notes to Financial Statements	9
-------------------------------	---

INTERNAL CONTROL REPORTING

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 <i>Government Auditing Standards</i>	19
---	----



Carr, Riggs & Ingram, LLC
3501 North Causeway Boulevard
Suite 810
Metairie, Louisiana 70002

(504) 837-9116
(504) 837-0123 (fax)
www.CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Communities In Schools of Greater New Orleans, Inc. ("CIS") (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2014 and 2013, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CIS's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CIS's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014 on our consideration of CIS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over 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.

Carr, Riggs & Ingram, LLC

August 28, 2014

Communities In Schools of Greater New Orleans, Inc.
Statements of Financial Position

<i>June 30,</i>	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 152,148	\$ 138,446
Accounts receivable	76,514	75,770
Prepaid expenses	15,353	11,016
Inventory	51,337	106,905
Beneficial interest in assets held by others	90,468	81,260
Total Assets	\$ 385,820	\$ 413,397
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 22,844	\$ 2,213
Accrued expenses	29,652	18,392
Line of credit	75,100	100
Total Liabilities	127,596	20,705
Net Assets:		
Unrestricted	150,244	133,554
Temporarily restricted	17,512	177,878
Permanently restricted	90,468	81,260
Total Net Assets	258,224	392,692
Total Liabilities and Net Assets	\$ 385,820	\$ 413,397

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

Communities In Schools of Greater New Orleans, Inc.
Statement of Activities

For the Year Ended June 30, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Revenues:				
Contributions	\$ 264,807	\$ 139,708	\$ 275	\$ 404,790
Contract income	660,752	-	-	660,752
In-kind contributions	8,417	-	-	8,417
Federal program revenue	-	56,397	-	56,397
State program revenue	-	360,000	-	360,000
Miscellaneous income	386	-	8,933	9,319
Net assets released from restrictions	716,471	(716,471)	-	-
Total Revenues	1,650,833	(160,366)	9,208	1,499,675
Expenses:				
Program services	1,598,520	-	-	1,598,520
Supporting services:				
General and administrative	26,561	-	-	26,561
Fundraising	9,062	-	-	9,062
Total Expenses	1,634,143	-	-	1,634,143
Change in Net Assets	16,690	(160,366)	9,208	(134,468)
Net Assets, beginning of fiscal year	133,554	177,878	81,260	392,692
Net Assets, end of fiscal year	\$ 150,244	\$ 17,512	\$ 90,468	\$ 258,224

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

Communities In Schools of Greater New Orleans, Inc.
Statement of Activities

For the Year Ended June 30, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Revenues:				
Contributions	\$ 123,465	\$ 422,047	\$ 17,000	\$ 562,512
Contract income	507,180	-	-	507,180
In-kind contributions	373,401	-	-	373,401
Federal program revenue	-	126,793	-	126,793
State program revenue	-	17,250	-	17,250
Miscellaneous income	-	-	7,183	7,183
Net assets released from restrictions	461,893	(461,893)	-	-
Total Revenues	1,465,939	104,197	24,183	1,594,319
Expenses:				
Program services	1,511,876	-	-	1,511,876
Supporting services:				
General and administrative	13,589	-	-	13,589
Fundraising	6,311	-	-	6,311
Total Expenses	1,531,776	-	-	1,531,776
Change in Net Assets	(65,837)	104,197	24,183	62,543
Net Assets, beginning of fiscal year	199,391	73,681	57,077	330,149
Net Assets, end of fiscal year	\$ 133,554	\$ 177,878	\$ 81,260	\$ 392,692

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

Communities In Schools of Greater New Orleans, Inc.
Statement of Functional Expenses

For the year ended June 30, 2014

	Total Program Services	Supporting Services			Total
		General and Administrative	Fundraising	Total	
Salaries	\$ 850,250	\$ 17,000	\$ 327	\$ 17,327	\$ 867,577
Contract services	244,435	-	248	248	244,683
Benefits	184,127	2,957	31	2,988	187,115
School programs	157,846	-	-	-	157,846
General administrative	35,656	6,038	-	6,038	41,694
Facilities	31,882	566	996	1,562	33,444
Employee leave expense	21,363	-	-	-	21,363
Professional fees	14,460	-	-	-	14,460
Travel	12,906	-	-	-	12,906
Supplies & small equipment	10,367	-	-	-	10,367
Conf/Convention/Training	9,120	-	-	-	9,120
Marketing & public relations	8,639	-	-	-	8,639
Fundraising expense	-	-	7,460	7,460	7,460
Printing & copying	7,252	-	-	-	7,252
Volunteer expenses	6,136	-	-	-	6,136
Food & meetings	2,883	-	-	-	2,883
Miscellaneous	998	-	-	-	998
Bad debt expense	200	-	-	-	200
	\$ 1,598,520	\$ 26,561	\$ 9,062	\$ 35,623	\$ 1,634,143

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

Communities In Schools of Greater New Orleans, Inc.
Statement of Functional Expenses

For the year ended June 30, 2013

	Supporting Services				Total
	Total Program Services	General and Administrative	Fundraising	Total	
Salaries	\$ 722,725	\$ 9,917	\$ -	\$ 9,917	\$ 732,642
School programs	422,656	-	-	-	422,656
Benefits	144,209	2,820	-	2,820	147,029
Facilities	46,913	289	289	578	47,491
Contract services	37,362	-	-	-	37,362
Bad debt expense	27,727	-	-	-	27,727
General administrative	17,013	523	300	823	17,836
Professional fees	17,653	-	-	-	17,653
Employee leave expense	16,090	-	-	-	16,090
Supplies & small equipment	15,037	-	50	50	15,087
Printing & copying	8,625	-	430	430	9,055
Travel	7,557	-	687	687	8,244
Fundraising expense	2,891	-	4,555	4,555	7,446
Marketing & public relations	7,397	-	-	-	7,397
Volunteer expenses	6,738	-	-	-	6,738
Conf/Convention/Training	5,942	40	-	40	5,982
Food & meetings	4,026	-	-	-	4,026
Miscellaneous	1,315	-	-	-	1,315
	\$ 1,511,876	\$ 13,589	\$ 6,311	\$ 19,900	\$ 1,531,776

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

Communities In Schools of Greater New Orleans, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2014	2013
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ (134,468)	\$ 62,543
(Increase) decrease in operating assets:		
Accounts receivable	(744)	127,370
Prepaid expenses	(4,337)	(3,507)
Inventory	55,568	(30,769)
Increase (decrease) in operating liabilities:		
Accounts payable	20,631	1,697
Deferred revenues	-	(9,525)
Accrued expenses	11,260	(3,013)
Net cash provided by (used in) operating activities	(52,090)	144,796
Cash Flows From Investing Activities:		
Change in beneficial interest in assets held by others	(9,208)	(23,279)
Net cash used in investing activities	(9,208)	(23,279)
Cash Flows From Financing Activities:		
Borrowings on line of credit	75,000	-
Net cash provided by financing activities	75,000	-
Cash and Cash Equivalents, Beginning of Fiscal Year	138,446	16,929
Cash and Cash Equivalents, End of Fiscal Year	\$ 152,148	\$ 138,446
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the fiscal year for interest	\$ 4,175	\$ 1,870

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

Communities In Schools Of Greater New Orleans, Inc. Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Communities In Schools of Greater New Orleans, Inc. (“CIS”) is a non-profit organization that provides preventive dropout services and programs for students in public schools in the Greater New Orleans region.

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

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

Program Services provided by CIS are as follows:

Coordination of School-wide Services

CIS Site Coordinators insure at least eight activities during the school year that will impact at least 75% of students by building their awareness, skills or access to services.

Case Management

Each CIS Site Coordinator also manages a specific caseload of students who need access to programs and services to overcome challenges to their success. They assess the needs, create a service plan, and either provide the services themselves, or seek community programs with expertise in providing the specific service. Coordination of services often spans the entire school year.

Communities In Schools Of Greater New Orleans, Inc. Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Out-of-school time programs

CIS is a grantee of the Louisiana Department of Education, receiving 21st Century Community Learning Center funds to provide the CIS Champ Camp to 300 students across three school sites. Programming is provided before and after the school day and includes academic support coordinated with the school's leaders as well as enrichment activities through the "Voice and Choices" component designed to give students and parents a voice in the programs provided by community members.

AmeriCorps:

Volunteer Louisiana, the grantee of the Corporation for National and Community Service's state direct program for AmeriCorps positions, has granted CIS the right to host up to 10 AmeriCorps members who work fulltime inside CIS schools to provide intensive academic and behavior support as well as mentoring to students. These members serve 1,700 hours and significantly boost the one-on-one support that the school and teacher provide to students.

Mentoring:

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

School Resources and Materials

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

Basis of Accounting - The financial statements of CIS have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Communities In Schools Of Greater New Orleans, Inc. Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- **Unrestricted** – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** – Net assets whose use by CIS is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of CIS pursuant to such stipulations.
- **Permanently Restricted** – Net assets whose use by CIS is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of CIS.

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

Inventory - Inventory consists of donated supplies, books, and other publications. Donated inventory is carried at fair value at the time of the contribution.

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

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

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

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

CIS uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. It is management's judgment that no allowance for uncollectible receivables is necessary as of June 30, 2014 and 2013.

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

CIS received contributed materials and supplies for its programs during the years ended June 30, 2014 and 2013 with fair values on the dates of donation of \$8,417 and \$373,401, respectively.

CIS did not receive any significant contributed professional services during the years ended June 30, 2014 and 2013.

In addition, volunteers have served on the Board, various committees and in schools under the direction of CIS staff in CIS-coordinated programs and projects. The total of all volunteer hours, totaled approximately 2,100 hours during the year. These contributions of in-kind services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition.

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

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

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation - Expenses are charged to each program directly when the charge is identified to the program. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide the overall support and direction of CIS.

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

Estimates - The preparation of financial statements in conformity with 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.

Subsequent Events – CIS has evaluated subsequent events through August 28, 2014, which is the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

CIS maintains its cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ending June 30, 2014. At times throughout the year, the balance may exceed the federally insured amount.

NOTE 3: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

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

Distributions from the endowment funds are subject to the Greater New Orleans Foundation's endowed fund spending policy. In general, distributions are made automatically by the Greater New Orleans Foundation in the first quarter of each calendar year. The annual distribution will be made in the amount allocated by the Greater New Orleans Foundation based on its spending policy. Distributions are unrestricted and are used to support CIS's general operations.

The investments are reported at market value. CIS's management has determined that there was no impairment as of June 30, 2014 and 2013.

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

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

For the years ended June 30, 2014 and 2013, CIS had the following endowment-related activities:

	<u>2014</u>	<u>2013</u>
Beneficial interest in assets at July 1	\$ 81,260	\$ 57,981
Contributions to endowment fund	275	17,000
Interest and dividend income on investments	1,250	1,860
Unrealized gains	8,115	4,790
Administration fees	(432)	(371)
	<hr/>	<hr/>
Beneficial interest in assets at June 30	<u>\$ 90,468</u>	<u>\$ 81,260</u>

NOTE 4: FAIR VALUE MEASUREMENT AND DISCLOSURES

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

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

- Level 1 inputs are readily available quoted market prices (unadjusted) in active markets where there is significant transparency in the executed/quoted price for identical assets or liabilities that CIS has the ability to access at the measurement date.
- Level 2 inputs are observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

NOTE 4: FAIR VALUE MEASUREMENT AND DISCLOSURES (CONTINUED)

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

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

Beneficial interests in assets held by others are part of a large endowment investment pool held by the Greater New Orleans Foundation. Assets classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment grade corporate bonds, less liquid listed equities, state, municipal and principal obligations, and most physical commodities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

The following represents the CIS's fair value hierarchy for those assets measured as of fair value as of June 30, 2014 and 2013:

	Assets at Fair Value as of June 30, 2014			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Beneficial interest in assets held by others	\$ -	\$ 90,468	\$ -	\$ 90,468
Total assets at fair value	<u>\$ -</u>	<u>\$ 90,468</u>	<u>\$ -</u>	<u>\$ 90,468</u>

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

NOTE 4: FAIR VALUE MEASUREMENT AND DISCLOSURES (CONTINUED)

Assets at Fair Value as of June 30, 2013

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ 81,260	\$ -	\$ 81,260
Total assets at fair value	<u>\$ -</u>	<u>\$ 81,260</u>	<u>\$ -</u>	<u>\$ 81,260</u>

NOTE 5: ACCRUED EMPLOYEE LEAVE

CIS full-time employees may earn up to twelve (12) paid time off (PTO) days each year. Full-time employees that work through the completion of the fiscal year are eligible to carry over five (5) PTO days. Upon termination or resignation, any accumulated employee leave is paid to the former employee. Accrued employee leave was \$21,363 and \$16,090 as of June 30, 2014 and 2013, respectively, and is included in accrued expenses on the accompanying Statements of Financial Position.

NOTE 6: OPERATING LEASE

CIS leased its office space under the terms of a lease agreement accounted for as an operating lease. The lease is on a month-to-month basis requiring monthly lease payments of \$1,950 for each of the years ended June 30, 2014 and 2013, respectively. Rent expense for the years ended June 30, 2014 and 2013 was \$22,750 and \$23,400, respectively, and is included under Facilities in the accompanying Statements of Functional Expenses.

NOTE 7: LINE OF CREDIT

CIS entered into an agreement with a local bank on September 13, 2010, which provides for borrowings up to \$100,000 at a variable rate of interest. Outstanding borrowings under the Credit Agreement are unsecured. As of June 30, 2014 and 2013, CIS had and outstanding balances \$75,100 and \$100, respectively, on this line of credit at an annual rate of interest of 7%. For the years ended June 30, 2014 and 2013, CIS paid \$4,175 and \$1,870, respectively, for interest on the line of credit.

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

NOTE 8: UNCERTAIN INCOME TAX POSITIONS

Accounting principles generally accepted in the United States of America require CIS management to evaluate tax positions taken by CIS and recognize a tax liability if CIS has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. CIS management has analyzed the tax positions taken by CIS, and has concluded that as of June 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. CIS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CIS management believes it is no longer subject to income tax examinations for years prior to 2010.

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

For the years ended June 30, 2014 and 2013, CIS had the following temporarily restricted related activities:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Contributions	\$ 556,105	\$ 566,090
Released from restrictions	<u>(716,471)</u>	<u>(461,893)</u>
Increase (decrease) in temporarily restricted net assets	(160,366)	104,197
Available for Coordination of Resources and Materials at July 1,	<u>177,878</u>	<u>73,681</u>
Available for Coordination of Resources and Materials at June 30,	<u>\$ 17,512</u>	<u>\$ 177,878</u>

Communities In Schools Of Greater New Orleans, Inc.
Notes to Financial Statements

NOTE 10: PERMANENTLY RESTRICTED NET ASSETS

For the years ended June 30, 2014 and 2013, CIS had the following permanently restricted activities:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Change in value of endowment fund	\$ 9,640	\$ 24,554
Investment fees	<u>(432)</u>	<u>(371)</u>
Increase in permanently restricted net assets	9,208	24,183
Net assets permanently restricted for purpose of endowment at July 1,	<u>81,260</u>	<u>57,077</u>
Net assets permanently restricted for purpose of endowment at June 30,	<u>\$ 90,468</u>	<u>\$ 81,260</u>

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Communities In Schools of Greater New Orleans, Inc. (“CIS”) (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2014, 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 August 28, 2014.

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 CIS 's internal control. Accordingly, we do not express an opinion on the effectiveness of the CIS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material

weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CIS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CIS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CIS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

August 28, 2014