

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

FINANCIAL STATEMENTS, INDEPENDENT
AUDITORS' REPORT AND REPORT ON
COMPLIANCE

FOR THE YEAR ENDED
JUNE 30, 2015
(With Comparative Totals as of June 30, 2014)

COMMUNITIES IN SCHOOLS OF MIAMI, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors, Audit Committee and Executive Director
Communities in Schools of Miami, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Communities in Schools of Miami, Inc. (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 the Organization as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated October 10, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 November 30, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 30, 2015

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 50,820	\$ 166,290
Contributions and grants receivable	296,563	299,615
Other receivables	7,232	6,157
Prepays and other assets	39,262	39,707
TOTAL CURRENT ASSETS	<u>393,877</u>	<u>511,769</u>
FURNITURE AND EQUIPMENT, net	825	853
ENDOWMENT - money market account	<u>20,000</u>	<u>20,000</u>
TOTAL ASSETS	<u>\$ 414,702</u>	<u>\$ 532,622</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 55,330	\$ 81,366
Deferred revenue	46,650	105,984
TOTAL CURRENT LIABILITIES	<u>101,980</u>	<u>187,350</u>
LONG TERM LIABILITIES		
Line of credit	30,000	-
TOTAL LONG TERM LIABILITIES	<u>30,000</u>	<u>-</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	236,374	299,076
Temporarily restricted	26,348	26,196
Permanently restricted	20,000	20,000
TOTAL NET ASSETS	<u>282,722</u>	<u>345,272</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 414,702</u>	<u>\$ 532,622</u>

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

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Contributions and grants	\$ 2,375,174	\$ 7,000	\$ -	\$ 2,382,174	\$ 2,507,338
Donations (in-kind):					
Services	555,727	-	-	555,727	556,076
Materials and supplies	22,388	-	-	22,388	87,661
Facilities	430,560	-	-	430,560	601,941
Interest	87	156	-	243	416
Net assets released from restrictions	7,004	(7,004)	-	-	-
TOTAL REVENUES AND SUPPORT	3,390,940	152	-	3,391,092	3,753,432
EXPENSES					
Program services:					
Americorp	951,863	-	-	951,863	1,483,114
Americorp Turnaround (ATSP)	806,320	-	-	806,320	319,062
Gear Up	300,240	-	-	300,240	112,769
Bridges to Graduation	584,865	-	-	584,865	1,014,897
PCS	645,104	-	-	645,104	28,402
NTS	1,332	-	-	1,332	627,869
TOTAL PROGRAM SERVICES	3,289,724	-	-	3,289,724	3,586,113
SUPPORTING SERVICES					
Fundraising	141,422	-	-	141,422	173,629
Management and general	22,496	-	-	22,496	31,711
TOTAL SUPPORTING SERVICES	163,918	-	-	163,918	205,340
TOTAL EXPENSES	3,453,642	-	-	3,453,642	3,791,453
CHANGE IN NET ASSETS	(62,702)	152	-	(62,550)	(38,021)
NET ASSETS - BEGINNING	299,076	26,196	20,000	345,272	383,293
NET ASSETS - ENDING	\$ 236,374	\$ 26,348	\$ 20,000	\$ 282,722	\$ 345,272

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

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

Description	2015											2014	
	Program Services						Supporting Services					Total	Total
	Americorp	AmeriCorps Turnaround (ATSP)	Gear Up	Bridges to Graduation	PCS	NTS	Total Program Services	Fund Raising	Management and General	Total Supporting Services			
Salaries and Wages	\$ 494,234	\$ 295,462	\$ 156,580	\$ 297,914	\$ 265,721	\$ -	\$ 1,509,911	\$ 87,265	\$ 133,900	\$ 221,165	\$ 1,731,076	\$ 1,708,158	
Payroll Taxes and Benefits	87,439	33,664	22,004	51,378	57,123	-	251,608	17,631	30,353	47,984	299,592	303,291	
TOTAL SALARIES AND RELATED EXPENSES	581,673	329,126	178,584	349,292	322,844	-	1,761,519	104,896	164,253	269,149	2,030,668	2,011,449	
Travel/Training/Meetings	3,613	2,004	764	9,693	3,423	-	19,497	-	6,416	6,416	25,913	34,620	
Equipment - Noncapital	3,997	335	258	997	1,078	-	6,665	-	463	463	7,128	8,997	
Insurance - Liability	3,640	2,857	902	3,473	2,347	-	13,219	5	3,696	3,701	16,920	18,578	
Space - Lease and Maintenance	-	-	-	9,206	-	-	9,206	-	14,146	14,146	23,352	23,425	
Communications	5,500	1,392	1,001	3,060	2,817	-	13,770	-	1,436	1,436	15,206	15,947	
Membership/Subscription	-	55	-	55	-	-	110	-	55	55	165	530	
Bank and Other Fees	-	-	-	21	-	9	30	62	8,073	8,135	8,165	6,735	
Reproduction	370	419	370	1,336	1,391	556	4,442	10	6,774	6,784	11,226	9,048	
Consumable Supplies	6,241	379	1,321	4,681	5,965	-	18,587	-	979	979	19,566	33,325	
Program Supplies	18,403	2,761	1,628	10,226	5,167	-	38,185	-	80	80	38,265	62,099	
Meals	674	64	-	6,985	8,913	-	16,636	-	-	-	16,636	22,481	
Background Checks	1,056	1,680	275	1,799	24	24	4,858	-	72	72	4,930	4,850	
Incentives/Field Trips	9,351	-	-	13,535	2,401	-	25,287	-	-	-	25,287	35,145	
Fundraising	-	-	-	-	-	-	-	26,725	-	26,725	26,725	49,205	
Stipend (VISTA & GOGO)	-	-	-	-	-	-	-	-	-	-	-	26,250	
Audit	7,052	3,078	1,634	5,112	5,591	-	22,467	-	183	183	22,650	22,650	
Professional Fees	691	427	199	690	572	-	2,579	-	1,946	1,946	4,525	4,529	
Tutoring Services	-	-	-	-	-	743	743	-	-	-	743	-	
Other Purchased Services	4,370	-	-	8,637	1,040	-	14,047	1,425	255	1,680	15,727	10,645	
Subcontractors (partners and others)	-	-	-	-	118,602	-	118,602	-	-	-	118,602	87,696	
Grant Writing	-	-	-	-	-	-	-	-	-	-	-	45,000	
Software Maintenance	1,411	936	673	2,044	1,862	-	6,926	-	1,672	1,672	8,598	8,225	
Prior Period Expense	800	359	102	865	478	-	2,604	114	274	388	2,992	3,232	
Allocation of Administrative Salaries and Benefits	44,282	23,657	12,773	28,806	38,310	-	147,828	-	(147,828)	(147,828)	-	-	
Allocation of Administrative Other	12,477	6,680	3,684	8,177	10,527	-	41,545	-	(41,545)	(41,545)	-	-	
SUBTOTAL	705,601	376,209	204,168	468,690	533,352	1,332	2,289,352	133,237	21,400	154,637	2,443,989	2,544,661	
NON-CASH EXPENSES													
Depreciation	82	-	-	-	-	-	82	-	896	896	978	1,114	
Donated services	117,932	349,011	25,092	43,619	20,073	-	555,727	-	-	-	555,727	556,076	
Donated materials and supplies	2,966	500	-	8,076	2,461	-	14,003	8,185	200	8,385	22,388	87,661	
Donated facilities	125,282	80,600	70,980	64,480	89,218	-	430,560	-	-	-	430,560	601,941	
TOTAL NON-CASH EXPENSES	246,262	430,111	96,072	116,175	111,752	-	1,000,372	8,185	1,096	9,281	1,009,653	1,246,792	
TOTAL EXPENSES	\$ 951,863	\$ 806,320	\$ 300,240	\$ 584,865	\$ 645,104	\$ 1,332	\$ 3,289,724	\$ 141,422	\$ 22,496	\$ 163,918	\$ 3,453,642	\$ 3,791,453	

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

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (62,550)	\$ (38,021)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	978	1,114
(Increase) decrease in assets:		
Contributions and grants receivable	3,052	(77,849)
Other receivables	(1,075)	(1,137)
Prepays and other assets	445	1,696
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(26,036)	35,134
Deferred revenue	(59,334)	(36,848)
NET CASH USED IN OPERATING ACTIVITIES	<u>(144,520)</u>	<u>(115,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of furniture and equipment	(950)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(950)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	30,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>30,000</u>	<u>-</u>
NET DECREASE IN CASH	(115,470)	(115,911)
CASH - BEGINNING	<u>166,290</u>	<u>282,201</u>
CASH - ENDING	<u>\$ 50,820</u>	<u>\$ 166,290</u>

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

**COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Nature of Activities

Communities in Schools of Miami, Inc. (the “Organization”) is a not-for-profit corporation incorporated under the laws of the State of Florida on January 27, 1989. The Organization provides a myriad of services to children in grades K-12 to help them stay in school and prepare for life. The Organization creates programs and partnerships and utilizes volunteers to deliver the services at twenty-three schools and community based sites throughout Miami-Dade County (the “County”).

The following describes the Organization’s programs:

AmeriCorps Programs

AmeriCorps members help to provide two program initiatives as part of their one year of service pledge to the community: Miami Reads!, the school-based literacy tutoring for reading-delayed elementary school students, and Out-of-School Programs (afterschool and summer camps) that offer quality activities such as homework help, tutoring, reading, computer labs, life skills, arts enrichment, and fitness at two sites in high-need neighborhoods.

Gear Up

The goal of GEARUP is to create early awareness of higher education and prepare students to graduate and go on to college. Services include but are not limited to tutoring, mentoring, and college immersion programs.

Bridges to Graduation

This program provides comprehensive drop-out prevention services to middle and high school students who have a history of academic and/or behavioral challenges. Services include mentoring, counseling, tutoring, and leadership development.

Partners for Community Success (PCS)

A placed-based service partnership with community agencies working together to provide care coordination services to children and youth residing in North Miami and North Miami Beach. Services provided by the collaborative address student attendance and behavior in school, child maltreatment, and family health access.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the accounting standards for financial statements of not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Concentrations of Risk

Financial instruments, which potentially subject the Organization to concentrations of risk, consist principally of cash in banks and support from major grantors.

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES
(Continued)

Cash in Banks

At various times during the year, the Organization may have cash in excess of federally insured limits. However, the Organization maintains its cash in what management believes to be high quality financial institutions, which the Organization believes limits their risks. At June 30, 2015, the Organization's cash balances held in financial institutions did not exceed the FDIC limit.

Grants

The Organization has various grant agreements with The Children's Trust. The grants support the ability of the Organization to provide the Bridges to Graduation program, Out of School programs and the Violence Intervention Project as described above. Revenue from the grants represents approximately \$933,453 or 22% of total revenue and support for the year ended June 30, 2015.

Income Taxes

The Organization is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at June 30, 2015. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2012.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 7 years. The Organization capitalizes all acquisitions of fixed assets in excess of \$750 that have a useful life greater than one year. When items are sold or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are credited or charged to activities. Repairs and maintenance are charged to expense as incurred.

Donated Property and Equipment

Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restricted when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions

The Organization accounts for contributions in accordance with accounting standards for contributions received and contributions made. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized as revenues in the period received, until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions, which are restricted by the donor, are reported as increases in unrestricted net assets if the

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Contributions (Continued)

restriction expires in the same 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All contributions receivable are due in less than one year.

Donated Services

Donated services are recognized as contributions at fair value, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fundraising and other services throughout the year that are not recognized as contributions in the financial statements since these are not susceptible to objective measurement or valuation.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported period. Actual results could differ from those estimates.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or by program classification. Such information does not include sufficient detail to constitute presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through November 30, 2015, which is the date the financial statements were available to be issued.

NOTE 2 – FURNITURE AND EQUIPMENT

Furniture and equipment as of June 30, 2015 is as follows:

Furniture and equipment	\$	43,214
Less accumulated depreciation		(42,389)
	\$	<u>825</u>

Depreciation expense was \$978 for the year ended June 30, 2015.

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 – RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

As of June 30, 2015, the balance of \$26,348 is presented as temporarily restricted net assets and can only be used towards outstanding grant deliverables from various funders. Temporarily restricted net assets are held in cash as of June 30, 2015.

Permanently Restricted Net Assets

Permanently restricted net assets represent endowment funds received by the Organization for deposit in low risk interest bearing financial instruments. Donor stipulations do not allow the Organization access to these funds; however, interest earned can be used for operations. Therefore, interest earned on these funds is classified as temporarily restricted until appropriated for expenditure. Permanently restricted net assets are held and classified in the Endowment money market account as of June 30, 2015.

NOTE 4 – DONATED SERVICES, MATERIALS AND SUPPLIES, AND FACILITIES

Donated services, materials and supplies, and facilities for the year ended June 30, 2015 are as follows and were used in all four programs administered by the Organization.

	Services	Materials and Supplies	Facilities	Total
Miami-Dade County Public Schools	\$ 157,320	\$ -	\$ 280,540	\$ 437,860
Miami-Dade County Parks and Recreation	313,000	-	76,244	389,244
Miami Rescue Mission	77,437	-	49,038	126,475
Other	7,970	22,388	24,738	55,096
Total	<u>\$ 555,727</u>	<u>\$ 22,388</u>	<u>\$ 430,560</u>	<u>\$ 1,008,675</u>

NOTE 5 – DEFINED CONTRIBUTION PLAN

The Organization has a deferred compensation plan for its employees under Section 403b of the Internal Revenue Code. The Organization's contributions to the deferred compensation plan were \$7,310 for the year ended June 30, 2015.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Line of Credit

The Organization entered into a line of credit agreement with a bank in the amount of \$75,000. The line of credit was renewed during the year and expires on April 14, 2017. Interest is paid monthly on the unpaid principal balance at a rate of 5.069% and the principal is due on demand. As of June 30, 2015, the outstanding balance on the line of credit was \$30,000.

Grants Contingency

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Organization expects such amounts, if any, would not have a material adverse effect on the Organization's financial position.

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease

Effective December 1, 2006, the Organization entered into a commercial lease agreement for its office space for two years. After two renewals, the Organization was on a month to month agreement with the landlord through August 17, 2015. Subsequent to year end, the Organization entered into a commercial agreement for its new office space for five years. Payments under the lease increase annually based on an escalating schedule.

The Organization is committed under an operating lease for two copier machines through April 2017. Minimum monthly lease payments due under the lease are \$358.

Future minimum annual rentals on noncancelable operating leases including the one year extension are approximately as follows:

Fiscal year ending June 30:	
2016	\$ 23,427
2017	22,708
2018	19,702
2019	20,294
2020	20,902
Therafter	3,501
Total	<u>\$ 110,534</u>

Total rent expense for the year ended June 30, 2015 was approximately \$21,500.

NOTE 7 – ENDOWMENTS

Interpretation of Relevant Law

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Organization has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with the FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – ENDOWMENTS (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donors require the Organization to retain as a fund of perpetual duration.

Summary of Endowment Assets:

Endowment net asset composition by type of fund as of June 30, 2015 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 386	\$ 20,000	\$ 20,386
Board designated endowment funds	-	-	-	-
	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ 20,000</u>	<u>\$ 20,386</u>

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 230	\$ 20,000	\$ 20,230
Investment income including realized and unrealized gains	-	156	-	156
Total investment return	-	156	-	156
Contributions	-	-	-	-
Appropriation for expenditure	-	-	-	-
Other changes	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ 20,000</u>	<u>\$ 20,386</u>

NOTE 8 – CONCENTRATION OF REVENUES AND SUPPORT

Revenues and support generated from two grantors, The Children’s Trust and AmeriCorps, amounted to approximately 44% and 34%, respectively of the Organization’s total contributions and grants for the year ended June 30, 2015.

SUPPLEMENTARY INFORMATION

**COMMUNITIES IN SCHOOLS OF MIAMI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Agency / Pass-through Entity	Federal CFDA/ Number	Contract / Grant Number	Federal Expenditures
DEPARTMENT OF EDUCATION			
Passed through Miami Dade College:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	2013 WQT0019-64501	\$ 39,844
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	2014 WQT0019-64501	<u>138,459</u>
Total Department of Education			<u>178,303</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed through The Florida Commission on Volunteerism and Community Service:			
AmeriCorps State and National Grant Competitions - ARRA	94.006	CT 13AC150122	42,506
AmeriCorps State and National Grant Competitions - ARRA	94.006	CT 13AC150122	274,772
AmeriCorps State and National Grant Competitions - ARRA	94.006	CT 13AC148919	32,525
AmeriCorps State and National Grant Competitions - ARRA	94.006	CT 13AC148919	<u>205,628</u>
Total Corporation for National and Community Service			<u>555,431</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Our Kids of Miami-Dade/Monroe, Inc.:			
Adoption Opportunities	93.652	Our Kids Yr-2	<u>22,768</u>
Total Department of Health and Human Services			<u>22,768</u>
Total Expenditures of Federal Awards			<u><u>\$ 756,502</u></u>

See accompanying note to the schedule of expenditures of federal awards.

COMMUNITIES IN SCHOOLS OF MIAMI, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the Organization for the year ended June 30, 2015 on the accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards received from other government agencies are included in the Schedule. The information in this schedule is in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.



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

To the Board of Directors of
Communities in Schools of Miami, Inc.
Miami, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Communities in Schools of Miami, Inc. (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 30, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Communities in Schools of Miami, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited Communities in Schools of Miami, Inc.'s (a non-profit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 30, 2015

**COMMUNITIES IN SCHOOLS OF MIAMI, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Type of auditor's report issued on compliance for major federal program: *Unmodified*

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major federal programs:

Federal Program or Cluster	CFDA Number	Expenditures
AmeriCorps State and National Grant Competitions	94.006	\$ 555,431
Dollar threshold used to distinguish between type A and type B programs.	\$300,000	
Auditee qualified as low-risk auditee?	Yes	

**COMMUNITIES IN SCHOOLS OF MIAMI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

The audit disclosed no matters that are reportable.

SECTION V - OTHER ISSUES

1. A management letter was not issued for the year ended June 30, 2015.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal award programs.
3. No Corrective Action Plan is required because there were no findings required to be reported under the Federal Single Audit Act.