

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

WITH COMPARATIVE TOTALS FOR 2022

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

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**FINANCIAL STATEMENTS
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Independent Auditor's Report

Board of Directors
Communities in Schools on the South Plains, Inc.
Lubbock, Texas

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Communities in Schools on the South Plains, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and the related statement of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities in Schools on the South Plains, Inc. as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities in Schools on the South Plains, Inc. (the Organization) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Communities in Schools on the South Plains, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 January 11, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 11, 2024

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit A

**STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023
WITH COMPARATIVE TOTALS FOR 2022**

ASSETS

	August 31,	
	<u>2023</u>	<u>2022</u>
Cash in Bank	\$ 1,805,192	\$ 4,706,176
Cash in Bank - With Donor Restrictions	95,148	62,355
Certificates of Deposit	3,378,696	
Investments	301,622	177,048
Grants Receivable	300,228	198,929
Due From United Way - With Donor Restrictions	35,164	38,425
Accounts Receivable - Other	176,611	263,438
Prepaid Expenses	53,297	63,666
	<u> </u>	<u> </u>
Total Assets	\$ <u>6,145,958</u>	\$ <u>5,510,037</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	\$ <u>213,009</u>	\$ <u>14,688</u>
	<u> </u>	<u> </u>
Total Liabilities	\$ <u>213,009</u>	\$ <u>14,688</u>

NET ASSETS

Net Assets Without Donor Restrictions		
Available for General Activities	\$ 5,802,637	\$ 5,394,569
Net Assets With Donor Restrictions	<u>130,312</u>	<u>100,780</u>
	<u> </u>	<u> </u>
Total Net Assets	\$ <u>5,932,949</u>	\$ <u>5,495,349</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	\$ <u>6,145,958</u>	\$ <u>5,510,037</u>

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

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023
WITH COMPARATIVE TOTALS FOR 2022

	Without Donor Restrictions	With Donor Restrictions	August 31,	
			<u>2023</u>	<u>2022</u>
PUBLIC SUPPORT AND REVENUE				
Public Support				
Received Directly				
United Way Contributions	\$ 142,188	\$ 35,164	\$ 177,352	\$ 177,124
Other Contributions	45,345		45,345	3,333,381
Fundraising Revenue	331,627		331,627	351,733
In-Kind Contributed Services	77,000		77,000	58,000
In-Kind Contributed Facilities Use	448,000		448,000	404,000
Service Fees	2,835,890		2,835,890	2,930,989
Interest Income	111,403		111,403	16,752
Unrealized Gain/(Loss) on Investments	16,759		16,759	(23,563)
Realized Gain on Investments	2,827		2,827	2,340
Other Income			0	5,046
Total Public Support	<u>\$ 4,011,039</u>	<u>\$ 35,164</u>	<u>\$ 4,046,203</u>	<u>\$ 7,255,802</u>
GRANTS FROM FOUNDATIONS, GOVERNMENTAL, AND OTHER AGENCIES				
Texas Education Agency	\$ 4,407,791		\$ 4,407,791	\$ 4,385,719
Other	197,777	95,958	293,735	530,078
Total Fees and Grants	<u>\$ 4,605,568</u>	<u>\$ 95,958</u>	<u>\$ 4,701,526</u>	<u>\$ 4,915,797</u>
Net Assets Released from Restrictions:	\$ 101,590	\$ (101,590)	\$	\$
Total Public Support and Revenue	<u>\$ 8,718,197</u>	<u>\$ 29,532</u>	<u>\$ 8,747,729</u>	<u>\$ 12,171,599</u>
EXPENSES				
Program Services	\$ 7,874,653		\$ 7,874,653	\$ 7,946,431
Management and General	339,573		339,573	341,278
Fundraising	95,903		95,903	93,265
Total Expenses	<u>\$ 8,310,129</u>	<u>\$ 0</u>	<u>\$ 8,310,129</u>	<u>\$ 8,380,974</u>
CHANGE IN NET ASSETS	\$ 408,068	\$ 29,532	\$ 437,600	\$ 3,790,625
NET ASSETS - BEGINNING OF YEAR	<u>5,394,569</u>	<u>100,780</u>	<u>5,495,349</u>	<u>1,704,724</u>
NET ASSETS - END OF YEAR	<u>\$ 5,802,637</u>	<u>\$ 130,312</u>	<u>\$ 5,932,949</u>	<u>\$ 5,495,349</u>

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

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023
WITH COMPARATIVE TOTALS FOR 2022

	Program Services	Management and General	Fundraising	August 31,	
				2023	2022
Salaries and Wages	\$ 4,636,855	\$ 238,336	\$	\$ 4,875,191	\$ 5,000,081
Payroll Taxes and Benefits	824,801	45,074		869,875	900,989
Volunteer Services - In-Kind	<u>77,000</u>			<u>77,000</u>	<u>58,000</u>
Total Salaries and Related Expenses	\$ 5,538,656	\$ 283,410	\$ 0	\$ 5,822,066	\$ 5,959,070
Contracted Services	1,270,947	42,585	95,903	1,409,435	1,374,578
Donated Facilities Use	448,000			448,000	404,000
General Supplies	421,798	2,899		424,697	397,308
Insurance	8,296	714		9,010	8,456
Miscellaneous	25,058	8,897		33,955	42,754
Program Costs	81,774			81,774	73,202
Travel	<u>80,124</u>	<u>1,068</u>		<u>81,192</u>	<u>121,606</u>
Total Expenses	<u>\$ 7,874,653</u>	<u>\$ 339,573</u>	<u>\$ 95,903</u>	<u>\$ 8,310,129</u>	<u>\$ 8,380,974</u>

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

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit D

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023
WITH COMPARATIVE TOTALS FOR 2022

	August 31,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 437,600	\$ 3,790,625
Adjustments to Reconcile Change in Net Assets to Net Cash From		
Unrealized (Gains) and Losses	(16,759)	23,563
Changes in Operating Assets and Liabilities		
Receivables	(11,211)	296,642
Prepaid Expenses	10,369	2,022
Payables	198,321	(70,628)
Net Cash From Operating Activities	<u>\$ 618,320</u>	<u>\$ 4,042,224</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (105,000)	\$ (100,000)
Realized Gains Reinvested	(2,815)	(2,140)
Net Cash From Investing Activities	<u>\$ (107,815)</u>	<u>\$ (102,140)</u>
NET CHANGE IN CASH	\$ 510,505	\$ 3,940,084
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,768,531</u>	<u>828,447</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,279,036</u></u>	<u><u>\$ 4,768,531</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ <u>0</u>	\$ <u>0</u>
Income Taxes	\$ <u>0</u>	\$ <u>0</u>

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

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Communities in Schools on the South Plains, Inc. (the Organization) is a community-based organization helping kids stay in school and prepare for life by bringing adults into the schools to address children's unmet needs and provide a link between educators and the community.

The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization is required to classify net assets and revenues, expenses gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses which are allocated on estimates of time and effort. Further information is contained in Exhibit C to the financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

Comparative Totals

The financial information for the year ended August 31, 2022, is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

Uncertain Tax Positions

The Organization has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Organization is its filing status as a tax exempt entity. The Organization determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority. The Organization paid no penalties or interest related to taxes during the year ended August 31, 2023 and is no longer subject to examinations by federal taxing authorities for years before 2019.

Revenue from Contracts with Customers

The Organization has adopted FASB ASU 2014-09 *Revenue from Contracts with Customers*. Services to school districts and others are based on annual contracts. This revenue is billed and recorded every month. Service fees for the year ended August 31, 2023 totaled \$2,835,890. There were receivables related to this revenue at year-end of \$100,898. All service obligations have been satisfied as of August 31, 2023.

Contributions and Grants

The Organization receives revenue from grants and other donations. Most grants are on a reimbursement basis. Any contributions received in advance are deferred once received and recognized once obligations have been performed.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers cash in bank and certificates of deposit as cash and cash equivalents.

Investment Securities

The Organization records investments in accordance with FASB ASC 958-320 *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Investments

Investments are stated at fair value and are summarized as follows as of August 31, 2023:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Level</u>
<u>Happy State Bank</u>				
Equities	\$ 211,718	\$ 212,888	\$ 1,170	1
Fixed Income	<u>93,136</u>	<u>88,734</u>	<u>(4,402)</u>	2
Total Investments	<u>\$ 304,854</u>	<u>\$ 301,622</u>	<u>\$ (3,232)</u>	

An unrealized gain for the year ended August 31, 2023 of \$16,759 was recorded through net assets without donor restrictions on the statement of activities. A realized gain for the year ended August 31, 2023 of \$2,827 was recorded through net assets without donor restrictions on the statement of activities.

The Organization utilizes fair value measurements to record certain assets and to determine fair value disclosures. In accordance with FASB ASC Topic 820, "Fair Value Measurements," fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

ASC Topic 820 establishes a three-tier fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

Investment levels are based on the inputs used to calculate fair market value of investments. Those inputs are defined for each level as follows:

Level 1 – Inputs include quoted prices in active markets for identical assets.

Level 2 – Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 – Inputs are subjective and generally based on the entity’s own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

3. Grants Receivable

Grants receivable represents the amount expenses exceeded reimbursements at year end. The following is a schedule of the receivables outstanding at August 31, 2023:

Texas Education Agency	\$ <u>300,228</u>
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4. Due from United Way – With Donor Restrictions

Due from United Way – With Donor Restrictions represents amounts committed from the United Way to be paid over the remainder of the calendar year. At August 31, 2023, \$35,164 was due from the United Way.

5. Accounts Receivable – Other

Other Accounts Receivable at August 31, 2023 consisted of the following:

Services Rendered to Area School Districts	\$ 100,898
Contributions	69,649
Other	<u>6,064</u>
	\$ <u>176,611</u>

6. Fixed Assets and Depreciation

The Organization capitalizes fixed assets with a value of \$500 and a useful life of two years or more. Fixed assets are recorded at cost. Donated assets are valued at their fair market value as of the date of the gift. Depreciation is provided over the estimated useful life of the asset on a straight-line basis. As of August 31, 2023 all fixed assets were fully depreciated. Therefore, depreciation expense for the year ended August 31, 2023, was \$0.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

The Fixed Asset activity for the year ended August 31, 2023, was as follows:

	<u>8/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/2023</u>
Office Equipment	\$ 31,324	\$	\$	\$ 31,324
Accumulated Depreciation	\$ 31,324	\$	\$	\$ 31,324
Fixed Assets, Net	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Fixed Assets were depreciated at rates between 20% - 33%.

7. In-Kind Contributed Services

The Organization relies heavily on the services of volunteers in order to accomplish its goals. For the year ended August 31, 2023, volunteers provided 6,002 hours of service, exclusive of any training hours. The value of these services provided for the year ended August 31, 2023 has been estimated to be \$77,000.

8. In-Kind Contributed Facilities Use

The Organization uses various spaces at area school district campuses free of charge. For the year ended August 31, 2023, the Organization used spaces in 100 school district campuses. The value for these contributed facilities use is estimated to be \$448,000 for the year ended August 31, 2023.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions that have donor restrictions. These funds can be temporarily restricted by the donor for program, asset acquisition, or timing purposes. The following is a detail of the components of net assets with donor restrictions as of August 31, 2023:

	<u>8/31/2022</u>	<u>Released from Restriction</u>	<u>Additions</u>	<u>8/31/2023</u>
Subject to expenditure for specified purpose:				
United Way	\$ 38,425	\$ (38,425)	\$ 35,164	\$ 35,164
Parkhill			3,458	3,458
Hogg Foundation	17,163	(18,127)	5,000	4,036
Texas Mutual	45,000	(45,000)	87,500	87,500
Other	192	(38)		154
Total Net Assets - With Donor Restrictions	<u>\$ 100,780</u>	<u>\$ (101,590)</u>	<u>\$ 131,122</u>	<u>\$ 130,312</u>

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

10. Retirement Savings Plan

In May 2015, the Organization began participation in a 401(k) plan, a defined contribution plan provided through Principal Financial Group (contract number 6-21906). The Organization makes an annual discretionary matching contribution to the plan. The Organization did approve a matching contribution of 5% for the year ended August 31, 2023. The cost of the plan for the year ended August 31, 2023 was \$50,226, which included the matching contributions and administrative and service fees.

11. Contingencies

The Organization participates in various state and federally assisted grant programs. These programs are subject to periodic compliance audits by the grantors. Audits of these programs could be conducted at various times and the amount of expense, if any, may be disallowed. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the financial statements for such contingencies.

12. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of August 30, 2023, reduced by amounts not available for general use within one year of the statement of financial position because of contractual or donor-imposed restrictions or internal designations.

Cash and Cash Equivalents	\$	5,279,036
Investments		301,622
Accounts Receivable		512,003
Prepaid Expenses		<u>53,297</u>
	\$	6,145,958
Less contractual or donor-imposed restrictions:		
Cash and Cash Equivalents - Donor Restricted		(95,148)
Accounts Receivable - Restricted		(35,164)
Prepaid Expenses		<u>(53,297)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$	<u><u>5,962,349</u></u>

The Organization is supported by contributions and grant revenue. Due to donor restriction requirements for assets to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, some financial assets may not be available for general expenditure within one year. In addition, the grant revenue is received on a reimbursement basis. Therefore, funds must be available for these expenditures before reimbursed.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

13. Subsequent Events

The Organization's management has evaluated subsequent events through January 11, 2024, the date which the financial statements were available for issue.

COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

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**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 on the South Plains, Inc.
Lubbock, Texas

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 on the South Plains, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of August 31, 2023, 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 January 11, 2024.

Report on 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) as a basis for determining 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 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 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 11, 2024

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Communities in Schools on the South Plains, Inc.
Lubbock, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Communities in Schools on the South Plains, Inc.'s (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2023. Communities in Schools on the South Plains, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Communities in Schools on the South Plains, Inc. 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 August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

January 11, 2024

FEDERAL FINANCIAL ASSISTANCE SECTION

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	<u>x</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	<u>x</u> none reported
Noncompliance material to financial statements noted?	___ yes	<u>x</u> no

2. Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	<u>x</u> no
Significant deficiency identified that are not considered to be material weaknesses?	___ yes	<u>x</u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	___ yes	<u>x</u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287C	Texas 21st Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	<u>x</u> yes	___ no
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B. Section II - Findings Related to the Financial Statements

None Noted

C. Section III - Findings and Questioned Costs Related to the Federal Awards

None Noted

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

Prior Year's Finding/Noncompliance

N/A

Status of Prior Year's Finding/Noncompliance

N/A

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency</i>			
2022-2023 Texas 21st Century Community Learning Centers, Cycle 10, Year 5	84.287C	226950267110015	\$ 1,410,020
2022-2023 Texas 21st Century Community Learning Centers, Cycle 11, Year 2	84.287C	226950307110014	1,613,666
2023-2024 Texas 21st Century Community Learning Centers, Cycle 11, Year 3	84.287C	246950307110010	99,735
Total CFDA 84.287C			<u>\$ 3,123,421</u>
Total Passed Through Texas Education Agency			<u>\$ 3,123,421</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 3,123,421</u>
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Health and Human Services Commission</i>			
Temporary Assistance for Needy Families	93.558	233630027110025	\$ 145,446
Total Passed Through Texas Health and Human Services Commission			<u>\$ 145,446</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 145,446</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,268,867</u></u>
<u>Reconciliation to Financial Statements:</u>			
Total Fees and Grants Revenue Per Exhibit B			\$ 4,701,526
Less TEA Formula State Grant			(1,138,924)
Less Other Grants			<u>(293,735)</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,268,867</u></u>

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

**NOTES TO THE SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023**

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Communities in Schools on the South Plains, Inc. under programs of the federal government for the year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Summary of Significant Accounting Policies

- (A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (B) The Organization has not elected to use the ten percent de minimus indirect cost rate as allowed under the Uniform Guidance.