

**COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2011**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**



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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011

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

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of Communities in Schools on the South Plains, Inc. (the Organization) as of August 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2011, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Certified Public Accountants

January 27, 2012

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2011  
WITH COMPARATIVE TOTALS FOR 2010

ASSETS

	August 31,	
	2011	2010
Cash and Temporary Investments	\$ 247,369	\$ 304,454
Grants Receivable	128,713	70,781
Due From United Way - Restricted	23,484	24,195
Accounts Receivable - Other	56,944	7,844
Equipment at Cost (Less Accumulated Depreciation of \$66,058 in 2011 and \$52,330 in 2010)	8,286	22,015
	<u>\$ 464,796</u>	<u>\$ 429,289</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	\$ <u>6,086</u>	\$ <u>14,193</u>
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NET ASSETS

Unrestricted		
Equity in Fixed Assets	\$ 8,286	\$ 22,015
Available for General Activities	426,940	326,961
Temporarily Restricted	23,484	66,120
	<u>\$ 458,710</u>	<u>\$ 415,096</u>
	<u>\$ 464,796</u>	<u>\$ 429,289</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 YEARS ENDED AUGUST 31, 2011  
WITH COMPARATIVE TOTALS FOR 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals August 31,</u>	
			2011	2010
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public Support				
Received Directly				
United Way Contributions	\$	\$ 85,548	\$ 85,548 ✓	\$ 70,977
Other Contributions	9,088		9,088 ✓	5,129
Fundraising Revenue	38,824		38,824 ✓	18,385
In-Kind Contributed Services	106,300		106,300 ✓	153,600
In-Kind Contributed Facilities Use	120,000		120,000 ✓	118,500
Service Fees	652,610		652,610 ✓	413,336
Interest Income	745		745	650
Total Public Support	<u>\$ 927,567</u>	<u>\$ 85,548</u>	<u>\$ 1,013,115</u>	<u>\$ 780,577</u>
<b>GRANTS FROM FOUNDATIONS AND GOVERNMENTAL AGENCIES</b>				
Texas Education Agency	\$ 358,360	\$	\$ 358,360	\$ 354,311
CDBG	10,860		10,860	10,860
Community Youth Development	100,123		100,123	95,357
RCI	26,667		26,667	73,330
Miscellaneous Other Grants	1,500		1,500	1,000
Total Fees and Grants	<u>\$ 497,510</u>	<u>\$ 0</u>	<u>\$ 497,510</u>	<u>\$ 534,858</u>
Net Assets Released from Time Restrictions:	\$ 128,184	\$ (128,184)	\$ 0	\$ 0
Total Public Support and Revenue	<u>\$ 1,553,261</u>	<u>\$ (42,636)</u>	<u>\$ 1,510,625</u>	<u>\$ 1,315,435</u>
			<i>6 1,466,541.00</i>	
<b>EXPENSES</b>				
Program Services	\$ 1,268,871	\$	\$ 1,268,871	\$ 1,110,539
Management and General	198,140		198,140	169,931
Total Expenses	<u>\$ 1,467,011</u>	<u>\$ 0</u>	<u>\$ 1,467,011</u>	<u>\$ 1,280,470</u>
CHANGE IN NET ASSETS	\$ 86,250	\$ (42,636)	\$ 43,614	\$ 34,965
NET ASSETS - BEGINNING OF YEAR	<u>348,976</u>	<u>66,120</u>	<u>415,096</u>	<u>380,131</u>
NET ASSETS - END OF YEAR	<u>\$ 435,226</u>	<u>\$ 23,484</u>	<u>\$ 458,710</u>	<u>\$ 415,096</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 YEARS ENDED AUGUST 31, 2011  
WITH COMPARATIVE TOTALS FOR 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Totals August 31,</u>	
			<u>2011</u>	<u>2010</u>
Salaries and Wages	\$ 756,162	\$ 110,826	\$ 866,988	\$ 721,134
Payroll Taxes and Benefits	165,750	19,180	184,930	150,573
Volunteer Services - In-Kind	<u>106,300</u>		<u>106,300</u>	<u>153,600</u>
Total Salaries and Related Expenses	\$ 1,028,212	\$ 130,006	\$ 1,158,218	\$ 1,025,307
Contracted Services	21,243	39,871	61,114	51,653
Donated Facilities Use	120,000		120,000	118,500
General Supplies	26,148	3,370	29,518	20,755
Insurance	1,783	1,758	3,541	2,884
Miscellaneous	7,227	13,881	21,108	8,438
Program Costs	23,851		23,851	23,211
Travel	<u>28,433</u>	<u>7,499</u>	<u>35,932</u>	<u>16,491</u>
Total Expenses - Before Depreciation	\$ 1,256,897	\$ 196,385	\$ 1,453,282	\$ 1,267,239
Depreciation	<u>11,974</u>	<u>1,755</u>	<u>13,729</u>	<u>13,231</u>
Total Expenses	\$ <u>1,268,871</u>	\$ <u>198,140</u>	\$ <u>1,467,011</u>	\$ <u>1,280,470</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 YEARS ENDED AUGUST 31, 2011  
WITH COMPARATIVE TOTALS FOR 2010

	August 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 43,614	\$ 34,965
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities		
Depreciation	13,729	13,231
Changes in Operating Assets and Liabilities		
Receivables	(106,321)	31,396
Payables	(8,107)	1,026
Net Cash From Operating Activities	\$ <u>(57,085)</u>	\$ <u>80,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	\$ <u>0</u>	\$ <u>(4,764)</u>
Net Cash From Investing Activities	\$ <u>0</u>	\$ <u>(4,764)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	\$ <u>0</u>	\$ <u>0</u>
NET CHANGE IN CASH	\$ (57,085)	\$ 75,854
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>304,454</u>	<u>228,600</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u><u>247,369</u></u>	\$ <u><u>304,454</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 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.

Unrestricted net assets represent revenues and expenses no longer restricted by the grantor in which the Board of Directors has discretionary control to carry out operations of the Organization.

Temporarily restricted net assets represent resources receivable from the donor, but expendable based on a future budget.

**Contributions**

Contributions received are recorded as temporarily restricted support upon official notification by the donor until any restrictions imposed by the donor are met and are then reclassified to unrestricted net assets.

**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.

**Comparative Totals**

The financial information for the year ended August 31, 2010, is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

**Reclassifications**

Certain reclassifications have been made to the 2010 financial statement balances to conform to the 2011 presentation.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

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 their 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, 2011 and is no longer subject to examinations by federal taxing authorities for years before 2007.

2. 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, 2011 and 2010:

	August 31,	
	2011	2010
Community Youth Development	\$ 9,697	\$ 5,694
Texas Education Agency	116,301	35,708
CDBG	2,715	2,715
RCI		26,664
	\$ 128,713	\$ 70,781

3. Due from United Way – Restricted

Due from United Way—Restricted represents amounts due from the United Way that are restricted for timing purposes. At August 31, 2011 and 2010, \$23,484 and \$24,195, respectively, were due from the United Way.

4. Accounts Receivable – Other

Accounts receivable – Other at August 31, 2011 and 2010, respectively, consisted of \$56,944 and \$7,844 due from the area school districts for services rendered.

5. 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. Depreciation expense for the year ended August 31, 2011, was \$13,729.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

The Fixed Asset activity for the year ended August 31, 2011, was as follows:

	<u>8/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/2011</u>
Office Equipment	\$ 74,345	\$ _____	\$ _____	\$ 74,345
Accumulated Depreciation - Office Equipment	\$ 52,330	\$ 13,729	\$ _____	\$ 66,059
Fixed Assets, Net	<u>\$ 22,015</u>	<u>\$ (13,729)</u>	<u>\$ 0</u>	<u>\$ 8,286</u>

Fixed Assets are being depreciated at rates between 20%-33%.

**6. In-Kind Contributed Services**

The Organization relies heavily on the services of volunteers in order to accomplish its goals. For the years ended August 31, 2011 and 2010, volunteers provided 10,809 and 15,583 hours of service, respectively, exclusive of any training hours. The value of these services provided has been estimated to be \$106,300 and \$153,600, respectively.

**7. In-Kind Contributed Facilities Use**

The Organization uses various spaces at area school district campuses free of charge. For the years ended August 31, 2011 and 2010, the Organization used spaces in 21 and 20 school district campuses, respectively. The value for these contributed facilities use is estimated to be \$120,000 and \$118,500 for the years ended August 31, 2011 and 2010, respectively.

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets represent contributions that have donor restrictions. These funds can be temporarily restricted by the donor for program, asset acquisition, and timing purposes. The following is a detail of the components of temporarily restricted net assets as of, and for the year ended August 31, 2011:

	<u>9/1/2010</u>	<u>Released from Restriction</u>	<u>Additions</u>	<u>8/31/2011</u>
United Way	\$ 24,195	\$ 24,195	\$ 23,484	\$ 23,484
Meadow Grant	41,925	41,925	_____	0
	<u>\$ 66,120</u>	<u>\$ 66,120</u>	<u>\$ 23,484</u>	<u>\$ 23,484</u>

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

**9. 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, which may be disallowed, is expected to be immaterial.

**10. Subsequent Events**

The Organization's management has evaluated subsequent events through January 27, 2012, the date which the financial statements were available for issue.

**11. Related Parties**

Beginning in August 2010, the Organization retained a CPA firm for bookkeeping services. The partner in this firm who performs these services is the spouse of a current board member. The amount paid to this firm for the year totaled \$14,425.



