

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2019**

**WITH COMPARATIVE TOTALS FOR 20178**

**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.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2019**

**WITH COMPARATIVE TOTALS FOR 2018**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019  
WITH COMPARATIVE TOTALS FOR 2018**

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

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**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Communities in Schools on the South Plains, Inc. (the Organization) which comprise the Statement of Financial Position as of August 31, 2019, 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. 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 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 Communities in Schools on the South Plains, Inc. as of August 31, 2019, 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 Communities in Schools on the South Plains, Inc.'s 2018 financial statements, and our report dated February 12, 2019 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 August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Accompanying 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 December 16, 2019, 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

December 16, 2019

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

**Exhibit A**

**STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2019  
WITH COMPARATIVE TOTALS FOR 2018**

**ASSETS**

	August 31,	
	2019	2018
Cash and Temporary Investments	\$ 295,661	\$ 302,749
Grants Receivable	279,038	172,891
Due From United Way - With Donor Restrictions	37,214	37,416
Accounts Receivable - Other	75,580	82,773
Prepaid Expenses	5,259	9,218
Equipment at Cost (Less Accumulated Depreciation of \$31,324 in 2019 and \$29,500 in 2018)		1,824
Total Assets	<u>\$ 692,752</u>	<u>\$ 606,871</u>

**LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 90,657	\$ 69,039
Deferred Revenue	<u>12,000</u>	
Total Liabilities	<u>\$ 102,657</u>	<u>\$ 69,039</u>

**NET ASSETS**

Net Assets Without Donor Restrictions		
Equity in Fixed Assets	\$	\$ 1,824
Available for General Activities	552,881	498,592
Net Assets With Donor Restrictions	<u>37,214</u>	<u>37,416</u>
Total Net Assets	<u>\$ 590,095</u>	<u>\$ 537,832</u>
Total Liabilities + Net Assets	<u>\$ 692,752</u>	<u>\$ 606,871</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, 2019**  
**WITH COMPARATIVE TOTALS FOR 2018**

	Without Donor Restrictions	With Donor Restrictions	August 31,	
			2019	2018
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public Support				
Received Directly				
United Way Contributions	\$ 92,985	\$ 37,214	\$ 130,199	\$ 123,219
Other Contributions	17,539		17,539	17,484
Fundraising Revenue				
(Net of Related Expense)	123,593		123,593	86,259
In-Kind Contributed Services	112,000		112,000	146,000
In-Kind Contributed Facilities Use	170,000		170,000	185,000
Service Fees	1,042,728		1,042,728	1,334,911
Interest Income	7,568		7,568	3,367
Other Income				151
Total Public Support	<u>\$ 1,566,413</u>	<u>\$ 37,214</u>	<u>\$ 1,603,627</u>	<u>\$ 1,896,391</u>
<b>GRANTS FROM FOUNDATIONS, GOVERNMENTAL, AND OTHER AGENCIES</b>				
Texas Education Agency	\$ 3,678,276	\$	\$ 3,678,276	\$ 2,215,735
CDBG	22,000		22,000	30,000
Community Youth Development	153,398		153,398	158,768
Other	76,950		76,950	107,115
Total Fees and Grants	<u>\$ 3,930,624</u>	<u>\$ 0</u>	<u>\$ 3,930,624</u>	<u>\$ 2,511,618</u>
Net Assets Released from Time Restrictions:	<u>\$ 37,416</u>	<u>\$ (37,416)</u>	<u>\$</u>	<u>\$</u>
Total Public Support and Revenue	<u>\$ 5,534,453</u>	<u>\$ (202)</u>	<u>\$ 5,534,251</u>	<u>\$ 4,408,009</u>
<b>EXPENSES</b>				
Program Services	\$ 5,160,022	\$	\$ 5,160,022	\$ 3,908,718
Management and General	321,966		321,966	338,523
Total Expenses	<u>\$ 5,481,988</u>	<u>\$ 0</u>	<u>\$ 5,481,988</u>	<u>\$ 4,247,241</u>
CHANGE IN NET ASSETS	\$ 52,465	\$ (202)	\$ 52,263	\$ 160,768
NET ASSETS - BEGINNING OF YEAR	<u>500,416</u>	<u>37,416</u>	<u>537,832</u>	<u>377,064</u>
NET ASSETS - END OF YEAR	<u>\$ 552,881</u>	<u>\$ 37,214</u>	<u>\$ 590,095</u>	<u>\$ 537,832</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, 2019  
WITH COMPARATIVE TOTALS FOR 2018

	Program Services	Management and General	August 31,	
			2019	2018
Salaries and Wages	\$ 2,207,156	\$ 193,785	\$ 2,400,941	\$ 2,114,270
Payroll Taxes and Benefits	529,644	30,675	560,319	486,056
Volunteer Services - In-Kind	112,000		112,000	146,000
Total Salaries and Related Expenses	\$ 2,848,800	\$ 224,460	\$ 3,073,260	\$ 2,746,326
Contracted Services	1,317,171	65,215	1,382,386	865,686
Donated Facilities Use	170,000		170,000	185,000
General Supplies	637,403	14,978	652,381	311,198
Insurance	5,753	1,350	7,103	8,874
Miscellaneous	8,842	10,582	19,424	18,427
Program Costs	54,274		54,274	21,724
Travel	116,094	5,242	121,336	86,739
Total Expenses - Before Depreciation	\$ 5,158,337	\$ 321,827	\$ 5,480,164	\$ 4,243,974
Depreciation	1,685	139	1,824	3,267
Total Expenses	\$ 5,160,022	\$ 321,966	\$ 5,481,988	\$ 4,247,241

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, 2019  
WITH COMPARATIVE TOTALS FOR 2018

	August 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 52,263	\$ 160,768
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities		
Depreciation	1,824	3,267
Changes in Operating Assets and Liabilities		
Receivables	(98,752)	(45,135)
Prepaid Expenses	3,959	23,082
Payables	21,618	32,437
Deferred Revenue	12,000	
Net Cash From Operating Activities	<u>\$ (7,088)</u>	<u>\$ 174,419</u>
NET CHANGE IN CASH	\$ (7,088)	\$ 174,419
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>302,749</u>	<u>128,330</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 295,661</u>	<u>\$ 302,749</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 depreciation and various conference expenses, which are based on utilization, as well as salaries and related expenses, supplies, telephone, postage and shipping, occupancy, repairs, printing, insurance, marketing, website expenses, and other expenses which are allocated on estimates of time and effort. Further information is contained in Exhibit C to the financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**Contributions**

Contributions received are recorded as support with donor restrictions until any restrictions imposed by the donor are met and are then reclassified to without donor restriction 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, 2018, 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, 2019 and is no longer subject to examinations by federal taxing authorities for years before 2015.

**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, 2019 and 2018:

	August 31,	
	2019	2018
Community Youth Development	\$ 29,388	\$ 14,824
Texas Education Agency	249,650	158,067
	<u>\$ 279,038</u>	<u>\$ 172,891</u>

**3. 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, 2019 and 2018, \$37,214 and \$37,416, respectively, were due from the United Way.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

4. Accounts Receivable – Other

Other Accounts Receivable at August 31, 2019 and 2018 consisted of the following:

	August 31,	
	2019	2018
Due from Area School Districts for Services	\$ 69,253	\$ 76,639
Deposits	6,064	6,064
Other	263	70
	<u>\$ 75,580</u>	<u>\$ 82,773</u>

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, 2019, was \$1,824.

The Fixed Asset activity for the year ended August 31, 2019, was as follows:

	8/31/2018	Additions	Deletions	8/31/2019
Office Equipment	\$ 31,324	\$	\$	\$ 31,324
Accumulated Depreciation	\$ 29,500	\$ 1,824	\$	\$ 31,324
Fixed Assets, Net	<u>\$ 1,824</u>	<u>\$ (1,824)</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

6. Deferred Revenue

During 2019, the Organization received grants that have not yet been expended. As of August 31, 2019, deferred revenue was \$12,000.

7. 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, 2019 and 2018, volunteers provided 8,492 and 11,122 hours of service each year, exclusive of any training hours. The value of these services provided for the years ended August 31, 2019 and 2018 has been estimated to be \$112,000 and \$146,000, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

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

The Organization uses various spaces at area school district campuses free of charge. For the years ended August 31, 2019 and 2018, the Organization used spaces in 51 and 53 school district campuses, respectively. The value for these contributed facilities use is estimated to be \$170,000 and \$185,000 for the years ended August 31, 2019 and 2018, respectively.

**9. Net Assets With Donor Restrictions**

Net Assets With Donor Restriction 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, 2019:

	<u>8/31/2018</u>	Released from <u>Restriction</u>	<u>Additions</u>	<u>8/31/2019</u>
United Way	\$ 37,416	\$ 37,416	\$ 37,214	\$ 37,214
	<u>\$ 38,023</u>	<u>\$ 37,416</u>	<u>\$ 37,214</u>	<u>\$ 37,214</u>

**10. Fundraising**

Fundraising expenses for the years ended August 31, 2019 were \$44,970 or 27% of the \$168,563 fundraising revenue raised. Fundraising expenses for the year ended August 31, 2018 were \$48,917 or 36% of the \$135,176 fundraising revenue raised.

**11. 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 3% for the years ended August 31, 2019. The cost of the plan to the Organization for the year ended August 31, 2018 was \$1,459 for administrative and service fees, respectively. The cost of the plan for the year ended August 31, 2019 was \$13,563 for matching contribution and administrative and service fees, respectively.

**12. 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**13. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	2019
Cash and Cash Equivalents	\$ <u>295,661</u>
Accounts Receivable (Net)	391,832
Prepaid Expenses	<u>5,259</u>
	\$ <u>692,752</u>
Less contractual or donor-imposed restrictions:	
Accounts Receivable (Net)	(37,214)
Prepaid Expenses	<u>(5,259)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ <u><u>650,279</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.

**14. Subsequent Events**

The Organization's management has evaluated subsequent events through December 16, 2019, 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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**LUBBOCK, TEXAS 79423-1954**

**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**

**Independent Auditor's Report**

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, 2019, 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 December 16, 2019.

**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 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 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 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

December 16, 2019

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

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited Communities in Schools on the South Plains, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community in Schools on the South Plains, Inc.'s major federal program for the year ended August 31, 2019. Communities in Schools on the South Plains, Inc.'s major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Communities in Schools on the South Plains, Inc.'s major federal program 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 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). Those standards and the Uniform Guidance 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 Communities in Schools on the South Plains, Inc.'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 Communities in Schools on the South Plains, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

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 program for the year ended August 31, 2019.

### **Report on Internal Control over Compliance**

Management of Communities in Schools on the South Plains, Inc. 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 Communities in Schools on the South Plains, Inc.'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 the Uniform Guidance, 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 Communities in Schools on the South Plains, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

December 16, 2019

**FEDERAL FINANCIAL ASSISTANCE SECTION**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2019**

**A. Section I - Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

yes  no

Significant deficiencies identified that are not considered to be material weaknesses?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

**2. Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

yes  no

Significant deficiency identified that are not considered to be material weaknesses?

yes  none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

yes  no

Identification of major programs:

CFDA Number(s)  
**84.287C**

Name of Federal Program or Cluster  
**Texas 21st Century Community Learning Centers**

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes  no

**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, 2019**

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, 2019

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Texas Education Agency</i>			
2018-2019 Texas 21st Century Community Learning Centers, Cycle 9, Year 3	84.287C	196950247110004	\$ 1,586,485
2019-2020 Texas 21st Century Community Learning Centers, Cycle 9, Year 4	84.287C	206950247110004	142,452
2018-2019 Texas 21st Century Community Learning Centers, Cycle 10, Year 1	84.287C	196950267110015	1,447,828
2019-2020 Texas 21st Century Community Learning Centers, Cycle 10, Year 2	84.287C	206950267110015	104,850
Total CFDA 84.287C			<u>\$ 3,281,615</u>
Total Passed Through Texas Education Agency			<u>\$ 3,281,615</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 3,281,615</u>
<b>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Texas Health and Human Services Commission</i>			
Temporary Assistance for Needy Families	93.558	193630027120024	<u>\$ 79,749</u>
Total Passed Through Texas Health and Human Services Commission			<u>\$ 79,749</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 79,749</u>
<b>U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through City of Lubbock</i>			
Community Development Block Grant	14.218		<u>\$ 22,000</u>
Total Passed Through City of Lubbock			<u>\$ 22,000</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 22,000</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,383,364</u></u>
<b>Reconciliation to Financial Statements:</b>			
Total Fees and Grants Revenue Per Exhibit B			\$ 3,930,624
Less TEA Formula State Grant			(316,912)
Less Star Care CYD Grant			(153,398)
Less Other Grants			<u>(76,950)</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,383,364</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, 2019**

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, 2019. 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.