

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

WITH COMPARATIVE TOTALS FOR 2013

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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WITH COMPARATIVE TOTALS FOR 2013**

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

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Communities in Schools on the South Plains, Inc. which comprise the Statement of Financial Position as of August 31, 2014, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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, 2014, 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.

Other Matters

The prior year summarized comparative information has been derived from the Communities in Schools on the South Plains, Inc. August 31, 2013 financial statements and, in our report dated January 8, 2014, we expressed an unqualified opinion on those financial statements.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 19, 2014

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2014
WITH COMPARATIVE TOTALS FOR 2013

ASSETS

	August 31,	
	2014	2013
Cash and Temporary Investments	\$ 151,875	\$ 437,281
Grants Receivable	184,400	40,102
Due From United Way - Restricted	27,091	27,820
Accounts Receivable - Other	135,103	44,152
Prepaid Expenses	2,350	2,968
Equipment at Cost (Less Accumulated Depreciation of \$83,940 in 2014 and \$79,092 in 2013)	7,515	8,515
	<u>\$ 508,334</u>	<u>\$ 560,838</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	\$ <u>14,459</u>	\$ <u>8,136</u>
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NET ASSETS

Unrestricted		
Equity in Fixed Assets	\$ 7,515	\$ 8,515
Available for General Activities	459,269	516,367
Temporarily Restricted	27,091	27,820
	<u>\$ 493,875</u>	<u>\$ 552,702</u>
	<u>\$ 508,334</u>	<u>\$ 560,838</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, 2014
WITH COMPARATIVE TOTALS FOR 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals August 31,</u>	
			<u>2014</u>	<u>2013</u>
PUBLIC SUPPORT AND REVENUE				
Public Support				
Received Directly				
United Way Contributions	\$ 65,197	\$ 27,091	\$ 92,288	\$ 91,092
Other Contributions	12,331		12,331	6,725
Fundraising Revenue				
(Net of Related Expense)	27,641		27,641	15,439
In-Kind Contributed Services	109,000		109,000	105,500
In-Kind Contributed Facilities Use	188,000		188,000	219,000
Service Fees	933,366		933,366	1,118,228
Interest Income	745		745	835
Other Income	7,952		7,952	
Total Public Support	<u>\$ 1,344,232</u>	<u>\$ 27,091</u>	<u>\$ 1,371,323</u>	<u>\$ 1,556,819</u>
GRANTS FROM FOUNDATIONS AND GOVERNMENTAL AGENCIES				
Texas Education Agency	\$ 383,936	\$	\$ 383,936	\$ 240,030
CDBG	8,934		8,934	8,681
Community Youth Development	138,300		138,300	117,683
Texas Tech HSC	34,615		34,615	
Total Fees and Grants	<u>\$ 565,785</u>	<u>\$ 0</u>	<u>\$ 565,785</u>	<u>\$ 366,394</u>
Net Assets Released from Time Restrictions:	<u>\$ 27,820</u>	<u>\$ (27,820)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Public Support and Revenue	<u>\$ 1,937,837</u>	<u>\$ (729)</u>	<u>\$ 1,937,108</u>	<u>\$ 1,923,213</u>
EXPENSES				
Program Services	\$ 1,793,015	\$	\$ 1,793,015	\$ 1,807,767
Management and General	202,920		202,920	184,299
Total Expenses	<u>\$ 1,995,935</u>	<u>\$ 0</u>	<u>\$ 1,995,935</u>	<u>\$ 1,992,066</u>
CHANGE IN NET ASSETS	<u>\$ (58,098)</u>	<u>\$ (729)</u>	<u>\$ (58,827)</u>	<u>\$ (68,853)</u>
NET ASSETS - BEGINNING OF YEAR	<u>\$ 524,882</u>	<u>\$ 27,820</u>	<u>\$ 552,702</u>	<u>\$ 621,555</u>
NET ASSETS - END OF YEAR	<u>\$ 466,784</u>	<u>\$ 27,091</u>	<u>\$ 493,875</u>	<u>\$ 552,702</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, 2014
WITH COMPARATIVE TOTALS FOR 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Totals August 31,</u>	
			<u>2014</u>	<u>2013</u>
Salaries and Wages	\$ 1,068,257	\$ 104,575	\$ 1,172,832	\$ 1,211,000
Payroll Taxes and Benefits	275,071	19,936	295,007	297,250
Volunteer Services - In-Kind	109,000		109,000	105,500
Total Salaries and Related Expenses	\$ 1,452,328	\$ 124,511	\$ 1,576,839	\$ 1,613,750
Contracted Services	26,700	39,063	65,763	57,020
Donated Facilities Use	188,000		188,000	219,000
General Supplies	27,240	6,828	34,068	18,484
Insurance	1,818	(164)	1,654	5,545
Miscellaneous	16,106	17,849	33,955	12,079
Program Costs	26,756		26,756	13,282
Travel	49,630	14,422	64,052	46,809
Total Expenses - Before Depreciation	\$ 1,788,578	\$ 202,509	\$ 1,991,087	\$ 1,985,969
Depreciation	4,437	411	4,848	6,097
Total Expenses	\$ 1,793,015	\$ 202,920	\$ 1,995,935	\$ 1,992,066

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, 2014
WITH COMPARATIVE TOTALS FOR 2013

	August 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (58,827)	\$ (68,853)
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities		
Depreciation	4,848	6,097
Changes in Operating Assets and Liabilities		
Receivables	(234,520)	95,495
Prepaid Expenses	618	5,551
Payables	6,323	(23,407)
Net Cash From Operating Activities	\$ (281,558)	\$ 14,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	\$ (3,848)	\$ (3,400)
Net Cash From Investing Activities	\$ (3,848)	\$ (3,400)
CASH FLOWS FROM FINANCING ACTIVITIES	\$ 0	\$ 0
NET CHANGE IN CASH	\$ (285,406)	\$ 11,483
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	437,281	425,798
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 151,875	\$ 437,281
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 0	\$ 0
Income Taxes	\$ 0	\$ 0

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, 2013, 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 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, 2014 and is no longer subject to examinations by federal taxing authorities for years before 2010.

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COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2014 and 2013:

	August 31,	
	2014	2013
Community Youth Development	\$ 13,688	\$ 10,568
Texas Education Agency	167,909	28,813
CDBG	747	721
Texas Tech HSC	2,056	
	\$ 184,400	\$ 40,102

3. Due from United Way – Restricted

Due from United Way – Restricted represents amounts committed from the United Way to be paid over the remainder of the calendar year. At August 31, 2014 and 2013, \$27,091 and \$27,820, respectively, were due from the United Way.

4. Accounts Receivable – Other

Accounts Receivable – Other at August 31, 2014 consisted of \$135,024 due from the area school districts for services rendered and \$79 in sales tax receivable. Accounts Receivable – Other at August 31, 2013 consisted of \$44,152 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, 2014, was \$4,848.

The Fixed Asset activity for the year ended August 31, 2014, was as follows:

	8/31/2013	Additions	Deletions	8/31/2014
Office Equipment	\$ 87,607	\$ 3,848	\$ _____	\$ 91,455
Accumulated Depreciation	\$ 79,092	\$ _____	\$ (4,848)	\$ 83,940
Fixed Assets, Net	\$ 8,515	\$ 3,848	\$ 4,848	\$ 7,515

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

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

11. Subsequent Events

The Organization's management has evaluated subsequent events through November 19, 2014, the date which the financial statements were available for issue.

12. Related Parties

Beginning in August 2011, the Organization retained a CPA firm for bookkeeping services. The partner in this firm who performs these services is the spouse of a former board member that served on the board for the early part the year ended August 31, 2014 and during the full year ended August 31, 2013. The amount expensed to this firm for the year totaled \$15,213, including \$1,925 recorded in accounts payable at August 31, 2014.