

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

WITH COMPARATIVE TOTALS FOR 2014

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS



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TABLE OF CONTENTS

	<u>Statement Identification</u>	<u>Page No.</u>
FINANCIAL SECTION		
Independent Auditor's Report		1
Statement of Financial Position	Exhibit A	3
Statement of Activities	Exhibit B	4
Statement of Functional Expenses	Exhibit C	5
Statement of Cash Flows	Exhibit D	6
Notes to Financial Statements		7

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

CERTIFIED PUBLIC ACCOUNTANTS

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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

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, 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Communities in Schools on the South Plains, Inc.'s 2014 financial statements, and our report dated August 31, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Certified Public Accountants

Lubbock, Texas

January 27, 2016

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015
WITH COMPARATIVE TOTALS FOR 2014

ASSETS

	August 31,	
	2015	2014
Cash and Temporary Investments	\$ 397,963	\$ 151,875
Grants Receivable	133,983	184,400
Due From United Way - Restricted	39,236	27,091
Accounts Receivable - Other	134,048	135,103
Prepaid Expenses	160	2,350
Equipment at Cost (Less Accumulated Depreciation of \$89,345 in 2015 and \$83,940 in 2014)	8,961	7,515
	<u>\$ 714,351</u>	<u>\$ 508,334</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	\$ <u>13,670</u>	\$ <u>14,459</u>
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NET ASSETS

Unrestricted		
Equity in Fixed Assets	\$ 8,961	\$ 7,515
Available for General Activities	652,484	459,269
Temporarily Restricted	39,236	27,091
	<u>\$ 700,681</u>	<u>\$ 493,875</u>
	<u>\$ 714,351</u>	<u>\$ 508,334</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, 2015
WITH COMPARATIVE TOTALS FOR 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals August 31,</u>	
			<u>2015</u>	<u>2014</u>
PUBLIC SUPPORT AND REVENUE				
Public Support				
Received Directly				
United Way Contributions	\$ 86,634	\$ 39,236	\$ 125,870	\$ 92,288
Other Contributions	14,525		14,525	12,331
Fundraising Revenue				
(Net of Related Expense)	39,617		39,617	27,641
In-Kind Contributed Services	110,000		110,000	109,000
In-Kind Contributed Facilities Use	180,000		180,000	188,000
Service Fees	1,405,356		1,405,356	933,366
Interest Income	761		761	745
Other Income	5,444		5,444	7,952
Total Public Support	<u>\$ 1,842,337</u>	<u>\$ 39,236</u>	<u>\$ 1,881,573</u>	<u>\$ 1,371,323</u>
GRANTS FROM FOUNDATIONS, GOVERNMENTAL, AND OTHER AGENCIES				
Texas Education Agency	\$ 410,633	\$	\$ 410,633	\$ 383,936
CDBG	14,497		14,497	8,934
Community Youth Development	127,841		127,841	138,300
AT&T	7,700		7,700	
Texas Tech HSC			0	34,615
Total Fees and Grants	<u>\$ 560,671</u>	<u>\$ 0</u>	<u>\$ 560,671</u>	<u>\$ 565,785</u>
Net Assets Released from Time Restrictions:	<u>\$ 27,091</u>	<u>\$ (27,091)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Public Support and Revenue	<u>\$ 2,430,099</u>	<u>\$ 12,145</u>	<u>\$ 2,442,244</u>	<u>\$ 1,937,108</u>
EXPENSES				
Program Services	\$ 2,019,171	\$	\$ 2,019,171	\$ 1,793,015
Management and General	216,267		216,267	202,920
Total Expenses	<u>\$ 2,235,438</u>	<u>\$ 0</u>	<u>\$ 2,235,438</u>	<u>\$ 1,995,935</u>
CHANGE IN NET ASSETS	<u>\$ 194,661</u>	<u>\$ 12,145</u>	<u>\$ 206,806</u>	<u>\$ (58,827)</u>
NET ASSETS - BEGINNING OF YEAR	<u>\$ 466,784</u>	<u>\$ 27,091</u>	<u>\$ 493,875</u>	<u>\$ 552,702</u>
NET ASSETS - END OF YEAR	<u>\$ 661,445</u>	<u>\$ 39,236</u>	<u>\$ 700,681</u>	<u>\$ 493,875</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, 2015
WITH COMPARATIVE TOTALS FOR 2014**

	Program Services	Management and General	Totals August 31,	
			2015	2014
Salaries and Wages	\$ 1,268,911	\$ 106,188	\$ 1,375,099	\$ 1,172,832
Payroll Taxes and Benefits	310,428	23,327	333,755	295,007
Volunteer Services - In-Kind	110,000		110,000	109,000
Total Salaries and Related Expenses	\$ 1,689,339	\$ 129,515	\$ 1,818,854	\$ 1,576,839
Contracted Services	22,141	40,792	62,933	65,763
Donated Facilities Use	180,000		180,000	188,000
General Supplies	21,336	4,415	25,751	34,068
Insurance	678	1,870	2,548	1,654
Miscellaneous	3,821	20,794	24,615	33,955
Program Costs	46,045		46,045	26,756
Travel	50,809	18,478	69,287	64,052
Total Expenses - Before Depreciation	\$ 2,014,169	\$ 215,864	\$ 2,230,033	\$ 1,991,087
Depreciation	5,002	403	5,405	4,848
Total Expenses	\$ 2,019,171	\$ 216,267	\$ 2,235,438	\$ 1,995,935

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, 2015
WITH COMPARATIVE TOTALS FOR 2014

	August 31,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 206,806	\$ (58,827)
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities		
Depreciation	5,405	4,848
Changes in Operating Assets and Liabilities		
Receivables	39,327	(234,520)
Prepaid Expenses	2,190	618
Payables	(789)	6,323
Net Cash From Operating Activities	<u>\$ 252,939</u>	<u>\$ (281,558)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	<u>\$ (6,851)</u>	<u>\$ (3,848)</u>
Net Cash From Investing Activities	<u>\$ (6,851)</u>	<u>\$ (3,848)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET CHANGE IN CASH	<u>\$ 246,088</u>	<u>\$ (285,406)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>151,875</u>	<u>437,281</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 397,963</u></u>	<u><u>\$ 151,875</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, 2014, 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, 2015 and is no longer subject to examinations by federal taxing authorities for years before 2011.

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, 2015 and 2014:

	August 31,	
	2015	2014
Community Youth Development	\$ 11,174	\$ 13,688
Texas Education Agency	121,559	167,909
CDBG	1,250	747
Texas Tech HSC		2,056
	<u>\$ 133,983</u>	<u>\$ 184,400</u>

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, 2015 and 2014, \$39,236 and \$27,091, respectively, were due from the United Way.

4. Accounts Receivable – Other

Accounts Receivable – Other at August 31, 2015 consisted of \$133,213 due from the area school districts for services rendered, \$800 due from payroll advances, and \$35 in sales tax receivable. 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.

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, 2015, was \$5,405.

The Fixed Asset activity for the year ended August 31, 2015, was as follows:

	8/31/2014	Additions	Deletions	8/31/2015
Office Equipment	\$ 91,455	\$ 6,851	\$	\$ 98,306
Accumulated Depreciation	\$ 83,940	\$ 5,405	\$	\$ 89,345
Fixed Assets, Net	<u>\$ 7,515</u>	<u>\$ 1,446</u>	<u>\$ 0</u>	<u>\$ 8,961</u>

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

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2015 and 2014, volunteers provided 9,711 and 9,819 hours of service each year, exclusive of any training hours. The value of these services provided for the years ended August 31, 2015 and 2014 has been estimated to be \$110,000 and \$109,000, 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, 2015 and 2014, the Organization used spaces in 45 and 31 school district campuses, respectively. The value for these contributed facilities use is estimated to be \$180,000 and \$188,000 for the years ended August 31, 2015 and 2014, 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, 2015:

	<u>9/1/2014</u>	<u>Released from Restriction</u>	<u>Additions</u>	<u>8/31/2015</u>
United Way	\$ 27,091	\$ 27,091	\$ 39,236	\$ 39,236
	<u>\$ 27,091</u>	<u>\$ 27,091</u>	<u>\$ 39,236</u>	<u>\$ 39,236</u>

9. Fundraising

Fundraising expenses for the year ended August 31, 2015 were \$46,645 or 54% of the \$86,262 fundraising revenue raised.

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. For the year ended August 31, 2015, the Organization approved a matching contribution equal to 100% of the employee contributions from May to August of 2015. The cost for the Organization was \$3,547 for the year ended August 31, 2015, which included \$1,100 in initial startup fees for the plan. \$2,541 of the total cost was reported in Accounts Payable and Accrued Liabilities on the Statement of Financial Position at August 31, 2015.

COMMUNITIES IN SCHOOLS ON THE SOUTH PLAINS, INC.

NOTES TO FINANCIAL STATEMENTS

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

12. Subsequent Events

The Organization's management has evaluated subsequent events through January 27, 2016, the date which the financial statements were available for issue.



