

**COMMUNITIES IN SCHOOLS
OF NEW MEXICO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

January 31, 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors
Communities In Schools of New Mexico
Santa Fe, New Mexico

We have audited the accompanying financial statements of **Communities In Schools of New Mexico**, (a New Mexico nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, 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 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.

Auditors' 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 auditors' 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.

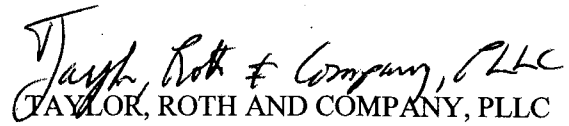
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of New Mexico as of June 30, 2017, 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 previously audited the Communities In Schools of New Mexico 's 2016 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.


TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 191,056	\$ 229,707
Cash and cash equivalents - restricted	997	22,500
Prepaid expenses	7,271	5,061
Grants receivable	14,327	11,052
Employee receivable	1,109	-
Net property and equipment (Note 3)	370	1,112
Total assets	\$ 215,130	\$ 269,432
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 5,760	\$ 3,379
Payroll liabilities	21,750	22,639
Deferred revenue	11,507	7,465
Commitments (Note 4)		
Total liabilities	39,017	33,483
 <u>Net assets</u>		
<u>Unrestricted</u>		
Operating	49,746	87,337
Board designated operating reserve (Note 5)	125,000	125,000
Net investment in fixed assets	370	1,112
Temporarily restricted (Note 6)	997	22,500
Total net assets	176,113	235,949
Total liabilities and net assets	\$ 215,130	\$ 269,432

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 394,291	\$ 20,000	\$ 414,291	\$ 538,805
Program fees for services	336,027	-	336,027	322,236
Contributions	216,796	5,834	222,630	207,017
Interest income	444	-	444	584
In-kind (Note 7)	24,562	-	24,562	15,361
Net assets released from restrictions (Note 8)	47,337	(47,337)	-	-
Total revenue and other support	<u>1,019,457</u>	<u>(21,503)</u>	<u>997,954</u>	<u>1,084,003</u>
<u>Expense</u>				
Program services	865,819	-	865,819	964,014
Supporting services				
Management and general	125,604	-	125,604	125,041
Fund-raising	66,367	-	66,367	111,561
Total expense	<u>1,057,790</u>	<u>-</u>	<u>1,057,790</u>	<u>1,200,616</u>
Change in net assets	<u>(38,333)</u>	<u>(21,503)</u>	<u>(59,836)</u>	<u>(116,613)</u>
Net assets, beginning of year	<u>213,449</u>	<u>22,500</u>	<u>235,949</u>	<u>352,562</u>
Net assets, end of year	<u>\$ 175,116</u>	<u>\$ 997</u>	<u>\$ 176,113</u>	<u>\$ 235,949</u>

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016	
	Supporting Services			Total	Total
	Program	Management and General	Fund- raising		
Salaries	\$ 641,646	\$ 80,279	\$ 38,731	\$ 760,656	\$ 867,756
Payroll taxes and benefits	90,662	11,034	4,683	106,379	117,698
Family and student engagement	69,749	-	-	69,749	51,984
Occupancy	16,807	7,658	3,666	28,131	31,426
Insurance	15,997	5,339	546	21,882	20,369
Supplies	6,212	6,029	1,648	13,889	28,831
Marketing	5,241	-	3,863	9,104	6,531
Accounting and audit	5,188	3,459	-	8,647	14,622
Printing	1,757	-	5,879	7,636	8,779
Travel	667	6,551	201	7,419	12,760
Postage	955	379	4,158	5,492	2,038
Meetings	1,838	173	1,300	3,311	7,825
Dues and subscriptions	998	1,214	903	3,115	2,133
Family emergency fund	2,136	-	-	2,136	16,873
Bad debt expense	2,000	-	-	2,000	-
Professional development	1,186	508	-	1,694	2,114
Telephone	772	712	185	1,669	1,631
Bank fees	274	613	604	1,491	927
IT support	245	914	-	1,159	1,486
Volunteers	325	-	-	325	2,006
Legal fees	-	-	-	-	525
Other	1,164	-	-	1,164	1,560
	865,819	124,862	66,367	1,057,048	1,199,874
Depreciation	-	742	-	742	742
Total expenses	\$ 865,819	\$ 125,604	\$ 66,367	\$1,057,790	\$1,200,616

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (59,836)	\$ (116,613)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	742	742
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and employee receivable	(4,384)	8,948
(Increase)decrease in prepaid expenses	(2,210)	(3,819)
Increase(decrease) in accounts payable	2,381	(338)
Increase(decrease) in deferred revenue	4,042	7,465
Increase(decrease) in payroll liabilities	(889)	13,978
Net cash provided(used) by operating activities	<u>(60,154)</u>	<u>(89,637)</u>
Cash and cash equivalents, beginning of year	<u>252,207</u>	<u>341,844</u>
Cash and cash equivalents, end of year	<u>\$ 192,053</u>	<u>\$ 252,207</u>

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES

Communities In Schools of New Mexico (The Organization), is a New Mexico nonprofit corporation with IRS 501(c) (3) designation. The Organization is a state affiliate of Communities In Schools, Inc. The mission of The Organization is to surround students with a community of support, empowering them to stay in school and achieve in life. The Organization is primarily funded by foundation awards, program fees, and public contributions.

Communities In Schools of New Mexico works through the following primary areas to achieve its mission:

Site Coordination Program

To place a Full-time Site Coordinator at each Communities In Schools of New Mexico designated school, who provides integrated student service support school-wide, and to the highest percentage of children and youth at-risk of dropping out.

Public Education Awareness

To provide community partners and the general public with information about Communities In Schools of New Mexico and the services provided to support schools, students and family needs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. **Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes on net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are currently no permanently restricted net assets held by the Organization.

3. **Cash and Cash Equivalents**

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

9. Functional Reporting of Expenses

For the year ended June 30, 2017, the costs of providing the various programs and other 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.

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through January 31, 2018, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Furniture and office equipment	\$ 3,708
Less: accumulated depreciation	<u>(3,338)</u>
Net property and equipment	\$ <u>370</u>

Depreciation expense for the year was \$742.

NOTE 4 - COMMITMENTS

The organization has entered into a lease for office space. This lease expires September 15, 2018. The future minimum payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ <u>5,000</u>

NOTE 5 - BOARD DESIGNATED RESERVE

The Board has designated \$125,000 of unrestricted net assets to be set aside towards the build-up of a three month operating reserve for emergency purposes.

NOTE 6 - TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
BookKids program	\$ <u>997</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated materials and services are reflected in the accompanying statements at their estimated values at date of receipt. The value of donated services and materials included in the financial statements and the corresponding expenses for the year are as follows:

<u>Description</u>	<u>Amount</u>
Donated materials	\$ <u>24,562</u>

Additionally, the organization received 3,360 hours of volunteer support not requiring professional expertise with an estimated value of \$71,172. These donations are not reflected in the financial statements.

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Site coordination program	\$ 42,500
BookKids program	<u>4,837</u>
Total	\$ <u>47,337</u>

NOTE 9 - CONCENTRATION OF FUNDING SOURCE

For the year ended June 30, 2016, 38% of total revenue was received from one foundation and one government entity.