

**COMMUNITIES IN SCHOOLS OF
NEW MEXICO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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November 30, 2016

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, 2016, 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, 2016, 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

Other auditors previously audited the Communities In Schools of New Mexico's 2015 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated November 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor, Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 229,707	\$ 303,301
Cash and cash equivalents - restricted	22,500	38,543
Prepaid expenses	5,061	1,242
Grants receivable	11,052	20,000
Net property and equipment (Note 3)	<u>1,112</u>	<u>1,854</u>
Total assets	<u>\$ 269,432</u>	<u>\$ 364,940</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 3,379	\$ 3,717
Payroll liabilities	22,639	8,661
Deferred revenue	<u>7,465</u>	<u>-</u>
Total liabilities	<u>33,483</u>	<u>12,378</u>
 <u>Net assets</u>		
<u>Unrestricted</u>		
Operating	87,337	187,165
Board designated operating reserve (Note 4)	125,000	125,000
Net investment in fixed assets	1,112	1,854
Temporarily restricted (Note 5)	<u>22,500</u>	<u>38,543</u>
Total net assets	<u>235,949</u>	<u>352,562</u>
Total liabilities and net assets	<u>\$ 269,432</u>	<u>\$ 364,940</u>

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, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>				
Foundations	\$ 516,305	\$ 22,500	\$ 538,805	\$ 475,550
Program fees for services	322,236	-	322,236	357,666
Contributions	207,017	-	207,017	276,521
Interest income	584	-	584	363
In-kind (Note 6)	15,361	-	15,361	-
Net assets released from restrictions (Note 7)	38,540	(38,540)	-	-
 Total revenue and other support	 <u>1,100,043</u>	 <u>(16,040)</u>	 <u>1,084,003</u>	 <u>1,110,100</u>
 <u>Expense</u>				
Program services	964,014	-	964,014	723,668
Supporting services				
Management and general	125,041	-	125,041	105,608
Fund-raising	111,561	-	111,561	52,607
 Total expense	 <u>1,200,616</u>	 <u>-</u>	 <u>1,200,616</u>	 <u>881,883</u>
 Change in net assets	 <u>(100,573)</u>	 <u>(16,040)</u>	 <u>(116,613)</u>	 <u>228,217</u>
 Net assets, beginning of year	 <u>314,022</u>	 <u>38,540</u>	 <u>352,562</u>	 <u>124,345</u>
Net assets, end of year	<u>\$ 213,449</u>	<u>\$ 22,500</u>	<u>\$ 235,949</u>	<u>\$ 352,562</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, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016			2015	
	Program	Supporting Services		Total	Total
		Management and General	Fund- raising		
Salaries	\$ 707,033	\$ 79,759	\$ 80,964	\$ 867,756	\$ 625,076
Payroll taxes and benefits	96,196	10,782	10,720	117,698	85,863
Family and student engagement	51,984	-	-	51,984	16,488
Occupancy	17,790	6,715	6,921	31,426	20,518
Supplies	21,041	4,904	2,886	28,831	23,839
Insurance	15,713	3,287	1,369	20,369	20,243
Family emergency fund	16,873	-	-	16,873	23,852
Accounting and audit	8,773	5,849	-	14,622	14,605
Travel	4,646	7,352	762	12,760	13,436
Printing	6,054	638	2,087	8,779	6,832
Meetings	4,252	1,096	2,477	7,825	622
Marketing	6,046	163	322	6,531	11,502
Dues and subscriptions	854	708	571	2,133	5,678
Professional development	2,069	-	45	2,114	2,649
Postage	20	287	1,731	2,038	1,521
Volunteers	2,006	-	-	2,006	2,518
Telephone	746	697	188	1,631	1,655
IT support	220	1,266	-	1,486	1,285
Bank fees	182	271	474	927	397
Legal fees	-	525	-	525	1,110
Other	1,516	-	44	1,560	1,452
	964,014	124,299	111,561	1,199,874	881,141
Depreciation	-	742	-	742	742
Total expenses	<u>\$ 964,014</u>	<u>\$ 125,041</u>	<u>\$ 111,561</u>	<u>\$1,200,616</u>	<u>\$ 881,883</u>

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, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (116,613)	\$ 228,220
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	742	741
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	8,948	-
(Increase)decrease in grants receivable	-	80,000
(Increase)decrease in prepaid expenses	(3,819)	86
Increase(decrease) in accounts payable	(338)	2,895
Increase(decrease) in deferred revenue	7,465	(39,135)
Increase(decrease) in payroll liabilities	13,978	(12,897)
Net cash provided(used) by operating activities	<u>(89,637)</u>	<u>259,910</u>
Cash and cash equivalents, beginning of year	<u>341,844</u>	<u>81,934</u>
Cash and cash equivalents, end of year	<u><u>\$ 252,207</u></u>	<u><u>\$ 341,844</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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.

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.

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)

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. States are generally responsible for individual accounts and make payments on these accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

6. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

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

9. Functional Reporting of Expenses

For the year ended June 30, 2016, 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, 2015, prepared by other auditors, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through November 30, 2016, 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>(2,596)</u>
Net property and equipment	<u>\$ 1,112</u>

Depreciation expense for the year was \$742.

NOTE 4 - 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 5 - TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Site coordination program	<u>\$ 22,500</u>

NOTE 6 - 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	\$ 14,836
Legal	<u>525</u>
Total	<u>\$ 15,361</u>

Additionally, the organization received 4,050 hours of volunteer support not requiring professional expertise with an estimated value of \$80,635. These donations are not reflected in the financial statements.

NOTE 7 - 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	<u>\$ 38,540</u>

NOTE 8 - CONCENTRATION OF FUNDING SOURCE

For the year ended June 30, 2016, 44% of total revenue was received from one foundation and one government entity.