

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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December 14, 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, 2018, 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, 2018, 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 2017 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 236,814	\$ 191,056
Cash and cash equivalents - temporarily restricted	20,500	997
Prepaid expenses	4,068	7,271
Grants receivable	47,000	14,327
Grants receivable - related party	5,000	-
Employee receivable	-	1,109
Net property and equipment (Note 3)	-	370
Total assets	<u>\$ 313,382</u>	<u>\$ 215,130</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 3,944	\$ 5,760
Payroll liabilities	34,203	21,750
Deferred revenue	-	11,507
Commitments (Note 4)		
Total liabilities	<u>38,147</u>	<u>39,017</u>
 <u>Net assets</u>		
<u>Unrestricted</u>		
Operating	129,735	49,746
Board designated operating reserve (Note 5)	125,000	125,000
Net investment in fixed assets	-	370
Temporarily restricted (Note 6)	20,500	997
Total net assets	<u>275,235</u>	<u>176,113</u>
Total liabilities and net assets	<u>\$ 313,382</u>	<u>\$ 215,130</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, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 284,500	\$ 263,000	\$ 547,500	\$ 414,291
Program fees for services	317,437	-	317,437	336,027
Contributions	306,662	-	306,662	222,630
Special events	155,023	-	155,023	-
(less direct expenses)	(50,121)	-	(50,121)	-
Interest income	519	-	519	444
In-kind (Note 7)	17,962	-	17,962	24,562
Net assets released from restrictions (Note 8)	243,497	(243,497)	-	-
Total revenue and other support	1,275,479	19,503	1,294,982	997,954
<u>Expense</u>				
Program services	976,079	-	976,079	865,819
Supporting services				
Management and general	119,682	-	119,682	125,604
Fund-raising	100,099	-	100,099	66,367
Total expense	1,195,860	-	1,195,860	1,057,790
Change in net assets	79,619	19,503	99,122	(59,836)
Net assets, beginning of year	175,116	997	176,113	235,949
Net assets, end of year	\$ 254,735	\$ 20,500	\$ 275,235	\$ 176,113

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, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017	
	Program	Supporting Services		Total	Total
		Management and General	Fund- raising		
Salaries	\$ 733,851	\$ 64,898	\$ 64,088	\$ 862,837	\$ 760,656
Payroll taxes and benefits	119,395	8,890	9,843	138,128	106,379
Family and student engagement	45,389	-	-	45,389	69,749
Occupancy	17,069	8,216	3,681	28,966	28,131
Supplies	14,960	5,962	1,403	22,325	13,889
Insurance	14,682	5,569	1,262	21,513	21,882
Travel	4,273	8,372	2,096	14,741	7,419
Printing	2,814	298	8,163	11,275	7,636
Accounting and audit	5,447	3,631	-	9,078	8,647
Marketing	3,243	890	3,597	7,730	9,104
Professional development	2,508	3,000	-	5,508	1,694
Meetings	2,173	1,918	988	5,079	3,311
IT support	-	3,764	-	3,764	1,159
Contract services	638	-	3,050	3,688	-
Family emergency fund	3,493	-	-	3,493	2,136
Dues and subscriptions	1,087	1,114	475	2,676	3,115
Bank fees	440	1,624	142	2,206	1,491
Telephone	823	746	198	1,767	1,669
Postage	222	376	1,069	1,667	5,492
Volunteer expenses	1,354	-	-	1,354	325
Equipment	674	-	-	674	-
Legal fees	600	-	-	600	-
Other	944	44	44	1,032	3,164
	<u>976,079</u>	<u>119,312</u>	<u>100,099</u>	<u>1,195,490</u>	<u>1,057,048</u>
Depreciation	-	370	-	370	742
Total expenses	<u>\$ 976,079</u>	<u>\$ 119,682</u>	<u>\$ 100,099</u>	<u>\$1,195,860</u>	<u>\$1,057,790</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, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 99,122	\$ (59,836)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	370	742
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and employee receivable	(36,564)	(4,384)
(Increase)decrease in prepaid expenses	3,203	(2,210)
Increase(decrease) in accounts payable	(1,816)	2,381
Increase(decrease) in deferred revenue	(11,507)	4,042
Increase(decrease) in payroll liabilities	12,453	(889)
Net cash provided(used) by operating activities	65,261	(60,154)
Cash and cash equivalents, beginning of year	192,053	252,207
Cash and cash equivalents, end of year	\$ 257,314	\$ 192,053

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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)

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, 2018, 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, 2017 from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through December 14, 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>(3,708)</u>
Net property and equipment	<u>\$ 0</u>

Depreciation expense for the year was \$370.

NOTE 4 - COMMITMENTS

The organization has entered into a lease for office space. This lease expires September 15, 2019. The future minimum payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	<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>
Site coordination	\$ 18,000
Coats	<u>2,500</u>
Total	<u>\$ 20,500</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	\$ 17,362
Legal services	<u>600</u>
Total	<u>\$ 17,962</u>

Additionally, the organization received 3,449 hours of volunteer support not requiring professional expertise with an estimated value of \$73,050. 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	\$ 242,500
BookKids program	<u>997</u>
Total	<u>\$ 243,497</u>