

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COMMUNITIES IN SCHOOLS OF NEW MEXICO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Transparent Accounting Consultants, PLLC

Certified Public Accountants

June 30, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities In Schools of New Mexico and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities In Schools of New Mexico's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit and Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Communities In Schools of New Mexico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities In Schools of New Mexico's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Communities In Schools of New Mexico's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

TRANSPARENT ACCOUNTING CONSULTANTS PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Transparent Accounting Consultants, PLLC

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 712,901	\$ 783,522
Grants receivable	180,873	134,000
Prepaid expenses	7,788	6,973
Employee receivable	1,000	-
Net property and equipment (Note 3)	5,997	7,796
Total assets	<u>\$ 908,559</u>	<u>\$ 932,291</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 3,790	\$ 10,407
Payroll liabilities	115,049	94,733
Payroll protection program loan	-	222,500
Commitments (Note 4)	-	-
Total liabilities	<u>118,839</u>	<u>327,640</u>
<u>Net assets</u>		
Without donor restrictions		
Undesignated	442,441	260,069
Board designated operating reserve (Note 5)	125,000	125,000
Total without donor restrictions	567,441	385,069
With donor restrictions (Note 6)	222,279	219,582
Total net assets	<u>789,720</u>	<u>604,651</u>
Total liabilities and net assets	<u>\$ 908,559</u>	<u>\$ 932,291</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restriction	With Donor Restriction	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 429,066	\$ 496,000	\$ 925,066	\$ 791,850
Program fees for services	765,957		765,957	551,647
Contributions	543,897	56,083	599,980	698,491
In-kind (Note 7)	25,555		25,555	79,152
Special events	-		-	52,624
(less direct expenses)	-		-	(37,171)
Interest income	557		557	2,344
Net assets released from restrictions (Note 8)	549,386	(549,386)	-	
Total revenue and other support	2,314,418	2,697	2,317,115	2,138,937
<u>Expense</u>				
Program services	2,078,349		2,078,349	1,591,817
Supporting services				
Management and general	103,199		103,199	102,146
Fundraising	172,998		172,998	175,720
Total expense	2,354,546	-	2,354,546	1,869,683
Change in net assets	(40,128)	2,697	(37,431)	269,254
PPP Forgiveness	222,500		222,500	-
Net assets, beginning of year	385,069	219,582	604,651	335,397
Net assets, end of year	\$ 567,441	\$ 222,279	\$ 789,720	\$ 604,651

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	Program	Supporting Services		Total	Total
		Management and General	Fund- raising		
Salaries	\$ 1,067,544	\$ 70,331	\$ 112,553	\$ 1,250,428	\$ 1,206,479
Payroll taxes and benefits	184,538	14,402	17,330	216,270	204,197
Family emergency fund	396,890	-	-	396,890	134,978
Basic needs	299,866	-	-	299,866	75,719
Program evaluation	9,000	-	-	9,000	36,000
Occupancy	23,476	3,463	4,734	31,673	30,878
Lobbying	-	-	-	-	27,050
Insurance	22,315	1,975	829	25,119	24,946
Family and student engagement	15,924	-	-	15,924	19,247
Printing	364	-	19,488	19,852	16,165
Marketing	11,540	-	4,464	16,004	12,368
Supplies	8,799	2,678	899	12,376	12,069
Travel	1,319	58	33	1,410	11,550
Meetings	6,739	2,896	57	9,692	11,092
Accounting and audit	5,520	3,680	-	9,200	9,844
Professional development	2,767	773	570	4,110	7,416
Telephone	8,950	540	697	10,187	5,464
Postage	81	6	6,524	6,611	5,113
Bank fees	-	534	2,443	2,977	3,499
Legal	287	-	-	287	3,042
IT support	707	-	-	707	2,783
Dues and subscriptions	744	437	578	1,759	2,145
Scholarships	5,000	-	-	5,000	2,000
Contract services	-	-	-	-	1,380
Volunteer expenses	203	-	-	203	1,087
Equipment	-	-	-	-	-
Other	5,776	1,426	-	7,202	1,973
	<u>2,078,349</u>	<u>103,199</u>	<u>171,199</u>	<u>2,352,747</u>	<u>1,868,484</u>
Depreciation	-	-	1,799	1,799	1,199
Total expenses	<u>\$ 2,078,349</u>	<u>\$ 103,199</u>	<u>\$ 172,998</u>	<u>\$ 2,354,546</u>	<u>\$ 1,869,683</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (37,431)	\$ 269,254
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Payroll Protection Plan loan forgiveness	222,500	-
Depreciation	1,799	1,199
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and employee receivable	(47,873)	(93,451)
(Increase)decrease in prepaid expenses	(815)	(1,599)
Increase(decrease) in accounts payable	(6,617)	10,122
Increase(decrease) in payroll liabilities	20,316	43,918
Net cash provided(used) by operating activities	151,879	229,443
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	-	(8,995)
<u>Cash flows from financing activities</u>		
Payroll Protection Plan loan forgiveness	(222,500)	-
Disbursement of note payable - Payroll Protection Plan	-	222,500
Cash and cash equivalents, beginning of year	783,522	340,574
Cash and cash equivalents, end of year	\$ 712,901	\$ 783,522

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 financial statements of Communities In Schools of New Mexico have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

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

2. Basis of Presentation (Concluded)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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.

4. Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. 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.

5. 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.

6. 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.

7. 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.

8. Functional Reporting of Expenses

For the year ended June 30, 2021, 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. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis.

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

9. 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, 2020 from which the summarized information was derived.

10. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses net asset classification, information about liquidity, information provided about expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

11. Subsequent Events

Management has evaluated subsequent events through June 30, 2022, 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
Software	<u>8,995</u>
Total:	12,703
Less: accumulated depreciation	<u>(6,706)</u>
Net property and equipment	<u>\$ 5,997</u>

Depreciation expense for the year was \$1,799.

NOTE 4 - COMMITMENTS

The organization has entered into a lease for office space. This lease expires September 15, 2027. The future minimum payments are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2022	\$ 25,900
2023	28,300
2024	29,484
2025	30,367
2026	31,284
2027	<u>6,557</u>
Total	<u>\$ 151,892</u>

NOTE 5 - BOARD DESIGNATED RESERVE

The Board has designated \$125,000 of unrestricted net assets to be set aside for emergency purposes.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Site coordination	\$ 176,551
Family emergency fund	20,234
Scholarships	12,137
Basic needs and transportation	10,657
Professional development	<u>2,700</u>
Total	<u>\$ 222,279</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 school supplies and food	\$ 16,185
Advertising	7,897
Incentives and gifts	1,130
Legal services	287
Postage	<u>56</u>
Total	<u>\$ 25,555</u>

Additionally, the organization received 1,387 hours of volunteer support not requiring professional expertise with an estimated value of \$32,373. 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>
Family emergency fund	\$ 381,901
Site coordination program	88,496
Basic needs and transportation	37,630
Food distribution	27,171
Evaluation grant	9,000
Scholarships	<u>5,188</u>
Total	<u>\$ 549,386</u>

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets at June 30, 2021:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 712,901
Grants receivable	180,873
Less net assets with purpose restrictions	<u>(222,279)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 671,495</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. At year end, the liquid assets are adequate to cover approximately 118 days of operating expenses.