

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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Transparent Accounting Consultants, PLLC

Certified Public Accountants

April 19, 2021

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, 2020, 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, 2020, 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

The financial statements of Communities In Schools of New Mexico as of June 30, 2019, and for the year then ended were audited by other auditors. Those auditors expressed an unmodified audit opinion on those audited financial statements in their report dated November 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Transparent Accounting Consultants PLLC

TRANSPARENT ACCOUNTING CONSULTANTS PLLC
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 783,522	\$ 340,574
Grants receivable	134,000	39,535
Prepaid expenses	6,973	5,374
Employee receivable	-	1,015
Net property and equipment (Note 3)	7,796	-
Total assets	<u>\$ 932,291</u>	<u>\$ 386,498</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 10,407	\$ 286
Payroll liabilities	94,733	50,815
Payroll protection program loan (Note 4)	222,500	-
Commitments (Note 5)	-	-
Total liabilities	<u>327,640</u>	<u>51,101</u>
<u>Net assets</u>		
Without donor restrictions		
Undesignated	260,069	151,314
Board designated operating reserve (Note 6)	125,000	125,000
Total without donor restrictions	385,069	276,314
With donor restrictions (Note 7)	219,582	59,083
Total net assets	<u>604,651</u>	<u>335,397</u>
Total liabilities and net assets	<u>\$ 932,291</u>	<u>\$ 386,498</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 461,350	\$ 330,500	\$ 791,850	\$ 451,250
Contributions	594,896	103,595	698,491	483,081
Program fees for services	551,647		551,647	563,160
In-kind (Note 8)	79,152		79,152	51,962
Special events	52,624		52,624	10,731
(less direct expenses)	(37,171)		(37,171)	(6,036)
Interest income	2,344		2,344	1,960
Net assets released from restrictions (Note 9)	273,596	(273,596)	-	
Total revenue and other support	<u>1,978,438</u>	<u>160,499</u>	<u>2,138,937</u>	<u>1,556,108</u>
<u>Expense</u>				
Program services	1,591,817		1,591,817	1,267,567
Supporting services				
Management and general	102,146		102,146	100,731
Fundraising	175,720		175,720	127,648
Total expense	<u>1,869,683</u>	<u>-</u>	<u>1,869,683</u>	<u>1,495,946</u>
Change in net assets	<u>108,755</u>	<u>160,499</u>	<u>269,254</u>	<u>60,162</u>
Net assets, beginning of year	<u>276,314</u>	<u>59,083</u>	<u>335,397</u>	<u>275,235</u>
Net assets, end of year	<u><u>\$ 385,069</u></u>	<u><u>\$ 219,582</u></u>	<u><u>\$ 604,651</u></u>	<u><u>\$ 335,397</u></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, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2019
	Supporting Services				
	Management and General		Fund-raising	Total	Total
	Program	General			
Salaries	\$ 1,026,712	\$ 72,916	\$ 106,851	\$ 1,206,479	\$ 1,031,503
Payroll taxes and benefits	174,591	12,959	16,647	204,197	173,689
Family emergency fund	134,978	-	-	134,978	5,042
Basic needs	75,719	-	-	75,719	70,128
Program evaluation	36,000	-	-	36,000	-
Occupancy	23,144	3,266	4,468	30,878	32,199
Lobbying	6,762	-	20,288	27,050	30,266
Insurance	22,244	1,747	955	24,946	21,291
Family and student engagement	19,247	-	-	19,247	18,676
Printing	5,026	207	10,932	16,165	10,900
Marketing	11,688	145	535	12,368	4,751
Supplies	10,563	573	933	12,069	15,149
Travel	10,027	140	1,383	11,550	7,296
Meetings	7,061	3,040	991	11,092	8,958
Accounting and audit	5,907	3,937	-	9,844	9,590
Professional development	5,177	799	1,440	7,416	12,970
Telephone	4,737	308	419	5,464	1,677
Postage	645	55	4,413	5,113	4,127
Bank fees	-	583	2,916	3,499	1,325
Legal	3,042	-	-	3,042	1,281
IT support	2,405	-	378	2,783	3,704
Dues and subscriptions	787	234	1,124	2,145	2,138
Scholarships	2,000	-	-	2,000	2,000
Contract services	551	-	829	1,380	19,623
Volunteer expenses	1,087	-	-	1,087	1,369
Equipment	-	-	-	-	2,705
Other	518	1,237	218	1,973	3,589
	1,590,618	102,146	175,720	1,868,484	1,495,946
Depreciation	1,199	-	-	1,199	-
Total expenses	<u>\$ 1,591,817</u>	<u>\$ 102,146</u>	<u>\$ 175,720</u>	<u>\$ 1,869,683</u>	<u>\$ 1,495,946</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, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 269,254	\$ 60,162
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,199	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and employee receivable	(93,451)	11,450
(Increase)decrease in prepaid expenses	(1,599)	(1,306)
Increase(decrease) in accounts payable	10,122	(3,659)
Increase(decrease) in payroll liabilities	43,918	16,613
Net cash provided(used) by operating activities	229,443	83,260
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	(8,995)	-
<u>Cash flows from financing activities</u>		
Disbursement of note payable - Payroll Protection Plan	222,500	-
Cash and cash equivalents, beginning of year	340,574	257,314
Cash and cash equivalents, end of year	\$ 783,522	\$ 340,574

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020, 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, 2019 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 April 19, 2021, 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>(4,907)</u>
Net property and equipment	\$ <u>7,796</u>

Depreciation expense for the year was \$1,199.

NOTE 4 - PAYCHECK PROTECTION PROGRAM

The organization received a loan from Enterprise Bank and Trust in the amount of \$222,500 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 13, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears an interest rate of 1% and is payable in monthly installments of principal and interest of 24 months beginning 6 months from the date of the note. Subsequent to year end, the note has been forgiven by Enterprise Bank and Trust as it has met the qualifications for forgiveness.

NOTE 5 - COMMITMENTS

The organization has entered into a lease for office space. This lease expires September 15, 2021. The future minimum payments are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2021	\$ <u>5,000</u>

NOTE 6 - BOARD DESIGNATED RESERVE

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

NOTE 7 - NET ASSETS WITH DONOR RESTRICTION

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

<u>Description</u>	<u>Amount</u>
Family emergency fund	\$ 130,235
Site coordination	32,687
Food distribution	26,171
Basic needs and transportation	12,664
Evaluation grant	9,000
Scholarships	<u>8,825</u>
Total	\$ <u>219,582</u>

NOTE 8 - 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	\$ 66,088
Advertising	7,520
Legal services	3,042
Parking spaces	1,280
Meeting expense	<u>1,222</u>
Total	\$ <u>79,152</u>

Additionally, the organization received 4,089 hours of volunteer support not requiring professional expertise with an estimated value of \$91,226. These donations are not reflected in the financial statements.

NOTE 9 - 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	\$ 136,605
Salary support	50,000
Evaluation grant	36,000
Site coordination program	26,097
Basic needs and transportation	20,365
Food distribution	2,529
Scholarships	<u>2,000</u>
Total	<u>\$ 273,596</u>

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets at June 30, 2020:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 783,522
Grants receivable	134,000
Less net assets with purpose restrictions	<u>(219,582)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 697,940</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 136 days of operating expenses.