

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COMMUNITIES IN SCHOOLS OF NEW MEXICO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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November 19, 2019

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, 2019, 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, 2019, 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 2018 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Taylor, Roth and Company PLLC". The signature is written in a cursive, flowing style.

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITIES IN SCHOOLS OF NEW MEXICO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 340,574	\$ 257,314
Prepaid expenses	5,374	4,068
Grants receivable	39,535	47,000
Grants receivable - related party	-	5,000
Employee receivable	1,015	-
Net property and equipment (Note 3)	-	-
	\$ 386,498	\$ 313,382
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 285	\$ 3,944
Payroll liabilities	50,816	34,203
Commitments (Note 4)	-	-
	51,101	38,147
 <u>Net assets</u>		
Without donor restrictions		
Undesignated	151,314	129,735
Board designated operating reserve (Note 5)	125,000	125,000
	276,314	254,735
Total without donor restrictions	276,314	254,735
With donor restrictions (Note 6)	59,083	20,500
	335,397	275,235
Total net assets	335,397	275,235
	\$ 386,498	\$ 313,382
Total liabilities and net assets	\$ 386,498	\$ 313,382

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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restriction	With Donor Restriction	Total	Total
<u>Revenue and other support</u>				
Program fees for services	\$ 563,160	\$ -	\$ 563,160	\$ 317,437
Contributions	468,203	14,878	483,081	306,662
Foundations	133,250	318,000	451,250	547,500
Special events	10,731	-	10,731	155,023
(less direct expenses)	(6,036)	-	(6,036)	(50,121)
Interest income	1,960	-	1,960	519
In-kind (Note 7)	51,962	-	51,962	17,962
Net assets released from restrictions (Note 8)	294,295	(294,295)	-	-
Total revenue and other support	<u>1,517,525</u>	<u>38,583</u>	<u>1,556,108</u>	<u>1,294,982</u>
<u>Expense</u>				
Program services	1,267,567	-	1,267,567	976,079
Supporting services				
Management and general	100,731	-	100,731	119,682
Fundraising	127,648	-	127,648	100,099
Total expense	<u>1,495,946</u>	<u>-</u>	<u>1,495,946</u>	<u>1,195,860</u>
Change in net assets	<u>21,579</u>	<u>38,583</u>	<u>60,162</u>	<u>99,122</u>
Net assets, beginning of year	<u>254,735</u>	<u>20,500</u>	<u>275,235</u>	<u>176,113</u>
Net assets, end of year	<u>\$ 276,314</u>	<u>\$ 59,083</u>	<u>\$ 335,397</u>	<u>\$ 275,235</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019				2018
	Program	Supporting Services		Total	Total
		Management and General	Fund- raising		
Salaries	\$ 901,692	\$ 65,521	\$ 64,290	\$ 1,031,503	\$ 862,837
Payroll taxes and benefits	152,912	10,005	10,772	173,689	138,128
Family and student engagement	88,804	-	-	88,804	45,389
Occupancy	23,439	3,816	4,944	32,199	28,966
Lobbying	22,700	-	7,566	30,266	-
Insurance	17,800	2,637	854	21,291	21,513
Contract services	-	-	19,623	19,623	3,688
Supplies	10,415	3,186	1,548	15,149	22,325
Professional development	8,359	3,622	989	12,970	5,508
Printing	3,807	208	6,885	10,900	11,275
Accounting and audit	5,754	3,836	-	9,590	9,078
Meetings	3,503	3,365	2,090	8,958	5,079
Travel	5,751	1,178	367	7,296	14,741
Family emergency fund	5,042	-	-	5,042	3,493
Marketing	4,123	41	587	4,751	7,730
Postage	73	202	3,852	4,127	1,667
IT support	1,700	935	1,069	3,704	3,764
Equipment	2,705	-	-	2,705	674
Dues and subscriptions	807	549	782	2,138	2,676
Scholarships	2,000	-	-	2,000	-
Telephone	1,137	291	249	1,677	1,767
Volunteer expenses	1,369	-	-	1,369	1,354
Bank fees	42	412	871	1,325	2,206
Legal fees	1,281	-	-	1,281	600
Other	2,352	927	310	3,589	1,032
	<u>1,267,567</u>	<u>100,731</u>	<u>127,648</u>	<u>1,495,946</u>	<u>1,195,490</u>
Depreciation	-	-	-	-	370
Total expenses	<u>\$ 1,267,567</u>	<u>\$ 100,731</u>	<u>\$ 127,648</u>	<u>\$ 1,495,946</u>	<u>\$ 1,195,860</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 60,162	\$ 99,122
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	-	370
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and employee receivable	11,450	(36,564)
(Increase)decrease in prepaid expenses	(1,306)	3,203
Increase(decrease) in accounts payable	(3,659)	(1,816)
Increase(decrease) in deferred revenue	-	(11,507)
Increase(decrease) in payroll liabilities	16,613	12,453
Net cash provided(used) by operating activities	83,260	65,261
Cash and cash equivalents, beginning of year	257,314	192,053
Cash and cash equivalents, end of year	\$ 340,574	\$ 257,314

The accompanying notes are an integral part of these financial statements

COMMUNITIES IN SCHOOLS OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, 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, 2018 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 November 19, 2019, 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 \$0.

NOTE 4 - COMMITMENTS

The organization has entered into a lease for office space. This lease expires September 15, 2020. The future minimum payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	<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 months operating reserve 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	\$ 29,384
Basic needs and transportation	25,699
Scholarships	<u>4,000</u>
Total	<u>\$ 59,083</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	\$ 50,681
Legal services	<u>1,281</u>
Total	<u>\$ 51,962</u>

Additionally, the organization received 6,844 hours of volunteer support not requiring professional expertise with an estimated value of \$145,093. 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>
Salary support	\$ 250,000
Site coordination program	24,994
Basic needs and transportation	<u>19,301</u>
Total	<u>\$ 294,295</u>

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets at June 30, 2019:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 340,574
Grants receivable	39,535
Less net assets with purpose restrictions	<u>(59,083)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 321,026</u>

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expenses. At year end, the liquid assets are adequate to cover approximately 100 days of operating expenses.