

**Communities In Schools
of San Antonio**

**Financial Statements
and Compliance Report**

August 31, 2020 and 2019



Communities In Schools of San Antonio

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities (with Comparative Totals)	4
Statement of Functional Expenses (with Comparative Totals)	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Compliance Report	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the <i>State of Texas Single Audit Circular</i>	22
Schedule of Expenditures of State Awards - Year Ended August 31, 2020	24
Notes to Schedule of Expenditures of State Awards	25
State Awards - Schedule of Findings and Questioned Costs - Year Ended August 31, 2020	26

Independent Auditor's Report

To the Board of Directors of
Communities In Schools of San Antonio

Report on the Financial Statements

We have audited the accompanying financial statements of Communities In Schools of San Antonio (a nonprofit organization), which comprise the statement of financial position as of August 31, 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 accounting 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 San Antonio as of August 31, 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.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited Communities In Schools of San Antonio's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards, as required by the *State of Texas Single Audit Circular*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of Communities In Schools of San Antonio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Communities In Schools of San Antonio's internal control over financial reporting and compliance.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

December 7, 2020

Financial Statements

Communities In Schools of San Antonio

Statements of Financial Position
August 31, 2020 and 2019

	2020	2019
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 5,466,785	\$ 3,380,860
Certificates of Deposit	1,301,484	797,637
Government Grants and Other Receivables	1,173,851	1,004,054
Interest Income Receivable	566	666
Prepaid Insurance and Other Deposits	32,644	44,440
Total Current Assets	7,975,330	5,227,657
Assets Limited as to Use - Endowment Fund:		
Money Market Investment	24,187	22,665
Total Assets Limited as to Use - Endowment Fund	24,187	22,665
Property and Equipment, Net of Accumulated Depreciation	624,447	698,565
Total Assets	\$ 8,623,964	\$ 5,948,887
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 156,106	\$ 91,147
Salaries and Benefits Payable	325,646	323,611
Deferred Revenue	2,969	26,169
Accrued Interest on Paycheck Protection Program Loan	6,936	-
Note Payable, Current Portion	61,333	54,477
Total Current Liabilities	552,990	495,404
Paycheck Protection Program Loan	1,532,000	-
Note Payable, Long-Term Portion	489,180	551,217
Total Liabilities	2,574,170	1,046,621
Net Assets:		
Without Donor Restrictions	4,977,948	4,159,510
With Donor Restrictions	1,071,846	742,756
Total Net Assets	6,049,794	4,902,266
Total Liabilities and Net Assets	\$ 8,623,964	\$ 5,948,887

The accompanying notes are an integral part of these financial statements.

Communities In Schools of San Antonio

Statement of Activities

Year Ended August 31, 2020 (with Comparative Totals for the Year Ended August 31, 2019)

	2020			2019 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and Revenues				
<i>Support:</i>				
Grants - State Government	\$ 2,344,008	\$ -	\$ 2,344,008	\$ 1,141,723
Grants - Federal Government	289,152	-	289,152	317,616
Grants - Local Government	929,330	-	929,330	888,829
United Way of San Antonio and Bexar County	556,447	-	556,447	558,134
Private Grants, Donations and Contributions	1,242,458	1,860,789	3,103,247	2,937,150
Special Events, net of expenses of \$56,824 and \$94,102 in 2020 and 2019, respectively	350,176	-	350,176	196,006
In-Kind Contributions	9,203	-	9,203	567,118
<i>Revenues:</i>				
Service Delivery Agreements	5,516,340	-	5,516,340	4,518,654
Other Income	56,525	1,522	58,047	54,428
Net Assets Released from Restrictions	1,533,221	(1,533,221)	-	-
Total Support and Revenues	12,826,860	329,090	13,155,950	11,179,658
Expenses				
Program Services	10,108,241	-	10,108,241	8,806,251
<i>Support Services:</i>				
Management and General	1,686,021	-	1,686,021	1,571,977
Fundraising	214,160	-	214,160	132,810
Total Expenses	12,008,422	-	12,008,422	10,511,038
Change in Net Assets	818,438	329,090	1,147,528	668,620
Net Assets at Beginning of Year	4,159,510	742,756	4,902,266	4,233,646
Net Assets at End of Year	\$ 4,977,948	\$ 1,071,846	\$ 6,049,794	\$ 4,902,266

The accompanying notes are an integral part of these financial statements.

Communities In Schools of San Antonio

Statement of Functional Expenses

Year Ended August 31, 2020 (with Comparative Totals for the Year Ended August 31, 2019)

	Support Services			2020 Totals	2019 Totals
	Program Services	Management and General	Fundraising		
Salaries and Related Expenses:					
Salaries and Wages	\$ 7,764,056	\$ 1,022,063	\$ 159,097	\$ 1,181,160	\$ 7,355,945
Payroll Taxes and Employee Benefits	1,507,342	189,883	23,541	213,424	1,440,322
Total Salaries and Related Expenses	<u>9,271,398</u>	<u>1,211,946</u>	<u>182,638</u>	<u>1,394,584</u>	<u>8,796,267</u>
Other Operating Expenses:					
Advertising and Marketing	3,617	7,513	-	7,513	38,652
Communications	10,063	14,314	1,179	15,493	21,276
Contractual	231,583	140,743	14,270	155,013	176,057
Enrichment and Need	317,092	1,000	26	1,026	303,559
Equipment	47,158	5,548	-	5,548	66,949
In-Kind Expenses - School Supplies	9,203	-	-	-	567,118
Insurance	43,589	20,824	-	20,824	73,759
Interest Expense	-	41,134	-	41,134	37,877
Maintenance and Repair	143	1,076	-	1,076	5,340
Other	21,727	17,699	3,688	21,387	36,565
Premise Expense	1,500	38,886	-	38,886	32,857
Printing and Copying	6,131	25,765	4,997	30,762	26,048
Supplies	50,651	48,398	1,587	49,985	95,423
Travel and Training	94,386	37,057	5,775	42,832	159,173
Total Other Operating Expenses	<u>836,843</u>	<u>399,957</u>	<u>31,522</u>	<u>431,479</u>	<u>1,640,653</u>
Total Expenses before Depreciation	10,108,241	1,611,903	214,160	1,826,063	10,436,920
Depreciation	-	74,118	-	74,118	74,118
Total Expenses	<u>\$ 10,108,241</u>	<u>\$ 1,686,021</u>	<u>\$ 214,160</u>	<u>\$ 1,900,181</u>	<u>\$ 10,511,038</u>

The accompanying notes are an integral part of these financial statements.

Communities In Schools of San Antonio

Statements of Cash Flows Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,147,528	\$ 668,620
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	74,118	74,118
Realized and Unrealized (Gain) Loss on Money Market	(1,350)	578
(Increase) Decrease in:		
Government Grants and Other Receivables	(169,797)	(159,428)
Interest Income Receivable	100	1,691
Prepaid Insurance and Other Deposits	11,796	7,555
Increase (Decrease) in:		
Accounts Payable	64,959	24,533
Salaries and Benefits Payable	2,035	22,796
Deferred Revenue	(23,200)	12,427
Accrued Interest on Paycheck Protection Program Loan	6,936	-
Net Cash Provided by Operating Activities	<u>1,113,125</u>	<u>652,890</u>
Cash Flows From Investing Activities:		
Proceeds from Redemption of Certificates of Deposit	496,000	-
Purchase of Certificates of Deposit	(992,000)	-
Reinvestment of Income from Certificates of Deposit	(7,847)	(11,594)
Reinvestment of Income from Money Market Investment	(172)	-
Net Cash Used by Investing Activities	<u>(504,019)</u>	<u>(11,594)</u>
Cash Flows From Financing Activities:		
Proceeds from Paycheck Protection Program Loan	1,532,000	-
Payments on Note Payable	(55,181)	(51,202)
Net Cash Provided (Used) by Financing Activities	<u>1,476,819</u>	<u>(51,202)</u>
Net Increase in Cash and Cash Equivalents	2,085,925	590,094
Cash and Cash Equivalents, Beginning of Year	<u>3,380,860</u>	<u>2,790,766</u>
Cash and Cash Equivalents, End of Year	\$ <u>5,466,785</u>	\$ <u>3,380,860</u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 34,198</u>	<u>\$ 37,877</u>

The accompanying notes are an integral part of these financial statements.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note A: Nature of Organization

Communities In Schools of San Antonio (CISSA) was organized as a nonprofit corporation on June 3, 1985 for the purpose of providing a positive environment for at-risk students by ensuring their access to all educational opportunities, social services and support services available. By developing positive self-esteem, confidence and respect, CISSA facilitates the ultimate mission of the student graduating from high school and continuing to reach his/her highest potential as a successful citizen, contributor to the community, and participant in building a world-class society.

CISSA is supported primarily by the Texas Education Agency, service delivery agreements with the schools they serve, Bexar County, City of San Antonio, donations from foundations, corporations and individuals, United Way of San Antonio, and to a lesser extent, special events.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of CISSA generally are not considered “restricted” under GAAP, though for internal reporting CISSA tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than CISSA’s mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. Donor imposed restrictions are released when a restriction expires, such as when the stipulated time has elapsed or the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Methods Used for Allocation of Expenses among Program and Support Services

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses which can be directly identified with specific programs are allocated to those programs. Any expenses not directly chargeable are allocated to programs and supporting service classifications on an indirect basis according to management estimates. For example, salaries and wages for the majority of CISSA staff are directly charged to specific grants, contracts, and other activities if readily identifiable. The salaries and wages of certain CISSA staff, including but not limited to CEO, CFO, Controller, and HR Director, are entirely indirectly charged to specific grants, contracts, and other activities as these staff perform functions which are necessary and beneficial to all programs. Occupancy expenses such as utilities, maintenance, janitorial, and security services are allocated directly and indirectly based on square footage. Office supplies expenses are directly charged to specific grants or contracts, however office supplies used by CISSA staff engaged in indirect activities will be charged on an indirect basis.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note B: Summary of Accounting Principles (Continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing checking accounts, savings accounts, and money market funds. All other highly liquid debt instruments with an original maturity of three months or less are also included as cash equivalents in the Statements of Financial Position and Statements of Cash Flows. The cash and cash equivalents do not include the endowment funds and certificates of deposit.

Federal and State Income Taxes

CISSA is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. Management of CISSA believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. In addition, CISSA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the years ended August 31, 2020 and 2019. CISSA is not subject to the Texas state income tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that CISSA has the ability to access.
- *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- *Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

Fair Value of Financial Instruments

CISSA's financial instruments include cash and cash equivalents, receivables, certificates of deposit, money market investment, and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position, except for certificates of deposit and money market investment (see **Note E**), approximates fair value.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note B: Summary of Accounting Principles (Continued)

Government Grants and Other Receivables

CISSA provides services that are paid for by federal, state, and local grants. Other receivables consist of service delivery agreements with the schools that CISSA provides services. CISSA has deemed these receivables to be fully collectible.

Promises to Give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

CISSA capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are stated at cost or at their estimated market value at the date of receipt from donors. Donated property and equipment are reported as Without Donor Restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as With Donor Restrictions. Repairs and maintenance costs are expensed as incurred.

Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives as follows:

Building and Building Improvements	6 to 40 years
Equipment, Furniture and Fixtures	5 to 10 years
Vehicles	6 years

Revenue Recognition

Contributions and Grants

CISSA recognizes contributions and grants when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. CISSA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

Service Delivery Agreements

Revenue from service delivery agreements in the Statement of Activities includes revenue received from school districts on an annual contractual basis. The services provided by CISSA staff include, but are not limited to, counseling and supportive guidance, education and academic enhancement activities, and educational and cultural enrichment opportunities. CISSA recognizes revenue received from service delivery agreements on the date payment is received from the school district for monthly invoices billed by CISSA.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note B: Summary of Accounting Principles (Continued)

Deferred Revenue

Deferred revenue for the year ended August 31, 2020 was \$2,969, which was the gain on investments to be recognized in fiscal year ending August 31, 2021. Deferred revenue for the year ended August 31, 2019 was \$26,169, which consisted of \$24,550 collected in advance for a special event and \$1,619 for the gain on investments to be recognized in fiscal year ending August 31, 2020.

Compensated Absences

Employees of CISSA are given up to twenty days paid time off (PTO) annually, depending upon employee classification. Unused PTO is not paid upon termination, whether voluntary or involuntary. Therefore, no accruals were made for compensated absences as of the fiscal years ending August 31, 2020 and 2019.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ending August 31, 2020 and 2019 were \$0.

Recently Issued Accounting Pronouncements

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for reporting periods beginning after December 15, 2020. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 31, 2019. On June 3, 2020, The FASB issued a one year delay for the effective date of this standard for entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020 reflecting adoption of ASC 606. As of June 3, 2020, CISSA had not yet issued such financial statements or made such financial statements available for issuance. Therefore, ASC 606 takes effect for CISSA in annual reporting periods beginning after December 15, 2019, and the interim reporting periods within annual reporting periods beginning after December 31, 2020. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer.

Management of CISSA is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note B: Summary of Accounting Principles (Continued)

Summarized Financial 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 GAAP. Accordingly, such information should be read in conjunction with CISSA's financial statements for the year ended August 31, 2019 from which the summarized information was derived.

Note C: Liquidity and Availability

The following represents CISSA's financial assets at August 31, 2020 and 2019 available to meet general expenditures over the next twelve months:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 5,466,785	\$ 3,380,860
Certificates of Deposit	1,301,484	797,637
Government Grants and Other Receivables	1,173,851	1,004,054
Interest Income Receivable	<u>566</u>	<u>666</u>
Total Financial Assets	<u>7,942,686</u>	<u>5,183,217</u>
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	\$ 1,071,846	\$ 742,756
Less net assets with timing restrictions to be met over the next twelve months	<u>(40,000)</u>	<u>(40,000)</u>
	<u>1,031,846</u>	<u>702,756</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 6,910,840</u>	<u>\$ 4,480,461</u>

CISSA regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In accordance with CISSA's Operating Reserves and Working Capital Policy, CISSA's goal is to maintain working capital (defined by CISSA as cash) to cover one month of operating expenses. In addition, CISSA maintains a Board Designated Operating Reserve Fund to achieve the following objectives:

- To enable CISSA to sustain operations through delays in payments of committed funding and to accept reimbursable contracts and grants without jeopardizing ongoing operations;
- To promote public and funder confidence in the long-term sustainability of CISSA by preventing chronic cash flow crisis that can diminish CISSA's reputation and force CISSA's leaders to make expensive, short-term, crisis based decisions;
- To create an internal line of credit to manage cash flow and maintain financial flexibility

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note C: Liquidity and Availability (Continued)

The target amount to be maintained of the Board Designated Operating Reserve Fund is 25% of CISSA's annual operating budget or three months of operating expenses. Board Designated Operating Reserves shall be accounted for separate and apart from Undesignated Operating Funds.

CISSA has various resources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, and various receivables. In addition to the financial assets available to meet general expenditures within one year, CISSA operates a balanced budget and anticipates earned revenues and annual support contributions sufficient to cover general expenditures not provided by other donor restricted sources.

Note D: Investments

CISSA has an Endowment Fund (the Endowment Fund), consisting of a money market investment fund, at the San Antonio Area Foundation (SAAF). The Investment Committee of the SAAF manages the funds held in CISSA's name. CISSA decides how the funds will be distributed and used. The Endowment Fund is recorded at fair market value and is collateralized by insurance contracts. The value of this investment at August 31, 2020 and 2019 was **\$24,187** and \$22,665 respectively. For additional information, refer to **Note M**.

Investments at August 31 are summarized as follows:

	2020		
	Cost	Fair Value	Accumulated Gain (Loss)
Certificates of Deposit	\$ 1,301,484	\$ 1,301,484	\$ -
Money Market Investment	\$ 21,218	\$ 24,187	\$ 2,969
2019			
	Cost	Fair Value	Accumulated Gain (Loss)
Certificates of Deposit	\$ 797,637	\$ 797,637	\$ -
Money Market Investment	\$ 21,046	\$ 22,665	\$ 1,619

Note E: Fair Value Measurement

The reporting entity uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how CISSA measures fair value, refer to **Note B**.

The following describes the valuation methods and assumptions used by CISSA in estimating the fair value disclosures for investments. There have been no changes in methodologies used at August 31, 2020 and 2019:

- *Money Market Investment* is valued at the fair value of shares at quoted market prices.
- *Certificates of Deposit* are valued at fair value at quoted market prices for assets not traded regularly.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note E: Fair Value Measurement (Continued)

The following table sets forth by level, within the fair value hierarchy, CISSA's investments at fair value as of August 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Investment	\$ 24,187	\$ -	\$ -	\$ 24,187
Certificates of Deposit	<u>-</u>	<u>1,301,484</u>	<u>-</u>	<u>1,301,484</u>
Total Investments at Fair Value	\$ <u>24,187</u>	\$ <u>1,301,484</u>	\$ <u>-</u>	\$ <u>1,325,671</u>

The following table sets forth by level, within the fair value hierarchy, CISSA's investments at fair value as of August 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Investment	\$ 22,665	\$ -	\$ -	\$ 22,665
Certificates of Deposit	<u>-</u>	<u>797,637</u>	<u>-</u>	<u>797,637</u>
Total Investments at Fair Value	\$ <u>22,665</u>	\$ <u>797,637</u>	\$ <u>-</u>	\$ <u>820,302</u>

Note F: Concentrations

Credit Risk of Financial Instruments and Investments

Financial instruments that potentially subject CISSA to concentrations of credit risk consist of its cash balances held at its financial institutions and its investment balances held with an investment firm if such balances exceed the related Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) protection limits. Accounts at the institutions are insured by the FDIC up to \$250,000. Accounts held with an investment firm are insured by the SIPC up to \$500,000. At August 31, 2020 and 2019, the cash balances at the institutions were in excess of the FDIC limit by **\$4,439,398** and \$2,211,598, respectively. At August 31, 2020 and 2019, the investment balance was in excess of the SIPC limit by **\$801,484** and \$297,637, respectively.

Support and Revenues

CISSA received approximately **27%** and 21% of total support and revenues from government grants in 2020 and 2019, respectively. For additional information, refer to **Note K**.

Note G: Tax Deferred Annuity Plan

CISSA participates in a tax-deferred annuity plan qualified under Section 403(B) of the Internal Revenue Code. The plan covers full-time and part-time employees of CISSA. All employees are eligible to make voluntary contributions. CISSA will match a qualified employee contribution up to 3% of their gross pay. CISSA contributed matching contributions of **\$79,235** and \$74,985 for the years ended August 31, 2020 and 2019, respectively. The plan requires two years of service, without an intervening break, to be vested in the matching portion of the plan. Additionally, employees must complete 1,000 hours of service to receive credit for one year of service.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note H: Government Grants and Other Receivables

Government Grants and Other Receivables at August 31 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Federal Agencies	\$ 73,934	\$ 78,283
State Agencies	273,209	112,084
Local Agencies and Organizations	434,920	308,505
Service Delivery Agreements	<u>391,788</u>	<u>505,182</u>
Total Government Grants and Other Receivables	<u>\$ 1,173,851</u>	<u>\$ 1,004,054</u>

Note I: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation at August 31 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 135,000	\$ 135,000
Building and Building Improvements	1,239,060	1,239,060
Equipment, Furniture and Fixtures	119,560	119,560
Vehicles	<u>36,417</u>	<u>36,417</u>
Total Property and Equipment	1,530,037	1,530,037
Less: Accumulated Depreciation	<u>(905,590)</u>	<u>(831,472)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 624,447</u>	<u>\$ 698,565</u>

Depreciation expense for the years ended August 31, 2020 and 2019 was **\$74,118** and \$74,118, respectively.

Note J: Long-Term Debt

Note Payable

In May of 2008, CISSA purchased land and buildings located at 1616 East Commerce, San Antonio, Texas, for \$1,350,000. A \$270,000 payment was made at the time of closing in addition to closing costs. The remaining balance of \$1,080,000 is secured by a 20 year note. In July 2020, the interest on the note payable was amended from 5.90% five year treasury plus 300 points adjusted every five years to 3.29% five year treasury plus 300 basis points adjusted every five years. The note is payable in monthly installments of \$6,706, secured by CISSA real estate, and matures on May 22, 2028. The note payable balance at August 31, 2020 and 2019 was **\$550,513** and \$605,694, respectively.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note J: Long-Term Debt (Continued)

Note Payable (Continued)

Future maturities of the note payable at August 31, 2020 are as follows:

2021	\$	61,333
2022		65,421
2023		67,607
2024		69,835
2025		72,197
Thereafter		<u>214,120</u>
	\$	<u>550,513</u>

Paycheck Protection Program Loan

On May 6, 2020, CISSA received loan proceeds in the amount of \$1,532,000 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. CISSA intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent the CISSA is not granted forgiveness, CISSA will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of May 6, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

At August 31, 2020, CISSA has recorded a note payable of \$1,532,000 and related accrued interest of \$6,936 and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended August 31, 2020.

Note K: Commitments and Contingencies

CISSA participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that CISSA has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note L: Donated Facilities, Goods, and Professional Services

Donated facilities, goods, and professional services are valued on their estimated fair market value on the date of contribution. CISSA coordinates an annual event, Stuff The Bus, to solicit donations of school supplies. The supplies are collected and divided amongst CISSA and several other non-profit agencies serving school-age children. The fair market value of the donated supplies is estimated to be **\$9,203** and \$567,118 for the years ended August 31, 2020 and 2019, respectively.

Note M: Endowment Fund

The Endowment Fund was created as a permanent endowment fund in 2005 to support CISSA. The investment objective for the capital fund is the preservation of capital, with the secondary purpose being to provide an income stream. The risk tolerance objective is investments should be made that ensure the preservation of capital in the overall capital and offsets during a twelve-month period. CISSA has permanent ownership of the principal portion of the Endowment Fund and in the event of dissolution of CISSA it will control the distribution of the funds. The net appreciation from the Endowment Fund is to be used to support CISSA's operating activities or for specific purpose designated by the donor. As of August 31, 2020, and 2019, the fair value of the Endowment Fund is **\$24,187** and \$22,665, respectively, and is held by the Investment Committee of the SAAF. The principal portion of the Endowment Fund in the amount of \$13,109 is not currently available for use by CISSA. The net appreciation of \$11,078 during the year ended August 31, 2020 is recorded as With Donor Restrictions and is available for use by CISSA. The entire endowment fund contribution of \$13,109 is donor restricted.

Activity of the Endowment Fund for the years ended August 31 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 22,665	\$ 23,340
Investment Income	225	223
Investment Fees	(363)	(320)
Appreciation or Depreciation	<u>1,660</u>	<u>(578)</u>
Ending Balance	<u>\$ 24,187</u>	<u>\$ 22,665</u>

Net Asset Breakdown of the Endowment Fund:

Restricted by Time or Purpose	\$ 11,078	\$ 9,556
Restricted by Perpetuity	<u>13,109</u>	<u>13,109</u>
Total Endowment Fund	<u>\$ 24,187</u>	<u>\$ 22,665</u>

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note N: Special Events

Special events are held by CISSA to help fund current operations and consisted of the following for the years ended August 31:

	2020		
	Revenue	Expenses	Special Events, net
GALA Lunch	\$ 146,745	\$ (285)	\$ 146,460
Stuff The Bus	232,635	(49,185)	183,450
Golf Tournament	27,620	(7,354)	20,266
Total	<u>\$ 407,000</u>	<u>\$ (56,824)</u>	<u>\$ 350,176</u>
	2019		
	Revenue	Expenses	Special Events, net
GALA Lunch	\$ 154,390	\$ (33,308)	\$ 121,082
Stuff The Bus	99,920	(47,552)	52,368
Golf Tournament	35,798	(13,242)	22,556
Total	<u>\$ 290,108</u>	<u>\$ (94,102)</u>	<u>\$ 196,006</u>

Note O: Net Assets

Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of the following at August 31:

	2020	2019
Restricted by Time or Purpose		
Participant Emergency Needs	\$ 104,297	\$ 26,630
Stuff The Bus	152,931	30,431
Property and Equipment	-	9,824
General Operations	80,000	120,000
Project Access	12,000	37,112
Parent Involvement	-	11,951
Pre-K	-	68,816
ROPES	-	552
Base Wellness Project	136,446	10,548
XY Zone	-	28,820
Program Support for Specifically Identified Schools	362,679	312,552
STEM Program	65,500	9,660
Pre-College Program	43,009	33,740
Endowment Fund	11,078	9,556
Community Engagement	\$ 21,000	\$ -

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note O: Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

	<u>2020</u>	<u>2019</u>
Restricted by Time or Purpose (Continued)		
Inspire U Program	\$ 10,850	\$ -
Student Scholarships	4,000	-
COVID-19 Response	54,947	-
Miscellaneous	-	19,455
Restricted by Perpetuity		
Endowment Fund	<u>13,109</u>	<u>13,109</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,071,846</u>	<u>\$ 742,756</u>

Net Assets Released from Restrictions

During the years ended August 31, 2020 and 2019, the following net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	<u>2020</u>	<u>2019</u>
Participant Emergency Needs	\$ 23,410	\$ 9,838
Stuff The Bus	108,354	98,961
Endowment Fund	-	675
Operation Graduation	-	100,000
General Operations	67,815	40,000
Pre-K	68,816	2,606
Stay-In-School Project	-	125,000
Base Wellness Project	61,759	76,363
Property and Equipment	11,324	15,176
Inspire U Program	22,750	5,000
Student Leaders	12,000	28,000
Project Access	37,111	90,651
Community Engagement	11,951	5,549
COVID-19 Response	8,079	-
Student Scholarships	1,000	-
ROPES	552	1,149
XY Zone	1,005	20,970
Program Support for Specifically Identified Schools	1,054,754	1,275,027
STEM Program	26,810	154,099
Pre-College Program	15,731	20,000
Training and Development	-	60,500
Miscellaneous	-	11,609
Total Net Assets Released from Restrictions	<u>\$ 1,533,221</u>	<u>\$ 2,141,173</u>

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2020 and 2019

Note P: Risk and Uncertainty

COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. CISSA is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on CISSA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on CISSA's customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact CISSA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note Q: Subsequent Events

Subsequent events have been evaluated through December 7, 2020, which is the date the financial statements were available to be issued.

Compliance Report

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors of
Communities In Schools of San Antonio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Communities In Schools of San Antonio (CISSA) (a nonprofit organization), which comprise the statement of financial position as of August 31, 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, and have issued our report thereon dated December 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CISSA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CISSA's internal control. Accordingly, we do not express an opinion on the effectiveness of CISSA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CISSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CISSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CISSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

December 7, 2020

**Independent Auditor's Report on Compliance for
Each Major State Program and on Internal Control
Over Compliance Required by the *State of Texas*
*Single Audit Circular***

To the Board of Directors of
Communities In Schools of San Antonio

Report on Compliance for Each Major State Program

We have audited Communities In Schools of San Antonio's (CISSA's) compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of CISSA's major state programs for the year ended August 31, 2020. CISSA's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CISSA's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular*. Those standards and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about CISSA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of CISSA's compliance.

Opinion on Each Major State Program

In our opinion, Communities In Schools of San Antonio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2020.

**Independent Auditor's Report on Compliance for
Each Major State Program and on Internal Control
Over Compliance Required by the *State of Texas*
Single Audit Circular (Continued)**

Report on Internal Control Over Compliance

Management of CISSA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CISSA's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CISSA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

December 7, 2020

Communities In Schools of San Antonio

Schedule of Expenditures of State Awards
 Year Ended August 31, 2020

<u>Federal or State Grantor/Pass through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grant ID Number</u>	<u>State Grant Expended During the Year</u>
<i>U.S. Department of Justice</i>			
<i>Pass through Texas Office of the Governor</i>			
<i>Criminal Justice Division</i>			
Safe and Supportive School Program	N/A	3762101	\$ <u>90,300</u>
<i>Total U.S. Department of Justice</i>			<u>90,300</u>
<i>U.S. Department of Education</i>			
<i>Pass through Texas Education Agency</i>			
Communities In Schools	N/A	200958027110022	2,142,441
Communities In Schools - Expansion Grant	N/A	200958037110004	<u>201,781</u>
<i>Total U.S. Department of Education</i>			<u>2,344,222</u>
TOTAL EXPENDITURES OF STATE AWARDS			\$ <u>2,434,522</u>

Communities In Schools of San Antonio

Notes to Schedule of Expenditures of State Awards
August 31, 2020

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of State Awards (the Schedule) includes the state grant activity of Communities In Schools of San Antonio (CISSA) under programs of the State of Texas for the year ended August 31, 2020. The information in this Schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular*.

Because the Schedule presents only a selected portion of the operations of CISSA it is not intended, and does not, present the financial position, changes in net assets or cash flows of CISSA. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of CISSA's state awards were in the form of cash assistance for the year ended August 31, 2020.

Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Communities In Schools of San Antonio

State Awards – Schedule of Findings and Questioned Costs
Year Ended August 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

State Awards

Internal Control Over Major Programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?	No

Identification of Major Programs:

<u>Grant ID Number</u>	<u>Name of State Program or Cluster</u>
200958027110022	Communities In Schools

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - STATE AWARD FINDINGS None