

**Communities In Schools
of San Antonio**

**Financial Statements
and Compliance Report**

August 31, 2022 and 2021



Communities In Schools of San Antonio

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Communities In Schools of San Antonio (CISSA) (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CISSA as of August 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report (Continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of CISSA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CISSA's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and State of Texas Single Audit Circular

We have audited the financial statements of CISSA as of and for the year ended August 31, 2022, and have issued our report thereon dated December 9, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards on page 26, is presented for purposes of additional analysis as required by the Uniform Guidance and *Texas Comptroller of Public Accounts, State of Texas Uniform Grant Management Standards*, which includes the State of Texas Single Audit Circular 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 schedule of expenditures of state awards 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 9, 2022, on our consideration of CISSA'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 CISSA's internal control over financial reporting and compliance.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited CISSA's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

December 9, 2022

Financial Statements

Communities In Schools of San Antonio

Statements of Financial Position
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 6,925,427	\$ 6,413,462
Certificates of Deposit	561,074	559,301
Grants and Other Receivables	1,953,373	1,593,859
Interest Income Receivable	519	842
Prepaid Expenses and Other Assets	55,396	18,591
Investments	<u>2,444,694</u>	<u>881,374</u>
<i>Total Current Assets</i>	11,940,483	9,467,429
<i>Assets Limited as to Use:</i>		
Money Market Investment - Endowment Fund	23,586	29,613
Investments - Board Designated	<u>7,000,000</u>	<u>-</u>
<i>Total Assets Limited as to Use</i>	7,023,586	29,613
Property and Equipment, Net of Accumulated Depreciation	<u>4,431</u>	<u>562,328</u>
Total Assets	\$ <u>18,968,500</u>	\$ <u>10,059,370</u>
Liabilities and Net Assets		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 130,412	\$ 174,260
Salaries and Benefits Payable	443,397	344,343
Note Payable - Current Portion	<u>-</u>	<u>65,626</u>
<i>Total Current Liabilities</i>	573,809	584,229
Note Payable - Long-Term Portion	<u>-</u>	<u>420,953</u>
<i>Total Liabilities</i>	573,809	1,005,182
<i>Net Assets:</i>		
Without Donor Restrictions	9,568,757	7,325,336
Without Donor Restrictions - Board Designated	7,000,000	-
With Donor Restrictions	<u>1,825,934</u>	<u>1,728,852</u>
<i>Total Net Assets</i>	18,394,691	9,054,188
Total Liabilities and Net Assets	\$ <u>18,968,500</u>	\$ <u>10,059,370</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Communities In Schools of San Antonio

Statement of Activities

Year Ended August 31, 2022 (with Comparative Totals for the Year Ended August 31, 2021)

	2022			2021 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and Revenues				
Support:				
Grants - State Government	\$ 2,684,437	\$ -	\$ 2,684,437	\$ 2,232,371
Grants - Federal Government	893,084	-	893,084	549,529
Grants - Local Government	1,292,692	-	1,292,692	1,134,749
United Way of San Antonio and Bexar County Grants, Donations and Contributions	620,129	-	620,129	568,168
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	7,994,174	1,988,062	9,982,236	3,360,236
Special Events, net of expenses of \$66,260 and \$40,107 in 2022 and 2021, respectively	-	-	-	1,532,000
Contributed Nonfinancial Assets	367,220	-	367,220	377,895
	111,490	-	111,490	58,105
Revenues:				
Service Delivery Agreements	8,562,198	-	8,562,198	6,290,443
Investment Income (Loss), net of fees of \$1,162 and \$1,204 in 2022 and 2021, respectively	(46,864)	-	(46,864)	10,944
Gain on Sale of Property and Equipment	577,920	-	577,920	-
Other Income	37,112	-	37,112	30,767
Net Assets Released from Restrictions	1,890,980	(1,890,980)	-	-
Total Support and Revenues	24,984,572	97,082	25,081,654	16,145,207
Expenses				
Program Services	12,783,853	-	12,783,853	11,047,397
Support Services:				
Management and General	2,749,740	-	2,749,740	1,905,315
Fundraising	207,558	-	207,558	188,101
Total Expenses	15,741,151	-	15,741,151	13,140,813
Change in Net Assets	9,243,421	97,082	9,340,503	3,004,394
Net Assets at Beginning of Year	7,325,336	1,728,852	9,054,188	6,049,794
Net Assets at End of Year	\$ 16,568,757	\$ 1,825,934	\$ 18,394,691	\$ 9,054,188

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, 2022 (with Comparative Totals for the Year Ended August 31, 2021)

	<u>Support Services</u>			Total Support Services	2022 Totals	2021 Totals
	Program Services	Management and General	Fundraising			
Salaries and Wages	\$ 9,478,662	\$ 1,409,727	\$ 165,689	\$ 1,575,416	\$ 11,054,078	\$ 9,398,264
Payroll Taxes and Employee Benefits	<u>1,884,113</u>	<u>251,996</u>	<u>25,905</u>	<u>277,901</u>	<u>2,162,014</u>	<u>1,895,400</u>
Total Employee Compensation	11,362,775	1,661,723	191,594	1,853,317	13,216,092	11,293,664
Communications	1,807	15,013	100	15,113	16,920	17,768
Contractual	291,429	737,437	1,250	738,687	1,030,116	410,135
Enrichment and Need	605,754	4,214	55	4,269	610,023	575,144
Equipment	46,012	6,854	-	6,854	52,866	114,456
Contributed Nonfinancial Assets - School Supplies	111,490	-	-	-	111,490	58,105
Insurance	75,570	7,018	-	7,018	82,588	69,519
Interest Expense	-	9,352	-	9,352	9,352	2,895
Maintenance and Repair	315	4,625	-	4,625	4,940	2,980
Marketing	-	17,712	-	17,712	17,712	24,438
Other	28,386	30,845	13,318	44,163	72,549	53,970
Premise Expense	105	21,520	-	21,520	21,625	29,650
Printing and Copying	1,287	25,764	-	25,764	27,051	46,669
Rent	-	3,376	-	3,376	3,376	-
Supplies	97,777	69,143	1,210	70,353	168,130	254,883
Travel and Training	<u>161,146</u>	<u>97,214</u>	<u>31</u>	<u>97,245</u>	<u>258,391</u>	<u>112,216</u>
Total Expenses before Depreciation	12,783,853	2,711,810	207,558	2,919,368	15,703,221	13,066,492
Depreciation	<u>-</u>	<u>37,930</u>	<u>-</u>	<u>37,930</u>	<u>37,930</u>	<u>74,321</u>
Total Expenses	<u>\$ 12,783,853</u>	<u>\$ 2,749,740</u>	<u>\$ 207,558</u>	<u>\$ 2,957,298</u>	<u>\$ 15,741,151</u>	<u>\$ 13,140,813</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 9,340,503	\$ 3,004,394
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	37,930	74,321
Gain on Sale of Property and Equipment	(577,920)	-
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	-	(1,532,000)
Unrealized (Gain) Loss on Investments	84,375	(17,068)
(Increase) Decrease in:		
Grants and Other Receivables	(359,514)	(420,008)
Interest Income Receivable	323	(276)
Prepaid Expenses and Other Assets	(36,805)	14,053
Increase (Decrease) in:		
Accounts Payable	(43,848)	18,154
Salaries and Benefits Payable	99,054	18,697
Deferred Revenue	-	(2,969)
Accrued Interest on Paycheck Protection Program Loan	-	(6,936)
Net Cash Provided by Operating Activities	<u>8,544,098</u>	<u>1,150,362</u>
Cash Flows From Investing Activities:		
Proceeds from Redemption of Certificates of Deposit	-	744,000
Reinvestment of Certificates of Deposit Dividend and Interest	(1,773)	(1,817)
Purchase of Investments	(8,604,070)	(875,856)
Reinvestment of Income from Money Market Investments Dividends and Interest, net of Fees	(37,598)	6,124
Purchase of Property and Equipment	(5,113)	(12,202)
Proceeds from Sale of Property and Equipment	1,103,000	-
Net Cash Used by Investing Activities	<u>(7,545,554)</u>	<u>(139,751)</u>
Cash Flows From Financing Activities:		
Payments on Note Payable	(486,579)	(63,934)
Net Cash Used by Financing Activities	<u>(486,579)</u>	<u>(63,934)</u>
Net Increase in Cash and Cash Equivalents	511,965	946,677
Cash and Cash Equivalents, Beginning of Year	<u>6,413,462</u>	<u>5,466,785</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,925,427</u>	<u>\$ 6,413,462</u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 9,352</u>	<u>\$ 34,652</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

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. The mission of CISSA is to surround students with a community of support, empowering them to stay in school and achieve in life. 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) applicable to not-for-profit organizations. 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, 2022 and 2021

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 money market investment, certificates of deposit, and short-term investments.

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, 2022 and 2021. 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, investments, and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position, except for money market investment and investments (see **Note D**) approximates fair value.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note B: Summary of Accounting Principles (Continued)

Investments

Investments are carried at fair value based on quoted market prices for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or fair value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Investment income and gains restricted by a donor are reported as increases in Net Assets Without Donor Restrictions if the restrictions are met (either by passage of time or by use in the reporting period in which the income are gains are reported).

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. Land is not depreciated. 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.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note B: Summary of Accounting Principles (Continued)

Revenue Recognition (Continued)

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 when the performance obligation of providing the counseling and supportive services are performed.

Compensated Absences

Employees of CISSA are given up to twenty-four 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, 2022 and 2021.

Prepaid Expenses

Expenses recorded in advance of the service or product being received are deferred and included in the Statements of Financial Position as Prepaid Expenses and Other Assets.

Recently Issued Accounting Pronouncements

Adopted During 2022

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Refer to **Note P**.

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. 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 of CISSA 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.

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, 2021 from which the summarized information was derived.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note C: Liquidity and Availability of Financial Assets

The following represents CISSA's financial assets at August 31, 2022 and 2021 available to meet general expenditures over the next twelve months:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 6,925,427	\$ 6,413,462
Certificates of Deposit	561,074	559,301
Grants and Other Receivables	1,953,373	1,593,859
Interest Income Receivable	519	842
Money Market Investment - Endowment Fund	23,586	29,613
Investments	<u>9,444,694</u>	<u>881,374</u>
Total Financial Assets	<u>18,908,673</u>	<u>9,478,451</u>
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	1,825,934	1,728,852
Investments - Board Designated	7,000,000	-
Less net assets with timing restrictions to be met over the next twelve months	<u>-</u>	<u>(40,000)</u>
	<u>8,825,934</u>	<u>1,688,852</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,082,739</u>	<u>\$ 7,789,599</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

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

Any amounts above the minimum levels established for Working Capital and Board-Designated Operating Reserves may at any time be further designated by the Board of Directors as not available for operations. The amount of such designation will be determined and approved by the Board of Directors and reported separately on CISSA's balance sheet.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note D: Investments and Fair Value Measurements

CISSA 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, 2022.

- *Money Market Investment, Equities, Short-Term Funds, and U.S. Treasuries* is valued at the fair value of shares at quoted market prices.
- *Fixed Income* is valued at fair value at quoted market prices for assets not traded regularly.

The following table sets forth by level, within the fair value hierarchy, CISSA's investments and Endowment at fair value as of August 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Investment	\$ 23,586	\$ -	\$ -	\$ 23,586
Equities	195,147	-	-	195,147
Fixed Income	-	753,672	-	753,672
Short-Term Funds	5,009,812	-	-	5,009,812
U.S. Treasuries	3,486,063	-	-	3,486,063
Total Investments at Fair Value	<u>\$ 8,714,608</u>	<u>\$ 753,672</u>	<u>\$ -</u>	<u>\$ 9,468,280</u>

The following table sets forth by level, within the fair value hierarchy, CISSA's investments at fair value as of August 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Investment	\$ 29,613	\$ -	\$ -	\$ 29,613
Equities	180,833	-	-	180,833
Fixed Income	-	700,541	-	700,541
Total Investments at Fair Value	<u>\$ 210,446</u>	<u>\$ 700,541</u>	<u>\$ -</u>	<u>\$ 910,897</u>

Investment returns for the years ended August 31 is summarized and reported on the Statement of Activities as follows:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 30,450	\$ 406
Unrealized Gain (Loss)	(84,375)	17,068
Realized Gain (Loss)	8,223	(5,326)
Less: Fees	<u>(1,162)</u>	<u>(1,204)</u>
Total Investment Income (Loss), net	<u>\$ (46,864)</u>	<u>\$ 10,944</u>

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note E: Concentrations

Credit Risk of Financial Instruments and Investments

Financial instruments which potentially subject CISSA to a concentration of credit risk consist of its cash balances held at its financial institution. The accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At August 31, 2022 and 2021, CISSA's cash balance at its financial institution exceeded the insured FDIC limit by **\$5,932,099** and \$5,316,093 respectively. CISSA has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

CISSA maintains an investment account at one institution in San Antonio, Texas and two investment accounts with another institution. The accounts at these institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 for securities and cash, which includes a limit of \$250,000 for cash only. At August 31, 2022 and 2021, the investment balance was in excess of the SIPC limit by **\$7,495,875** and \$384,421 respectively. CISSA has not experienced any losses in such account and management believes it is not exposed to a significant risk on its investment balance.

Support and Revenues

CISSA received approximately **19%**, **34%**, and **40%** of total support and revenues from government grants, service delivery agreements, and grants, donations, and contributions, respectively, for the year ended August 31, 2022. The 40% total support and revenues from grants, donations, and contributions for the year ended August 31, 2022 includes \$7,000,000 donation from one source. CISSA received approximately 24%, 39%, and 21% of total support and revenues from government grants, service delivery agreements, and grants, donations, and contributions, respectively, for the year ended August 31, 2021. For additional information on government grants, refer to **Note K**.

Note F: 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 **\$95,669** and \$83,211 for the years ended August 31, 2022 and 2021, 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.

Note G: Grants and Other Receivables

Government Grants and Other Receivables consisted of the following at August 31:

	<u>2022</u>	<u>2021</u>
Federal Agencies	\$ 136,871	\$ 46,966
State Agencies	403,407	196,092
Local Agencies and Organizations	227,418	273,007
Service Delivery Agreements	<u>1,185,677</u>	<u>1,077,794</u>
Total Grants and Other Receivables	<u>\$ 1,953,373</u>	<u>\$ 1,593,859</u>

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note H: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at August 31:

	<u>2022</u>	<u>2021</u>
Land	\$ -	\$ 135,000
Building and Building Improvements	-	1,251,262
Equipment, Furniture and Fixtures	68,626	119,560
Vehicles	-	36,417
Total Property and Equipment	68,626	1,542,239
Less: Accumulated Depreciation	(64,195)	(979,911)
Property and Equipment, Net of Accumulated Depreciation	\$ 4,431	\$ 562,328

Depreciation expense for the years ended August 31, 2022 and 2021 was **\$37,930** and \$74,321, respectively.

Note I: Note Payable

In May of 2008, CISSA purchased land and buildings 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 was 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 was payable in monthly installments of \$6,706, secured by CISSA real estate, and was scheduled to mature on May 22, 2028. In March 2022, CISSA sold land and buildings at 1616 East Commerce and relocated to existing office space at 1045 Cheever Blvd. #201. For additional information, refer to **Note O**. As a result of proceeds from sale of land and buildings, the note payable balance was closed. The balance of the note payable at August 31, 2022 and 2021 was **\$0** and \$486,579, respectively.

Note J: 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. CISSA used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period. On June 17, 2021, CISSA was granted 100% forgiveness and was legally released from the loan obligation. The forgiveness income is recorded as Gain on Extinguishment of Debt – Forgiven PPP Loan in the amount of \$1,532,000 in the Statement of Activities for the year ended August 31, 2021.

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, 2022 and 2021

Note L: Endowment Fund

CISSA has an Endowment Fund (the Endowment Fund), consisting of a money market investment fund, at the San Antonio Area Foundation (SAAF). 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. 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. As of August 31, 2022, and 2021, the fair value of the Endowment Fund is **\$23,586** and \$29,613, 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 \$10,477 during the year ended August 31, 2022 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>2022</u>	<u>2021</u>
Beginning Balance	\$ 29,613	\$ 24,187
Investment Income	308	180
Investment Fees	(1,062)	(1,170)
Unrealized Gain (Loss)	(5,623)	6,416
Realized Gain	350	-
Ending Balance	<u>\$ 23,586</u>	<u>\$ 29,613</u>

Net Asset Breakdown of the Endowment is summarized as follows:

	<u>2022</u>	<u>2021</u>
Restricted by Purpose	\$ 10,477	\$ 16,504
Restricted by Perpetuity	<u>13,109</u>	<u>13,109</u>
Total Endowment Fund	<u>\$ 23,586</u>	<u>\$ 29,613</u>

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note M: Special Events

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

	<u>2022</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Special Events, net</u>
GALA Lunch	\$ 148,995	\$ (38,378)	\$ 110,617
Stuff The Bus	<u>284,485</u>	<u>(27,882)</u>	<u>256,603</u>
Total	<u>\$ 433,480</u>	<u>\$ (66,260)</u>	<u>\$ 367,220</u>
	<u>2021</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Special Events, net</u>
GALA Lunch	\$ 123,668	\$ (29,038)	\$ 94,630
Stuff The Bus	<u>294,334</u>	<u>(11,069)</u>	<u>283,265</u>
Total	<u>\$ 418,002</u>	<u>\$ (40,107)</u>	<u>\$ 377,895</u>

Note N: Net Assets

Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Restricted by Purpose		
Participant Emergency Needs	\$ 163,211	\$ 79,142
Stuff The Bus	234,000	244,372
Property and Equipment	15,000	1,717
Project Access	4,180	32,419
Base Wellness Project	138,198	55,655
Workforce Development	448,041	758,057
Program Support for Specifically Identified Schools	332,045	286,654
STEM Program	31,776	22,000
Pre-College Program	69,351	45,176
Endowment Fund	10,477	16,504
Inspire U Program	33,821	40,867
Student Scholarships	3,000	3,000
Youth Development	178,243	90,180
Uvalde Response	114,130	-
Mental Health	12,362	-
Training and Development	\$ 14,990	\$ -

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note N: Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

	<u>2022</u>	<u>2021</u>
Restricted by Purpose (Continued)		
Miscellaneous	\$ 10,000	\$ -
Restricted by Time		
General Operations	-	40,000
Restricted by Perpetuity		
Endowment Fund	<u>13,109</u>	<u>13,109</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 1,825,934</u>	 <u>\$ 1,728,852</u>

During the years ended August 31, 2022 and 2021, 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.

Net Assets Released from Restrictions

	<u>2022</u>	<u>2021</u>
Participant Emergency Needs	\$ 134,700	\$ 136,473
Stuff The Bus	189,168	142,751
Endowment Fund	6,027	-
General Operations	40,000	40,000
Base Wellness Project	91,603	80,792
Property and Equipment	1,717	13,283
Inspire U Program	12,046	20,379
Student Leaders	-	32,000
Project Access	28,239	64,580
Community Engagement	-	21,000
COVID-19 Response	-	54,947
Student Scholarships	-	1,000
Workforce Development	310,017	243,101
Program Support for Specifically Identified Schools	913,238	996,097
STEM Program	31,484	54,277
Pre-College Program	32,825	22,906
Miscellaneous	96,409	29,822
Uvalde Response	870	-
Mental Health	<u>2,637</u>	<u>-</u>
 Total Net Assets Released from Restrictions	 <u>\$ 1,890,980</u>	 <u>\$ 1,953,408</u>

Note O. Lease

In March 2022, CISSA sold land and buildings at 1616 East Commerce and relocated to existing office space at 1045 Cheever Blvd. #201. In June 2022, CISSA entered into non-cancellable lease agreement for office space 1045 Cheever Blvd. #201 for ten years effective the later of August 1, 2022 or ten days following date of completion of leasehold improvements. The total amount of rent expense for office space for the years ended August 31, 2022 and 2021 was \$3,376 and \$0, respectively.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note O. Lease (Continued)

Future minimum rental payments due under non-cancellable lease agreement for office space in excess of one year as of August 31, 2022 is summarized as follows:

2023	\$	150,894
2024		150,894
2025		159,277
2026		159,277
2027		167,660
Thereafter		<u>873,229</u>
Total	\$	<u>1,661,231</u>

Note P: Contributed Nonfinancial Assets

For the years ended August 31, contributed nonfinancial assets recognized within the Statement of Activities included:

	<u>2022</u>	<u>2021</u>
School Supplies	\$ <u>111,490</u>	\$ <u>58,105</u>
Total Contributed Nonfinancial Assets	\$ <u>111,490</u>	\$ <u>58,105</u>

CISSA coordinates an annual event, Stuff The Bus, to solicit donations of school supplies. The supplies are collected and divided amongst CISSA for use in program and management and general activities. CISSA estimated the fair value of school supplies on the basis of estimates of prices of identical or similar products if purchased. The school supplies did not have donor-imposed restrictions. The contributed supplies amount of **\$111,490** and \$58,105 for the years ended August 31, 2022 and 2021, respectively, is included in the Statement of Functional Expenses as Contributed Nonfinancial Assets – School Supplies.

Note Q. COVID-19 Risk and Uncertainty

Current Economic Events

Certain current economic events have arisen which could impact CISSA's ongoing operations. As a result of the COVID-19 pandemic, mandated and voluntary closings have caused various business and supply chain disruptions which have an indeterminate duration. Additionally, the effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital and labor. Any related financial impact cannot be reasonably estimated at this time.

Investment Risks

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

Communities In Schools of San Antonio

Notes to Financial Statements
August 31, 2022 and 2021

Note R: Subsequent Events

Subsequent events have been evaluated through December 9, 2022, 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, 2022, 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 9, 2022.

Report on 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.

Report on 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 9, 2022

**Independent Auditor's Report on Compliance for
Each Major State Program and on Internal Control
Over Compliance Required by the Uniform Guidance
and State of Texas Uniform Grant Management Standards**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited CISSA's compliance with the types of compliance requirements described in the OMB Compliance Supplement and *Texas Comptroller of Public Accounts, State of Texas Uniform Grant Management Standards*, which includes the State of Texas Single Audit Circular (UGMS) that could have a direct and material effect on each of CISSA's major federal and state programs for the year ended August 31, 2022. CISSA's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CISSA 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 federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

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, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the UGMS. Our responsibilities under those standards and the UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of CISSA and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of CISSA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CISSA's federal and state programs.

**Independent Auditor's Report on Compliance for
Each Major State Program and on Internal Control
Over Compliance Required by the Uniform Guidance
and State of Texas Uniform Grant Management Standards (Continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CISSA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CISSA's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CISSA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CISSA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of CISSA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Compliance for
Each Major State Program and on Internal Control
Over Compliance Required by the Uniform Guidance
and State of Texas Uniform Grant Management Standards (Continued)**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance and the UGMS. Accordingly, this report is not suitable for any other purpose.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

December 9, 2022

Communities In Schools of San Antonio

Schedule of Expenditures of Federal and State Awards Year Ended August 31, 2022

Federal or State Grantor/Pass through Grantor/Program Title	Assistance Listing Number	Grant ID Number	Federal Grant Expended During the Year	State Grant Expended During the Year
U.S. Department of Health and Human Services				
<i>Pass through San Antonio Metropolitan Health District</i>				
<i>Activities to Support State, Tribal, Local and Territorial (STLT)</i>				
<i>Health Department Response to Public Health or Healthcare Crises</i>				
	93.391	NH75OT000083	\$ 217,732	\$ -
Total U.S. Department of Health and Human Services			<u>217,732</u>	<u>-</u>
Texas Health and Human Services Commission				
<i>Pass through Texas Education Agency</i>				
<i>Temporary Assistance for Needy Families (TANF)</i>				
	93.558	223630027110021	296,163	-
Total Texas Health and Human Services Commission			<u>296,163</u>	<u>-</u>
Texas Office of the Governor Criminal Justice Division				
<i>Safe and Supportive School Program</i>				
	N/A	3967502	-	76,554
Total Texas Office of the Governor Criminal Justice Division			<u>-</u>	<u>76,554</u>
Texas Education Agency				
<i>Communities In Schools</i>				
	N/A	220958027110021	-	2,592,090
Total Texas Education Agency			<u>-</u>	<u>2,592,090</u>
Corporation for National and Community Service				
<i>Pass through OneStar National Service Commission</i>				
<i>AmeriCorps - Stay In School Program</i>				
	94.006	19AFHTX0010001	418,168	-
Total Corporation for National and Community Service			<u>418,168</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 932,063</u>	<u>\$ 2,668,644</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

Communities In Schools of San Antonio

Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2022

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of Communities In Schools of San Antonio (CISSA) under programs of the federal government and State of Texas for the year ended August 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Single Audit Circular (UGMS).

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 federal and state awards were in the form of cash assistance for the year ended August 31, 2022.

Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) CISSA has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Communities In Schools of San Antonio

Federal Awards – Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

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

Federal 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 2 CFR Section 200.516?	No

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
94.006	AmeriCorps - Stay In School Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - STATE AWARD FINDINGS None

Communities In Schools of San Antonio

Federal Awards – Summary Status of Prior Year Audit Findings
Year Ended August 31, 2022

There are no findings from prior year that require an update in this report.

Communities In Schools of San Antonio

State Awards – Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

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 <i>State of Texas Single Audit Circular</i> ?	No

Identification of Major Programs:

<u>Grant ID Number</u>	<u>Name of State Program or Cluster</u>
220958027110021	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

Communities In Schools of San Antonio

State Awards – Summary Status of Prior Year Audit Findings
Year Ended August 31, 2022

There are no findings from prior year that require an update in this report.