

**Communities In Schools  
of San Antonio**

**Financial Statements  
and Supplementary Information**

**August 31, 2018 and 2017**



# 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

### **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, 2018, 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, 2018, 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)

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### **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from Communities In Schools of San Antonio's 2017 financial statements which were audited by another auditor and, in their report dated November 30, 2017, they expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, 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 4, 2018, 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 CISSA's internal control over financial reporting and compliance.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

December 4, 2018

## **Financial Statements**

## Communities In Schools of San Antonio

Statements of Financial Position  
August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,790,766	\$ 2,752,825
Investments	785,946	539,972
Government Grants and Other Receivables	844,626	637,947
Interest Income Receivable	2,357	236
Prepaid Insurance and Other Deposits	51,995	50,738
<b>Total Current Assets</b>	<u>4,475,690</u>	<u>3,981,718</u>
<b>Assets Limited as to Use - Endowment Fund:</b>		
Money Market Investments	23,340	21,972
<b>Total Assets as to Use - Endowment Fund</b>	<u>23,340</u>	<u>21,972</u>
Property and Equipment, net	772,683	855,927
<b>Total Assets</b>	<u>\$ 5,271,713</u>	<u>\$ 4,859,617</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 66,614	\$ 50,249
Salaries and Benefits Payable	300,815	258,670
Deferred Revenue	13,742	2,273
Note Payable, Current Portion	51,363	54,267
<b>Total Current Liabilities</b>	<u>432,534</u>	<u>365,459</u>
<b>Long Term Debt:</b>		
Note Payable, Long-Term Portion	605,533	653,567
<b>Total Long Term Debt</b>	<u>605,533</u>	<u>653,567</u>
<b>Total Liabilities</b>	<u>1,038,067</u>	<u>1,019,026</u>
<b>Net Assets:</b>		
Unrestricted:		
General Operating	3,370,061	2,972,186
Investment in Property & Equipment, net of Related Debt	115,787	148,093
Temporarily Restricted	734,689	707,203
Permanently Restricted	13,109	13,109
<b>Total Net Assets</b>	<u>4,233,646</u>	<u>3,840,591</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,271,713</u>	<u>\$ 4,859,617</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, 2018 (with Comparative Totals for the Year Ended August 31, 2017)

	2018			Totals	2017 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Support and Revenues</b>					
Grants - State Government	\$ 1,164,839	\$ -	\$ -	\$ 1,164,839	\$ 1,133,239
Grants - Federal Government	408,648	-	-	408,648	773,136
Grants - Local Government	789,293	-	-	789,293	627,724
Service Contracts	4,008,722	-	-	4,008,722	4,151,127
United Way of San Antonio	660,904	-	-	660,904	729,386
Private Grants, Donations and Contributions	511,612	1,897,069	-	2,408,681	1,729,834
Special Events, GALA Lunch, net	113,246	-	-	113,246	124,643
Special Events, Top Golf, net	27,911	-	-	27,911	23,005
Special Events, Stuff The Bus, net	58,780	-	-	58,780	50,289
In-Kind Revenues	673,886	-	-	673,886	640,931
Other Income	34,704	1,368	-	36,072	26,611
Net Assets Released from Restrictions	1,870,951	(1,870,951)	-	-	-
<b>Total Support and Revenues</b>	<b>10,323,496</b>	<b>27,486</b>	<b>-</b>	<b>10,350,982</b>	<b>10,009,925</b>
<b>Expenses</b>					
Program Services	8,297,827	-	-	8,297,827	8,155,152
<b>Support Services:</b>					
Management and General	1,449,363	-	-	1,449,363	1,355,784
Fundraising	210,737	-	-	210,737	204,523
<b>Total Expenses</b>	<b>9,957,927</b>	<b>-</b>	<b>-</b>	<b>9,957,927</b>	<b>9,715,459</b>
<b>Change in Net Assets</b>	<b>365,569</b>	<b>27,486</b>	<b>-</b>	<b>393,055</b>	<b>294,466</b>
<b>Net Assets at Beginning of Year</b>	<b>3,120,279</b>	<b>707,203</b>	<b>13,109</b>	<b>3,840,591</b>	<b>3,546,125</b>
<b>Net Assets at End of Year</b>	<b>\$ 3,485,848</b>	<b>\$ 734,689</b>	<b>\$ 13,109</b>	<b>\$ 4,233,646</b>	<b>\$ 3,840,591</b>

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, 2018 (with Comparative Totals for the Year Ended August 31, 2017)

	<u>Support Services</u>				<b>2018 Totals</b>	2017 Totals
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>		
<b>Salaries and Related Expenses:</b>						
Salaries and Wages	\$ 5,726,236	\$ 888,127	\$ 166,611	\$ 1,054,738	<b>\$ 6,780,974</b>	\$ 6,661,382
Fringe Benefits	1,157,810	166,656	25,373	192,029	<b>1,349,839</b>	1,304,308
Total Salaries and Related Expenses	<u>6,884,046</u>	<u>1,054,783</u>	<u>191,984</u>	<u>1,246,767</u>	<b><u>8,130,813</u></b>	<u>7,965,690</u>
<b>Other Operating Expenses:</b>						
Contractual	53,815	122,864	-	122,864	<b>176,679</b>	99,314
Communications	4,753	13,176	869	14,045	<b>18,798</b>	21,355
Premise Expense	3,022	29,087	896	29,983	<b>33,005</b>	47,580
Interest Expense	-	31,883	-	31,883	<b>31,883</b>	28,503
Insurance	53,798	18,810	-	18,810	<b>72,608</b>	68,036
Travel and Training	105,320	48,223	9,330	57,553	<b>162,873</b>	137,768
Equipment	54,988	-	2,474	2,474	<b>57,462</b>	28,316
Maintenance and Repair	1,852	8,903	-	8,903	<b>10,755</b>	2,457
Printing and Copying	955	23,222	579	23,801	<b>24,756</b>	19,063
Advertising and Marketing	24,382	9,176	-	9,176	<b>33,558</b>	37,542
Supplies	22,522	46,215	994	47,209	<b>69,731</b>	57,006
Enrichment and Need	339,612	58	72	130	<b>339,742</b>	443,189
In-Kind Expenses - School Supplies	673,886	-	-	-	<b>673,886</b>	640,931
Other	33,254	1,341	3,539	4,880	<b>38,134</b>	38,702
Total Other Operating Expenses	<u>1,372,159</u>	<u>352,958</u>	<u>18,753</u>	<u>371,711</u>	<b><u>1,743,870</u></b>	<u>1,669,762</u>
Total Expenses before Depreciation	8,256,205	1,407,741	210,737	1,618,478	<b>9,874,683</b>	9,635,452
Depreciation	<u>41,622</u>	<u>41,622</u>	<u>-</u>	<u>41,622</u>	<b><u>83,244</u></b>	<u>80,007</u>
<b>Total Expenses</b>	<b><u>\$ 8,297,827</u></b>	<b><u>\$ 1,449,363</u></b>	<b><u>\$ 210,737</u></b>	<b><u>\$ 1,660,100</u></b>	<b><u>\$ 9,957,927</u></b>	<b><u>\$ 9,715,459</u></b>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 393,055	\$ 294,466
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	83,244	80,007
Unrealized Gain on Investments	(1,504)	(2,104)
(Increase) Decrease in:		
Government Grants and Other Receivables	(206,679)	257,019
Interest Income Receivable	(2,121)	(17)
Prepaid Insurance and Other Deposits	(1,257)	(11,587)
Increase (Decrease) in:		
Accounts Payable	16,365	(12,584)
Salaries and Benefits Payable	42,145	43,905
Deferred Revenue	11,469	(31,749)
<b>Net Cash Provided by Operating Activities</b>	<u>334,717</u>	<u>617,356</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Investments	(245,000)	-
Reinvestment of Income from Investments	(838)	(2,733)
Purchase of Property and Equipment	-	(63,513)
<b>Net Cash Used by Investing Activities</b>	<u>(245,838)</u>	<u>(66,246)</u>
<b>Cash Flows From Financing Activities:</b>		
Repayments on Note Payable	(50,938)	(52,231)
<b>Net Cash Used by Financing Activities</b>	<u>(50,938)</u>	<u>(52,231)</u>
<b>Net Increase in Cash</b>	37,941	498,879
Cash and Cash Equivalents, Beginning of Year	<u>2,752,825</u>	<u>2,253,946</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,790,766</u>	<u>\$ 2,752,825</u>
<b>Supplemental Disclosures:</b>		
Interest Paid	<u>\$ 31,883</u>	<u>\$ 28,503</u>

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

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### **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 three classes of net assets:

- *Unrestricted net assets* – net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that may or will be met either by actions of CISSA and/or the passage of time.
- *Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by CISSA.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated on the basis of estimates by management among the programs and supporting services, based primarily on the nature of the expense concerned and percentages of time allocated to these functions.

#### ***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.

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### **Note B: Summary of Accounting Principles (Continued)**

#### ***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, 2018 and 2017. 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, investments, and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position, except for investments and the endowment fund (see **Note D**), approximates fair value.

#### ***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.

#### ***Contributions Receivable (Promises to Give)***

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue and a corresponding asset in the period the pledge is received.

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### Note B: Summary of Accounting Principles (Continued)

#### *Property and Equipment*

CISSA capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. 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

#### *Restricted and Unrestricted Revenue and Support*

CISSA recognizes contributions received as revenue in the year received or unconditionally promised. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Revenues are reported as increases in unrestricted net assets unless the use of the assets received is limited by donor-imposed restrictions. Restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "Net Assets Released from Restrictions." Absent explicit donor stipulations about the length of time long-lived assets must be maintained, CISSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. CISSA enters into service contracts with various school districts for the implementation of approved services and resources provided by CISSA. Revenue from these service contracts is recorded as an increase in unrestricted net assets.

#### *Deferred Revenue*

Deferred revenue for the year ended August 31, 2018 was \$13,742, which consisted of \$12,523 collected in advance for a special event and \$1,219 for the gain on investments to be recognized in fiscal year ending August 31, 2019. Deferred revenue for the year ended August 31, 2017 was \$2,273, which consisted of \$1,000 collected in advance for a special event and \$1,273 for the gain on investments to be recognized in fiscal year ending August 31, 2018.

#### *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, 2017 from which the summarized information was derived.

#### *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, 2018 and 2017.

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### Note B: Summary of Accounting Principles (Continued)

#### *Advertising Costs*

Advertising costs are expensed as incurred. Advertising expenses for the years ending August 31, 2018 and 2017 were **\$475** and \$2,272, respectively.

#### *New Accounting Pronouncements*

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 15, 2019. 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.

In February 2016, FASB issued ASU 2016-02, *Leases*, effective for reporting periods beginning after December 15, 2019. 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 August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will result in significant changes to financial reporting and disclosures for non-for-profit organizations and is effective for periods beginning after December 15, 2017, with early adoption permitted. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expenses by function and natural classification for all not-for-profit organizations, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. Management of CISSA is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is effective for periods beginning after December 15, 2018, with early adoption permitted. The pronouncement clarifies the definition of an exchange transaction and contributions made and received. Management of CISSA is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

### Note C: Investments

CISSA has an Endowment Fund (the Endowment 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, 2018 and 2017 was **\$23,340** and \$21,972 respectively. For additional information, refer to **Note L**.

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

### Note C: Investments (Continued)

Investments at August 31 are summarized as follows:

	2018		
	Cost	Fair Value	Accumulated Gain (Loss)
Certificates of Deposit	\$ 785,946	\$ 785,946	\$ -
Total Investments	<u>\$ 785,946</u>	<u>\$ 785,946</u>	<u>\$ -</u>
Endowment Fund	<u>\$ 22,121</u>	<u>\$ 23,340</u>	<u>\$ 1,219</u>

  

	2017		
	Cost	Fair Value	Accumulated Gain (Loss)
Certificates of Deposit	\$ 539,972	\$ 539,972	\$ -
Total Investments	<u>\$ 539,972</u>	<u>\$ 539,972</u>	<u>\$ -</u>
Endowment Fund	<u>\$ 20,699</u>	<u>\$ 21,972</u>	<u>\$ 1,273</u>

### Note D: 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, 2018 and 2017:

- *Money Markets* are valued at the fair value of shares at quoted market prices.
- *Certificates of Deposits* are 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 at fair value as of August 31, 2018 and 2017:

	Level 1	Level 2	Level 3	Total
Endowment Fund	\$ 23,340	\$ -	\$ -	\$ 23,340
Certificates of Deposits	<u>-</u>	<u>785,946</u>	<u>-</u>	<u>785,946</u>
Total Investments at Fair Value	<u>\$ 23,340</u>	<u>\$ 785,946</u>	<u>\$ -</u>	<u>\$ 809,286</u>

  

	Level 1	Level 2	Level 3	Total
Endowment Fund	\$ 21,972	\$ -	\$ -	\$ 21,972
Certificates of Deposits	<u>-</u>	<u>637,947</u>	<u>-</u>	<u>637,947</u>
Total Investments at Fair Value	<u>\$ 21,972</u>	<u>\$ 637,947</u>	<u>\$ -</u>	<u>\$ 659,919</u>

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### Note E: 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, 2018 and 2017, the cash balances at the institutions were in excess of the FDIC limit by **\$1,083,860** and \$753,293, respectively. At August 31, 2018 and 2017, the investment balance was in excess of the SIPC limit by **\$285,946** and \$39,972, respectively.

Deposits consist of demand deposit accounts and interest bearing accounts and are carried at cost. Investments consist of certificates of deposit and are carried at fair market value. It is the opinion of management that the solvency of the financial institution is not a particular concern at this time. CISSA continues to monitor the uncollateralized deposits.

#### *Support and Revenues*

CISSA received approximately 23% and 25% of total support and revenues from government grants in 2018 and 2017, respectively. For additional information, refer to **Note J**.

### 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 **\$66,051** and \$65,165 for the years ended August 31, 2018 and 2017, 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: Government Grants and Other Receivables

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

	<u>2018</u>	<u>2017</u>
Federal Agencies	\$ 25,098	\$ 50,164
State Agencies	118,410	93,359
Local Agencies and Organizations	333,278	248,357
Service Delivery Agreements	<u>367,840</u>	<u>246,067</u>
Total Government Grants and Other Receivables	<u>\$ 844,626</u>	<u>\$ 637,947</u>

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### Note H: Property and Equipment

Property and Equipment, net of accumulated depreciation at August 31 is summarized as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 135,000	\$ 135,000
Building and Building Improvements	1,239,060	1,239,060
Equipment, Furniture and Fixtures	119,560	122,752
Vehicles	<u>36,417</u>	<u>36,417</u>
Total Property and Equipment	1,530,037	1,533,229
Less: Accumulated Depreciation	<u>(757,354)</u>	<u>(677,302)</u>
Property and Equipment, net of accumulated depreciation	<u>\$ 772,683</u>	<u>\$ 855,927</u>

Depreciation expense for the years ended August 31, 2018 and 2017 was **\$83,244** and \$80,007, respectively.

### Note I: 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, with interest at 6% adjustable every five years thereafter. The adjustable interest rate is dependent on the treasury rate plus 300 basis points. The interest was adjusted during the fiscal year ended August 31, 2018 to 5.90% for the next five years. The note is payable in monthly installments of \$7,423, secured by CISSA real estate, and matures on May 22, 2028. The note payable balance at August 31, 2018 and 2017 was **\$656,896** and \$707,834, respectively.

Future maturities of the note payable at August 31, 2018 are as follows:

2019	\$ 51,363
2020	54,477
2021	57,778
2022	61,283
2023	64,998
Thereafter	<u>366,997</u>
	<u>\$ 656,896</u>

### Note J: 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, 2018 and 2017

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### Note K: 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 **\$673,886** and \$640,931 for the years ended August 31, 2018 and 2017, respectively.

### Note L: 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, 2018, and 2017, the fair value of the Endowment Fund is **\$23,340** and \$21,972, 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 \$10,231 during the year ended August 31, 2018 is recorded as temporarily restricted net assets 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>2018</u>	<u>2017</u>
Beginning Balance	\$ 21,972	\$ 19,732
Investment Income	189	246
Investment Fees	(325)	(110)
Appreciation or Depreciation	<u>1,504</u>	<u>2,104</u>
Ending Balance	<u>\$ 23,340</u>	<u>\$ 21,972</u>

Net Asset Breakdown of the Endowment Fund:

Temporarily Restricted	\$ 10,231	\$ 8,863
Permanently Restricted	<u>13,109</u>	<u>13,109</u>
Total Endowment Fund	<u>\$ 23,340</u>	<u>\$ 21,972</u>

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

### Note M: Special Events

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

	<b>2018</b>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Special Events, net</u>
Gala Lunch	\$ 143,162	\$ (29,916)	\$ 113,246
Stuff The Bus	105,946	(47,166)	58,780
Top Golf	<u>43,245</u>	<u>(15,334)</u>	<u>27,911</u>
Total	<u>\$ 292,353</u>	<u>\$ (92,416)</u>	<u>\$ 199,937</u>
	<b>2017</b>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Special Events, net</u>
Gala Lunch	\$ 152,522	\$ (27,879)	\$ 124,643
Stuff The Bus	103,644	(53,355)	50,289
Top Golf	<u>30,807</u>	<u>(7,802)</u>	<u>23,005</u>
Total	<u>\$ 286,973</u>	<u>\$ (89,036)</u>	<u>\$ 197,937</u>

### Note N: Net Assets

Temporarily Restricted Net Assets consisted of the following at August 31:

	<u>2018</u>	<u>2017</u>
Participant Emergency Needs	\$ 14,351	\$ 9,223
Stuff The Bus	32,640	51,130
Property and Equipment	10,000	-
Martial Arts/Boxing for Fitness	-	40,644
Project Access	29,185	104,617
Parent Involvement	-	6,427
Enrichment	-	10,000
ROPES	-	440
Emergency Food Program	-	13,092
XY Zone	29,790	32,160
Program Support for Specifically Identified Schools	526,315	344,403
STEM Program	7,644	11,010
Pre-College Program	-	33,905
Mentoring	-	25,000
Training and Development	60,000	-
Endowment Fund	10,231	8,863
Miscellaneous	<u>14,533</u>	<u>16,289</u>
Total Temporarily Restricted Net Assets	<u>\$ 734,689</u>	<u>\$ 707,203</u>

## Communities In Schools of San Antonio

Notes to Financial Statements  
August 31, 2018 and 2017

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### Note N: Net Assets (Continued)

Net Assets Released from Restrictions consisted of the following for the years ended August 31:

	<u>2018</u>	<u>2017</u>
Participant Emergency Needs	\$ 5,823	\$ 5,132
Stuff The Bus	122,637	111,685
Arts Program	-	6,883
Martial Arts/Boxing for Fitness	40,644	65,919
Project Access	76,855	45,383
Parent Involvement	6,427	5,030
Mental Health Project	3,578	-
Rising Scholars	2,382	-
Enrichment	9,568	6,081
ROPES	645	354
Emergency Food Program	13,092	29,611
XY Zone	13,210	545
Program Support for Specifically Identified Schools	1,304,103	1,026,154
STEM Program	162,500	156,532
Pre-College Program	51,585	18,372
Mentoring	32,595	23,631
Technology	-	66,152
Miscellaneous	25,307	17,900
	<u>\$ 1,870,951</u>	<u>\$ 1,585,364</u>
Total Net Assets Released from Restrictions		

### Note O: Operating Lease Income

In July 2018, CISSA renewed a lease for property space to an unaffiliated tenant under a non-cancellable lease agreement, which is effective August 1, 2018 and expires on July 31, 2021.

Future minimum rental income due under this non-cancellable lease agreement at August 31, 2018 is summarized as follows:

2019	\$ 14,550
2020	16,350
2021	<u>16,500</u>
	<u>\$ 47,400</u>

### Note P: Reclassification

Certain amounts in the 2017 presentation have been reclassified to conform to the 2018 presentation.

### Note Q: Subsequent Events

Subsequent events have been evaluated through December 4, 2018, which is the date the financial statements were available to be issued.

## **Supplementary Information**

**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, 2018, 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 4, 2018.

**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)**

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**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.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

December 4, 2018

**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, 2018. 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, 2018.

**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)**

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**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.



Schraver, Carmona & Company, PLLC

San Antonio, Texas

December 4, 2018



**Communities In Schools of San Antonio**

Schedule of Expenditures of State Awards  
 Year Ended August 31, 2018

<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>
<b><i>U.S. Department of Justice</i></b>			
<i>Pass through Texas Office of the Governor</i>			
<i>Criminal Justice Division</i>			
Middle School Partner's Program	N/A	3276801	\$ 46,446
<b><i>Texas Education Agency</i></b>			
Communities in Schools - Formula	N/A	180958027120024	<u>1,118,393</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b><u>\$ 1,164,839</u></b>

## Communities In Schools of San Antonio

Notes to Schedule of Expenditures of State Awards  
August 31, 2018

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### **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 government for the year ended August 31, 2018. 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, 2018.

## Communities In Schools of San Antonio

State Awards – Schedule of Findings and Questioned Costs  
Year Ended August 31, 2018

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### 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>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
N/A	Communities in Schools - Formula

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