

# Communities In Schools of Central Texas

Financial Statements with Report of  
Independent Auditor and Reports on Federal  
and State Award Programs in Accordance with  
the Uniform Guidance and Texas Single Audit  
Circular

August 31, 2018 and 2017



# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

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## **Report of Independent Auditor**

To the Board of Directors  
of Communities In Schools of Central Texas

### **Report on Financial Statements**

We have audited the accompanying financial statements of Communities In Schools of Central Texas (the “Organization”), which comprise the statements of financial position as of August 31, 2018 and 2017, and the statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 audits 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 Central Texas as of August 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters- Supplementary 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 Federal and State Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *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 Federal and 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 January 10, 2019 on our consideration of Communities In Schools of Central Texas' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Communities In Schools of Central Texas's internal control over financial reporting and compliance.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

January 10, 2019

Austin, Texas

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

## Statements of Financial Position

As of August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,458,431	\$ 3,840,129
Accounts receivable, net	2,081,214	4,313,482
Prepaid expenses and other assets	156,102	155,214
Beneficial interest in investments held by others	<u>159,456</u>	<u>151,047</u>
Total current assets	6,855,203	8,459,872
 Property and equipment, net	 <u>195,679</u>	 <u>239,389</u>
 Total assets	 <u>\$ 7,050,882</u>	 <u>\$ 8,699,261</u>
 <b>Liabilities and Net Assets</b>		
 Accounts payable	 \$ 98,553	 \$ 132,767
Accrued expenses	<u>168,191</u>	<u>197,021</u>
Total current liabilities	<u>266,744</u>	<u>329,788</u>
 Net assets		
Without donor restrictions	4,223,081	3,874,901
With donor restrictions	<u>2,561,057</u>	<u>4,494,572</u>
Total net assets	<u>6,784,138</u>	<u>8,369,473</u>
 Total liabilities and net assets	 <u>\$ 7,050,882</u>	 <u>\$ 8,699,261</u>

See accompanying notes and report of independent auditor.

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**Statement of Activities  
Year Ended August 31, 2018

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Grants and contracts	\$ 5,813,524	\$ 536,007	\$ 6,349,531
In-kind contributions	3,201,485	-	3,201,485
Contributions	1,791,914	-	1,791,914
Other income	13,934	-	13,934
Income on investments	46,143	-	46,143
Net assets released from restrictions	2,469,522	(2,469,522)	-
Total revenue and support	<u>13,336,522</u>	<u>(1,933,515)</u>	<u>11,403,007</u>
<b>Expenses</b>			
Program services	11,290,771	-	11,290,771
Management and general	1,073,401	-	1,073,401
Fundraising	624,170	-	624,170
Total expenses	<u>12,988,342</u>	<u>-</u>	<u>12,988,342</u>
Change in net assets	348,180	(1,933,515)	(1,585,335)
Net assets at beginning of year	3,874,901	4,494,572	8,369,473
Net assets at end of year	<u>\$ 4,223,081</u>	<u>\$ 2,561,057</u>	<u>\$ 6,784,138</u>

See accompanying notes and report of independent auditor.

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Statement of Activities  
Year Ended August 31, 2017

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
<b>Revenue and Support</b>			
Grants and contracts	\$ 5,970,139	\$ 2,803,305	\$ 8,773,444
In-kind contributions	1,636,702	-	1,636,702
Contributions	718,596	297,559	1,016,155
Other income	22,719	-	22,719
Income on investments	21,533	-	21,533
Net assets released from restrictions	2,680,222	(2,680,222)	-
Total revenue and support	<u>11,049,911</u>	<u>420,642</u>	<u>11,470,553</u>
<b>Expenses</b>			
Program services	9,450,301	-	9,450,301
Management and general	975,956	-	975,956
Fundraising	604,190	-	604,190
Total expenses	<u>11,030,447</u>	<u>-</u>	<u>11,030,447</u>
Change in net assets	19,464	420,642	440,106
Net assets at beginning of year	3,855,437	4,073,930	7,929,367
Net assets at end of year	<u>\$ 3,874,901</u>	<u>\$ 4,494,572</u>	<u>\$ 8,369,473</u>

See accompanying notes and report of independent auditor.

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Statement of Functional Expenses

Year Ended August 31, 2018

**Program Services**

	<b>On-Campus Student Support</b>	<b>Care Coordination</b>	<b>XY Zone</b>	<b>ASPIRE Family Literacy</b>	<b>Pebble Project</b>	<b>SmartKids</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel										
Salaries	\$ 4,414,398	\$ 327,995	\$ 441,505	\$ 414,812	\$ 90,146	\$ 349,421	\$ 6,038,277	\$ 725,023	\$ 368,571	\$ 7,131,871
Employee benefits	447,402	37,620	59,082	58,235	9,836	38,978	651,153	41,137	30,888	723,178
Payroll taxes	325,082	23,504	33,142	30,401	6,730	26,005	444,864	52,766	26,270	523,900
Retirement	71,703	4,500	6,383	8,568	1,500	5,425	98,079	11,126	4,174	113,379
State unemployment insurance and other	23,221	1,698	2,802	2,341	724	3,037	33,823	3,106	1,383	38,312
Other	11,713	572	842	822	199	690	14,838	714	421	15,973
Total salaries and related expenses	<u>5,293,519</u>	<u>395,889</u>	<u>543,756</u>	<u>515,179</u>	<u>109,135</u>	<u>423,556</u>	<u>7,281,034</u>	<u>833,872</u>	<u>431,707</u>	<u>8,546,613</u>
Donated goods, services and facilities	3,189,658	-	-	-	-	-	3,189,658	11,826	-	3,201,484
Building rent	72,608	23,794	4,240	2,874	7,390	3,536	114,442	77,320	27,537	219,299
Supplies	167,547	836	15,026	5,932	1,552	9,897	200,790	11,384	24,663	236,837
Support services for participants	100,170	-	3,679	300	9,660	6,281	120,090	263	60	120,413
Travel	31,511	6,511	3,053	1,982	1,323	1,853	46,233	4,200	620	51,053
Professional fees	23,273	853	426	888	284	1,137	26,861	1,648	825	29,334
Telecommunications	28,552	3,830	2,388	2,238	639	2,210	39,857	3,199	1,375	44,431
Contractual services	9,939	25	150	2,006	2,898	100	15,118	62,139	18,787	96,044
Training, development and conferences	27,203	1,706	2,684	2,429	438	1,191	35,651	9,621	2,306	47,578
Software maintenance and support	23,219	25	-	385	-	-	23,629	3,120	3,641	30,390
Insurance	19,670	901	1,366	1,289	289	1,252	24,767	1,201	699	26,667
Licenses, dues and fees	17,033	-	-	867	38	75	18,013	6,958	989	25,960
Advertising and marketing	432	-	-	-	-	-	432	5,116	3,087	8,635
Other expenses	40,533	9	278	96	54	170	41,140	2,713	71,136	114,989
Printing	3,266	-	-	-	-	-	3,266	10,485	15,625	29,376
Bank charges	3,971	-	-	-	-	-	3,971	1,364	13,171	18,506
Board of directors expenses	99	-	-	-	-	-	99	3,773	-	3,872
Postage	1,209	201	93	78	25	1	1,607	121	4,913	6,641
Executive director expenses	92	-	-	-	-	-	92	4,812	-	4,904
Equipment lease and repairs	1,605	355	83	351	90	40	2,524	336	289	3,149
Transportation - van rentals	9,749	-	1,497	-	-	140	11,386	-	220	11,606
Staff recruitment	1,414	-	-	-	-	-	1,414	-	31	1,445
Non-capitalized equipment/software purchases	39,605	1,400	144	4,740	-	1,048	46,937	16,795	1,674	65,406
Total expenses before depreciation	<u>9,105,877</u>	<u>436,335</u>	<u>578,863</u>	<u>541,634</u>	<u>133,815</u>	<u>452,487</u>	<u>11,249,011</u>	<u>1,072,266</u>	<u>623,355</u>	<u>12,944,632</u>
Depreciation	15,475	-	-	26,285	-	-	41,760	1,135	815	43,710
Total Expenses	<u>\$ 9,121,352</u>	<u>\$ 436,335</u>	<u>\$ 578,863</u>	<u>\$ 567,919</u>	<u>\$ 133,815</u>	<u>\$ 452,487</u>	<u>\$ 11,290,771</u>	<u>\$ 1,073,401</u>	<u>\$ 624,170</u>	<u>\$ 12,988,342</u>

See accompanying notes and report of independent auditor.



**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Statement of Functional Expenses

Year Ended August 31, 2017

**Program Services**

	<b>On-Campus Student Support</b>	<b>Care Coordination</b>	<b>XY Zone</b>	<b>ASPIRE Family Literacy</b>	<b>Pebble Project</b>	<b>SmartKids</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel										
Salaries	\$ 4,312,989	\$ 309,300	\$ 359,305	\$ 405,109	\$ 99,571	\$ 369,939	\$ 5,856,213	\$ 680,170	\$ 354,380	\$ 6,890,763
Employee benefits	374,489	33,083	44,242	50,654	10,529	41,825	554,822	33,198	23,049	611,069
Payroll taxes	318,226	22,649	27,147	29,590	7,246	27,508	432,366	50,122	25,823	508,311
Retirement	65,869	4,324	5,575	6,475	1,500	5,681	89,424	11,101	2,215	102,740
State unemployment insurance and other	27,854	2,268	2,948	3,335	1,094	3,934	41,433	3,534	2,400	47,367
Other	11,538	608	740	847	242	799	14,774	690	440	15,904
Total salaries and related expenses	<u>5,110,965</u>	<u>372,232</u>	<u>439,957</u>	<u>496,010</u>	<u>120,182</u>	<u>449,686</u>	<u>6,989,032</u>	<u>778,815</u>	<u>408,307</u>	<u>8,176,154</u>
Donated goods, services and facilities	1,633,794	-	-	-	-	-	1,633,794	2,908	-	1,636,702
Building rent	76,200	25,470	4,723	3,151	7,110	4,337	120,991	66,780	27,931	215,702
Supplies	131,937	508	15,781	9,556	2,054	10,181	170,017	6,615	20,040	196,672
Support services for participants	89,974	-	3,823	957	-	6,189	100,943	220	-	101,163
Travel	39,715	6,247	3,265	2,286	2,055	1,519	55,087	4,367	1,756	61,210
Professional fees	26,337	1,218	1,630	1,705	415	1,560	32,865	4,050	1,943	38,858
Telecommunications	27,494	4,058	2,242	2,306	824	2,422	39,346	2,978	1,587	43,911
Contractual services	35,023	-	650	-	-	-	35,673	55,295	62,724	153,692
Training, development and conferences	31,521	1,255	2,417	2,385	450	1,161	39,189	11,487	5,283	55,959
Software maintenance and support	24,177	24	-	774	-	425	25,400	2,681	2,495	30,576
Insurance	16,649	846	1,162	1,199	325	1,237	21,418	1,053	656	23,127
Licenses, dues and fees	15,456	-	1,625	242	37	75	17,435	4,444	888	22,767
Advertising and marketing	493	-	-	-	-	-	493	4,427	10,839	15,759
Other expenses	40,462	-	984	3	41	123	41,613	3,383	29,123	74,119
Printing	46	-	-	-	-	-	46	3,173	10,841	14,060
Bank charges	4,574	-	155	-	-	-	4,729	556	10,150	15,435
Board of directors expenses	-	-	-	-	-	-	-	3,371	-	3,371
Postage	1,347	183	92	89	24	-	1,735	197	4,494	6,426
Executive director expenses	72	-	-	-	-	-	72	3,889	110	4,071
Equipment lease and repairs	1,419	311	99	99	101	87	2,116	57	143	2,316
Transportation - van rentals	5,669	-	3,171	-	-	286	9,126	208	-	9,334
Staff recruitment	2,164	-	-	-	-	-	2,164	115	100	2,379
Non-capitalized equipment/software purchases	50,538	-	1,282	10,009	366	172	62,367	13,407	3,952	79,726
Total expenses before depreciation	<u>7,366,026</u>	<u>412,352</u>	<u>483,058</u>	<u>530,771</u>	<u>133,984</u>	<u>479,460</u>	<u>9,405,651</u>	<u>974,476</u>	<u>603,362</u>	<u>10,983,489</u>
Depreciation	18,365	-	-	26,285	-	-	44,650	1,480	828	46,958
Total Expenses	<u>\$ 7,384,391</u>	<u>\$ 412,352</u>	<u>\$ 483,058</u>	<u>\$ 557,056</u>	<u>\$ 133,984</u>	<u>\$ 479,460</u>	<u>\$ 9,450,301</u>	<u>\$ 975,956</u>	<u>\$ 604,190</u>	<u>\$ 11,030,447</u>

See accompanying notes and report of independent auditor.

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

## 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	\$ (1,585,335)	\$ 440,106
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	43,710	46,958
Change in value of beneficial interest held by others	(8,409)	(13,565)
(Increase) decrease in operating assets:		
Accounts receivable, net	2,232,268	(676,652)
Prepaid expenses and other assets	(888)	(75,188)
Increase (decrease) in operating liabilities:		
Accounts payable	(34,214)	55,852
Accrued expenses	(28,830)	34,281
Net cash provided by (used in) operating activities	<u>618,302</u>	<u>(188,208)</u>
<b>Cash flows from investing activities:</b>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities:</b>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	618,302	(188,208)
Cash and cash equivalents at beginning of year	3,840,129	4,028,337
Cash and cash equivalents at end of year	<u>\$ 4,458,431</u>	<u>\$ 3,840,129</u>

See accompanying notes and report of independent auditor.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

### NOTE 1 - ORGANIZATION

Communities In Schools of Central Texas (“CISCT” or “the Organization”) is a Texas non-profit corporation established in July 1985 and is funded by contracts and contributions received from both the public and private sector. The purpose of CISCT is to surround students with a community of support, empowering them to stay in Organization and achieve in life. CISCT serves 63 campuses in 6 Central Texas Organization districts. The main services provided by the Organization include the following:

***On-Campus Student Support-*** The founding principle of the Organization is to establish one-on-one relationships with individual students in order to support them beyond obstacles to success in school. The Organization’s program managers connect personally with students who have been referred by teachers or administrators to improve student achievement. They create a service plan based on each child’s needs and then make that plan happen. They may provide individual counseling or support groups, basic life skills, tutoring, mentoring, or enrichment opportunities to help the child succeed. The goal of all these services is to engage students in learning and succeeding in school.

***ASPIRE Family Literacy (Achieving Success through Parental Involvement, Reading and Education)-*** This program breaks the cycle of illiteracy and poverty within families by providing comprehensive, and integrated literacy services for the entire family.

***Care Coordination-*** Care Coordination uses the “Wraparound” process to provide home-based intensive services to children and their families. Wraparound is a team-based process that utilizes the strengths of the family to create an individualized plan that helps them meet their needs and reach their desired goals and outcomes.

***The Pebble Project-*** The Pebble Project keeps children “safe, strong, and free” through school-based workshops and community education.

***Smart Kids-*** The Housing Authority of the City of Austin (HACA) Partnership supports public housing residents in their journey to economic self-sufficiency through school-based and property-based educational, enrichment, and case management services. The Housing Authority of the City of Austin (HACA) Partnership supports public housing residents in their journey to economic self-sufficiency through school-based and property-based educational, enrichment, and case management services.

***XY-Zone-*** The XY-Zone supports and guides adolescent males as they journey into manhood. It is a leadership development and peer support program that develops productive life skills in high school-age, at-risk males.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation*** - The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). For financial statement purposes, the Organization distinguishes between contributions without donor restrictions and contributions with donor restrictions.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

***Net Asset Classifications*** - In accordance with GAAP, the Organization classifies its net assets into two categories as follows:

*Net Assets with Donor Restrictions* - Net assets the use of which is subject to stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations.

*Net Assets without Donor Restrictions* - Net assets that are not subject to stipulations. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Directors of the Organization.

***Cash and Cash Equivalents*** - For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

***Contributions*** - Contributions received (including unconditional promises to give) are recorded as support without donor restriction or as support with donor restriction in the period received depending on the existence and/or nature of any donor restrictions. Contributions received which are part of the Organization's ongoing major or central activities are recognized as revenue, while contributions which are peripheral or incidental are recognized as gains. Conditional promises to give (grants) are recognized as revenue as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. For multiyear grants the revenue is recognized in the year of the grant where the expenses related to the grant are incurred in the future years.

The Organization reports contributions as support with donor restrictions if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, support with donor restrictions are reclassified to support without restriction and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support without donor restrictions. Support that is not restricted by the donor is reported as an increase in support without donor restrictions in the reporting period in which the support is recognized. Donated assets are recorded at their estimated fair market values at the date of receipt.

***Contracts and Contributions Receivable*** - All contracts and contributions receivable are carried at original contract or grant award amounts, less any collections through the balance sheet date. The majority of receivables are from government contracts but CISCT also receives grants and contributions from foundations, corporations and individuals.

Contracts and contributions which are included in accounts receivable, are individually analyzed for purposes of determining collectability at year end. At August 31, 2018 and 2017, all such contract amounts were deemed to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded. No discount to present value has been recorded for these receivables due to the short-term nature of the remaining amount.

***Property and Equipment*** - Property and equipment purchased for or exceeding \$1,500 is recorded at cost. Property and equipment is stated at fair value if donated. Property and equipment are depreciated using the straight-line method over the useful lives of the assets which range from five to seven years. CISCT reports gifts of land, building, and equipment as support with restriction unless explicit donor stipulations specify how the donated assets must be used.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

### Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

**Functional Expenses** - The expense information contained in the statements of activities and functional expenses is presented on a functional basis as (1) program services, (2) management and general and (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to the function. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. The significant expenses that are allocated on the basis of estimates of specific utility include donated goods, services, and facilities, and building rent. Salaries, employee benefits, payroll taxes, retirement, and unemployment insurance are allocated on the basis of estimates of time and effort.

**Advertising and Marketing Expense** - The Organization expenses advertising and marketing costs as they are incurred. For the years ended August 31, 2018 and 2017, the Organization recorded advertising and marketing expense of \$8,835 and \$15,759 respectively.

**Income Taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had no significant amounts for the years ended August 31, 2018 and 2017, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in the accompanying financial statements.

The Organization regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related consolidated financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Organization to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. Future changes in unrecognized tax benefits requirements could have a material impact on the results of operations. Management has analyzed the tax positions taken by the Organization and has concluded that, as of August 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is generally no longer subject to tax examinations relating to US federal tax returns for years prior to 2014.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and 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 estimated. Significant estimates include determining the collectability of receivables, the proper classification of net assets, determining the fair value of donated assets or services, and the proper classification of functional expenses.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

***Beneficial Interest Investment*** – The Organization has a beneficial interest in investments held at Austin Community Foundation. Those investments include equity securities, money market accounts, debt securities, mutual funds, and time deposits. Investments in equity securities, debt securities and mutual funds with readily determinable fair values are based on quoted market values while the money market accounts and time deposits are estimated at fair value by summing the principal investment plus accrued interest. Investment income and unrealized gains and losses are reported as increases in unrestricted net assets unless the donor placed restrictions on the income's use. The change in fair value between years is reflected in the statement of activities in the year of the change as depreciation or appreciation in investments.

***Endowment Fund and Beneficial Interest*** – The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as support with permanent restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The Organization has determined that it has no permanently or temporarily restricted funds within its endowment at August 31, 2018 and 2017.

***Concentration of Credit Risk*** - Financial instruments which potentially subject the Organization to concentrations of credit risk consists principally of cash and cash equivalents, beneficial interest, and accounts receivable. The Organization has a sweep account that transfers all the funds in excess of the maximum Federal Deposit Insurance Corporation ("FDIC") limits from the operating account to an interest-bearing account at the end of the day. The transferred funds are reflected in the sweep account on the following day. The transaction posts to the bank account the day prior to the day the transaction posts to the sweep account. There was approximately \$4.6 and \$4.0 million of cash and cash equivalents that exceeded the maximum FDIC at August 31, 2018 and 2017, respectively. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. For accounts receivable, the Organization performs ongoing credit evaluations of the donor's financial condition.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

***Recently Issued Accounting Pronouncements-*** In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which decreases the number of net asset classes from three to two. The new classes will be net assets with donor restrictions and net assets without donor restrictions. The standard also:

- Requires reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions and enhances disclosures about underwater endowments.
- Continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, eliminating the requirement for those who use the direct method to perform a reconciliation with the indirect method.
- Requires a not-for-profit to disclose qualitative information on how it manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes.
- Requires reporting of expenses by function and nature as well as an analysis of expenses by both function and nature.
- Requires investment income to be reported net of external and direct internal expenses.
- Requires in-service approach to release of restrictions on gifts of capital assets.

The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The Organization elected to early adopt this ASU. The adoption of this standard required the Organization to modify its presentation of the financial statements and expand on disclosures related to functional expenses and liquidity. As a result, the financial statements as of and for the year ended August 2017, were modified to reflect this presentation.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize on its balance sheet a right-of-use asset and a lease liability under most operating leases. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the effects that the adoption of ASU 2016-02 will have on its financial position, results of operations, or cash flows.

In May 2014, the FASB issued ASU 2014-09, *Revenue Recognition* (Topic 606). This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an Organization will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard, as initially released, is effective for fiscal years and interim periods beginning after December 15, 2018 and allow entities to adopt one year earlier if they so elect. The new standard allows for two alternative implementation methods: the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The Organization plans to adopt the new standard for the fiscal year ending August 31, 2020 but has not yet determined the method by which the standard will be adopted. The Organization is currently evaluating the impact of the standard on its financial statements.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

### Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

**Subsequent Events** - The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are available for issuance. For the financial statements as of and for the year ending August 31, 2018, this date was January 10, 2019.

### NOTE 3 - LIQUIDITY

The Organization has \$6,855,203 of financial assets available within one year of the balance sheet date of August 31, 2018 consisting of cash and cash equivalents of \$4,458,431, accounts receivable of \$2,081,214, prepaid and other assets of \$156,102, and beneficial interest in investments held by others of \$159,456. Net assets as of August 31, 2018 with restriction totaled \$2,561,057 and are broken out in Note 6. The Organization maintains grants with various state and federal agencies and expects to secure funding in the next fiscal year of \$1,947,524. Cash from operations for the year totaled \$618,302 indicating that the Organization has the ability to generate funds from operations and to cover expenses. The Organization has a goal to maintain cash on hand equal to three months of operating expenses, which are on average approximately \$881,066 a month.

### NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization has established a three-level valuation hierarchy for disclosure of fair value measurements and expands disclosures about fair value measurements to include how fair value is determined for assets and liabilities. Fair value is defined as an exit price representing the amount that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The significant levels of inputs are as follows:

- *Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities
- *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.



# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

In accordance with guidance, the following table represents the Organization's fair value hierarchy for its investments measured at fair value on a recurring basis as of August 31, 2018:

	<b>Quoted Prices for Active Markets for Identical Asserts (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Investments held by others	\$ -	\$ 159,456	\$ -	\$ 159,456

In accordance with guidance, the following table represents the Organization's fair value hierarchy for its investments measured at fair value on a recurring basis as of August 31, 2017:

	<b>Quoted Prices for Active Markets for Identical Asserts (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Investments held by others	\$ -	\$ 151,047	\$ -	\$ 151,047

## NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment comprised the following at August 31,

	<b>2018</b>	<b>2017</b>
Buildings	\$ 350,998	\$ 350,998
Furniture and equipment	379,707	379,707
Less: Accumulated depreciation	(535,026)	(491,316)
	<u>\$ 195,679</u>	<u>\$ 239,389</u>

Depreciation expense of \$43,710 and \$46,958 was recognized for the years ended August 31, 2018 and 2017, respectively.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

### NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The part of the net assets of a not-for-profit organization resulting from contributions whose use by the Organization is limited by donor-imposed restrictions that either expire by passage of time or the purpose of which is fulfilled are considered net assets with donor restrictions.

Net assets with donor restrictions consisted of the following at August 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
On-Campus Student Support	\$ 2,134,787	\$ 3,836,220
Food for Thought	-	297,559
ASPIRE Family Literacy	278,880	165,793
XY Zone	62,806	160,000
Children's Mental Health	84,584	35,000
Total program restrictions	<u>\$ 2,561,057</u>	<u>\$ 4,494,572</u>

Net assets released from restrictions due to the satisfaction of requirements consisted of the following during the years ended August 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Individualized Student Support	\$ 2,077,325	\$ 2,216,859
Food for Thought	-	198,880
Family Literacy Program	168,504	184,931
XY Zone	184,171	44,552
Children's Mental Health	35,000	35,000
Other programs	4,522	-
Total program restrictions released	<u>\$ 2,469,522</u>	<u>\$ 2,680,222</u>

### NOTE 7 - ENDOWMENT FUND AND BENEFICIAL INTEREST

During 2009, the Organization established the Communities In Schools of Central Texas Endowment Fund ("The Fund") with the Austin Community Foundation ("ACF") to take advantage of ACF's investment expertise and to allow these funds to gain synergies with other funds held by ACF. The Organization has specified itself as the beneficiary of The Fund.

The Fund is a permanent, legacy fund with assets irrevocably held by ACF. The Fund's purpose specified in the agreement with ACF is to support the Organization's excellence and innovation in programming and operations. The distribution policy established by the ACF Board of Governors allows five percent (5%) of the fund's value as of December 31st each year be available once the fund has a total value of one million dollars or more.

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

## Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

The Organization's endowment fund comprised a Board designated endowment, therefore classified as an unrestricted net asset. Changes in the Organization's endowment funds were as follows for the years ended August 31, 2018 and 2017:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment fund at August 31, 2016	\$ 137,482	\$ -	\$ 137,482
Appreciation	13,565	-	13,565
Endowment fund at August 31, 2017	151,047	-	151,047
Appreciation	8,409	-	8,409
Endowment fund at August 31, 2018	\$ 159,456	\$ -	\$ 159,456

## NOTE 8 - IN-KIND CONTRIBUTION

In-kind contributions are valued at their estimated fair value on the date of contribution and recorded as contribution revenue. In-kind contributions comprised the following for the years ended August 31,

	2018	2017
Program delivery site space in Organizations	\$ 3,135,400	\$ 1,524,325
Bus passes	54,259	72,777
Telephone/internet access	11,826	39,600
Total	\$ 3,201,485	\$ 1,636,702

A substantial number of volunteers donate their time to the Organization to provide mentoring, tutoring, classroom and administrative assistance in Schools campuses. These donated services are not reflected in the financial statements because they do not meet the criteria for recognition as contributed services pursuant to accounting principles generally accepted in the United States of America. The terms of facility rental in these School campuses are on an annual basis as required by the contracts the Organization has with each School district.

## NOTE 9 - RETIREMENT PLAN

In 1997, the Organization established the Communities In Schools of Central Texas 403(b) Plan ("The Plan"). The Plan was established under Internal Revenue Code Section 403(b). The Plan provides for elective salary deferrals for employees, with annual employer matching contributions up to \$1,500 per employee. All full-time employees working more than 20 hours per week, except for AmeriCorps members, are eligible for participation on the date of their employment. Effective March 25, 2011, all current employees were grandfathered and fully vested in all contributions previously made on their behalf by the Organization. All future employees commenced vesting in the Organization contributions on a 5-year vesting schedule, with 20% vesting after each anniversary of employment until reaching 100% vesting after the employee's fifth anniversary. Retirement plan contribution expense was \$113,385, and \$102,742 for the years ended August 31, 2018 and 2017, respectively.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2018 and 2017

(Continued)

### NOTE 10 - COMMITMENT AND CONTINGENCIES

The Organization has a five-year operating lease for office space and a three-year facility lease utilized for program related activities. The lease for office space includes escalating payments and the option to terminate upon certain circumstances. Future minimum lease payments under these leases, as of August 31, 2018 are as follows for the years ending August 31,

2019	\$	221,868
2020		225,224
2021		94,842
	\$	<u>541,933</u>

Total building rental payments were \$219,299 and \$215,702 during the years ended August 31, 2018 and 2017, respectively.

***Contracts with Grantors*** - The Organization is funded by contracts that are subject to review and audit by grantor agencies. These contracts have certain compliance requirements and if audits by the grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs. Management believes the Organization has complied with applicable requirements.

***Contingencies*** – The Organization from time to time may be involved in contingencies relating to claims arising out of its ordinary course of business. Management believes that there are no claims or actions pending or threatened against the Organization, the ultimate disposition of which would have a material impact on the Organization's financial position, results of operations or cash flows.

### NOTE 11 - CONCENTRATIONS

During the years ended August 31, 2018 and 2017, one contract accounted for 10% and 19% of the total revenue of the Organization, respectively.

During the years ended August 31, 2018 and 2017, two contracts accounted for 70% and 80% of the total accounts receivable balance of the Organization, respectively.

### NOTE 12 - RELATED PARTY

During the years ended August 31, 2018 and 2017, the Organization received contributions of \$57,383 and \$59,419, respectively, from various members of the board. These amounts represent actual cash contributions received and are included in contributions in the accompanying statements of activities.



**Report of Independent Auditor 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  
Communities In Schools of Central Texas:

We have audited 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, the financial statements of Communities In Schools of Central Texas (the “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 January 10, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization’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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 the Organization’s financial statements are free of 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*.

**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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

**PMB Helin Donovan, LLP**

A handwritten signature in black ink that reads "PMB Helin Donovan, LLP".

January 10, 2019  
Austin, Texas



**Report of Independent Auditor on Compliance For Each Major Federal and State Program and on Internal Control Over Compliance in Accordance with the *Uniform Guidance* and *The State of Texas Single Audit Circular***

To the Board of Directors,  
Communities In Schools of Central Texas:

**Report on Compliance for Each Major Federal and State Programs**

We have audited Communities In Schools of Central Texas' (the "Organization") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and *The State of Texas Single Audit Circular* that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended August 31, 2018. The Organization'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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable of its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *The State of Texas Single Audit Circular*. Those standards, the Uniform Guidance 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 federal and state program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the Organization 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 the Organization's major federal and state programs for the year ended August 31, 2018.



## Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *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 the Organization'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 federal and 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 federal or 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 federal and state programs 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.

## Purpose of this Report

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 State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

January 10, 2019  
Austin, Texas



**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Schedule of Expenditures of Federal and State Awards

Year Ended August 31, 2018

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>CFDA</b>	<b>Grant/Contract Award Number</b>	<b>Subrecipient</b>	<b>Federal Expenditures</b>
<b>Federal:</b>				
<b>U.S. Department of Labor</b>				
Workforce Investment Act (WIA) Cluster				
Pass-through programs from:				
Worksource in a collaboration agreement				
with Goodwill Industries				
WIA Youth Activities	17.259	WIA Youth 17-18	\$ -	\$ 16,626
Total WIA Cluster			-	16,626
<b>U.S. Department of Health &amp; Human Services</b>				
Temporary Assistance for Needy Families Cluster				
Pass-through programs from:				
Texas Education Agency				
Temporary Assistance for Needy Families (TANF)	93.558	163630027120006	-	183,354
Temporary Assistance for Needy Families (TANF)	93.558	SAS#102-18	-	11,111
Pass-through programs from:				
Texas Workforce Commission				
Austin Community College				
Temporary Assistance for Needy Families (TANF)	93.558	1414AEL000	-	45,510
Total TANF Cluster			-	239,975
<b>Corporation for National and Community Service</b>				
Pass-through programs from:				
OneStar Foundation				
AmeriCorps	94.006	13AFHTX0010009	-	685,546
Total AmeriCorps			-	685,546
<b>U.S. Department of Justice</b>				
Pass-through programs from:				
Office of Juvenile Justice and Delinquency Prevention				
Mentoring Initiative Grant	16.726	2013-JU-FX-0026.2	-	233
Total Mentoring Initiative Grant			-	233
Total Expenditures of Federal Awards			\$ -	\$ 942,380
<b>State:</b>				
<b>Texas Education Agency</b>				
General Revenue	NA	160958027120006	\$ -	\$ 788,346
Total Expenditures of State Awards			\$ -	\$ 788,346
Total Expenditures of Federal and State Awards			\$ -	\$ 1,730,726

See accompanying notes to the schedule of expenditures of federal and state awards.

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**  
Notes to Schedule of Expenditures of Federal and State Awards  
Year Ended August 31, 2018

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

The Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the activity of all federal and state grant programs administered by Communities In Schools of Central Texas (Organization). The Organization is defined in Note 1 of the Organization's basic financial statements.

**(b) Basis of Presentation**

The Schedule presents total federal and state awards expended for each individual program in accordance with the Uniform Guidance and the *State of Texas Uniform Grant Management Standards*.

**(c) Basis of Accounting**

The expenditures for the federal and state financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 2 of the Organization's basic financial statements.

**(2) Relationship to Financial Reports**

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule, which is prepared on the basis explained in Note 1 of Communities In Schools of Central Texas.

Total federal and state awards per schedule of expenditures	\$ 1,730,729
Plus non-federal and state funding sources	4,618,802
Total grants per statement of activities	<u>\$ 6,349,531</u>

**(3) Indirect Cost Rate**

The Organization is subject to negotiated indirect cost rates and, therefore, is not eligible to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, section 414.

**(4) Subsequent Events**

The Organization's management has evaluated subsequent events through January 10, 2019, the date the report was available to be issued.

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Schedule of Findings and Questioned Costs

Year Ended August 31, 2018

## Section I - Summary of Auditor's Results

### A Financial Statements

Type of auditor's report issued:	<b>Unmodified</b>
Internal control over financial reporting:	
• Material weakness(es) identified?	<b>No</b>
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<b>None reported</b>
Noncompliance material to financial statements noted?	<b>No</b>

### B. Federal & State Awards

Internal control over compliance:	
• Material weakness(es) identified?	<b>No</b>
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<b>None reported</b>
Type of auditor's report issued on compliance for major programs:	<b>Unmodified</b>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or <i>The Texas Single Audit Circular</i> ?	<b>No</b>

Identification of major federal programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
94.006	AmeriCorps

Identification of major state programs:

<b>State Number</b>	<b>Name of State Program or Cluster</b>
NA	Texas Education Agency General Revenue

Dollar threshold used to distinguish between Type A and Type B programs:	<b>\$750,000</b>
Auditee qualified as low-risk auditee?	<b>Yes</b>

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Schedule of Findings and Questioned Costs

Year Ended August 31, 2018

**Section II - Financial Statement Findings**

None reported

**Section III (a) – Federal Award Findings and Questioned Costs**

None reported

**Section III (b) – State Award Findings and Questioned Costs**

None reported

**Section IV (a) – Summary Schedule of Prior Audit Findings – Federal**

None reported

**Section IV (b) – Summary Schedule of Prior Audit Findings – State**

None reported