

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

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

August 31, 2019 and 2018



# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

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## **REPORT OF INDEPENDENT AUDITOR**

To the Board of Directors  
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, 2019 and 2018, and the related 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 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 Central Texas as of August 31, 2019 and 2018, and the changes in its net assets, functional expenses and its 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 23, 2020 on our consideration of the Organization'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 controls 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 the Organization's internal controls over financial reporting and compliance.

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

January 23, 2020  
Austin, Texas

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

## Statements of Financial Position

As of August 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,049,945	\$ 4,458,431
Accounts receivable, net	2,633,059	2,081,214
Prepaid expenses and other assets	135,891	156,102
Beneficial interest in investments held by others	163,742	159,456
Total current assets	<u>7,982,637</u>	<u>6,855,203</u>
 Property and equipment, net	 <u>156,795</u>	 <u>195,679</u>
 Total assets	 <u><u>\$ 8,139,432</u></u>	 <u><u>\$ 7,050,882</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 91,381	\$ 98,553
Accrued expenses	81,057	168,191
Deferred revenue	442,608	-
Total current liabilities	<u>615,046</u>	<u>266,744</u>
 Net assets		
Without donor restrictions	4,923,255	4,223,081
With donor restrictions	2,601,131	2,561,057
Total net assets	<u>7,524,386</u>	<u>6,784,138</u>
 Total liabilities and net assets	 <u><u>\$ 8,139,432</u></u>	 <u><u>\$ 7,050,882</u></u>

See report of independent auditor and accompanying notes.

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Statement of Activities  
Year Ended August 31, 2019

	<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	\$ 6,915,608	\$ -	\$ 6,915,608
In-kind contributions	3,166,665	-	3,166,665
Contributions	1,288,545	3,248,034	4,536,579
Other income	23,004	-	23,004
Income on investments	84,091	-	84,091
Net assets released from restrictions	3,207,960	(3,207,960)	-
Total revenue and support	<u>14,685,873</u>	<u>40,074</u>	<u>14,725,947</u>
<b>EXPENSES</b>			
Program services	12,100,713	-	12,100,713
Management and general	1,238,630	-	1,238,630
Fundraising	646,356	-	646,356
Total expenses	<u>13,985,699</u>	<u>-</u>	<u>13,985,699</u>
<b>CHANGE IN NET ASSETS</b>	700,174	40,074	740,248
<b>NET ASSETS, beginning of year</b>	4,223,081	2,561,057	6,784,138
<b>NET ASSETS, end of year</b>	<u>\$ 4,923,255</u>	<u>\$ 2,601,131</u>	<u>\$ 7,524,386</u>

See report of independent auditor and accompanying notes.

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Statement of Activities  
Year Ended August 31, 2018

	<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	\$ 6,349,531	\$ -	\$ 6,349,531
In-kind contributions	3,201,485	-	3,201,485
Contributions	1,255,907	536,007	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>
<b>CHANGE IN NET ASSETS</b>	348,180	(1,933,515)	(1,585,335)
<b>NET ASSETS, beginning of year</b>	3,874,901	4,494,572	8,369,473
<b>NET ASSETS, end of year</b>	<u>\$ 4,223,081</u>	<u>\$ 2,561,057</u>	<u>\$ 6,784,138</u>

See report of independent auditor and accompanying notes.

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Statement of Functional Expenses

Year Ended August 31, 2019

	<b>Program Services</b>									
	<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	\$ 4,757,548	\$ 352,988	\$ 409,949	\$ 470,059	\$ 119,942	\$ 407,100	\$ 6,517,586	\$ 760,499	\$ 369,047	\$ 7,647,132
Employee benefits	520,649	41,206	55,457	67,603	14,706	43,208	742,829	48,721	29,493	821,043
Payroll taxes	349,340	25,745	31,204	34,386	8,985	30,771	480,431	54,742	25,859	561,032
Retirement	68,022	5,624	6,177	6,515	1,618	4,735	92,691	9,198	4,659	106,548
State unemployment insurance and other	20,040	1,630	2,596	2,399	862	2,905	30,432	2,543	1,493	34,468
Other	10,060	619	819	931	266	763	13,458	767	401	14,626
Total salaries and related expenses	<u>5,725,659</u>	<u>427,812</u>	<u>506,202</u>	<u>581,893</u>	<u>146,379</u>	<u>489,482</u>	<u>7,877,427</u>	<u>876,470</u>	<u>430,952</u>	<u>9,184,849</u>
Donated goods, services and facilities	3,166,567	-	-	-	-	-	3,166,567	-	-	3,166,567
Building rent	97,696	7,835	8,480	10,013	2,445	8,096	134,565	78,388	26,913	239,866
Other rent	8,877	619	1,029	854	209	691	12,279	1,242	47,690	61,211
Supplies	164,454	3,351	17,563	23,178	1,640	15,671	225,857	13,282	29,301	268,440
Support services for participants	152,117	8,687	4,476	443	78	1,228	167,029	1,692	-	168,721
Travel	35,264	8,485	5,345	3,405	1,372	2,319	56,190	11,577	4,610	72,377
Professional fees	26,147	2,638	2,011	2,375	580	1,920	35,671	3,850	1,957	41,478
Telecommunications	35,613	6,408	2,992	3,533	863	2,857	52,266	3,622	1,708	57,596
Contractual services	33,668	955	1,115	1,317	3,832	6,241	47,128	169,662	54,186	270,976
Training, development and conferences	28,454	1,865	3,424	4,149	2,251	1,675	41,818	8,984	4,709	55,511
Software maintenance and support	16,044	880	1,028	1,214	297	1,407	20,870	8,472	2,758	32,100
Insurance	22,529	2,021	1,699	2,006	530	1,622	30,407	1,713	884	33,004
Licenses, dues and fees	19,493	315	368	1,919	106	351	22,552	4,870	600	28,022
Advertising and marketing	3,038	34	40	47	11	38	3,208	5,371	3,099	11,678
Other expenses	24,203	996	1,203	1,374	336	1,111	29,223	7,023	153	36,399
Printing	4,553	139	162	191	47	190	5,282	9,361	22,041	36,684
Bank charges	2,610	194	429	268	65	216	3,782	(68)	8,191	11,905
Board of directors expenses	-	-	-	-	-	-	-	7,102	28	7,130
Postage	1,235	90	105	124	30	100	1,684	175	4,313	6,172
Executive director expenses	149	11	13	15	4	12	204	5,656	-	5,860
Equipment lease and repairs	2,071	135	158	1,051	45	151	3,611	179	206	3,996
Transportation - van rentals	11,722	15	3,430	21	5	441	15,634	-	228	15,862
Staff recruitment	1,779	7	8	10	2	8	1,814	8,004	-	9,818
Non-capitalized equipment/software purchases	68,847	8,540	1,776	25,446	1,239	1,725	107,573	11,681	1,339	120,593
Total expenses before depreciation	<u>9,652,789</u>	<u>482,032</u>	<u>563,056</u>	<u>664,846</u>	<u>162,366</u>	<u>537,552</u>	<u>12,062,641</u>	<u>1,238,308</u>	<u>645,866</u>	<u>13,946,815</u>
Depreciation	2,972	-	-	35,100	-	-	38,072	322	490	38,884
Total Expenses	<u>\$ 9,655,761</u>	<u>\$ 482,032</u>	<u>\$ 563,056</u>	<u>\$ 699,946</u>	<u>\$ 162,366</u>	<u>\$ 537,552</u>	<u>\$ 12,100,713</u>	<u>\$ 1,238,630</u>	<u>\$ 646,356</u>	<u>\$ 13,985,699</u>

See report of independent auditor and accompanying notes.



**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Statement of Functional Expenses

Year Ended August 31, 2018

	<b>Program Services</b>						<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
	<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>				
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 report of independent auditor and accompanying notes.

**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**Statements of Cash Flows  
Years Ended August 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 740,248	\$ (1,585,335)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	38,884	43,710
Change in value of beneficial interest held by others	(4,286)	(8,409)
(Increase) decrease in operating assets:		
Accounts receivable, net	(551,845)	2,232,268
Prepaid expenses and other assets	20,211	(888)
Increase (decrease) in operating liabilities:		
Accounts payable	(7,172)	(34,214)
Accrued expenses	(87,134)	(28,830)
Deferred revenue	442,608	-
Net cash provided by operating activities	<u>591,514</u>	<u>618,302</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	591,514	618,302
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>4,458,431</u>	<u>3,840,129</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 5,049,945</u></u>	<u><u>\$ 4,458,431</u></u>

See report of independent auditor and accompanying notes.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2019 and 2018

### 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 school and achieve in life. CISCT serves 64 campuses in 6 Central Texas school 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.

***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.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

**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 any unconditional pledges) are recorded as support without restriction or support with restriction in the period received depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are satisfied in the same reporting period are reported as without donor restrictions on the statement of activities. Conditional promises to give are recognized 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. As of August 31, 2019, the Organization had outstanding contributions for which conditions had not been met to recognize as revenue, which consisted of the following:

	<b>2019</b>
Michael and Susan Dell Foundation	\$ 2,632,274
Communities In Schools - National	326,885
Other	109,015
Total	<u>\$ 3,068,174</u>

**Grants** - Funding in the form of grant contracts is received from governmental and non-governmental sources. Certain contracts are classified as exchange transactions and are considered to be net assets without donor restrictions as the entity providing the grant funding receives a benefit for the service provided. Revenue under such contracts is recognized as services are rendered or the related expenses are incurred. Receipts of grant payments in advance are reported as deferred revenue.

Other grant contracts are classified as contributions as, under such contracts, the funding source receives no direct benefit from the program services provided by the Organization. Under these contracts, revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Revenue associated with contracts that include donor conditions is recognized as the conditions are met. As of August 31, 2019, the Organization had approximately \$3.1 million in contributions from non-federal contracts for which conditions have yet to be met. As such, they are not reflected in the accompanying financial statements.

**Contributed Service and Assets** - During the years ended August 31, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the Organization, these services do not meet the criteria for recognition as contributed services.

The Organization reports contributions of land, buildings and equipment and other assets as without donor restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as net assets with donor restrictions. All contributed assets are recorded at their fair value on the date of donation.

**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, 2019 and 2018, 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.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

### Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

**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 without restriction unless explicit donor stipulations specify how the donated assets must be used.

**Long-lived Asset** - The Organization reviews the carrying value of property, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

**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, 2019 and 2018, the Organization recorded advertising and marketing expense of \$11,678 and \$8,635 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, 2019 and 2018, 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, 2019 and 2018, 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 the prior three years.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

### Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

**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 fair value of donated assets or services, and the proper classification of functional expenses.

**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 no donor restricted funds within its endowment at August 31, 2019 and 2018.

**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 \$5.3 and \$4.6 million of cash and cash equivalents that exceeded the maximum FDIC at August 31, 2019 and 2018, 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 donors' financial condition.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

***Fair Value of Financial Instruments*** - In determining fair value, the Organization uses various valuation approaches. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy that prioritizes valuation inputs into three broad levels based on the characterization of the underlying inputs, and each fair value measurement is then assigned to one of the three levels. These levels are:

*Level 1* - Valuation is based on quoted prices for identical instruments traded in active markets. Level 1 assets and liabilities include debt and equity securities traded in an active exchange market, as well as U.S. Treasury securities.

*Level 2* - Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* - Valuation is determined using model-based techniques with significant assumptions not observable in the market. These unobservable assumptions reflect management's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of third-party pricing services, option pricing models, discounted cash flow models and similar techniques.

The carrying amount of cash and cash equivalents, accounts receivable and pledges, prepaid expense and other assets, accounts payable, and accrued expenses approximate fair market value at August 31, 2019 and 2018, because of their relatively short maturity and market terms. The fair values for other investments are based on management's estimates. Estimated fair value is determined by the Organization based on a number of factors, including: comparable publicly traded securities, the costs of investments to the Organization, as well as the current and projected operating performance.

***Recently Issued Accounting Pronouncements*** - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (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 entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard is effective for fiscal years and interim periods beginning after December 15, 2018 and allowing 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 is currently evaluating the impact of the standard on its financial statements.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The update is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2020. Early application of the amendments in this update is permitted. The Organization is currently evaluating the impact of FASB ASU 2016-02 but does not expect the adoption to have a material effect on the Organization's financial position or results of activities.

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

### Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-18 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization elected to early adopt this ASU. The adoption of this standard required the Organization to modify its presentation of the financial statements. As result, the financial statements as of and for the year ended August 31, 2018 were modified to reflect this presentation.

**Management's Review** - The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before the 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, 2019, this date was January 23, 2020.

### NOTE 3 LIQUIDITY

The Organization has approximately \$8,000,000 of financial assets available within one year of the balance sheet date of August 31, 2018 consisting of cash and cash equivalents of \$5,000,000, accounts receivable of \$2,700,000, prepaid and other assets of \$136,000. Net assets as of August 31, 2019 with restriction totaled approximately \$2,600,000 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 approximately \$6,500,000. Cash from operations for the year totaled \$600,000, 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 \$1 million per month.

### NOTE 4 FAIR VALUE MEASUREMENTS

The following table presents the assets that are measured at fair value on a recurring basis by level within the fair value hierarchy as reported on the statements of financial position at August 31. As required by U.S. generally accepted accounting principles, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. 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, 2019:

	Quoted Prices for Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Beneficial interest investments	\$ -	\$ 163,742	\$ -	\$ 163,742
	\$ -	\$ 163,742	\$ -	\$ 163,742



# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

## Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

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:

	Quoted for Markets Identical Assets (Level 1)	Prices Active for Assets (Level 2)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Beneficial interest investments	\$ -	\$ 159,456	\$ -	\$ 159,456	
	\$ -	\$ 159,456	\$ -	\$ 159,456	

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Endowment fund* consist almost entirely of common stock and mutual funds. The remaining investments in the endowment fund accounts are not significant to the overall financial statements. Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued as noted above.

There have been no changes in the methodologies used as of August 31, 2019. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment comprised the following at August 31,

	2019	2018
Buildings	\$ 350,997	\$ 350,997
Furniture and equipment	379,707	379,707
Less: Accumulated depreciations	(573,909)	(535,025)
	\$ 156,795	\$ 195,679

Depreciation expense of \$38,884 and \$43,710 was recognized for the years ended August 31, 2019 and 2018, respectively.

## 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.

# COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

## Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

Net assets with donor restrictions consisted of the following at August 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
On-Campus Student Support	\$ 2,315,891	\$ 2,134,787
ASPIRE Family Literacy	201,461	278,880
XY Zone	58,779	62,806
Children's Mental Health	-	84,584
Child Abuse Prevention	25,000	-
Total program restrictions	<u>\$ 2,601,131</u>	<u>\$ 2,561,057</u>

Net assets released from restrictions due to the satisfaction of requirements consisted of the following during the years ended August 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Individualized Student Support	\$ 2,551,393	\$ 2,077,325
Family Literacy Program	242,564	168,504
XY Zone	266,243	184,171
Children's Mental Health	84,585	35,000
Other programs	63,175	4,522
Total program restrictions released	<u>\$ 3,207,960</u>	<u>\$ 2,469,522</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.

The Organization's endowment fund is comprised of one Board designated endowment; therefore, it has been classified as a net asset without donor restrictions. Changes in the Organization's endowment fund was as follows for the years ended August 31, 2019 and 2018:

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
August 31, 2017	\$ 151,047	\$ -	\$ 151,047
Appreciation	8,409	-	8,409
August 31, 2018	159,456	-	159,456
Appreciation	4,286	-	4,286
August 31, 2019	<u>\$ 163,742</u>	<u>\$ -</u>	<u>\$ 163,742</u>

## COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS

### Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

#### NOTE 8 IN-KIND CONTRIBUTIONS

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,

	2019	2018
Program delivery site space in Organizations	\$ 3,113,143	\$ 3,135,400
Bus passes	13,922	54,259
Telephone/internet access	39,600	11,826
Total	<u>\$ 3,166,665</u>	<u>\$ 3,201,485</u>

A substantial number of volunteers donate their time to the Organization to provide mentoring, tutoring, classroom and administrative assistance in school 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's 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 \$106,548, and \$113,379 for the years ended August 31, 2019 and 2018, respectively.

#### NOTE 10 COMMITMENTS 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, 2019 are as follows for the years ending August 31,

2020	\$ 225,224
2021	94,842
	<u>\$ 320,066</u>

Total building rental payments were \$239,866 and \$219,299 during the years ended August 31, 2019 and 2018, 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.

## **COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Notes to the Financial Statements

August 31, 2019 and 2018

(continued)

**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, 2019 and 2018, one contract accounted for 19% and one contract accounted for 10% of the total revenue of the Organization, respectively.

During the years ended August 31, 2019 and 2018, one contract accounted for 63% and two contracts accounted for 70% of the total accounts receivable balance of the Organization, respectively.

### **NOTE 12 RELATED PARTY**

During the years ended August 31, 2019 and 2018, the Organization received contributions of \$51,157 and \$57,383, 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 of  
Communities In Schools of Central Texas

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 Central Texas (the “Organization”), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audits 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 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*.

**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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**PMB HELIN DONOVAN, LLP***PMB Helin Donovan, LLP*

January 23, 2020  
Austin, Texas



**REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE* AND *THE STATE OF TEXAS SINGLE AUDIT CIRCULAR***

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

**Report on Compliance for Each Major Program**

We have audited the compliance of Communities In Schools of Central Texas (the “Organization”) 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, 2019. The Organization’s major federal and state programs are identified on 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 to its federal and state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for 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; and 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 Award* (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 the major federal and state programs 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 the Organization’s major federal and state programs. 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 has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal and state programs for the year ended August 31, 2019.



## 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 its major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 or 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 a federal or 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 *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 23, 2020  
Austin, Texas



**COMMUNITIES IN SCHOOLS OF CENTRAL TEXAS**

Schedule of Expenditures of Federal and State Awards

Year Ended August 31, 2019

<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 18-19	\$ -	\$ 18,277
Total WIA Cluster			-	18,277
<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	193630027120006	-	199,095
Pass-through programs from:				
Texas Workforce Commission				
Austin Community College				
Temporary Assistance for Needy Families (TANF)	93.558	1418ALA000	-	45,264
Total TANF Cluster			-	244,359
<b>Corporation for National and Community Service</b>				
Pass-through programs from:				
OneStar Foundation				
AmeriCorps	94.006	18ACHTX0010001	-	740,314
Total AmeriCorps			-	740,314
Total Expenditures of Federal Awards			\$ -	\$ 1,002,950
<b>State:</b>				
<b>Texas Education Agency</b>				
General Revenue	NA	190958027120006	\$ -	\$ 790,171
Total Expenditures of State Awards			\$ -	\$ 790,171
Total Expenditures of Federal and State Awards			\$ -	\$ 1,793,121

See the 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, 2019

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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*.

**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.

**NOTE 2 RELATIONSHIP TO FINANCIAL STATEMENTS**

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	\$ 1,793,121
Plus non-federal and state funding sources	<u>5,122,487</u>
Total grants per statement of activities	<u><u>\$ 6,915,608</u></u>

**NOTE 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.

**NOTE 4 SUBSEQUENT EVENTS**

The Organization's management has evaluated subsequent events through January 23, 2020, 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, 2019

## 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, 2019

**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