

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

Table of Contents

Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by <i>OMB Circular A-133</i>	13 - 14
Schedule of Findings and Questioned Costs	15 - 17
Summary Schedule of Prior Year Audit Findings	18
Supplementary Information:	
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21

Independent Auditors' Report

The Board of Directors
Communities In Schools of Mid-America, Inc.

We have audited the accompanying financial statements of Communities In Schools of Mid-America, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of Mid-America, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Summers, Spencer & Company P.A.

Summers, Spencer & Company, P.A.
Lawrence, Kansas

November 25, 2015

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

June 30,	2015
ASSETS	
Current assets	
Cash and cash equivalents	\$ 524,726
Grants and contributions receivable	369,368
Prepaid expenses	35,449
<i>Total current assets</i>	929,543
Property and equipment, net	43,265
Other assets	
Deposits	3,630
<i>Total assets</i>	\$ 976,438
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 68,243
Accrued payroll liabilities	167,131
Deferred grant revenue	328,910
<i>Total current liabilities</i>	564,284
Net assets	
Unrestricted net assets	202,848
Temporarily restricted net assets	209,306
<i>Total net assets</i>	412,154
<i>Total liabilities and net assets</i>	\$ 976,438

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30,	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Grants and contracts	\$ 2,047,672	\$ 254,198	\$ 2,301,870
Contributions	1,498,825	250,125	1,748,950
In-kind contributions	22,917	-	22,917
Other revenue	4,079	-	4,079
Amounts released from restriction	420,692	(420,692)	-
<i>Total support and revenue</i>	<u>3,994,185</u>	<u>83,631</u>	<u>4,077,816</u>
Expenses			
Program services	3,572,681	-	3,572,681
General and administrative	234,040	-	234,040
Fundraising	105,740	-	105,740
<i>Total expenses</i>	<u>3,912,461</u>	<u>-</u>	<u>3,912,461</u>
Change in net assets	81,724	83,631	165,355
Net assets, beginning of year	<u>121,124</u>	<u>125,675</u>	<u>246,799</u>
Net assets, end of year	<u>\$ 202,848</u>	<u>\$ 209,306</u>	<u>\$ 412,154</u>

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30,	2015			
	Program Services	General and Administrative	Fundraising	Totals
Personnel	\$ 2,789,065	\$ 208,463	\$ 89,504	\$ 3,087,032
Program materials	261,520	178	47	261,745
Marketing/advocacy	3,358	196	2,707	6,261
Printing	11,741	646	1,351	13,738
Office expenses	12,750	524	707	13,981
Communications	46,595	1,070	1,940	49,605
Meetings	12,453	298	216	12,967
Professional fees	100,709	8,794	2,856	112,359
Travel	34,087	1,243	996	36,326
Training	137,952	2,015	1,442	141,409
Memberships	2,629	279	726	3,634
Equipment and maintenance	45,261	2,682	470	48,413
Rent	55,654	3,667	1,575	60,896
Insurance	16,807	1,293	556	18,656
Depreciation and amortization	18,007	1,459	627	20,093
Licenses and taxes	24,010	169	-	24,179
Other expenses	83	1,064	20	1,167
	\$ 3,572,681	\$ 234,040	\$ 105,740	\$ 3,912,461

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30,	2015
Cash flows From operating activities	
Change in net assets	\$ 165,355
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	20,093
(Increase) decrease in assets:	
Grants and contributions receivable	10,872
Prepaid expenses	10,212
Deposits	400
Increase (decrease) in liabilities:	
Accounts payable	30,750
Accrued payroll liabilities	(7,534)
Deferred grant revenue	<u>(133,812)</u>
Net cash provided by operating activities	<u>96,336</u>
 Net increase in cash and cash equivalents	 96,336
 Cash and cash equivalents, beginning of year	 <u>428,390</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 524,726</u></u>

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of organization

Communities In Schools of Mid-America, Inc. (the Organization or CIS), formerly Communities In Schools of Kansas, Inc., is a tax-exempt, non-profit organization which was incorporated under the laws of the State of Kansas in 1995. The purpose of CIS is to surround students with a community of support, empowering them to stay in school and achieve in life. The Organization provides services in many schools in the states of Kansas, Oklahoma, Nebraska and Iowa. The network includes seven local affiliates, providing services to in 84 schools to more than 42,000 students.

Note 2 – Summary of significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial statement presentation

The Organization has adopted accounting principles generally accepted in the United States of America (U.S. GAAP) as outlined in the Financial Accounting Standards Boards Accounting Standards Codification (FASB ASC) 958-205. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund the donor intentions.

There were no permanently restricted net assets at June 30, 2015.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions what will affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with original maturity of three months or less to be cash equivalents. At June 30, 2015 there were no cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to Communities in Schools of Kansas, Inc., that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as permanently restricted net assets. For the year ended June 30, 2015, the Organization had temporarily restricted net assets of \$209,306.

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Revenue recognition

Certain grants received by the Organization include grantor imposed restrictions. The income for these grants is recognized as expenses are incurred. Grant funds received but not yet expended are reported as deferred grant revenue on the Statement of Financial Position.

The Organization recognizes unrestricted donations as received. Donations with donor imposed restrictions that are met in the current reporting period are reported as unrestricted contributions.

Donated materials and services

Donations of property and equipment are recorded at estimated fair value at the date of donation and are included in contributions.

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

No amounts have been reflected in the accompanying financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals have volunteered over 6,000 hours to the Organization's program and support services, which do not meet the criteria for recognition in the financial statements.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Organization files as a tax-exempt organization. As of June 30, 2015, its 2011 through 2014 tax returns are open for examination by the IRS.

Functional expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses categorizes these expenses between program services, management and general and fundraising. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of credit risk

The Organization is subject to credit risk due to bank accounts that are placed in financial institutions. As of June 30, 2015, the amounts in excess of federally insured limits totaled \$307,331.

The Organization receives a substantial amount of funding from the state and federal governments and the national office of Communities In Schools. A significant reduction in this funding would have a significant effect on the operations of the Organization.

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 – Grants and contributions receivable

Grants and contributions receivable at June 30, 2015 consist of the following amounts due and expended from:

Department for Children and Families	\$ 310,961
United Way of Greater Topeka	7,780
Casey Family Programs	49,400
School Districts and other	1,227
	<u>\$ 369,368</u>

Note 4 – Property and equipment

Property and equipment include the following as of June 30, 2015:

Office furniture, computer & equipment	\$ 25,046
Software	51,162
Accumulated depreciation and amortization	(32,943)
	<u>\$ 43,265</u>

Depreciation and amortization expense for the year ended June 30, 2015 was \$20,093.

Note 5 – Compensated absences

The Organization provides paid personal leave to full-time employees based on length of employment. Up to 80 hours of personal leave may be carried forward to the following year in a personal leave reserve bank. Reserve bank hours can only be used for illness. Reserve bank personal leave is not payable upon termination and therefore not accrued on the financial statements. An exception to this policy has been granted to one employee. Accrued compensated absences payable is recorded for this exception at June 30, 2015 for \$4,231.

Note 6 – Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2015 are available for the following purposes or locations:

Reality U	\$ 10,812
Program services restricted to:	
Garden City, Kansas	20,638
Hale High School in Tulsa, Oklahoma	22,977
Johnson County, Kansas	61,901
Omaha, Nebraska	35,861
Topeka, Kansas	9,654
High schools	31,881
Other locations	12,279
Technology	3,303
	<u>\$ 209,306</u>

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7 – Related parties

The Organization is an affiliate member of the CIS National network. CIS receives grants and contributions from CIS National. The amount received during the year ended June 30, 2015 totaled \$1,041,513 and is included in grants and contracts revenue on the Statement of Activities.

The Organization receives grant funds from the Kansas Department for Children and Families, which includes funds that are required to be given to other local CIS organizations, as sub-recipients. The total amount held by CIS and owed to sub-recipients was \$8,614 as of June 30, 2015 and is included in accounts payable in the Statement of Financial Position. Total grant monies paid to sub-recipients during the year ended June 30, 2015 was \$260,316. These amounts are included as expenses in the Statement of Activities.

Note 8 – Operating leases

The Organization has entered into two operating leases for office space. The original lease term is from July 1, 2012 through June 30, 2017. The second lease term is from May 15, 2013 through June 30, 2018. The lease requires \$3,630 in security deposits.

The future minimum lease payments are as follows:

2016	\$ 46,560
2017	46,560
2018	<u>25,560</u>
	<u>\$ 118,680</u>

Note 9 – Subsequent events

Management has evaluated subsequent events through November 25, 2015, the date which the financial statements were available to be issued.

Note 10 – Prior period adjustment

In prior years the Organization did not record the fair market value of donated software. As of June 30, 2014, unrestricted net assets were increased by \$51,162. In addition, the Organization did not record deferred revenue for two grants on June 30, 2014. Temporarily restricted net assets were decreased by \$215,856 to adjust for the treatment of these grants. The net adjustment was a decrease in total net assets of \$164,694 as of June 30, 2014.



*INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of Communities In Schools of Mid-America, Inc.:

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 Mid-America, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015, 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 November 25, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Communities In Schools of Mid-America, Inc.'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 Communities In Schools of Mid-America, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Communities In Schools of Mid-America, Inc.'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.

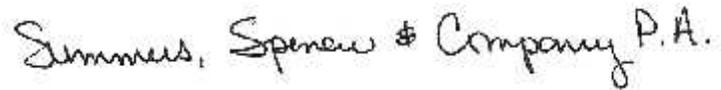
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Communities In Schools of Mid-America, Inc.'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.

A handwritten signature in black ink that reads "Summers, Spencer & Company P.A." The signature is written in a cursive, slightly slanted style.

Summers, Spencer & Company, P.A.
Lawrence, Kansas

November 25, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133*

To the Board of Directors of Communities In Schools of Mid-America, Inc.:

Report on Compliance for the Major Federal Program

We have audited Communities In Schools of Mid-America, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Communities In Schools of Mid-America, Inc.'s major federal program for the year ended June 30, 2015. Communities In Schools of Mid-America, Inc.'s major federal program is identified in the summary of auditors' 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Communities In Schools of Mid-America, Inc.'s major federal 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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* 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 program occurred. An audit includes examining, on a test basis, evidence about Communities In Schools of Mid-America, Inc.'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 program. However, our audit does not provide a legal determination of Communities In Schools of Mid-America, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Communities In Schools of Mid-America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *OMB Circular A-133* and which are described in the accompanying schedule of findings and questioned costs as items 2015-01 and 2015-02. Our opinion on each major federal program is not modified with respect to these matters.

Communities In Schools of Mid-America, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Communities In Schools of Mid-America, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

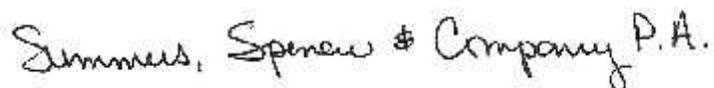
Management of Communities In Schools of Mid-America, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Communities In Schools of Mid-America, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, 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 Communities In Schools of Mid-America, Inc.'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 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 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 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-01 and 2015-02, that we consider to be significant deficiencies.

Communities In Schools of Mid-America, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Communities In Schools of Mid-America, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Summers, Spencer & Company, P.A.
Lawrence, Kansas

November 25, 2015

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Communities In Schools, Inc. were prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies were identified in the design or operation of internal control over financial reporting.
3. No instances of noncompliance material to the financial statements of Communities In Schools, Inc., which would require to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal award programs disclosed during the audit reported in the Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program or Project and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal programs for Communities In Schools, Inc. expresses an unmodified opinion on all major federal programs. However, as noted as Other Matters in the report, the results of our auditing procedures disclosed instances of noncompliance, which are reported in the schedule of audit findings.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major program was: CFDA No. 93.558 Temporary Assistance for Needy Families
8. The threshold for distinguishing Type A and Type B programs was \$300,000 for major Federal programs.
9. Communities In Schools, Inc. was determined to not be a low-risk auditee.

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS – FINANCIAL STATEMENTS

None.

FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

Finding Number: 2015 – 01

Finding:

Federal Agency: Department of Health and Human Services
Passed through from the Kansas Department for Children and Families
Program Name: Temporary Assistance for Needy Families
CFDA Number: 93.558
DCF Award Number: EES-2015-CIS-01
Grant period: Year ended June 30, 2015

SIGNIFICANT DEFICIENCY

Activities Allowed or Unallowed

Criteria and Condition: In accordance with DCF Award Number EES-2015-CIS-01, in each school where a CIS program is established the CIS Site Coordinator will develop a School Site Plan during the first month of the school year. CIS has not complied with this requirement at each school site.

Context: Audit tests revealed that two schools in which a CIS Program was established did not develop a School Site Plan within the first month of the start of the program.

Cause: No internal controls were in place to ensure that School Site Plans were developed in the required timeframe as outlined in DCF Award Number EES-2015-CIS-01.

Effect: CIS operated programs that did not have a site plan in place within the required timeframe. No questioned costs relate to this finding.

Recommendation: CIS should implement internal control procedures that will ensure timely development of School Site Plans at each school where a CIS program is established.

Views of responsible officials and planned corrective actions: Management agrees with the finding and will implement procedures that will ensure timely development of School Site Plans at each school where a CIS program is established.

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding Number: 2015 – 02

Finding:

Federal Agency: Department of Health and Human Services
Passed through from the Kansas Department for Children and Families (DCF)
Program Name: Temporary Assistance for Needy Families
CFDA Number: 93.558
DCF Award Number: EES-2015-CIS-01
Grant period: Year ended June 30, 2015

SIGNIFICANT DEFICIENCY
Reporting

Criteria and Condition: In accordance with DCF Award Number EES-2015-CIS-01 across all schools supported by the grant, CIS will recruit a minimum of 1,000 total volunteers to support students in school locations supported by the grant. CIS has complied with this requirement, however, monthly status reports sent to the DCF did not correctly report the number of unique volunteers.

Context: Audit tests revealed that CIS did recruit in excess of 1,000 volunteers as outlined by the grant. However, tests showed that certain individual volunteers were reported to the DCF in multiple months throughout the grant period, thus overstating the number of total volunteers.

Cause: No internal controls were in place to ensure that volunteers that had been reported to the DCF monthly were not duplicated in reports sent to the DCF in subsequent months.

Effect: Although CIS was not in violation of the grant award the method of reporting utilized had the potential of CIS unknowingly violating the grant award provisions. No questioned costs relate to this finding.

Recommendation: CIS should implement internal control procedures that will ensure that unique volunteers are reported to the DCF once during the grant period.

Views of responsible officials and planned corrective actions: Management agrees with the finding and will implement procedures that will eliminate the reporting of unique volunteers in multiple months during the grant period.

**COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

None.

SUPPLEMENTARY INFORMATION

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through/Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Health and Human Services</i>			
Passed through the Kansas Department for Children and Families			
Temporary Assistance for Needy Families	93.558	EES-2015-CIS-01	\$1,728,727
<i>Department of Education</i>			
Passed through USD 501 - Topeka Public Schools			
Twenty-First Century Community Learning Centers			
HOPE: Helping Our Panthers Excel	84.287	N/A	<u>12,491</u>
Total Expenditures of Federal Awards			<u><u>\$1,741,218</u></u>

COMMUNITIES IN SCHOOLS OF MID-AMERICA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity Communities In Schools of Mid-America, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, CIS provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amounts provided to Subrecipients
Total Federal Awards Provided to Subrecipients:		
Temporary Assistance for Needy Families	93.558	<u>\$260,316</u>