

***COMMUNITIES IN SCHOOLS
OF SOUTH CENTRAL TEXAS, INC.***

FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Communities In Schools of South Central Texas, Inc.
New Braunfels, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Communities In Schools of South Central Texas, Inc., which comprise the statement of financial position as of August 31, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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

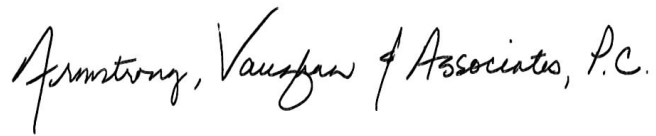
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of South Central Texas, Inc. as of August 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B4 to the financial statements, the 2014 financial statements have been restated in conjunction with an accounting policy change. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Communities In Schools of South Central Texas, Inc.'s 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 10, 2015. As described above, the entity has restated their 2014 financial statements to conform with accounting principles generally accepted in the United States of America as a result of a change in accounting policy. With the exception of this prior period adjustment, the summarized comparative information presented herein as of and for the year ended August 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

December 25, 2015

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015
(With Summarized Comparative Totals for 2014)

ASSETS	<u>2015</u>	<u>2014</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 66,318	\$ 102,128
Government Grants and Other Receivables	51,848	99,538
Inventory	37,587	32,387
Prepaid Expenses	13,577	17,327
Certificates of Deposit Restricted for Loan	66,000	-
<i>Total Current Assets</i>	<u>235,330</u>	<u>251,380</u>
 <i>Assets of Permanently Restricted Endowment Fund:</i>		
Restricted Cash and Cash Equivalents	73,180	61,690
Investment	-	7,737
<i>Total Assets of Permanently Restricted Endowment Fund</i>	<u>73,180</u>	<u>69,427</u>
 <i>Property and Equipment, Net</i>	 <u>704,633</u>	 <u>22,329</u>
 TOTAL ASSETS	 <u><u>\$ 1,013,143</u></u>	 <u><u>\$ 343,136</u></u>
 LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 38,154	\$ 8,395
Note Payable - Current	150,000	-
Current Portion of Long-term Debt	12,263	-
Loan Payable - Secured by Certificate of Deposit	66,000	-
<i>Total Current Liabilities</i>	<u>266,417</u>	<u>8,395</u>
 <i>Long-term Liabilities:</i>		
Thrift Store Note Payable	<u>512,751</u>	<u>-</u>
<i>Total Long-term Liabilities</i>	<u>512,751</u>	<u>-</u>
<i>Total Liabilities</i>	<u>779,168</u>	<u>8,395</u>
 <i>Net Assets:</i>		
Unrestricted	130,973	138,245
Temporarily Restricted	29,615	129,391
Permanently Restricted for Endowment	73,387	67,105
<i>Total Net Assets</i>	<u>233,975</u>	<u>334,741</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,013,143</u></u>	 <u><u>\$ 343,136</u></u>

The accompanying notes are an integral part of these financial statements.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015
(With Summarized Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted for Endowment	2015 Total	2014 Total
REVENUES, GAINS AND SUPPORT					
State and Federal Grants	\$ 618,882	\$ -	\$ -	\$ 618,882	\$ 592,184
Local Grants	1,041	-	-	1,041	1,104
United Way	69,125	-	-	69,125	77,083
Service Contracts	853,910	-	-	853,910	728,000
Contributions	404,302	75,651	6,282	486,235	585,219
Special Events, net	232,811	-	-	232,811	234,552
Thrift Store Revenue, net	16,635	-	-	16,635	14,916
Interest Revenue	284	-	-	284	440
In-Kind Revenues	518,902	-	-	518,902	139,500
Unrealized Gain/(Loss) on Investments	(124)	-	-	(124)	744
Other Income	2,496	-	-	2,496	6,489
<i>Total Revenues and Gains</i>	<u>2,718,264</u>	<u>75,651</u>	<u>6,282</u>	<u>2,800,197</u>	<u>2,380,231</u>
Net Assets Released from Donor Restrictions	175,427	(175,427)	-	-	-
TOTAL REVENUES, GAINS AND SUPPORT	<u>2,893,691</u>	<u>(99,776)</u>	<u>6,282</u>	<u>2,800,197</u>	<u>2,380,231</u>
EXPENSES					
Program Services	2,421,355	-	-	2,421,355	1,806,460
Supporting Services:					
Management and General	430,800	-	-	430,800	299,843
Fundraising	30,857	-	-	30,857	72,965
Depreciation	17,951	-	-	17,951	22,492
TOTAL EXPENSES	<u>2,900,963</u>	<u>-</u>	<u>-</u>	<u>2,900,963</u>	<u>2,201,760</u>
CHANGE IN NET ASSETS	(7,272)	(99,776)	6,282	(100,766)	178,471
NET ASSETS - BEGINNING OF YEAR	138,245	129,391	67,105	334,741	65,853
Prior Period Adjustment	-	-	-	-	90,417
NET ASSETS - END OF YEAR	<u>\$ 130,973</u>	<u>\$ 29,615</u>	<u>\$ 73,387</u>	<u>\$ 233,975</u>	<u>\$ 334,741</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2015
(With Summarized Comparative Totals for 2014)

	Program Services	Supporting Services		2015 Total	2014 Total
		Management & General	Fundraising Expenses		
FUNCTIONAL EXPENSES					
<i>Personnel Costs:</i>					
Personnel Costs	\$ 1,443,542	\$ 197,094	\$ 24,634	\$ 1,665,270	\$ 1,400,491
Fringe Benefits	187,674	22,687	3,514	213,875	235,737
<i>Total Personnel Costs</i>	<u>1,631,216</u>	<u>219,781</u>	<u>28,148</u>	<u>1,879,145</u>	<u>1,636,228</u>
Travel/Training	16,251	5,035	-	21,286	28,638
Insurance Expense	14,721	2,010	-	16,731	15,158
Healthy Adolescent Initiative	63,703	-	-	63,703	-
Professional Fees	-	14,035	-	14,035	15,404
In-Kind Expenses	368,002	150,900	-	518,902	139,500
Supplies	4,571	14,883	-	19,454	22,592
Direct Client Services	40,236	-	-	40,236	69,676
Project Success	201,408	-	-	201,408	188,395
Mentor Expenses	56,915	-	-	56,915	18,622
Occupancy Expenses	6,773	8,523	2,709	18,005	14,356
Other Expenses	17,559	15,633	-	33,192	22,721
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,421,355</u>	<u>\$ 430,800</u>	<u>\$ 30,857</u>	<u>\$ 2,883,012</u>	<u>\$ 2,171,290</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2015
(With Summarized Comparative Totals for 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (100,766)	\$ 178,471
Adjustments		
Depreciation	17,951	22,492
Loss on Disposal of Equipment	-	151
(Increase) Decrease in Current Assets:		
(Increase) Decrease in Government Grants and Other Receivables	47,690	(54,521)
(Increase) Decrease in Inventory	(5,200)	2,632
(Increase) Decrease in Prepaid Expenses	3,750	(1,458)
Increase (Decrease) in Liabilities:		
Increase (Decrease) in Accounts Payable	29,759	717
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	(6,816)	148,484
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(700,255)	(7,107)
Proceeds From Sale of Investments	7,737	-
Purchase of Investments	-	(744)
Purchase of Certificates of Deposit Restricted for Loan	(66,000)	-
NET CASH PROVIDED (REQUIRED) BY INVESTING ACTIVITIES	(758,518)	(7,851)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Loan Payable - Secured by Certificate of Deposit	66,000	-
Proceeds From Notes Payable	528,000	-
Current Maturities on Notes Payable	150,000	-
Payments on Notes Payable	(2,986)	-
NET CASH PROVIDED (REQUIRED) BY FINANCING ACTIVITIES	741,014	-
 NET INCREASE (DECREASE) IN CASH	(24,320)	140,633
 CASH AND CASH EQUIVALENTS AT BEGINNING YEAR		
Cash and Cash Equivalents	102,128	23,185
Restricted Cash and Cash Equivalents	61,690	-
	163,818	23,185
 CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and Cash Equivalents	66,318	102,128
Restricted Cash and Cash Equivalents	73,180	61,690
	\$ 139,498	\$ 163,818
 SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ 5,987	\$ -

The accompanying notes are an integral part of these financial statements.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015

NOTE A -- ORDER AND PURPOSE

Communities In Schools of South Central Texas, Inc. (CISSCTX) (the organization) was organized as a nonprofit corporation on December 15, 1992 for the purpose of coordinating and delivering human services to at-risk youth and their families in South Central Texas. This is accomplished through the supportive environment of the public schools. CISSCTX endeavors to enable the participants to have access to a broad range of needed social and educational services.

CISSCTX is supported primarily by the Texas Education Agency, Federal Department of Education, service delivery agreements with the schools they serve; donations from foundations, corporations and individuals, United Way, and to a lesser extent, special events.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Accounting Method*

Communities In Schools of South Central Texas, Inc. uses the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when they are incurred.

2. *Financial Statement Presentation*

The financial statements of Communities In Schools of South Central Texas, Inc. are presented in accordance with the provisions of Financial Accounting Standards Board (FASB) ASC 958-605-15 and 958-205-05 (Formerly Statements No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-profit Organizations*) and the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide").

Under the provisions of ACS 958-205-05 and the Guide, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CISSCTX and changes therein are classified and reported as follows:

Unrestricted Net Assets – net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of CISSCTX and/or passage of time.

Permanently Restricted Net Assets – net assets subject to donor-imposed stipulations that may be maintained permanently by CISSCTX.

Donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
AUGUST 31, 2015

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

3. *Income Taxes*

CISSCTX is a not-for-profit organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. As such, no provision for income taxes has been made in the financial statements. CISSCTX generally is no longer subject to income tax examination by Federal authorities for years prior to 2012.

The most significant tax positions of the CISSCTX is its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

4. *Compensated Absences*

Employees of CISSCTX are entitled to 11 paid vacation days per year. Unused vacation may be carried forward to the next year at a maximum of 232 hours. During the year, CISSCTX changed its accounting policy with respect to the accrual of compensated absences. The Organization is no longer obligated to payout any unused accumulated vacation upon termination of an employee. As such, they are no longer accruing any compensated absences on their financial statements. The change results in a material impact to the current year and any year included within these comparative financial statements

5. *Cash and Cash Equivalents*

Cash and cash equivalents include endowment funds and interest-bearing checking, savings accounts, and money market funds. All other highly liquid debt instruments with an original maturity of three months or less are also included as cash equivalents on the statement of financial position and statement of cash flows.

6. *Investments*

Investments are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

7. *Government Grants and Other Receivables*

CISSCTX provides services that are paid for by federal, state, and local grants. Other receivables consist of service delivery agreements with the schools that CISSCTX provides services. CISSCTX has deemed these receivables to be fully collectible.

8. *Property and Equipment*

Property and equipment is recorded at cost if purchased, or at fair market value if donated. CISSCTX capitalizes items with useful lives greater than five years and costing more than \$500.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
AUGUST 31, 2015

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

9. *Depreciation*

Depreciation on the property, furniture, and equipment owned by CISSCTX is calculated using the straight-line method. Estimated useful lives for purposes of depreciation are as follows:

	<u>Years</u>
Building and Improvements	39
Furniture and Equipment	3

10. *Functional Expense Allocations*

Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various methods.

11. *Donated Services and In-Kind Support*

CISSCTX may receive services, supplies and equipment without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements as revenues and expenditures in a like amount. In-kind contributions are measured and recorded at fair value on the date of donation. Equipment and other non-cash donations are recorded as contributions at cost or estimated fair value determined at the date of the donation. As of August 31, 2014 the fair market value of in-kind contributions was determined to be \$139,500. As of August 31, 2015 the fair market value of in-kind contributions was determined to be \$518,902 consisting of \$150,900 for monthly facility rent and \$368,002 for donated school supplies. Donated contributions and services are reported as in-kind contributions on the Statement of Activities.

12. *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

13. *Inventory*

Inventory consists of donated items at the thrift store that have not been sold. Inventory is valued by CISSCTX at estimated fair value.

14. *Subsequent Events*

Subsequent events were considered through December 25, 2015, which is the date the financial statements were available to be issued.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
AUGUST 31, 2015

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

15. *Comparative Totals*

The financial statement and footnote disclosures for the year ended August 31, 2014 are presented only to provide a basis for comparison with the year ended August 31, 2015. The 2014 financial statements and footnote disclosures are not intended to present all information necessary for the fair presentation in accordance with U.S. Generally Accepted Accounting Principles. Accordingly, such information should be used in conjunction with the Organization's financial statements for the year ended August 31, 2014 from which the summarized information was derived.

NOTE C -- THRIFT STORE

CISSCTX owns a thrift store. For the year ended August 31, 2015, the thrift store generated \$95,893 in revenue and had \$79,258 in expenses for a net gain of \$16,635. The revenue received from the thrift store is unrestricted.

NOTE D -- PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of August 31, 2015:

Land	\$ 151,000
Buildings	544,705
Equipment, Furniture & Fixtures	<u>31,741</u>
Total Property and Equipment	727,446
Less: Accumulated Depreciation	<u>(22,813)</u>
Property and Equipment - Net	<u><u>\$ 704,633</u></u>

Land is not depreciated.

NOTE E -- FAIR VALUE MEASUREMENT

CISSCTX financial instruments consist primarily of cash and cash equivalents, money market investments and equity securities. The carrying amount of the cash and cash equivalents approximate their fair market value due to the short-term nature of such instruments (Level 1).

The carrying value of the equity securities investment fund is the fair market value based upon quoted prices (Level 1).

CISSCTX uses the following hierarchical disclosure framework:

Level 1 - Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 - Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 AUGUST 31, 2015

NOTE E -- FAIR VALUE MEASUREMENT (CONT.)

Level 3 - Measurement based on assumptions about hypothetical marketplace because observable market inputs are not available as of the reporting date.

CISSCTX uses appropriate valuation techniques based on available inputs to measure the fair value of its assets and liabilities. When available, CISSCTX measures fair market value using Level 1 inputs because they generally provided the most reliable evidence of fair value. Level 3 inputs have the lowest priority. All of CISSCTX's investments are according to the fair value hierarchy at Level 1.

As of August 31, 2015, CISSCTX had the following investment:

	Year End 2015 Cost	Year End 2015 Fair Value	Accumulated Gain (loss)
Equity Securities	\$ 73,387	\$ 73,180	\$ (207)

NOTE F -- FEDERAL AND GRANT CONTINGENCY

Communities In Schools of South Central Texas, Inc. is funded by various federal and state grant programs which are governed by various rules and regulations of the grantor agencies. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agency. To the extent that CISSCTX has not complied with the rules and regulations governing the grant, refunds of any money received may be required. It is the opinion of management, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

NOTE G -- ENDOWMENT FUND

The Communities In Schools of South Central Texas, Inc. Endowment Fund (Endowment Fund) was created as a permanent endowment fund in 2003, to support Communities In Schools of South Central Texas, Inc. The investment objective for the capital fund is the preservation of capital, with the secondary purpose being to provide an income stream. The risk tolerance objective is investments should be made that insure the preservation of capital in the overall capital and offsets during a twelve-month period Communities In Schools of South Central Texas, Inc., Inc. has permanent ownership of the principal portion of the Endowment Fund and in the event of dissolution of Communities In Schools of South Central Texas, Inc., Inc. it will control the distribution of the funds. The net appreciation from the Endowment Fund is to be used to support the Communities In Schools of South Central Texas, Inc., Inc.'s operating activities or for specific purpose designated by the donor. As of August 31, 2015, the fair value of the Endowment Fund is \$73,180. \$73,387 of the endowment fund contribution is donor restricted.

Beginning Endowment Fund Balance	\$ 69,427
Investment Return:	
Income	(207)
Contribution	3,960
Ending Endowment Fund Balance	\$ 73,180
Breakdown of Endowment Fund:	
Unrestricted Fund	\$ (207)
Permanently Restricted Fund	\$ 73,387

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 AUGUST 31, 2015

NOTE H -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets at year-end consist of the following:

School Supplies	\$	8,974
Shoes Program		3,649
Client Needs - Specific Campuses		16,036
Oakwood Fund		956
		<u>29,615</u>
	\$	<u>29,615</u>

Additionally, the net assets released from restriction during the year were as follows:

At Risk Youth	\$	40,000
School Lunches -CISD		642
School Supplies		15,892
Shoes Program		7,887
Client Needs - Specific Camupses		11,391
Oakwood Fund		12,294
NBISD and CISD 2014/2015 Year		40,000
New Braunfels Rotary Club		15,000
Barbara Jordan Intermediate School		30,000
Realized Gain on Investments		2,322
		<u>175,427</u>
	\$	<u>175,427</u>

NOTE I -- NOTES PAYABLE

In May of 2015, CISSCTX purchased land and buildings located at 1058 North IH-35, New Braunfels, Texas for \$665,249. A payment of \$137,249 was made at the time of closing in addition to closing costs of \$9,170. The remaining balance of \$528,000 is secured by the purchase of land and a 25 year note, with interest at 4.25% adjustable every 5 years thereafter. The interest will adjust to a fixed rate equal to the lesser of: (i) the Prime Interest Rate as it exists on such date plus 1% or (ii) the maximum nonusurious rate of interest permitted by applicable law. The monthly installment for the next five years is \$2,862. The annual requirements for principal and interest (based on the current 4.25%) payments on the notes payable for the next five years and thereafter is as follows:

	For Year Ended 2015		
	Principal	Interest	Total
2016	\$ 12,263	\$ 22,077	\$ 34,340
2017	12,795	21,545	34,340
2018	13,350	20,990	34,340
2019	13,928	20,412	34,340
2020	14,532	19,808	34,340
2021-2025	82,668	89,029	171,697
2026-2030	102,203	69,495	171,698
2031-2035	126,354	45,344	171,698
2036-2040	146,921	15,523	162,444
	<u>\$ 525,014</u>	<u>\$ 324,223</u>	<u>\$ 849,237</u>

COMMUNITIES IN SCHOOLS OF SOUTH CENTRAL TEXAS, INC.
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 AUGUST 31, 2015

NOTE I -- NOTES PAYABLE (CONT.)

As additional funding for the purchase of the Thrift Store, the Organization took out a loan of \$66,000 at First Commercial Bank. The loan is collateralized with by the purchase of a CD. The term of the loan is 1 year and the Organization is subject to interest of 2.3% per annum. Principal and all accrued unpaid interest is due on May 14, 2016. As of the date of the report, the loan has been transferred to a line of credit subject to the same interest rate and due date.

On July 30, 2015, the Organization took out a \$150,000 loan from James Long at an interest rate of .45% per annum to cover expenses until sufficient cash flows could be generated. The unpaid principal and accrued interest shall be due in full on September 28, 2015. As of the date of the report, the loan has been paid in full.

NOTE J -- RETIREMENT PLAN

All full-time eligible employees may participate in a 403(b) tax deferred annuity program. For the fiscal years ended August 31, 2015 and 2014, CISSCTX made an elective contribution to the plan of \$12,490 and \$11,056, respectively.

NOTE K -- SPECIAL EVENTS

During the special events revenues and expenses were as follows:

	Rock 'N Roll	Direct Mailing	Pack the Bus	Raffle	Dine With The Stars	Other Special	Total
Revenues	\$ 151,372	\$ 6,924	\$ 18,435	\$ 25,732	\$ 27,287	\$ 57,953	\$ 287,703
Expenses	(40,453)	(425)	(469)	(6,356)	(1,762)	(5,427)	(54,892)
Net Income	<u>\$ 110,919</u>	<u>\$ 6,499</u>	<u>\$ 17,966</u>	<u>\$ 19,376</u>	<u>\$ 25,525</u>	<u>\$ 52,526</u>	<u>\$ 232,811</u>

NOTE L -- PRIOR PERIOD ADJUSTMENTS

The Organization made a change of accounting policy in May of 2015 resulting in a reduction in accrued compensated absences. A prior period adjustment of \$90,417 has been made to correct beginning balances in 2014.

NOTE M -- LITIGATION

Management is not aware of any threatened or pending litigation.

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