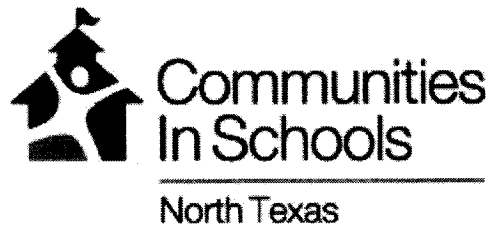


COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.



ANNUAL FINANCIAL REPORT

JUNE 30, 2012

Prepared by Haynes and Associates, P.C., Certified Public Accountant

COMMUNITIES IN SCHOOLS
OF NORTH TEXAS, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

**ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED, JUNE 30, 2012**

TABLE OF CONTENTS

Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	13
Schedule of Findings and Questioned Costs	15
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17

COMMUNITIES IN SCHOOLS
OF NORTH TEXAS, INC.

ANNUAL FINANCIAL REPORT
JUNE 30, 2012

Haynes and Associates, P.C.
Certified Public Accountant
405 North Oak Street
Roanoke, Texas 76262
817-491-1300

Independent Auditors' Report

Board of Directors
Communities in Schools of North Texas, Inc.

We have audited the accompanying statement of financial position of Communities in Schools of North Texas, Inc. (a nonprofit organization) as of June 30, 2012, and the related statements of activities and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities in Schools of North Texas, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Communities in Schools of North Texas, inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organization," and is not a required part of the basic 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 aspects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Haynes and Associates P.C." is positioned above the printed name of the firm.

Haynes and Associates, P.C.

November 1, 2012

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS

Current Assets:

Cash	\$ 557,312
Accounts Receivable	13,429
Due from State Government	388,105
Deferred Expenses	<u>-</u>

Total Assets \$ 958,846

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 72,561
Accrued Wages	152,836
Deferred Revenue	<u>14,650</u>

Total Current Liabilities \$ 240,047

Net Assets:

Unrestricted 718,799

Total Unrestricted 718,799

Total Liabilities and Net Assets \$ 958,846

See Accompanying Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Support:			
Federal Grants	\$ -	\$ 2,343,398	\$ 2,343,398
State Grants		298,645	298,645
Local Support		1,026,595	1,026,595
In-kind Contributions		164,853	164,853
Net Assets Released From Restrictions:			
Satisfaction of Program Restrictions	<u>3,833,491</u>	<u>(3,833,491)</u>	<u>-</u>
Total Support and Revenue	<u>3,833,491</u>	<u>-</u>	<u>3,833,491</u>
Expenses:			
Program Expenses	3,138,849	-	3,138,849
Administration	278,060	-	278,060
Fundraising	<u>69,930</u>	<u>-</u>	<u>69,930</u>
Total Expenses	3,486,839	-	3,486,839
Change in Net Assets	346,652	-	346,652
Net Assets as of Beginning of Year	<u>372,147</u>	<u>-</u>	<u>372,147</u>
Net Assets as of End of Ten Months	<u>\$ 718,799</u>	<u>\$ -</u>	<u>\$ 718,799</u>

See Accompanying Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Activities	
Change in net assets	\$ 346,652
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Increase in Accounts Receivable	(210,488)
Decrease in Deferred Expenses	119
Increase in Accounts Payable	161,706
Decrease in Deferred Revenues	(46,350)
Net cash provided by operating activities	<u>251,639</u>
Net increase in cash and cash equivalents	251,639
Cash and cash equivalents as of beginning of year	<u>305,673</u>
Cash and cash equivalents as of June 30, 2012	<u><u>\$ 557,312</u></u>

See Accompanying Notes to Financial Statements.

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE A – NATURE OF ACTIVITIES AND SIGNIFIANT ACCOUNTING POLICIES

Communities in Schools of North Texas, Inc. is a nonprofit corporation chartered in 1993. Communities in Schools is a program of the Texas Education Agency which is an in-school multi-disciplinary approach to decreasing the dropout rate in Texas schools.

Method of Accounting

The financial statements of the Communities in Schools of North Texas, Inc. have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation

For the fiscal year ended June 30, 2012, the Communities in Schools of North Texas, Inc. followed Statement of Financial Accounting Standards (SFASA) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117 the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

Income Tax Status

Communities in Schools of North Texas, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE A – NATURE OF ACTIVITIES AND SIGNIFIANT ACCOUNTING POLICIES (Cont.)

Cash and Cash Equivalents

The Communities in Schools of North Texas, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

NOTE B – FUNCTIONAL EXPENSES

Expenses are charged directly to program or management in general categories based on specific identification.

The following is a summary of functional expenses:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$2,118,906	\$140,559	\$38,025	\$2,297,490
Payroll taxes	34,032	2,192	616	36,840
Employee Benefits	150,517	10,200	3,151	163,868
Retirement	12,873	901	209	13,983
Teacher Retirement				
On-behalf payments	106,822	8,872	-	115,694
Professional Services	156,614	69,416	750	226,780
Curriculum	210,334		-	210,334
Accounting	-	3,700	-	3,700
Fees for Services – Other	-	7,507	-	7,507
Occupancy	23,877	3,686	-	27,563
Supplies	225,955	13,578	2,166	241,699
Clothing	-	-	-	-
Travel	43,056	6,975	1,667	51,698
Insurance	16,664	3,875	-	20,539
Miscellaneous	39,199	6,599	1,725	47,523
Golf Tournament	-	-	21,621	21,621
Total	3,138,849	278,060	69,930	3,486,839

NOTE C – SUBSEQUENT EVENTS

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE D – PENSION PLAN OBLIGATIONS

Plan Description – The Organization contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the Organization, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C. Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 233-8778.

Funding Policy – Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.644% of the Organization's covered payroll. In certain instances the Organization is required to make all or a portion of the state's 6.644% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires that legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The Organization's employees' contributions to the System for the year ending August 31, 2010 was \$96,487, and for the ten months ended June 30, 2011 \$83,399, and for June 30, 2012 \$98,340 respectively, equal to the required contributions for each year. The amounts contributed by the State, for the year ended August 31, 2010 was \$91,811, and ten months ended June 30, 2011 \$97,983, and for the year ended June 30, 2012 \$115,694 respectively, and are reflected in the financial statements in accordance with Governmental Accounting Standards Board Statement No. 24.

NOTE E – RETIREE HEALTH PLAN

Plan Description. Communities in Schools of North Texas, Inc. contribute to the Texas Organization Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees authority to establish and amend the basic and option group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Notes to Financial Statements For the Fiscal Year Ended June 30, 2012

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and Organization contributions, respectively. The State of Texas and active Organization employee contribution rates were 1.0% and 0.65% of the Organization payroll, respectively, with Organizations contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. Per Texas Insurance Code, Chapter 1575, the Organization contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the Organization. For the year ended August 31, 2010, the State's contributions to TRS-Care was \$12,974 and the ten months ended June 30, 2010 \$13,031, and for the year ended June 30, 2012, \$13,981 respectively, and the Organization's contributions were \$8,292, \$7,136 and \$8,389 respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the Organization. For the year ended June 30, 2012, the contribution made on behalf of the Organization was \$115,694.

NOTE F – HEALTH CARE

During the year ended, June 30, 2012, employees of Communities in Schools of North Texas, Inc. were covered by the TRS-Active Care health insurance plan (the Plan). The Organization contributed \$322 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

NOTE G - LITIGATION AND CONTINGENCIES

The Organization participates in state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grant, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of the Organization, there are no significant contingent liabilities, relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Haynes and Associates, P.C.
Certified Public Accountant
405 North Oak Street
Roanoke, Texas 76262
817-491-1300

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Board of Directors
Communities In Schools of North Texas, Inc.

We have audited the financial statements of Communities in Schools of North Texas, Inc. (the "Organization") as of and for year ended June 30, 2012, which collectively comprise the Organization's financial statements and have issued our report thereon dated November 1, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

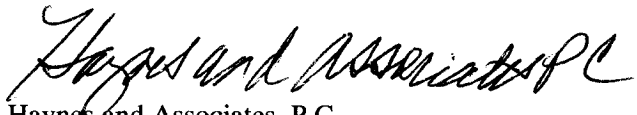
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Communities in Schools of North Texas, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Haynes and Associates, P.C.

November 1, 2012

Haynes and Associates, P.C.
Certified Public Accountant
405 North Oak Street
Roanoke, Texas 76262
817-491-1300

Independent Auditor's Report on Compliance with Requirements Applicable
To Each Major Program and on Internal Control Over Compliance
In Accordance with OMB Circular A-133

Board of Directors
Communities in Schools of North Texas, Inc.

Compliance

We have audited the compliance of Communities in Schools of North Texas, Inc. (the "Organization") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

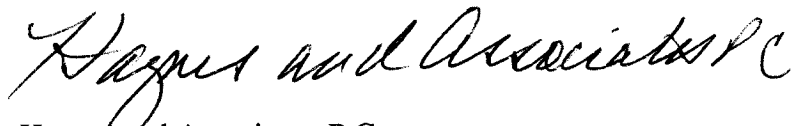
Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Haynes and Associates P.C." in a cursive script.

Haynes and Associates, P.C.

November 1, 2012

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
2. No internal control findings required to be reported in this schedule were disclosed in the audit of financial statements.
3. Noncompliance which is material to the financial statements: None
4. No internal control findings required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unqualified.
6. Did the audit disclose findings which are required to be reported under Sec. 510 (a):
No
7. Major programs include: 84.287C 21st Century Community Learning Centers
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

The audit disclosed no findings or questioned costs to be reported.

III. Other Findings

None

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
--	----------------------------------	---	--------------------------------

U.S. Department of Education

Passed Through State Department of Education

21 st Community Learning Centers	84.287C	09-695012711006	<u>\$2,343,398</u>
---	---------	-----------------	--------------------

Total Passed Through State Department of Education			<u>\$2,343,398</u>
--	--	--	--------------------

TOTAL DEPARTMENT OF EDUCATION			<u>\$2,343,398</u>
-------------------------------	--	--	--------------------

TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$2,343,398</u>
--------------------------------------	--	--	--------------------

COMMUNITIES IN SCHOOLS OF NORTH TEXAS, INC.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended, June 30, 2012

1. The accrual basis of accounting is used for Federal funds. This basis of accounting recognizes revenues in the accounting period in which they are earned, and expenditures in the accounting period in which the liability is incurred.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

2. Communities in Schools of North Texas, Inc. participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Communities in Schools of North Texas, Inc. has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of Communities in Schools of North Texas, Inc., there are not significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.