

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS

FINANCIAL STATEMENTS

DECEMBER 31, 2017

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS:	
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS	2
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES AND CHANGES IN NET ASSETS –MODIFIED CASH BASIS	3
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS	4
NOTES TO FINANCIAL STATEMENTS	5-6
INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTARY INFORMATION	7
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES DETAIL- MODIFIED CASH BASIS, ACTUAL-TO BUDGET - MODIFIED CASH BASIS	8

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
TEXAS ASSOCIATION OF MID-SIZE SCHOOLS

We have audited the accompanying financial statements of Texas Association of Mid-Size Schools (a nonprofit organization), which compose the statement of assets, liabilities, and net assets – modified cash basis of as of December 31, 2017, and the related statement of support, revenue, and expenses and changes in net assets and cash flows – modified cash basis 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 of 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.

Basis of Accounting

As described in Note 1, of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of Texas Association of Mid-Size Schools as of December 31, 2017, and its support, revenue and expenses and 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.

Danny Peña III, PC

Austin, Texas
July 19, 2018

P.O. Box 27288, Austin, TX 78755
danny@pena-cpa.com

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2017

ASSETS

Current assets	
Cash - checking	\$ 43,225
Cash – savings	<u>252,702</u>
Total current assets	295,927
Fixed assets	
Office equipment	8,058
Accumulated depreciation	<u>(4,242)</u>
Total fixed assets	<u>3,815</u>
Total assets	<u>\$ 299,742</u>

LIABILITIES AND NET ASSETS

Net assets	
Unrestricted net assets	\$ <u>299,742</u>
Total liabilities and net assets	<u>\$ 299,742</u>

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

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES AND CHANGES IN NET
ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Changes in unrestricted net assets:

Unrestricted revenue:

Membership dues	\$ 87,900
Conference	12,375
Sponsorships	53,267
Breakfast meetings	600
Interest	320
Total unrestricted revenue	<u>154,462</u>

Unrestricted expenses:

Administrative director	45,420
Administrative staff support	2,174
Advocacy	27,000
Audit & financial report	3,000
Bank fees	4
Breakfast expense	14,752
Conference expense	8,656
Depreciation expense	665
Home office	13,752
Home office expense	1,453
Meeting expense	298
Miscellaneous	671
Plaques and awards	241
Telephone expense	896
Travel expense	1,207
Website hosting and maintenance	1,020
Total unrestricted expenses	<u>121,209</u>

Change in unrestricted net assets 33,253

Net assets, beginning of year 266,489

Net assets, end of year \$ 299,742

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

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS
STATEMENT OF CASH FLOWS MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operatin activities:

Change in unrestricted net assets	\$ 33,253
Adjustments to reconcile changes in net assets to Net cash used by operating activities:	
Depreciation	665
Increase in accounts payable	(20,744)
Net cash provided by operating activities	13,174
Net cash used by investing activities	
Purchase of fixed assets	(3,113)
Net cash used by investing activities	(3,113)
Net increase in cash and cash equivalents	10,061
Cash and cash equivalents, beginning of year	285,866
Cash and cash equivalents, end of year	<u>\$ 295,927</u>

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

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Texas Association of Mid-Size Schools (TAMS a Texas corporation), is a not for profit organization organized for the specific purpose of representing students of member school districts with average daily attendance from 1,200 to 5,000 students. The primary objective is to impact the state's financing of public schools by providing information and education to decision makers and the public.

NOTE 1 – SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES

- A) The financial statements of TAMS are presented using the modified cash basis of accounting. Revenues are recognized upon receipt and expenditures are recognized in the accounting period in which the expenses are paid. Substantially all transactions recognized are cash receipts and disbursements. The fixed assets have been capitalized and non-cash transactions for depreciation have been recorded following GAAP guidelines.
- B) TAMS is exempt from Federal income tax under Section 501(c)(4) of the Internal Revenue Code. However, TAMS is liable for Federal income tax arising from business activities, which are unrelated to its exempt purpose. There is no such liability for 2017 therefore, no provision for Federal income tax has been made in these financial statements.
- D) Financial statement presentation is in accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, TAMS 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.
- E) Property and equipment are recorded at cost. Depreciation is determined using the straight-line method for all assets. Depreciation expense for the year ending December 31, 2017 was \$665.
- F) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

- G) TAMS has implemented all new applicable accounting pronouncements and does not believe that there are any other new pronouncements that have been issued that may have a material impact on the financial statements.
- H) The costs of providing TAMS various programs and activities have been summarized on a functional basis in Note 3 below. Accordingly, certain costs have been allocated among programs and general and administrative expenses.

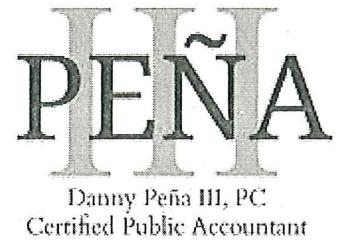
NOTE 2 – SUBSEQUENT EVENTS

In preparing these financial statements, TAMS has evaluated events and transactions for potential recognition or disclosure through July 19, 2018, the date the financial statements were available to be issued.

NOTE 3 – FUNCTIONAL EXPENSES

The following schedule lists the functional expenses for the year ended December 31, 2017:

<u>Expenses</u>	<u>Program Expenses</u>	<u>G&A Expenses</u>	<u>Total</u>
Additional support staff	\$	\$ 2,174	\$ 2,174
Advocacy expense	27,000		27,000
Annual conference	8,656		8,656
Audit & financial reports		3,000	3,000
Bank fees		4	4
Depreciation expense		665	665
Executive director	45,420		45,420
Home office		13,752	13,752
Home office expense		1,453	1,453
Meetings		298	298
Mid-Winter breakfast	14,752		14,752
Miscellaneous		671	671
Plaques & awards expense		241	241
Telephone expense		896	896
Travel expense		1,207	1,207
Website hosting and maintenance	1,020		1,020
Total expenses	<u>\$ 96,848</u>	<u>\$ 24,361</u>	<u>\$ 121,209</u>



Independent Auditor's Report on Supplementary Information

Board of Directors
Texas Association of Mid-Sized Schools
Austin, TX

We have audited the financial statements of Texas Association of Mid-Sized Schools as of and for the year ended December 31, 2017, and have issued our report thereon dated July 19, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The statement of support, revenue and expenses actual-to-budget 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.

Austin, TX
July 19, 2018

TEXAS ASSOCIATION OF MID-SIZE SCHOOLS
STATEMENT OF SUPPORT, REVENUE, AND EXPENSE DETAIL, ACTUAL-TO-BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
Changes in unrestricted net assets:			
Unrestricted revenue:			
Membership dues	\$ 87,900	\$ 86,000	\$ 1,900
Conference	12,375	8,000	4,375
Sponsorships	53,267	33,000	20,267
Breakfast meetings	600	600	
Interest income	320	175	145
Total unrestricted revenue	<u>154,462</u>	<u>127,775</u>	<u>26,687</u>
Unrestricted expenses:			
Administrative staff support	2,174	1,000	(1,174)
Advocacy	27,000	27,000	
Audit and financial report	3,000	2,700	(300)
Bank fees	4		(4)
Breakfast expense	14,752	12,500	(2,252)
Cellular phone		1,000	1,000
Conference expense	8,656	20,000	11,344
Consulting/finance research		8,000	8,000
Database maintenance		1,000	1,000
Depreciation expense	665		(665)
Executive director	45,420	45,425	5
Home office	13,752	13,752	
Home office expense	1,453	2,000	547
Meeting expense	298	500	202
Miscellaneous	671		(671)
Plaques & awards	241	400	159
Telephone expense	896		(896)
Travel expense	1,207	600	(607)
Website maintenance and support	<u>1,020</u>	<u>1,020</u>	
Total unrestricted expenses	<u>121,209</u>	<u>136,897</u>	<u>15,688</u>
Change in unrestricted net assets	<u>\$ 33,253</u>	<u>\$ (9,122)</u>	<u>\$ 42,375</u>

See report of independent auditors on the supplementary information