

**COMMUNITIES IN SCHOOLS OF GEORGIA, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 and 2023**

**with
INDEPENDENT AUDITORS' REPORTS**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3-4
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	6-7
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	8-9
CONSOLIDATED STATEMENTS OF CASH FLOWS	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11-16



INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Communities In Schools of Georgia, Inc. and Subsidiary**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Communities in Schools of Georgia, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Smith and Howard

Atlanta, GA
August 13, 2025

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,385,361	\$3,973,335
Grants and other receivables, net	5,456,226	1,968,221
Prepaid expenses and other assets	233,462	78,270
Property and equipment, net	28,991	5,803
Right-of-use assets	<u>61,466</u>	<u>212,258</u>
 Total Assets	 <u>\$ 9,165,506</u>	 <u>\$ 6,237,887</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 1,502,645	\$625,218
Operating lease liabilities	<u>67,255</u>	<u>240,194</u>
 Total Liabilities	 <u>1,569,900</u>	 <u>865,412</u>
 Net assets		
Without donor restrictions	5,807,896	4,848,216
With donor restrictions	<u>1,787,710</u>	<u>524,259</u>
 Total Net Assets	 <u>7,595,606</u>	 <u>5,372,475</u>
 Total Liabilities and Net Assets	 <u>\$ 9,165,506</u>	 <u>\$ 6,237,887</u>

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

**COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contributions and other revenues	\$ 2,616,060	\$ 1,941,043	\$ 4,557,103
Grants	7,284,334	-	7,284,334
Net assets released from restrictions	<u>677,592</u>	<u>(677,592)</u>	<u>-</u>
Total Revenues and Other Support	<u>10,577,986</u>	<u>1,263,451</u>	<u>11,841,437</u>
Expenses:			
Program services	<u>8,278,692</u>	<u>-</u>	<u>8,278,692</u>
Supportive services:			
Management and general	757,096	-	757,096
Fundraising	<u>582,518</u>	<u>-</u>	<u>582,518</u>
Total supportive services	<u>1,339,614</u>	<u>-</u>	<u>1,339,614</u>
Total Expenses	<u>9,618,306</u>	<u>-</u>	<u>9,618,306</u>
Change in Net Assets	959,680	1,263,451	2,223,131
Net assets:			
Beginning of year	<u>4,848,216</u>	<u>524,259</u>	<u>5,372,475</u>
End of year	<u>\$ 5,807,896</u>	<u>\$ 1,787,710</u>	<u>\$ 7,595,606</u>

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

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contributions and other revenues	\$2,306,117	\$524,259	\$2,830,376
Grants	<u>3,544,155</u>	<u>-</u>	<u>3,544,155</u>
Total Revenues and Other Support	<u>5,850,272</u>	<u>524,259</u>	<u>6,374,531</u>
Expenses:			
Program services	<u>4,438,319</u>	<u>-</u>	<u>4,438,319</u>
Supportive services:			
Management and general	613,874	-	613,874
Fundraising	<u>609,055</u>	<u>-</u>	<u>609,055</u>
Total supportive services	<u>1,222,929</u>	<u>-</u>	<u>1,222,929</u>
Total Expenses	<u>5,661,248</u>	<u>-</u>	<u>5,661,248</u>
Change in Net Assets	189,024	524,259	713,283
Net assets:			
Beginning of year	<u>4,659,192</u>	<u>-</u>	<u>4,659,192</u>
End of year	<u>\$ 4,848,216</u>	<u>\$ 524,259</u>	<u>\$ 5,372,475</u>

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

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 4,519,619	\$ 295,038	\$ 446,517	\$ 5,261,174
Program costs	2,755,709	-	-	2,755,709
Training and conferences	97,256	1,918	-	99,174
Insurance	24,348	6,286	-	30,634
Travel	216,263	23,933	7,121	247,317
Facility costs	116,310	41,929	39,491	197,730
Professional and contract services	407,409	269,517	46,010	722,936
Office expenses	134,307	66,159	14,828	215,294
Other	7,471	52,316	28,551	88,338
	<u>\$ 8,278,692</u>	<u>\$ 757,096</u>	<u>\$ 582,518</u>	<u>\$ 9,618,306</u>

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

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 2,746,912	\$ 276,901	\$ 454,601	\$ 3,478,414
Program costs	1,015,395	-	-	1,015,395
Training and conferences	32,985	12,187	652	45,824
Insurance	33,971	8,493	-	42,464
Travel	78,317	61,015	410	139,742
Facility costs	111,630	58,770	1,413	171,813
Professional and contract services	225,231	157,306	149,879	532,416
Office expenses	125,745	28,999	2,100	156,844
Other	68,133	10,203	-	78,336
	<u>\$ 4,438,319</u>	<u>\$ 613,874</u>	<u>\$ 609,055</u>	<u>\$ 5,661,248</u>

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

**COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,223,131	\$ 713,283
Adjustments to Reconcile Change in Net Assets to Net Cash Required by Operating Activities:		
Depreciation and amortization	6,881	2,744
Operating lease payments	(178,221)	(161,008)
Operating lease expense	156,074	142,874
Changes in:		
Grants and other receivables	(3,488,005)	(1,038,769)
Prepaid expenses and other assets	(155,192)	(4,017)
Accounts payable and accrued expenses	877,427	(229,058)
Deferred rent liability	<u>-</u>	<u>(28,302)</u>
Net Cash Required by Operating Activities	<u>(557,905)</u>	<u>(602,253)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(30,069)</u>	<u>-</u>
Net Cash Required by Investing Activities	<u>(30,069)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(587,974)	(602,253)
Cash and Cash Equivalents, Beginning of Year	<u>3,973,335</u>	<u>4,575,588</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,385,361</u>	<u>\$ 3,973,335</u>

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

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Principles of Consolidation

Communities in Schools of Georgia, Inc. ("CIS") was formed August 15, 1989 as a not-for-profit organization. The purpose of CIS is to assist communities in Georgia in providing educational and developmental services to young people who are considered to be at risk of dropping out of school or who have already dropped out.

Georgia Subsidiaries of Communities in Schools, LLC ("LLC") was formed for the purpose of becoming direct service providers for some of the CIS's local affiliates. The LLC is a wholly owned subsidiary of CIS. All significant inter-company accounts and transactions have been eliminated in consolidation. CIS and LLC are together referred to herein as the "Organization."

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased.

Risks and Uncertainties

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, and grants and other receivables. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements. Management continually monitors receivable balances and believes that its exposure to credit risk is limited.

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Organization capitalizes property and equipment expenditures over \$1,000. Property and equipment is stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies restricted net assets to net assets without donor restrictions at that time. Property and equipment is depreciated on the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

Contributions

The Organization records contributions as revenue upon notification from the donor and uses discounting for recording long-term pledges. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restriction and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Bad debts are expensed and charged against the allowance account when deemed uncollectible based upon a periodic review of collections. At June 30, 2024, the allowance for doubtful accounts was \$48,597. There was no allowance deemed necessary at June 30, 2023. During the years ended June 30, 2024 and 2023, 57% and 80% of contributions and other revenues were from two and one donors, respectively.

Government Support

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. At June 30, 2024 and 2023, there was no allowance for uncollectible government grants. For the years ended June 30, 2024 and 2023, the Organization received approximately 63% and 58% of its total public funding through various government agencies, respectively.

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Donated Goods and Services

Donated goods, such as materials, equipment, or other assets, are reported as contributions at their estimated fair values at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded as contributions at their estimated fair values in the period the services are performed. Donated goods and services totaled approximately \$14,000 and \$3,000 in 2024 and 2023, respectively.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying consolidated financial statements.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for the years ending before June 30, 2021.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, insurance, professional net contract, services and office expenses which are allocated on a basis of estimates of time and effort.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 - GRANTS AND OTHER RECEIVABLES

Grants and other receivables consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Grants receivable	\$ 3,284,761	\$ 1,925,422
Contribution receivables - CIS National	1,820,136	-
Accounts receivable, local affiliates	<u>351,329</u>	<u>42,799</u>
	<u>\$ 5,456,226</u>	<u>\$ 1,968,221</u>

As of June 30, 2024 and 2023, 54% and 66% of receivables were due from one government agency, respectively. As of June 30, 2024, 33% of receivables were from one donor.

NOTE 3 - DONOR RESTRICTED NET ASSETS

The components of donor restricted net assets were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Scaling for Success	\$ 1,695,255	\$ 524,259
Callaway Foundation	72,455	-
The Sartain Lanier Family	<u>20,000</u>	<u>-</u>
	<u>\$ 1,787,710</u>	<u>\$ 524,259</u>

The components of donor restricted net asset releases were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Scaling for Success	\$ (524,259)	\$ -
Callaway Foundation	(133,333)	-
The Sartain Lanier Family	<u>(20,000)</u>	<u>-</u>
	<u>\$ (677,592)</u>	<u>\$ -</u>

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 - PROGRAM EXPENSES

Program service expenses during the years ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Comprehensive Student Dropout Prevention Initiative	\$ 4,449,073	\$ 4,296,031
Full Service Community Schools	1,917,366	-
Other	1,744,998	-
AmeriCorps	<u>167,255</u>	<u>142,288</u>
	<u>\$ 8,278,692</u>	<u>\$ 4,438,319</u>

NOTE 5 - RETIREMENT PLANS

The Organization has a Simplified Employee Pension Plan (SEP), a defined contribution plan, under which the Organization may contribute, at their discretion, 3% of each employee's salary. All employees are eligible to participate in this plan. The Organization also has an Internal Revenue Code Section 403(b) defined-contribution plan whereby employees can contribute to the plan on a voluntary basis. During the year ended June 30, 2023, the Organization made employer contributions of \$19,908. There were no contributions made in 2024.

NOTE 6 - LEASES COMMITMENTS

The Organization leases office space under arrangement that qualify as non-cancelable operating leases through 2026. The Organization has recorded right-of-use assets and operating lease liabilities which represent the present value of future lease payments. The weight average remaining lease term is 0.90 years and the weighted average discount rate is 3.70%.

At June 30, 2024, the Organization's operating lease liabilities were comprised of the following:

Gross operating lease liability	\$ 68,808
Less: imputed interest	<u>(1,553)</u>
Present value of operating lease liabilities	<u>\$ 67,255</u>

The schedule below summarizes the future minimum annual lease payments for the operating leases for the years ending June 30:

2025	\$ 55,608
2026	<u>13,200</u>
	<u>\$ 68,808</u>

COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 - CONTINGENCIES

Grants often require fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although the return of funds is a possibility, the Organization deems the contingency unlikely as the Organization has implicitly agreed to comply with the provisions of each.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures for 2024 and 2023, the Organization considers cash receivables that will be collected and available in the following year for activities that are ongoing to the Organization. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditures, within one year are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,385,361	\$ 3,973,335
Grants and other receivables	<u>5,456,226</u>	<u>1,968,221</u>
Total Financial Assets	<u>8,841,587</u>	<u>5,941,556</u>
Less amounts not available for general expenditures within one year	<u>(1,787,710)</u>	<u>(524,259)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,053,877</u>	<u>\$ 5,417,297</u>

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 13, 2025, the date the consolidated financial statements were available to be issued. Subsequent to June 30, 2024, the Organization entered into a new lease agreement resulting in the recording of a right-of-use asset and lease liability of approximately \$1,955,000.