

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

**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2025, and 2024**

**With  
INDEPENDENT AUDITORS' REPORTS**

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## 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, 2025 and 2024, 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, 2025 and 2024, and the changes in its 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") and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States ("GAS"). 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, which 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 there 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 and GAS, 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, which 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, PC*

Atlanta, GA  
March 30, 2026

**COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

**ASSETS**

	<b><u>2025</u></b>	<b><u>2024</u></b>
Cash and cash equivalents	\$ 5,999,032	\$ 3,385,361
Grants and other receivables, net	3,680,760	5,456,226
Prepaid expenses and other assets	67,635	233,462
Property and equipment, net	460,718	28,991
Right-of-use assets	<u>1,873,915</u>	<u>61,466</u>
 Total Assets	 <u>\$ 12,082,060</u>	 <u>\$ 9,165,506</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 851,955	\$ 1,502,645
Operating lease liabilities	<u>2,008,775</u>	<u>67,255</u>
 Total Liabilities	 <u>2,860,730</u>	 <u>1,569,900</u>
 Net assets		
Without donor restrictions	5,904,255	5,807,896
With donor restrictions	<u>3,317,075</u>	<u>1,787,710</u>
 Total Net Assets	 <u>9,221,330</u>	 <u>7,595,606</u>
 Total Liabilities and Net Assets	 <u>\$ 12,082,060</u>	 <u>\$ 9,165,506</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, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contributions and other revenues	\$ 2,805,870	\$ 2,944,106	\$ 5,749,976
Grants	6,670,503	-	6,670,503
Net assets released from restrictions	<u>1,414,741</u>	<u>(1,414,741)</u>	<u>-</u>
Total Revenues and Other Support	<u>10,891,114</u>	<u>1,529,365</u>	<u>12,420,479</u>
Expenses:			
Program services	<u>8,569,329</u>	<u>-</u>	<u>8,569,329</u>
Supportive services:			
Management and general	1,397,753	-	1,397,753
Fundraising	<u>827,673</u>	<u>-</u>	<u>827,673</u>
Total supportive services	<u>2,225,426</u>	<u>-</u>	<u>2,225,426</u>
Total Expenses	<u>10,794,755</u>	<u>-</u>	<u>10,794,755</u>
Change in Net Assets	96,359	1,529,365	1,625,724
Net assets:			
Beginning of year	<u>5,807,896</u>	<u>1,787,710</u>	<u>7,595,606</u>
End of year	<u>\$ 5,904,255</u>	<u>\$ 3,317,075</u>	<u>\$ 9,221,330</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 FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 5,294,647	\$ 502,572	\$ 551,721	\$ 6,348,940
Program costs	2,091,723	-	-	2,091,723
Training and conferences	163,969	12,275	1,580	177,824
Insurance	42,432	10,993	-	53,425
Travel	296,700	32,085	3,325	332,110
Facility costs	114,610	51,127	89,918	255,655
Professional and contract services	415,820	420,232	153,276	989,328
Office expenses	105,191	110,036	27,853	243,080
Bad debt	-	242,116	-	242,116
Other	44,237	16,317	-	60,554
	<u>\$ 8,569,329</u>	<u>\$ 1,397,753</u>	<u>\$ 827,673</u>	<u>\$ 10,794,755</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 STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,625,724	\$ 2,223,131
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Required) by Operating Activities:		
Depreciation and amortization	49,017	6,881
Operating lease payments	(55,607)	(178,221)
Operating lease expense	184,678	156,074
Bad debt expense	242,116	-
Changes in:		
Grants and other receivables	1,533,350	(3,488,005)
Prepaid expenses and other assets	165,827	(155,192)
Accounts payable and accrued expenses	<u>(650,690)</u>	<u>877,427</u>
Net Cash Provided (Required) by Operating Activities	<u>3,094,415</u>	<u>(557,905)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(480,744)</u>	<u>(30,069)</u>
Net Cash Required by Investing Activities	<u>(480,744)</u>	<u>(30,069)</u>
Net Change in Cash and Cash Equivalents	2,613,671	(587,974)
Cash and Cash Equivalents, Beginning of Year	<u>3,385,361</u>	<u>3,973,335</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,999,032</u>	<u>\$ 3,385,361</u>

**Supplemental Disclosure of Non-Cash Operating Activities**

During 2025, the Organization entered into a new lease agreement which resulted in the recognition of a right-of-use asset and corresponding liability of \$1,947,004.

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, 2025 AND 2024**

**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, 2025 AND 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

The Organization capitalizes property and equipment expenditures over \$1,000. Property and equipment are 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 are 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. On June 30, 2025, and 2024, the allowance for doubtful accounts was approximately \$201,000 and \$49,000, respectively. During the years ended June 30, 2025, and 2024, 62% and 57% of contributions and other revenues were from three and two 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 consolidated statements of financial position. On June 30, 2025 and 2024, there was no allowance for uncollectible government grants. For the years ended June 30, 2025, and 2024, the Organization received approximately 54% and 63% 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, 2025 AND 2024**

**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, which 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 were not significant at June 30 2025 and 2024.

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, 2022.

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, 2025 AND 2024**

**NOTE 2 - GRANTS AND OTHER RECEIVABLES**

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

	<u><b>2025</b></u>	<u><b>2024</b></u>
Grants receivable	\$ 1,788,969	\$ 3,684,687
Contribution receivables - CIS National	<u>2,093,132</u>	<u>1,820,136</u>
	3,882,101	5,504,823
Less: Allowance for doubtful accounts	<u>(201,341)</u>	<u>(48,597)</u>
	<u><u>\$ 3,680,760</u></u>	<u><u>\$ 5,456,226</u></u>

As of June 30, 2025 and 2024, approximately 82% and 87% of total receivables were due from three and one agency, respectively.

**NOTE 3 - DONOR RESTRICTED NET ASSETS**

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

	<u><b>2025</b></u>	<u><b>2024</b></u>
Scaling for success	\$ 2,059,786	\$ 1,695,255
Teacher tutoring	15,589	72,455
Prevention initiatives	<u>1,241,700</u>	<u>20,000</u>
	<u><u>\$ 3,317,075</u></u>	<u><u>\$ 1,787,710</u></u>

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

	<u><b>2025</b></u>	<u><b>2024</b></u>
Scaling for success	\$ (1,145,542)	\$ (524,259)
Teacher tutoring	(240,198)	(133,333)
Prevention initiatives	(20,000)	(20,000)
Other	<u>(9,001)</u>	<u>-</u>
	<u><u>\$ (1,414,741)</u></u>	<u><u>\$ (677,592)</u></u>

**COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 4 - PROGRAM EXPENSES**

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

	<u>2025</u>	<u>2024</u>
Comprehensive Student Dropout		
Prevention Initiative	\$ 3,937,833	\$ 4,449,073
Full Service Community Schools	2,662,206	1,917,366
Other	1,851,380	1,744,998
AmeriCorps	<u>117,910</u>	<u>167,255</u>
	<u>\$ 8,569,329</u>	<u>\$ 8,278,692</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. There were no contributions made during the year ending June 30, 2025 and 2024.

**NOTE 6 - LEASES COMMITMENTS**

The Organization leases office space under arrangement that qualify as non-cancelable operating leases through 2035. The Organization has recorded right-of-use assets and operating lease liabilities which represent the present value of future lease payments. The average weight remaining lease term is 10.19 years, and the weighted average discount rate is 4.27%.

At June 30, 2025, the Organization's operating lease liabilities were comprised of the following:

Gross operating lease liability	\$ 2,517,741
Less: imputed interest	<u>(508,966)</u>
Present value of operating lease liabilities	<u>\$ 2,008,775</u>

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

2026	\$ 178,950
2027	225,558
2028	231,761
2029	238,134
2030	244,683
Thereafter	<u>1,398,655</u>
	<u>\$ 2,517,741</u>

**COMMUNITIES IN SCHOOLS OF GEORGIA, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**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 2025 and 2024, 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><b>2025</b></u>	<u><b>2024</b></u>
Cash and cash equivalents	\$ 5,999,032	\$ 3,385,361
Grants and other receivables	<u>3,680,760</u>	<u>5,456,226</u>
Total Financial Assets	<u>9,679,792</u>	<u>8,841,587</u>
Less amounts not available for general expenditures within one year	<u>(3,317,075)</u>	<u>(1,787,710)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,362,717</u>	<u>\$ 7,053,877</u>

**NOTE 9 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 30, 2026, the date the consolidated financial statements were available to be issued.