

**COMMUNITIES IN SCHOOLS  
OF ATLANTA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**



**MAULDIN & JENKINS**

**CPAs & ADVISORS**

**COMMUNITIES IN SCHOOLS  
OF ATLANTA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**COMMUNITIES IN SCHOOLS OF ATLANTA, INC.**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of **Communities In Schools of Atlanta, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities In Schools of Atlanta, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities In Schools of Atlanta, Inc. 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities In Schools of Atlanta, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 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 financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Communities In Schools of Atlanta, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities In Schools of Atlanta, Inc.'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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
October 11, 2024

**COMMUNITIES IN SCHOOLS OF ATLANTA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
Cash	\$ 14,332	\$ 837,425
Grants, contracts, and other receivables	934,856	318,335
Prepaid expenses and other assets	335,789	59,878
Investments	3,044,456	4,269,639
Property and equipment, net	23,357	47,582
Right-of-use assets - operating	2,424,661	96,461
	<b>\$ 6,777,451</b>	<b>\$ 5,629,320</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 143,727	\$ 169,069
Accrued expenses	579,569	445,260
Line of credit	1,004,166	1,241,628
Operating leases liability	2,436,581	130,238
	<b>4,164,043</b>	1,986,195
Net assets		
Without donor restrictions	1,859,818	3,100,291
With donor restrictions	753,590	542,834
	<b>2,613,408</b>	3,643,125
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,777,451</b>	<b>\$ 5,629,320</b>

**See Notes to Financial Statements.**

# COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Revenues			
Grant and contract service fees revenue	\$ 6,796,088	\$ -	\$ 6,796,088
Contributions	165,976	2,065,892	2,231,868
In-kind contributions	272,463	-	272,463
Realized and unrealized gain on investments	208,693	-	208,693
Interest and dividend income	119,871	-	119,871
Special events revenue	395,377	-	395,377
Less: costs of direct benefits to donors	(182,581)	-	(182,581)
Total special events revenue, net	212,796	-	212,796
Net assets released from restrictions	1,855,136	(1,855,136)	-
Total revenues and other support	9,631,519	210,756	9,842,275
<b>EXPENSES</b>			
Program services			
Direct services	9,423,306	-	9,423,306
Supporting services			
Management and general	1,143,965	-	1,143,965
Fundraising	304,721	-	304,721
Total expenses	10,871,992	-	10,871,992
Change in net assets	(1,240,473)	210,756	(1,029,717)
Net assets at beginning of year	3,100,291	542,834	3,643,125
Net assets at end of year	\$ 1,859,818	\$ 753,590	\$ 2,613,408

See Notes to Financial Statements.

# COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Revenues			
Grant and contract service fees revenue	\$ 5,111,773	\$ -	\$ 5,111,773
Contributions	1,085,640	921,104	2,006,744
In-kind contributions	146,334	-	146,334
Realized and unrealized gain on investments	216,123	-	216,123
Interest and dividend income	159,917	-	159,917
Special events revenue	439,214	-	439,214
Less: costs of direct benefits to donors	(133,307)	-	(133,307)
Total special events revenue, net	305,907	-	305,907
Net assets released from restrictions	1,367,095	(1,367,095)	-
Total revenues and other support	8,392,789	(445,991)	7,946,798
<b>EXPENSES</b>			
Program services			
Direct services	7,215,847	-	7,215,847
Supporting services			
Management and general	1,371,127	-	1,371,127
Fundraising	749,430	-	749,430
Total expenses	9,336,404	-	9,336,404
Change in net assets	(943,615)	(445,991)	(1,389,606)
<b>Net assets at beginning of year</b>	4,043,906	988,825	5,032,731
<b>Net assets at end of year</b>	\$ 3,100,291	\$ 542,834	\$ 3,643,125

**See Notes to Financial Statements.**



**COMMUNITIES IN SCHOOLS OF ATLANTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Direct Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 5,917,543	\$ 689,541	\$ 204,533	\$ 6,811,617	
Taxes and benefits	1,242,085	144,734	42,931	1,429,750	
Professional fees	703,355	81,959	24,311	809,625	
Rent	-	115,520	-	115,520	
School activities	58,911	6,865	2,036	67,812	
Assistance to individuals	607,119	-	-	607,119	
Office expenses	201,552	23,486	6,966	232,004	
Depreciation	24,012	2,798	829	27,639	
Other expenses	10,867	2,404	376	13,647	
Staff development and conferences	47,385	5,522	1,638	54,545	
Travel	128,020	14,918	4,425	147,363	
Advertising/branding	27,507	3,205	951	31,663	
Insurance	44,492	5,184	1,538	51,214	
Events/meetings	167,067	19,468	5,774	192,309	
Interest expense	63,535	7,403	2,196	73,134	
Equipment and maintenance	179,856	20,958	6,217	207,031	
	<u>9,423,306</u>	<u>1,143,965</u>	<u>304,721</u>	<u>10,871,992</u>	
Total	<u>\$ 9,423,306</u>	<u>\$ 1,143,965</u>	<u>\$ 304,721</u>	<u>\$ 10,871,992</u>	

See Notes to Financial Statements.

**COMMUNITIES IN SCHOOLS OF ATLANTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services		Supporting Services		Total
	Direct Services	Management and General	Fundraising		
Salaries	\$ 4,285,235	\$ 814,264	\$ 445,059	\$ 5,544,558	
Taxes and benefits	1,043,446	198,272	108,371	1,350,089	
Professional fees	541,177	102,832	56,206	700,215	
Rent	88,598	16,835	9,202	114,635	
School activities	85,173	16,184	8,846	110,203	
Assistance to individuals	387,400	73,612	40,235	501,247	
Office expenses	112,525	21,382	11,687	145,594	
Depreciation	21,390	4,064	2,221	27,675	
Other expenses	170,555	32,408	17,714	220,677	
Staff development and conferences	93,616	17,789	9,723	121,128	
Travel	51,055	9,701	5,303	66,059	
Advertising/branding	5,481	1,042	569	7,092	
Insurance	35,910	6,823	3,730	46,463	
Events/meetings	124,791	23,712	12,961	161,464	
Interest expense	58,850	11,183	6,112	76,145	
Equipment and maintenance	110,645	21,024	11,491	143,160	
Total	\$ 7,215,847	\$ 1,371,127	\$ 749,430	\$ 9,336,404	

**See Notes to Financial Statements.**

**COMMUNITIES IN SCHOOLS OF ATLANTA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,029,717)	\$ (1,389,606)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	27,639	27,675
Realized and unrealized (gain) on investments	(208,693)	(216,123)
Change in assets and liabilities:		
(Increase) in grants, contracts, and other receivables	(616,521)	(218,488)
(Increase) decrease in prepaid expenses and other assets	(275,911)	43,495
(Increase) in right-of-use assets - operating	(2,328,200)	(96,461)
Increase (decrease) in accounts payable and accrued expenses	108,967	(194,087)
(Decrease) in deferred rent	-	(44,392)
Increase in operating leases liability	2,306,343	130,238
Net cash (used in) operating activities	<u>(2,016,093)</u>	<u>(1,957,749)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(3,414)	(9,386)
Purchases of investments and reinvested earnings	-	(494,328)
Proceeds from sale of investments	1,433,876	1,800,000
Net cash provided by investing activities	<u>1,430,462</u>	<u>1,296,286</u>
<b>FINANCING ACTIVITIES</b>		
Borrowings on line of credit	1,372,538	1,859,899
Repayments on line of credit	(1,610,000)	(1,047,276)
Net cash (used in) provided by financing activities	<u>(237,462)</u>	<u>812,623</u>
Net (decrease) increase in cash	<u>(823,093)</u>	<u>151,160</u>
Cash at beginning of year	<u>837,425</u>	<u>686,265</u>
Cash at end of year	<u>\$ 14,332</u>	<u>\$ 837,425</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 73,134</u>	<u>\$ 76,145</u>

**See Notes to Financial Statements.**

# COMMUNITIES IN SCHOOLS OF ATLANTA, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

Communities In Schools of Atlanta, Inc. (the “Organization”) is a Georgia nonprofit organization located in Atlanta, Georgia that was established in 1971 within the meaning of Section 501(c)(3) of the Internal Revenue Code. The mission of Communities In Schools of Atlanta, Inc. is to surround young people with a community of support, empowering them to stay in school and achieve in life. The Organization is part of the largest and most effective, research-based dropout prevention organization in the nation. The Organization places trained staff in schools who build relationships with struggling students and their families. They help identify the noninstructional obstacles that are preventing children from succeeding in school, and then connect students and their families to resources and services already available in the community. When the needs of students are met, they can concentrate on learning, and teachers are free to teach. The Organization offers services to Atlanta Public Schools, the Clayton County School District, the DeKalb County School District, and the Fulton County School District.

#### **Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

Net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions. It is the policy of the Board of Directors to review their financial standing from time to time and to designate sums of net assets without donor restrictions for specific efforts.

*Net Assets With Donor Restrictions* – Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

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

#### Cash Equivalents

The Organization considers all short-term, interest-bearing deposits external of the investment accounts with maturities of three months or less to be cash equivalents.

#### Accounts Receivable

Grants and contracts receivable represent fees that have been billed but not collected as of the date of the accompanying financial statements. A provision for credit loss is made to maintain adequate reserves to cover anticipated losses based upon management's evaluation of the collectability of grants and contracts receivable. At June 30, 2024 and 2023, the Organization considers all grants and contracts receivable fully collectible. Therefore, no allowance for credit loss is recorded in the accompanying financial statements.

#### Investments

Investments are reported at fair value.

#### Property and Equipment

The Organization capitalizes property and equipment in excess of \$500. Purchased property and equipment is recorded at cost. Donated items are recorded at fair market value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment have estimated useful lives ranging from three to eight years.

#### Donated Services and Materials

Various individuals, corporations, and foundations donate materials and services to the Organization for use in its programs and are recorded at the estimated fair market value at the date of donation. For the years ended June 30, 2024 and 2023, contributed materials of \$117,242 and \$23,430, respectively, have been included in contributions and expenses in the accompanying statements of activities.

Contributed services are recognized if the services received: (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the years ended June 30, 2024 and 2023, contributed services of \$155,221 and \$122,904, respectively, have been included in contributions and expenses in the accompanying statements of activities.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Expense Allocation

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

Certain categories of expenses 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 related expenses, professional fees, office expenses, and equipment and maintenance, which are allocated on the basis of estimates of time and effort and facility usage.

#### Income Taxes

The Organization formed as a nonprofit corporation under the laws of the state of Georgia in 1971 and is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization is not required to pay federal taxes on income, and contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax-exempt status.

All tax-exempt entities are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

#### Recent accounting pronouncements

On January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to certain financial instruments.

The Organization adopted ASC 326 using the modified retrospective method. There was no material impact to the estimate of credit losses as a result of adoption of ASC 326.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 14,332	\$ 837,425
Investments	3,044,456	4,269,639
Grants and contracts receivable	934,856	318,335
Less:		
Assets held for net assets with donor restriction	<u>(753,590)</u>	<u>(542,834)</u>
Financial assets available for general expenditures	<u>\$ 3,240,054</u>	<u>\$ 4,882,565</u>
Funds available – line of credit	<u>\$ 1,031,207</u>	<u>\$ 799,810</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in order to meet its liabilities and other obligations as they become due.

### NOTE 3. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted, quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are derived from valuation techniques in which one or more significant inputs are unobservable. At June 30, 2024 and 2023, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments.

The following are valuation methodology descriptions used for assets measured at fair value:

*Common stocks and exchange-traded funds (“ETFs”)*: Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Certificate of deposit*: Does not meet the definition of a debt security as it is not traded on a market or exchange; therefore, it is not subject to fair value leveling and is reported at cost.

*Corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*U.S. Government securities*: Valued using pricing models maximizing the use of observable inputs for similar securities.

*Foreign bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Common stock and ETFs	\$ 491,123	\$ -	\$ -	\$ 491,123
Mutual funds	2,530,276	-	-	2,530,276
Cash and money markets	23,057	-	-	23,057
<b>Total investments</b>	<b>\$ 3,044,456</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,044,456</b>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Common stock and ETFs	\$ 526,749	\$ -	\$ -	\$ 526,749
Mutual funds	3,488,557	-	-	3,488,557
Cash and money markets	254,333	-	-	254,333
<b>Total investments</b>	<b>\$ 4,269,639</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,269,639</b>

### NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2024	2023
Computers and software	\$ 78,130	\$ 243,167
Furniture, fixtures, and equipment	187,914	210,299
Vehicles	69,040	69,041
Improvements	25,519	25,519
Total	360,603	548,026
Less accumulated depreciation	(337,246)	(500,444)
<b>Total property and equipment, net</b>	<b>\$ 23,357</b>	<b>\$ 47,582</b>

Depreciation expense was \$27,639 and \$27,675 for the years ended June 30, 2024 and 2023, respectively.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LINE OF CREDIT

The Organization entered into a line of credit agreement with a financial institution that holds a portion of the Organization's investments. The agreement allows for borrowings based on a percentage of the eligible securities maintained in the investment account that serves as collateral. Interest is charged monthly at the lender's calculated base rate with an additional rate above or below the base rate depending on the amount of assets held under management of the institution (7.26% at June 30, 2024). As of June 30, 2024 and 2023, the outstanding balance on the line of credit was \$1,004,166 and \$1,241,628, respectively. Interest expense related to this line of credit was \$73,134 and \$76,145 for the years ended June 30, 2024 and 2023, respectively.

### NOTE 6. LEASES

The Organization is currently obligated under several noncancelable operating leases for office space and equipment which expire at various dates through 2036.

In 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization's incremental borrowing rate of 8.5% was used as the discount rate in order to determine present value. The following is a schedule by years of minimum future rentals on noncancelable operating leases and the amortization of the net present value (NPV) of the lease liability as of June 30, 2024:

For the year ending June 30:	Minimum annual lease payments	Amortization of operating lease liability	Amortization of right-of-use asset
2025	\$ 177,906	\$ 37,043	\$ 125,149
2026	236,043	19,756	183,820
2027	325,659	113,979	183,941
2028	272,409	64,141	184,055
2029	308,468	109,630	192,955
Thereafter	3,120,491	2,092,032	1,554,741
	\$ 4,440,976	\$ 2,436,581	\$ 2,424,661

The following summarizes the weighted-average remaining lease term and discount rate for operating leases as of June 30, 2024.

Weighted-average remaining lease term	10.74 years
Weighted-average discount rate	8.50 %

The carrying value of the related right-of-use assets as of June 30, 2024 and 2023, are:

	2024	2023
Accumulated basis	\$ 2,864,756	\$ 463,357
Less – accumulated amortization	440,095	366,896
Total	\$ 2,424,661	\$ 96,461

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Traditional programs	\$ 558,630	\$ 100,151
Specific program services	186,255	406,755
Family literacy	<u>8,705</u>	<u>35,928</u>
Total	<u>\$ 753,590</u>	<u>\$ 542,834</u>

Net assets with donor restrictions consist of cash and investments at June 30, 2024 and 2023.

Net assets with donor restrictions totaling \$1,855,136 and \$1,367,095 were released from restrictions during the years ended June 30, 2024 and 2023, respectively, by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

### NOTE 8. CONTRIBUTED SERVICES AND MATERIALS

For the years ended June 30, 2024 and 2023, nonfinancial contributions recognized included:

	<u>2024</u>	<u>2023</u>
Pro bono legal services	\$ 155,221	\$ 122,904
Program materials	<u>117,242</u>	<u>23,430</u>
	<u>\$ 272,463</u>	<u>\$ 146,334</u>

The Organization recognized nonfinancial contributions within revenue, including contributed program materials and equipment. Unless otherwise noted, nonfinancial contributions were used for programmatic purposes and did not have donor-imposed restrictions.

In valuing contributed materials, the Organization estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. In valuing contributed services, the Organization estimated fair value based on current rates for similar services.

### NOTE 9. CONCENTRATIONS

During the year ended June 30, 2024, the Organization received funding from five government agencies representing approximately 82% of total government service fees revenue. During the year ended June 30, 2023, the Organization received funding from five government agencies representing approximately 91% of total government service fees revenue.

During the year ended June 30, 2024, the Organization received contributions from eleven donors representing approximately 73% of total contributions revenue. During the year ended June 30, 2023, the Organization received contributions from ten donors representing approximately 72% of total contributions revenue.

At June 30, 2024, five agencies represented approximately 94% of grants and contracts receivable. At June 30, 2023, three agencies represented approximately 95% of grants and contracts receivable.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. RELATED-PARTY TRANSACTIONS**

The Organization receives grants and subgrants from Communities In Schools of Georgia, a nonprofit organization which supports the work of the local Communities In Schools affiliates in the state of Georgia, and from Communities In Schools, the national affiliate. During the years ended June 30, 2024 and 2023, the Organization received \$1,552,575 and \$428,965 respectively, from these related parties.

In addition, the Organization also receives grants from the Board-affiliated Organizations. During the years ended June 30, 2024 and 2023, the Organization received \$34,100 and \$25,439 respectively, from these related parties.

### **NOTE 11. RETIREMENT PLAN**

The Organization provides an employee benefit retirement plan established pursuant to Section 403(b) of the Internal Revenue Code. An employee is eligible to join the Plan immediately upon employment and elect to voluntarily contribute up to the maximum allowed in accordance with Section 403(b) of the Internal Revenue Code. Participants are immediately vested in any elected deferrals and in the earnings on those deferrals. The Organization may also elect to make additional matching or nonelective contributions to the Plan on behalf of all eligible employees. Employees are eligible to receive the employer contributions after one year of service. All benefits payable under the Plan are to be provided from tax-sheltered annuities which are not assets of the Organization. Employer contributions to the Plan were \$68,089 and \$73,884 for the years ended June 30, 2024 and 2023, respectively.

### **NOTE 12. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 11, 2024, the date these financial statements were available to be issued.