

**COMMUNITIES IN SCHOOLS
OF CHICAGO**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

COMMUNITIES IN SCHOOLS OF CHICAGO

YEARS ENDED JUNE 30, 2025 AND 2024

CONTENTS

	Page
Independent auditors' report	1-2
Financial statements:	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6-7
Notes to financial statements	8-20

Independent Auditors' Report

Board of Directors
Communities In Schools of Chicago

Opinion

We have audited the accompanying financial statements of Communities In Schools of Chicago (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Chicago as of June 30, 2025 and 2024, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities In Schools of Chicago 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 Chicago's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 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.

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 Chicago'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 Chicago'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.



November 19, 2025

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF FINANCIAL POSITION

June 30,	2025	2024
ASSETS		
Cash	\$ 1,481,238	\$ 1,494,209
Investments	5,230,613	5,367,903
Grants and contributions receivable	6,404,033	7,160,474
School service contracts receivable, net of allowance for credit losses of \$17,000 and \$104,170 at June 30, 2025 and 2024, respectively	155,750	253,330
Prepaid expense and other assets	79,198	57,841
Property and equipment, net	19,023	31,828
<u>Operating lease right-of-use asset</u>	<u>391,290</u>	<u>573,680</u>
 Total assets	 \$ 13,761,145	 \$ 14,939,265
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 466,350	\$ 435,752
<u>Operating lease liability</u>	<u>395,346</u>	<u>573,680</u>
 Total liabilities	 861,696	 1,009,432
Net assets:		
Without donor restrictions	6,396,696	6,205,605
With donor restrictions	6,502,753	7,724,228
 Total net assets	 12,899,449	 13,929,833
 Total liabilities and net assets	 \$ 13,761,145	 \$ 14,939,265

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF ACTIVITIES

Years ended June 30,	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, gains and support:						
Grants and contributions	\$ 1,538,612	\$ 3,933,510	\$ 5,472,122	\$ 2,083,668	\$ 4,646,813	\$ 6,730,481
School service contracts	560,000		560,000	655,750		655,750
Special events, net of direct benefit to donors of \$70,388 for 2025 and \$76,093 for 2024	740,601		740,601	608,907		608,907
Net investment income	311,590		311,590	240,736		240,736
Interest income				55,129		55,129
Net assets released from restrictions	5,154,985	(5,154,985)		3,446,385	(3,446,385)	
 Total revenue, gains and support	 8,305,788	 (1,221,475)	 7,084,313	 7,090,575	 1,200,428	 8,291,003
 Expenses:						
Program services	5,710,185		5,710,185	5,609,813		5,609,813
Management and general	1,027,814		1,027,814	819,140		819,140
Fundraising	1,376,698		1,376,698	1,376,867		1,376,867
 Total expenses	 8,114,697		 8,114,697	 7,805,820		 7,805,820
 Change in net assets	 191,091	 (1,221,475)	 (1,030,384)	 (715,245)	 1,200,428	 485,183
 Net assets:						
Beginning of year	6,205,605	7,724,228	13,929,833	6,920,850	6,523,800	13,444,650
 End of year	 \$ 6,396,696	 \$ 6,502,753	 \$ 12,899,449	 \$ 6,205,605	 \$ 7,724,228	 \$ 13,929,833

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,	2025					2024				
	Program services	Management and general	Fundraising	Direct benefit to donors	Total	Program services	Management and general	Fundraising	Direct benefit to donors	Total
Personnel costs	\$ 5,395,670	\$ 361,110	\$ 1,018,365		\$ 6,775,145	\$ 5,179,468	\$ 226,135	\$ 1,043,439		\$ 6,449,042
Consultants and professional services	35,295	298,513	165,493		499,301	105,660	239,442	150,020		495,122
Office and administrative	36,251	93,957	21,234		151,442	48,434	121,680	55,931		226,045
Occupancy	157,146	67,178	45,843		270,167	161,671	26,477	44,900		233,048
Special events and activities	1,095	5,756	40,678	\$ 70,388	117,917	6,426	9,993	31,125	\$ 76,093	123,637
Miscellaneous staff and program expenses	51,836	19,103	45,612		116,551	57,787	30,547	30,434		118,768
Credit loss expense		32,580			32,580		76,670			76,670
Insurance		75,911			75,911	11,034	43,031	2,178		56,243
Technology costs	1,492	41,854	31,149		74,495	10,394	29,593	13,959		53,946
Staff development	23,168	30,023	5,580		58,771	19,388	12,248	1,143		32,779
Depreciation and amortization	8,232	1,829	2,744		12,805	9,551	3,324	3,738		16,613
Total expenses	5,710,185	1,027,814	1,376,698	70,388	8,185,085	5,609,813	819,140	1,376,867	76,093	7,881,913
Less expenses included with revenue on the statements of activities				(70,388)	(70,388)				(76,093)	(76,093)
Total expenses included in the expenses section on the statements of activities	\$ 5,710,185	\$ 1,027,814	\$ 1,376,698	\$ -	\$ 8,114,697	\$ 5,609,813	\$ 819,140	\$ 1,376,867	\$ -	\$ 7,805,820

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF CASH FLOWS

Years ended June 30,	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (1,030,384)	\$ 485,183
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(83,107)	(32,525)
Depreciation and amortization	12,805	16,613
Amortization of operating lease right-of-use asset	182,390	173,983
Credit loss expense	32,580	76,670
Loss on uncollectible pledges	18,000	
(Accrue) decrease in operating assets:		
Grants and contributions receivable	738,441	(102,212)
School service contracts receivable	65,000	146,000
Prepaid expense and other assets	(21,357)	107,392
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	30,598	11,250
Operating lease liability	(178,334)	(185,987)
 Net cash provided by (used in) operating activities	 (233,368)	 696,367
 Cash flows from investing activities:		
Purchases of investments	(6,869,379)	(7,037,567)
Proceeds from sales of investments	7,089,776	5,439,391
Purchase of property and equipment	(3,495)	
 Net cash provided by (used in) investing activities	 220,397	 (1,601,671)
 Net decrease in cash	 (12,971)	 (905,304)
 Cash, beginning of year	 1,494,209	 2,399,513
 Cash, end of year	 \$ 1,481,238	 \$ 1,494,209

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended June 30,	2025	2024
<hr/>		
Supplemental cash flows information related to leases is as follows:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ 201,439	\$ 189,659
Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ 573,680	
	<hr/>	

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS

1. Organization and purpose

Communities In Schools of Chicago (the Organization) is an Illinois not-for-profit corporation that surrounds students with a community of support, empowering them to stay in school and achieve in life.

The Organization is an affiliate of Communities In Schools, Inc., a national not-for-profit organization whose mission is to ensure that every student regardless of race, zip code, or socioeconomic status has what they need in school and beyond. The Organization functions independently, with a separate 501(c)(3) status, an autonomous board of directors, and independent funding.

2. Summary of significant accounting policies

The significant accounting policies of the Organization are summarized below:

Basis of accounting:

The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation:

The Organization is required to report information regarding its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions – Net assets without donor restrictions are available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its Articles of Incorporation.

With donor restrictions – Net assets with donor restrictions result (a) from contributions and other inflows of assets, the use of which by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit the Organization to utilize or expend part or all of the income or other economic benefits derived from the donated assets. There were no net assets with donor restrictions that are required to be maintained permanently by the Organization at June 30, 2025 and 2024.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Investments:

Investments in money market mutual fund, U.S. government securities and corporate bonds are stated at fair value. Cash (not yet invested) is carried at cost. Realized and unrealized investment gains and losses and other investment income less external investment expenses are reflected in the statements of activities as net investment income.

School service contracts receivable and allowance for credit losses:

School service contracts receivable consist of receivables from contracts with customers and are stated at gross invoice amounts net of provisions for credit losses. School service contracts receivable are recorded at the invoiced amount and are typically outstanding for 60 to 120 days. Management evaluates collectibility on a pooled basis where similar characteristics exist and records an allowance for credit losses in an amount equal to the current expected credit losses that result from all possible default events over the expected life of the assets. School service contracts receivable are evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The allowance is estimated using an analysis of historical loss experience, current receivables aging and management's assessment of current conditions and reasonable and supportable expectations of future conditions. The Organization writes off receivables when there is information that indicates there is no possibility of recovery. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery.

Activity in the allowance for credit losses is as follows:

<u>Years ended June 30,</u>	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 104,170	\$ 27,500
Credit loss expense	32,580	76,670
Write offs	(119,750)	
Balance, end of year	\$ 17,000	\$ 104,170

The decrease in the allowance for credit losses at June 30, 2025 and increase at June 30, 2024 are due to changes to local economic conditions impacting collectibility.

The significant increase in write offs is primarily due to management's detailed review of outstanding school service contracts receivable and the financial condition of the customer (Note 3).

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Grants and contributions receivable:

Unconditional promises to give are recorded as receivables and revenue when received. Unconditional promises to give represent amounts pledged by donors or grantors, some of which are due in installments. Amounts due on dates that are more than one year in the future are recorded net of a present value discount. Conditional promises to give are not included in revenue until the conditions are substantially met. Grants and contributions receivable are considered impaired if payments are not received in accordance with agreed upon terms. The Organization provides for losses on unconditional promises to give using the allowance method. The allowance is based on experience and knowledge of circumstances that may affect the ability of donors to meet their obligations. The Organization records provisions for uncollectible pledges and changes in the present value discount of pledges due in over one year against grants and contributions revenue in the statements of activities. It is the Organization's policy to charge off uncollectible grants and contributions receivable when management determines that the grants and contributions receivable will not be collected. Management has determined that all unconditional promises to give are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary at June 30, 2025 and 2024.

Grants and contributions:

Grants and contributions received are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support with donor restrictions is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization reports grants and contributions with donor restrictions for which restrictions are met in the same reporting period as grants and contributions revenue without donor restrictions.

Property and equipment:

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Major additions and betterments of \$2,500 or more are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation expense is calculated using the straight-line method over the estimated useful lives ranging from three to seven years for furniture and equipment. Leasehold improvements are amortized over the lesser of the life of the asset or the remaining term of the lease.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Impairment:

Management reviews the carrying values of property and equipment and operating lease right-of-use assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Leases:

The Organization determines whether an arrangement or contract is a lease at inception of the arrangement or contract. Identified leases are subsequently measured, classified, and recognized at lease commencement as either a finance lease or an operating lease. The Organization only reassesses its determination if the terms and conditions of the arrangement or contract are changed.

Operating lease right-of-use assets represent the Organization's right to use an underlying asset for the lease term, and the operating lease liabilities represent the Organization's obligation to make lease payments. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected to use a risk-free discount rate for all underlying assets based on a term commensurate with the lease terms at the lease commencement date. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related right-of-use assets, is recognized as operating lease cost. Operating lease cost is recognized on a straight-line basis over the lease term.

Functional allocation of expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs are allocated based on an estimate of time and effort. Occupancy, insurance, and depreciation and amortization are allocated on a square footage basis. All other costs are directly allocated.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Use of estimates:

The preparation of financial statements in accordance 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 in the financial statements. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management of the Organization has reviewed and evaluated subsequent events through November 19, 2025, the date the financial statements were available to be issued.

3. Revenue from contracts with customers

The Organization recognizes revenue upon delivery of services in an amount that reflects the consideration that the Organization expects to receive in exchange for those goods or services. The Organization's revenue from contracts with customers is from fixed-fee contracts with a single customer, Chicago Public Schools, to provide services at individual schools. Services provided include school support plans, whole school interventions and case management services for students. Contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services. Revenue is recognized evenly over the contract term (over time) as services are performed. Contracts generally cover services during a single school year from August to June. Contracts are billed quarterly when approved purchase orders are received from Chicago Public Schools and payment is due in thirty days. Fees received in advance of services provided, if any, are recognized as contract liabilities.

Disaggregation of revenue:

Revenue from contracts with customers disaggregated by timing of revenue recognition was as follows:

Years ended June 30,	2025	2024
Revenue recognized over time:		
School service contracts	\$ 560,000	\$ 655,750

The nature, amount, timing, and uncertainty of revenue and cash flows of the Organization are impacted by its customer concentration with Chicago Public Schools.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Revenue from contracts with customers (continued)

Contract balances:

School service contracts receivable were \$155,750, \$253,330 and \$476,000 at June 30, 2025, 2024 and 2023, respectively.

There were no contract assets or contract liabilities at June 30, 2025, 2024 and 2023.

Significant judgments:

Significant judgments are required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. Significant judgment was also required when determining to account for contracts as a single unit of account (a single performance obligation) or to segment between types of services.

4. Tax status

The Organization is exempt from income taxes under Section 501(c)(3) of Internal Revenue Code (the Code) and applicable state law, except for taxes pertaining to unrelated business income, if any. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) of the Code. Management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2025 and 2024.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Liquidity and availability

The Organization's financial assets available to meet general expenditures within one year are as follows:

June 30,	2025	2024
Financial assets at year-end:		
Cash	\$ 1,481,238	\$ 1,494,209
Investments	5,230,613	5,367,903
Grants and contributions receivable	6,404,033	7,160,474
School service contracts receivable	155,750	253,330
 Total financial assets	 13,271,634	 14,275,916
 Less unconditional promises to give receivable in greater than one year	 (2,173,840)	 (3,264,097)
 Financial assets available to meet general expenditures within one year	 \$ 11,097,794	 \$ 11,011,819

The Organization maintains its cash balance to cover up to three months of operating expenses. Cash in excess of this may be invested in securities with the goal of safety of capital while ensuring adequate liquidity to meet operational needs. The Organization monitors liquidity by reviewing monthly financial statements including budget-to-actual reports.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Fair value

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Investments in money market mutual fund, U.S. government securities, and corporate bonds:	Valued at fair value based on quoted market prices.
Cash (not yet invested):	Carried at cost.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Fair value (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value:

June 30, 2025	Level 1	Total
Money market mutual fund	\$ 790,792	\$ 790,792
U.S. government securities	1,500,286	1,500,286
Corporate bonds	2,813,077	2,813,077
Total investments at fair value	\$ 5,104,155	5,104,155
Cash (not yet invested)		126,458
Total investments		\$ 5,230,613
June 30, 2024	Level 1	Total
Money market mutual fund	\$ 1,454,292	\$ 1,454,292
U.S. government securities	832,160	832,160
Corporate bonds	2,635,037	2,635,037
Total investments at fair value	\$ 4,921,489	4,921,489
Cash (not yet invested)		446,414
Total investments		\$ 5,367,903

Risks and uncertainties:

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Concentrations and credit risk

The Organization maintains its cash in accounts at a financial institution which, at times, may exceed federally-insured prescribed limits. As of June 30, 2025 and 2024, the amounts held in excess of federally-insured limits total approximately \$1,232,000 and \$1,292,000, respectively. Management believes that the Organization is not subject to any significant credit risk on cash.

Approximately 35% of total revenue for the year ended June 30, 2025 is from two donors. Approximately 46% of grants and contributions receivable at June 30, 2025 are from three donors.

Approximately 20% of total revenue for the year ended June 30, 2024 is from one donor. Approximately 39% of grants and contributions receivable at June 30, 2024 are from two donors.

One customer represents 100% of school service contracts revenue for each of the years ended June 30, 2025 and 2024. See Note 3.

8. Grants and contributions receivable

Unconditional promises to give are as follows:

June 30,	2025	2024
Receivable in less than one year	\$ 4,230,193	\$ 3,896,377
Receivable in one to five years	<u>2,320,840</u>	<u>3,551,097</u>
Total unconditional promises to give	6,551,033	7,447,474
Less discounts to net present value	(147,000)	(287,000)
Net unconditional promises to give	\$ 6,404,033	\$ 7,160,474

Unconditional promises to give receivable in more than one year are recorded at present value of estimated future cash flows discounted at an effective interest rate of 3.80% and 4.73% for the years ended June 30, 2025 and 2024, respectively.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Property and equipment

The components of property and equipment are as follows:

June 30,	2025	2024
Furniture and equipment	\$ 226,202	\$ 226,202
Leasehold improvements	<u>33,549</u>	<u>33,549</u>
	259,751	259,751
Accumulated depreciation and amortization	<u>(240,728)</u>	<u>(227,923)</u>
Property and equipment, net	\$ 19,023	\$ 31,828

10. Retirement plan

Employees of the Organization may participate in a 401(k) savings plan, whereby the employees may elect to make contributions pursuant to a salary reduction agreement, upon meeting age and length-of-service requirements. Employees may elect to defer a portion of their compensation up to the maximum allowed under Internal Revenue Service regulations. The Organization may make matching contributions equal to a discretionary percentage, to be determined by the Organization, of the participants' elective deferrals. In addition, the Organization may contribute an additional, discretionary amount. The Organization's contributions were \$94,443 and \$78,059 for the years ended June 30, 2025 and 2024, respectively.

11. Operating lease

The Organization leases office space under an operating lease which had an original term date of June 2024. In June 2024, the Organization signed a lease extension through June 2027. In conjunction with the lease extension, the Company remeasured the existing operating lease right-of-use asset and lease liability for the change in the discount rate at the date of the lease modification and recognized \$573,680 of additional operating lease right-of-use asset and related lease liability for the extended lease term. The lease requires fixed monthly base rent payments which escalate annually over the lease term and contains no options to extend.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Operating lease (continued)

Future lease payments are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2026	\$ 205,468
2027	209,577
Total undiscounted lease payments	415,045
Less imputed interest	(19,699)
<u>Total operating lease liability</u>	<u>\$ 395,346</u>

Operating lease cost was \$205,495 and \$177,655 during the years ended June 30, 2025 and 2024, respectively. There was no variable cost.

The weighted-average remaining lease term and discount rate are as follows:

<u>Years ended June 30,</u>	<u>2025</u>	<u>2024</u>
Weighted-average:		
Discount rate - operating lease	4.69%	4.69%
Remaining lease term (years) - operating lease	2.00	3.00

12. Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purpose or time restrictions:

<u>June 30,</u>	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Intensive program	\$ 370,604	\$ 727,838
Partnership program	15,000	27,500
Time restrictions	6,117,149	6,968,890
<u>Total net assets with donor restrictions</u>	<u>\$ 6,502,753</u>	<u>\$ 7,724,228</u>

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. Net assets with donor restrictions (continued)

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following purpose or time restrictions specified by donors:

Years ended June 30,	2025	2024
Purpose restrictions:		
Intensive program	\$ 1,165,104	\$ 260,000
Partnership program	27,500	
Time restrictions	<u>3,962,381</u>	3,186,385
Total net assets released from restrictions	<u>\$ 5,154,985</u>	\$ 3,446,385

13. Related parties

The Organization received contributions from Board members during the years ended June 30, 2025 and 2024 of approximately \$42,500 and \$28,000, respectively.