

**COMMUNITIES IN SCHOOLS
OF CHICAGO**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

COMMUNITIES IN SCHOOLS OF CHICAGO

YEARS ENDED JUNE 30, 2024 AND 2023

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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, 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 Chicago 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 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.

Ostrow Reisin Berk & Abrams, Ltd.

December 23, 2024

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF FINANCIAL POSITION

June 30,	2024	2023
ASSETS		
Cash	\$ 1,494,209	\$ 2,399,513
Investments	5,367,903	3,737,202
Grants and contributions receivable	7,160,474	7,058,262
School service contracts receivable, net of allowance for credit losses of \$104,170 and \$27,500 at June 30, 2024 and 2023, respectively	253,330	476,000
Prepaid expense and other assets	57,841	165,233
Property and equipment, net	31,828	44,946
Operating lease right-of-use assets	573,680	173,983
Total assets	\$ 14,939,265	\$ 14,055,139
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 435,752	\$ 424,502
Operating lease liabilities	573,680	185,987
Total liabilities	1,009,432	610,489
Net assets:		
Without donor restrictions	6,205,605	6,920,850
With donor restrictions	7,724,228	6,523,800
Total net assets	13,929,833	13,444,650
Total liabilities and net assets	\$ 14,939,265	\$ 14,055,139

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF ACTIVITIES

Years ended June 30,	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, gains and support:						
Grants and contributions	\$ 2,083,668	\$ 4,646,813	\$ 6,730,481	\$ 2,382,951	\$ 7,148,150	\$ 9,531,101
School service contracts	655,750		655,750	718,500		718,500
Special events, net of direct benefit to donors of \$76,093 for 2024 and \$65,255 for 2023	608,907		608,907	712,563		712,563
Net investment income	240,736		240,736	125,946		125,946
Interest income	55,129		55,129	53,867		53,867
Net assets released from restrictions	3,446,385	(3,446,385)		1,861,432	(1,861,432)	
Total revenue, gains and support	7,090,575	1,200,428	8,291,003	5,855,259	5,286,718	11,141,977
Expenses:						
Program services	5,609,813		5,609,813	4,305,748		4,305,748
Management and general	819,140		819,140	907,414		907,414
Fundraising	1,376,867		1,376,867	1,071,029		1,071,029
Total expenses	7,805,820		7,805,820	6,284,191		6,284,191
Change in net assets	(715,245)	1,200,428	485,183	(428,932)	5,286,718	4,857,786
Net assets:						
Beginning of year	6,920,850	6,523,800	13,444,650	7,349,782	1,237,082	8,586,864
End of year	\$ 6,205,605	\$ 7,724,228	\$ 13,929,833	\$ 6,920,850	\$ 6,523,800	\$ 13,444,650

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,	2024					2023				
	Program services	Management and general	Fundraising	Direct benefit to donors	Total	Program services	Management and general	Fundraising	Direct benefit to donors	Total
Personnel costs	\$ 5,179,468	\$ 226,135	\$ 1,043,439		\$ 6,449,042	\$ 3,974,084	\$ 406,899	\$ 753,998		\$ 5,134,981
Consultants and professional services	105,660	239,442	150,020		495,122	82,380	222,595	159,883		464,858
Office and administrative	48,434	121,680	55,931		226,045	26,511	88,689	58,108		173,308
Occupancy	161,671	26,477	44,900		233,048	107,651	45,168	24,725		177,544
Special events and activities	6,426	9,993	31,125	\$ 76,093	123,637	1,160	1,968	27,713	\$ 65,255	96,096
Miscellaneous staff and program expenses	57,787	30,547	30,434		118,768	43,701	30,370	11,689		85,760
Credit loss expense		76,670			76,670		27,500			27,500
Insurance	11,034	43,031	2,178		56,243	35,808	26,173	7,067		69,048
Technology costs	10,394	29,593	13,959		53,946	2,816	26,348	17,528		46,692
Depreciation and amortization	9,551	3,324	3,738		16,613	21,633	7,525	8,466		37,624
Staff development	19,388	12,248	1,143		32,779	10,004	24,179	1,852		36,035
Total expenses	5,609,813	819,140	1,376,867	76,093	7,881,913	4,305,748	907,414	1,071,029	65,255	6,349,446
Less expenses included with revenue on the statements of activities				(76,093)	(76,093)				(65,255)	(65,255)
Total expenses included in the expenses section on the statements of activities	\$ 5,609,813	\$ 819,140	\$ 1,376,867	\$ -	\$ 7,805,820	\$ 4,305,748	\$ 907,414	\$ 1,071,029	\$ -	\$ 6,284,191

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF CASH FLOWS

Years ended June 30,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 485,183	\$ 4,857,786
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gain) loss on investments	(32,525)	7,702
Depreciation and amortization	16,613	37,624
Amortization of operating lease right-of-use assets	173,983	122,218
Credit loss expense	76,670	27,500
(Increase) decrease in operating assets:		
Grants and contributions receivable	(102,212)	(5,063,965)
School service contracts receivable	146,000	(401,547)
Prepaid expense and other assets	107,392	(52,295)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	11,250	59,774
Operating lease liabilities	(185,987)	(131,677)
Net cash provided by (used in) operating activities	696,367	(536,880)
Cash flows from investing activities:		
Purchases of investments	(7,037,567)	(11,523,723)
Proceeds from sales of investments	5,439,391	12,586,087
Purchase of property and equipment	(3,495)	(16,062)
Net cash provided by (used in) investing activities	(1,601,671)	1,046,302
Net increase (decrease) in cash	(905,304)	509,422
Cash, beginning of year	2,399,513	1,890,091
Cash, end of year	\$ 1,494,209	\$ 2,399,513

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended June 30,	2024	2023
Supplemental cash flows information related to leases is as follows:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 189,659	\$ 137,274
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 573,680	\$ 67,702

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.

Recent accounting pronouncement:

Effective July 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This guidance significantly changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from an incurred credit loss methodology to an expected credit loss methodology, which requires consideration of a broad range of reasonable and supportable information to measure credit loss estimates. The standard also requires additional disclosures to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in Topic 326 are school service contracts receivable. The cumulative effect of adopting Topic 326 was not material to the financial statements.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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, 2024 and 2023.

School service contracts receivable and allowance for credit losses:

Prior to adoption of Topic 326, Current Expected Credit Losses

School service contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts, if necessary. The Organization provides for losses on school service contracts receivable using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible school service contracts receivable when management determines that the receivable will not be collected. Management provided an allowance of \$27,500 at June 30, 2023.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

School service contracts receivable and allowance for credit losses: (continued)

After the adoption of Topic 326, Current Expected 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. The provision for credit losses are recorded to credit losses on the statements of activities.

Activity in the allowance for credit losses is as follows:

<u>Year ended June 30, 2024</u>	
Balance, beginning of year	\$ 27,500
Provision for credit losses	76,670
<u>Balance, end of year</u>	<u>\$ 104,170</u>

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

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.

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. 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. Grants and contributions receivable are considered impaired if full principal payments are not received in accordance with agreed upon terms. 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, 2024 and 2023.

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 \$2,000 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)

Property and equipment: (continued)

Management reviews the carrying values of property and equipment 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, 2024 and 2023.

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 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. 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.

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.

Reclassification:

Credit loss expense has been reclassified from office and administrative expenses on the statement of functional expenses for the year ended June 30, 2023 to conform to the current year's presentation. This change did not impact net assets or change in net assets as of and for the year ended June 30, 2023.

Subsequent events:

Management of the Organization has reviewed and evaluated subsequent events through December 23, 2024, 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.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Revenue from contracts with customers (continued)

Disaggregation of revenue:

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

Years ended June 30,	2024	2023
Revenue recognized over time:		
School service contracts	\$ 655,750	\$ 718,500

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

Contract balances:

School service contracts receivable were \$253,330, \$476,000 and \$101,953 at June 30, 2024, 2023 and 2022, respectively.

There were no contract assets or contract liabilities at June 30, 2024, 2023 and 2022.

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, 2024 and 2023.

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,	2024	2023
Financial assets at year-end:		
Cash	\$ 1,494,209	\$ 2,399,513
Investments	5,367,903	3,737,202
Grants and contributions receivable	7,160,474	7,058,262
School service contracts receivable	253,330	476,000
Total financial assets	14,275,916	13,670,977
Less unconditional promises to give receivable in greater than one year	(3,264,097)	(3,535,340)
Financial assets available to meet general expenditures within one year	\$ 11,011,819	\$ 10,135,637

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:
- 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, 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
June 30, 2023	Level 1	Total
Money market mutual fund	\$ 6,048	\$ 6,048
U.S. government securities	1,192,967	1,192,967
Corporate bonds	2,506,230	2,506,230
Total investments at fair value	\$ 3,705,245	3,705,245
Cash (not yet invested)		31,957
Total investments		\$ 3,737,202

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, 2024 and 2023, the amounts held in excess of federally-insured limits total approximately \$1,292,000 and \$2,179,000, respectively. Management believes that the Organization is not subject to any significant credit risk on cash.

Approximately 20% and 22% of total revenue for the years ended June 30, 2024 and 2023, respectively, is from one donor. Approximately 39% and 38% of grants and contributions receivable at June 30, 2024 and 2023, respectively, are from two donors.

8. Grants and contributions receivable

Unconditional promises to give are as follows:

June 30,	2024	2023
Receivable in less than one year	\$ 3,896,377	\$ 3,522,922
Receivable in one to five years	3,551,097	3,908,340
Total unconditional promises to give	7,447,474	7,431,262
Less discounts to net present value	(287,000)	(373,000)
Net unconditional promises to give	\$ 7,160,474	\$ 7,058,262

Unconditional promises to give receivable in more than one year are discounted at 4.73% and 4.80% at June 30, 2024 and 2023, respectively.

9. Property and equipment

The components of property and equipment are as follows:

June 30,	2024	2023
Furniture and equipment	\$ 226,202	\$ 222,707
Leasehold improvements	33,549	33,549
	259,751	256,256
Accumulated depreciation and amortization	(227,923)	(211,310)
Property and equipment, net	\$ 31,828	\$ 44,946

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 \$78,059 and \$70,028 for the years ended June 30, 2024 and 2023, respectively.

11. Leases

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 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.

Future lease payments are as follows:

Year ending June 30:	Amount
2025	\$ 201,439
2026	205,468
2027	209,577
Total undiscounted lease payments	616,484
Less imputed interest	(42,804)
Total operating lease liabilities	\$ 573,680

Operating lease cost was \$177,655 and \$127,815 during the years ended June 30, 2024 and 2023, respectively. There was no variable cost.

COMMUNITIES IN SCHOOLS OF CHICAGO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Leases (continued)

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

Years ended June 30,	2024	2023
Weighted-average:		
Discount rate - operating leases	4.69%	3.47%
Remaining lease term (years) - operating leases	3.00	1.00

12. Net assets with donor restrictions

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

June 30,	2024	2023
Purpose restrictions:		
Intensive program	\$ 60,000	\$ 260,000
Partnership program	15,000	
Time restrictions	7,649,228	6,263,800
Total net assets with donor restrictions	\$ 7,724,228	\$ 6,523,800

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,	2024	2023
Purpose restrictions:		
Intensive program	\$ 260,000	\$ 373,182
Partnership program		125,000
Time restrictions	3,186,385	1,363,250
Total net assets released from restrictions	\$ 3,446,385	\$ 1,861,432

13. Related parties

The Organization received contributions from board members during the years ended June 30, 2024 and 2023 of approximately \$28,000 and \$671,000, respectively.