



**COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2025**

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

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JUNE 30, 2025

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## **Independent Auditor's Report**

Board of Directors  
Communities in Schools of the Nation's Capital, Inc.  
Washington, D.C.

### ***Opinion***

We have audited the accompanying financial statements of Communities in Schools of the Nation's Capital, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization'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.

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

***Report on Summarized Comparative Information***

The financial statements of the Organization as of June 30, 2024, were audited by other auditors whose report dated October 24, 2024, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan + Mitchell, P.C.*

Bethesda, Maryland  
November 24, 2025

Certified Public Accountants

**COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2025**

**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Cash	\$ 114,538	\$ 102,744
Contributions Receivable, Net	433,350	389,862
Accounts Receivable	35,000	32,454
Other Receivables	114,501	114,501
Prepaid Expenses and Deposits	24,891	21,728
Operating Right-of-Use Asset	52,004	106,448
<b>Total Assets</b>	<b>\$ 774,284</b>	<b>\$ 767,737</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 108,654	\$ 121,379
Accrued Vacation	19,884	21,632
Line of Credit	-	44,999
Operating Lease Liability	53,662	108,583
Total Liabilities	182,200	296,593
<b>Net Assets</b>		
Without Donor Restrictions	302,482	139,378
With Donor Restrictions	289,602	331,766
Total Net Assets	592,084	471,144
<b>Total Liabilities and Net Assets</b>	<b>\$ 774,284</b>	<b>\$ 767,737</b>

*See accompanying Notes to Financial Statements.*

**COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
<b>Revenues</b>				
Government Grants	\$ 1,121,669	\$ -	\$ 1,121,669	\$ 745,393
Foundation and Corporate Contributions	103,439	814,751	<b>918,190</b>	554,225
Contract Revenue	151,842	-	<b>151,842</b>	241,769
Other Contributions	385,276	-	<b>385,276</b>	193,340
Donated Services	75,998	-	<b>75,998</b>	21,700
Net Assets Released from Restrictions	856,915	(856,915)	-	-
<b>Total Revenues</b>	2,695,139	(42,164)	<b>2,652,975</b>	1,756,427
<b>Expenses</b>				
Program Services	1,920,167	-	<b>1,920,167</b>	1,646,093
Supporting Services				
Management and General	481,109	-	<b>481,109</b>	373,546
Fundraising	130,759	-	<b>130,759</b>	78,254
<b>Total Supporting Services</b>	611,868	-	<b>611,868</b>	451,800
<b>Total Expenses</b>	2,532,035	-	<b>2,532,035</b>	2,097,893
Change in Net Assets	163,104	(42,164)	<b>120,940</b>	(341,466)
Net Assets, Beginning of Year	139,378	331,766	<b>471,144</b>	812,610
<b>Net Assets, End of Year</b>	<b>\$ 302,482</b>	<b>\$ 289,602</b>	<b>\$ 592,084</b>	<b>\$ 471,144</b>

*See accompanying Notes to Financial Statements.*

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Salaries and Related Expenses	\$ 1,449,235	\$ 93,483	\$ 68,726	\$ 1,611,444	\$ 1,489,484
Consultants and Contractors	300	342,877	57,400	400,577	270,521
Student Support Services	359,341	582	-	359,923	184,396
Facility and Equipment	79,883	5,153	3,788	88,824	89,133
Office Expenses	16,487	3,489	768	20,744	42,110
Dues and Subscriptions	9,878	1,106	-	10,984	10,104
Travel	2,543	17,823	77	20,443	8,612
Other Expenses	2,500	16,596	-	19,096	3,533
<b>Total Expenses</b>	<b>\$ 1,920,167</b>	<b>\$ 481,109</b>	<b>\$ 130,759</b>	<b>\$ 2,532,035</b>	<b>\$ 2,097,893</b>

See accompanying Notes to Financial Statements.

**COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 120,940	\$ (341,466)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Operating Lease Expense	57,762	57,762
(Increase) Decrease in		
Contributions Receivable	(43,488)	79,038
Accounts Receivable	(2,546)	104,450
Prepaid Expenses and Deposits	(3,163)	10,676
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	(12,725)	23,717
Accrued Vacation	(1,748)	3,564
Operating Lease Liability	(58,239)	(56,818)
Refundable Advances	-	(19,683)
	56,793	(138,760)
Net Cash Provided by (Used in) Operating Activities		
<b>Cash Flows from Financing Activities</b>		
Repayment of Line of Credit	(129,999)	-
Borrowing from Line of Credit	85,000	44,999
	(44,999)	44,999
Net Cash (Used in) Provided by Financing Activities		
Net Increase (Decrease) in Cash	11,794	(93,761)
Cash, Beginning of Year	102,744	196,505
<b>Cash, End of Year</b>	<b>\$ 114,538</b>	<b>\$ 102,744</b>
<b>Supplementary Disclosure of Cash Flow Information</b>		
Interest Paid	\$ 6,437	\$ 314

*See accompanying Notes to Financial Statements.*

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization*

Communities in Schools of the Nation's Capital, Inc. (the Organization), is a nonprofit organization incorporated in March 2004 in the District of Columbia. The Organization was established to engage in educational and charitable activities, including coordinating and delivering community resources such as social, educational, and human services to at-risk youth and their families in the Washington, D.C. metropolitan area through the supportive environment of the DC Public Schools and/or non-traditional educational sites. As such, the Organization matches available community resources with schools to help young people successfully learn, stay in school, and prepare for life. The Organization funds its program and supporting services primarily through grants, contributions and contracts from governments, foundations, corporations, and individuals.

*Basis of Accounting*

The Organization has presented its financial statements in accordance with accounting principles generally accepted in the United States of America.

*Cash*

Cash includes demand deposits held at commercial financial institutions.

*Contributions Receivable*

Unconditional contributions are recorded at their net realizable value. Receivables due over multiple years are discounted to their net present value using a risk-adjusted rate. Present value discounts are amortized over the life of the pledge. Management considers all contributions receivable to be fully collectible, and accordingly, does not believe an allowance for doubtful accounts is necessary as of June 30, 2025.

*Accounts Receivable*

Accounts receivable consists of amounts due from a government agency for contract revenue for which payment had not been received at year end. Accounts receivable amounts are presented in the statement of financial position at the net amount expected to be collected. The Organization uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. However, the Organization has historically had insignificant write-offs due to bad debts. Therefore, management has determined that no allowance for credit losses is necessary as of June 30, 2025. In addition, the Organization had no write-offs or recoveries during the year ended June 30, 2025.

*Other Receivables*

Other receivables consist of tax credits claimed under the Employee Retention Tax Credit program (ERTC) under the Coronavirus Aid, Relief, and Economic Security Act (CARES). There is no allowance for doubtful accounts recorded at June 30, 2025, as it is management's expectation that the entire balance will be collected.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Operating Right-of-Use Asset and Lease Liability*

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The operating lease liability was initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The operating right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's right-of-use asset and lease liability. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases.

*Classification of Net Assets*

*Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations.

*Net Assets With Donor Restrictions* represent funds that are subject to donor-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. The Organization did not have any donor-imposed restrictions which are perpetual in nature at June 30, 2025.

*Contributions and Grants*

Unconditional contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor 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 statement of activities as net assets released from restrictions.

Conditional contributions and grants are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants are recorded as refundable advances until the conditions have been met.

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Contributions and Grants (Continued)*

At June 30, 2025, there were unrecognized conditional contributions of \$349,487 for which conditions are expected to be met in the upcoming year. Conditional contributions and grants received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

*Contract Revenue*

Contract revenue is billed monthly based on direct costs incurred plus allowable indirect costs. Revenue on contracts is recognized over time as the work is performed. Amounts received in advance of the performance of the work are recorded in deferred revenue. Conversely, amounts due after the performance of work are recorded in accounts receivable.

*Donated Services*

Donated services are recognized as contributions, at fair value, if the services (a) create nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

*Functional Allocation of Expenses*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses and the statement of activities. The Organization incurs expenses that directly relate to, and can be assigned to, a program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses, facility and equipment, office expenses, and dues and subscriptions.

*Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization is exempt from the payment of taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended June 30, 2025, as the Organization had no taxable net unrelated business income.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization's Form 990 is subject to examination by the taxing authorities for three years after filing.

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

1. ORGANIZATION AND 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.

*Prior Year Information*

The financial statements include certain prior year summarized comparative totals as of and for the year ended June 30, 2024. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2024, from which the summarized information was derived.

*Reclassifications*

Certain 2024 amounts have been reclassified for comparative purposes.

2. LIQUIDITY AND AVAILABLE RESOURCES

The Organization's cash flows have seasonal variations due to the timing of contributions and grant and other revenues, and vendor payments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of June 30, 2025, the following financial assets and liquidity sources are available for general operating expenditures in the year ending June 30, 2026:

Cash	\$ 114,538
Contributions Receivable Due in Less than One Year	353,350
Accounts Receivable	35,000
Other Receivables	114,501
Less Amounts Restricted by Donors for Purpose	<u>(29,602)</u>
Financial Assets and Liquidity Resources Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 587,787</u>

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30, 2025:

Less than One Year	\$ 353,350
One to Five Years	<u>85,008</u>
Total Contributions Receivable	438,358
Less Discount to Net Present Value	<u>(5,008)</u>
Total Contributions Receivable, Net	<u>\$ 433,350</u>

Contributions receivable have been discounted at a 3.72% annual rate of interest.

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**4. CONCENTRATIONS**

The Organization maintains cash balances at a financial institution. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's cash balances exceeded the FDIC limits. Management believes the risk in these situations to be minimal.

Two contributors accounted for 61% of contributions receivable as of June 30, 2025, and one donor comprised 44% of contribution revenue for the year ended June 30, 2025.

**5. CONTRIBUTIONS OF NONFINANCIAL ASSETS**

During the year ended June 30, 2025, the Organization received donated services of \$75,998, of which \$75,548 is included as consultants and contractors management and general expense and \$450 as student support services program services expense in the statement of functional expenses for the year ended June 30, 2025. The donated services were valued based on current market rates for these services. All donated services received by the Organization for the year ended June 30, 2025, were considered without donor restrictions and available to be used by the Organization as determined by the Board of Directors and management.

**6. RELATED PARTY TRANSACTIONS**

The Organization received contributions from board members and from organizations related to board members. The total of such contributions was approximately \$253,000 for the year ended June 30, 2025, which is included in other contributions on the accompanying statement of activities.

**7. RETIREMENT PLAN**

The Organization has a Simple IRA retirement plan which covers all employees. The Organization matches each employee's contributions up to a maximum of three percent of the eligible employee's compensation. Contributions to the Plan for the year ended June 30, 2025, totaled approximately \$21,000.

**8. LEASES**

In April 2023, the Organization entered into a noncancelable three-year lease agreement for office space in Washington D.C., commencing on June 2023 and expiring May 2026. The lease calls for annual rent increases of 2.5%.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense for this lease totaled approximately \$58,000 and is included in facility and equipment expense on the statement of functional expenses for the year ended June 30, 2025.

Maturity of the operating lease liability as of June 30, 2025, is as follows:

For the Year Ending June 30,

2026	\$ 54,606
Total Undiscounted Minimum Lease Payments	54,606
Less Discount to Present Value	(944)
Total Operating Lease Liability	<u>\$ 53,662</u>

**COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**8. LEASES (CONTINUED)**

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	Amount
Weighted-Average Remaining Lease Term (Years)	0.92
Weighted-Average Discount Rate	4.21%

**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of June 30, 2025:

Description	Amount
Stuart Hobson	\$ 14,610
Cardozo	3,584
Burrville	2,924
Brookland	8,484
Timing Restricted	260,000
Total Donor Restricted Net Assets	\$ 289,602

Net assets were released from donor restrictions during the year ended June 30, 2025, as follows:

Description	Amount
Stuart Hobson	\$ 1,516
Cardozo	15,666
Burrville	10,969
Brookland	7,636
Multiple Schools	358,628
Purpose Restricted	50,000
Timing Restricted	412,500
Total Net Assets Released from Restrictions	\$ 856,915

**10. CONTINGENCIES**

Funds that the Organization receives from government agencies are subject to audit under the provisions of the grant and contract agreements. The ultimate determination of amounts received under the grant and contract agreements are based upon the allowance of costs reported to and accepted by the oversight agency. Until such grants are closed out, there exists a contingent liability to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

**11. LINES OF CREDIT**

The Organization has a revolving line of credit of up to \$45,000 with a financial institution. The line of credit is collateralized by the Organization's assets. The interest rate on the line of credit is variable and was 7.5% at June 30, 2025. During the year ended June 30, 2025, the Organization made repayments of \$90,366 on the line of credit. Accordingly, the balance on the line of credit was \$-0- at June 30, 2025.

COMMUNITIES IN SCHOOLS OF THE NATION'S CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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**11. LINES OF CREDIT (CONTINUED)**

In December 2024, the Organization entered into a business line of credit of \$40,000 with a term of 24 months. The line of credit is collateralized by the Organization's assets. The interest rate on the line of credit is 16.89%. During the year ended June 30, 2025, the Organization made repayments of \$41,200 on the line of credit. Accordingly, the balance on the line of credit was \$-0- at June 30, 2025.

**12. SUBSEQUENT EVENTS**

Subsequent to year end, the Organization has received an anonymous unrestricted donation of \$1.5 million.

Subsequent events were evaluated through November 24, 2025, which is the date the financial statements were available to be issued.