Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Independent Auditor's Reports and Consolidated Financial Statements

August 31, 2023

Communities In Schools of Greater Tarrant County, Inc. and Affiliate
August 31, 2023

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FORVIS

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Independent Auditor's Report

Board of Directors
Communities In Schools of Greater
Tarrant County, Inc. and Affiliate
Fort Worth, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Communities In Schools of Greater Tarrant County, Inc. and Affiliate which comprise the consolidated statements of financial position as of August 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Communities In Schools of Greater Tarrant County, Inc. and Affiliate as of August 31, 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Communities In Schools of Greater Tarrant County, Inc. and Affiliate, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Communities In Schools of Greater Tarrant County, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Communities In Schools of Greater Tarrant County, Inc. and Affiliate'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.

Consolidating Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the consolidating schedules and the schedule of expenditures of state awards required by the Texas Grant Management Standards, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of Communities In Schools of Greater Tarrant County, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Communities In Schools of Greater Tarrant County, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Communities In Schools of Greater Tarrant County, Inc. and Affiliate's internal control over financial reporting and compliance.

FORVIS, LLP

Fort Worth, Texas
February 15, 2024

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Consolidated Statement of Financial Position

August 31, 2023

	Communities in Schools of Greater Tarrant County, Inc.	Mike Steele Foundation for Communities in Schools	Consolidated Total
Assets			
Cash and cash equivalents	$ 2,383,183	$ -	$ 2,383,183
Cash restricted	-	2,755	2,755
Contributions receivable	584,358	20	584,378
Accounts receivable	121,800	-	121,800
Prepaid expenses and deposits	122,812	-	122,812
Investments	2,738,173	972,955	3,711,128
Property and equipment, net	153,705	-	153,705
Right-of-use asset - Operating lease	298,662	-	298,662
Investments restricted	-	2,898,934	2,898,934
Total assets	$ 6,402,693	$ 3,874,664	$ 10,277,357
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	$ 449,669	$ 3,913	$ 453,582
Operating lease liabilities, net	386,737	-	386,737
Deferred revenue	138,950	-	138,950
Total liabilities	975,356	3,913	979,269
Net Assets			
Without donor restrictions	4,121,713	971,817	5,093,530
With donor restrictions	1,305,624	2,898,934	4,204,558
Total net assets	5,427,337	3,870,751	9,298,088
Total liabilities and net assets	$ 6,402,693	$ 3,874,664	$ 10,277,357

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Consolidated Statement of Activities

Year Ended August 31, 2023

	Communities in Schools of Greater Tarrant County, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions of financial assets	$ 900,003	$ 1,305,624	2,205,627
Contributions of nonfinancial assets	302,400	-	302,400
School contracts	4,071,575	-	4,071,575
Special events, net of direct benefit to donors of $59,357	140,586	-	140,586
Government grants	1,334,308	-	1,334,308
Dividends and interest, net of fees	135,368	-	135,368
Unrealized and realized loss on investments	164,602	-	164,602
Other income	-	-	-
Transfers of contributions	-	-	-
Net assets released from restrictions:			
Satisfaction of time restrictions	393,095	(393,095)	-
Satisfaction of program restrictions	485,486	(485,486)	-
Total public support and revenue	7,927,423	427,043	8,354,466
Expenses			
Program services:			
Campus	7,169,030	-	7,169,030
Grants	-	-	-
Total program services	7,169,030	-	7,169,030
Supporting services:			
Management and general	836,807	-	836,807
Fundraising	413,538	-	413,538
Total supporting services	1,250,345	-	1,250,345
Total expenses	8,419,375	-	8,419,375
Change in Net Assets	(491,952)	427,043	(64,909)
Net Assets, Beginning of Year	4,613,665	878,581	5,492,246
Net Assets, End of Year	$ 4,121,713	$ 1,305,624	$ 5,427,337

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Consolidated Statement of Activities

Year Ended August 31, 2023

Mike Steele Foundation for Communities in Schools				
Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Consolidated Total
$ 20	$ 50	$ 70	$ (117,904)	$ 2,087,793
-	-	-	-	302,400
-	-	-	-	4,071,575
-	-	-	-	140,586
-	-	-	-	1,334,308
17,877	56,611	74,488	-	209,856
70,060	221,856	291,916	-	456,518
-	-	-	-	-
-	-	-	-	-
				-
-	-	-	-	-
128,622	(128,622)	-	-	-
216,579	149,895	366,474	(117,904)	8,603,036
-	-	-	-	7,169,030
117,904	-	117,904	(117,904)	-
117,904	-	117,904	(117,904)	7,169,030
10,718	-	10,718	-	847,525
-	-	-	-	413,538
10,718	-	10,718	-	1,261,063
128,622	-	128,622	(117,904)	8,430,093
87,957	149,895	237,852	-	172,943
883,860	2,749,039	3,632,899	-	9,125,145
$ 971,817	$ 2,898,934	$ 3,870,751	$ -	$ 9,298,088

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended August 31, 2023

	Program Services	Supporting Services			Total Program
	Campus	Management and General	Fund-raising	Total Supporting Services	and Supporting Services
Salaries	$ 4,912,614	$ 336,300	$ 258,601	$ 594,901	$ 5,507,515
Benefits and payroll taxes	1,232,360	89,563	53,916	143,479	1,375,839
Professional services	138,857	162,604	45,935	208,539	347,396
Supplies	188,422	16,923	32,579	49,502	237,924
Telephone	33,149	4,148	902	5,050	38,199
Occupancy - Inkind	302,400	-	-	-	302,400
Occupancy	21,468	76,748	5,169	81,917	103,385
Training and related travel	80,777	26,073	7,657	33,730	114,507
Employee services	238,979	9,558	6,684	16,242	255,221
Depreciation and amortization	19,701	14,328	1,791	16,119	35,820
Fundraising event expenses	-	-	59,357	59,357	59,357
Bank fees	8	829	-	829	837
Insurance	-	18,143	-	18,143	18,143
Membership fees	295	6,778	304	7,082	7,377
Expansion campaign costs	-	85,530	-	85,530	85,530
	7,169,030	847,525	472,895	1,320,420	8,489,450
Less expenses deducted directly from revenues on the statement of activities					
Direct costs of special events	-	-	(59,357)	(59,357)	(59,357)
	$ 7,169,030	$ 847,525	$ 413,538	$ 1,261,063	$ 8,430,093

Communities In Schools of Greater Tarrant County, Inc. and Affiliate
Consolidated Statement of Cash Flows
Year Ended August 31, 2023

	Communities in Schools of Greater Tarrant County, Inc.	Mike Steele Foundation for Communities in Schools	Consolidated Total
Operating Activities			
Change in net assets	$ (64,909)	$ 237,852	$ 172,943
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization	35,820	-	35,820
Unrealized and realized losses on investments	(164,602)	(291,916)	(456,518)
Noncash operating lease expense	88,075	-	88,075
Contributions restricted for endowment	-	(50)	(50)
Changes in			
Contributions receivable	(276,718)	(20)	(276,738)
Accounts receivable	(121,800)	-	(121,800)
Prepaid expenses and deposits	(27,698)	-	(27,698)
Accounts payable and accrued expenses	56,943	3,858	60,801
Deferred rent	(119,394)	-	(119,394)
Deferred revenue	(419,956)	-	(419,956)
Net cash used in operating activities	(1,014,239)	(50,276)	(1,064,515)
Investing Activities			
Purchase of investments	(165,583)	(74,488)	(240,071)
Sale of investments	1,700,000	124,724	1,824,724
Net cash provided by financing activities	1,534,417	50,236	1,584,653
Financing Activities			
Proceeds from contributions restricted for endowment	-	50	50
Net cash provided by investing activities	-	50	50
Increase in Cash and Cash Equivalents and Restricted Cash and Restricted Cash Equivalents	520,178	10	520,188
Cash and Cash Equivalents and Restricted Cash and Restricted Cash Equivalents, Beginning of Year	1,863,005	2,745	1,865,750
Cash and Cash Equivalents and Restricted Cash and Restricted Cash Equivalents, End of Year	$ 2,383,183	$ 2,755	$ 2,385,938
Supplemental Cash Flows Information			
ROU assets obtained in exchange for new operating lease liabiliti	$ 506,496	$ -	$ 506,496

Communities In Schools of Greater Tarrant County, Inc. and Affiliate
Notes to Consolidated Financial Statements
August 31, 2023

Note 1: Summary of Activities and Significant Accounting Policies

Nature of Operations

Communities In Schools of Greater Tarrant County, Inc. and Affiliate (Agency) is a non-profit Agency which provides services to at-risk students and their parents to prevent school drop out in the Tarrant County, Texas area. Funding is provided through federal and state grants, contracts with independent school districts, United Way allocations, and private contributions.

The Mike Steele Foundation for Communities In Schools (Foundation) was established in 2008 as a permanent fund whose primary goal is for the benefit of the Agency both today and in the future. The Foundation's Directors are appointed by the Board of Directors of the Agency.

Basis of Presentation

The Agency's and the Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the Agency and the accounts of the Foundation. Significant inter-organizational transactions and balances have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents held in investment accounts, including endowment accounts, are not considered to be cash or cash equivalents. At August 31, 2023, cash equivalents consist primarily of money market accounts.

At August 31, 2023, the Agency's cash accounts exceeded federally insured limits by approximately $2,166,000.

Restricted Cash

Amounts included in restricted cash on the consolidated statement of financial position represent those amounts that have been restricted by donors for the Foundation's endowment. The restriction will lapse when those amounts have been appropriated for expenditure in accordance with the Foundation's spending policy.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. Management evaluates the need for an allowance based upon review of outstanding receivables, collection history, and existing economic conditions.

Investments and Net Investment Return

Investments are carried at fair value.

Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value, less external investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

The Agency capitalizes all expenditures in excess of $5,000 for property and equipment. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and fixtures	5 years
Machinery and equipment	5 years

Long-lived Asset Impairment

The Agency evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds it fair value.

No asset impairment was recognized during the year ended August 31, 2023.

Deferred Revenue

Deferred revenue represents amounts received for a fundraising event to be held in fiscal year 2023-2024, and prepayment of a school contract for services to be provided in the fiscal year 2023-2024.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

School Contract Revenue

School contract revenue is recognized over the term of the semester as the Agency provides services to schools. Revenue is reported at the amount of consideration which the Agency expects to be entitled in exchange for providing services. The Agency determines the transaction price based on standard charges for services provided.

Government Grants

Support funded by grants is recognized as the Agency meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency, and as a result of such audit, adjustments could be required.

Contributions

Contributions are provided to the Agency and Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Agency or Foundation overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value

Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Income Taxes

The Agency and the Foundation are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Agency and Foundation are subject to federal income tax on any unrelated business taxable income.

The Agency and Foundation file tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on specific identification of costs and approximate percentage of time expended.

Conditional Promise to Give

The Agency has received a conditional promise to give related to a three year grant in the amount of $327,000. At August 31, 2023, the amount of this conditional promise that has not been recognized in the financial statements is $109,000. These amounts will be recognized as revenue when conditions have been substantially met.

Note 2: Contributions Receivable

At August 31, 2023, contributions receivable are expected to be received within the following year. No allowance for uncollectible contributions is considered necessary at August 31, 2023.

Note 3: Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which the Agency has an unconditional right to receive plus any accrued and unpaid interest. The Agency provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Accounts receivable are ordinarily billed in September and January. As payments are received, deferred revenue is initially recorded, and then recognized as revenue when performance obligations are met. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

At August 31, 2023, accounts receivable are expected to be received within the following year. No allowance for uncollectible contributions is considered necessary at August 31, 2023.

Note 4: Investments

Investments consist of the following at August 31, 2023:

	Agency		Foundation	
	Fair Value	Cost	Fair Value	Cost
Money markets	$ 137,655	$ 137,655	$ 46,177	$ 46,177
Mutual Funds				
Domestic equities	1,575,652	1,262,016	2,709,852	1,726,474
International equities	-	-	181,188	176,664
Fixed income	1,024,866	1,054,664	934,672	972,565
	$ 2,738,173	$ 2,454,335	$ 3,871,889	$ 2,921,880

Note 5: Property and Equipment

Property and equipment are comprised of the following at August 31, 2023:

	2023
Land	$ 35,000
Leasehold improvements	202,949
Furniture and fixtures	19,803
Machinery and equipment	47,347
Construction in progress	27,340
Less: Accumulated depreciation and amortization	(178,734)
	$ 153,705

Note 6: Revenue from Contracts with Customers

Contract Revenue

Revenue from contracts with schools for counseling services is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing educational and mental health counselors. Revenue is recognized over time as performance obligations are satisfied, which is ratably over the academic term. Generally, the Agency bills schools at the beginning of the semester with payments due in September and January. As payments are received, deferred revenue is initially recorded, and then recognized as revenue when performance obligations are met.

Contract Balances

Generally, the contracts with the schools are for the period of September 1 to August 31, which aligns with the Agency's fiscal year. However, for the year ending August 31, 2023, the Agency entered into an agreement with one school district to provide services over a contract period of July 1, 2023, to June 30, 2024. The portion of the contract for which the performance obligation has been met (the contract asset) in the amount of $121,800, is included in accounts receivable on the statement of financial position. The contract liability related to school contracts at September 1, 2022 and August 31, 2023 was $487,200 and $93,000, respectively.

Transaction Price and Recognition

The Agency determines the transaction price based upon standard charges for services provided. No discounts or price concessions are offered. All of the Agency’s revenues are with school districts in the Tarrant County area to provide services to at-risk students and their parents to prevent school dropout. The Agency’s revenues from these school districts are recognized over time using the output method as performance obligations are satisfied which it ratably over the school year. The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Revenue for future years could be affected by the schools’ participation in the program

Note 7: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of investments recognized in the statement of financial position measured at fair value on a recurring basis and the level within the standard's fair value hierarchy in which the fair value measurements fall at August 31, 2023.

	Agency			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Money markets	$ 137,655	$ 137,655	$ -	$ -
Mutual Funds				
Equities	1,575,652	1,575,652	-	-
Fixed income	1,024,866	1,024,866	-	-
	$ 2,738,173	$ 2,738,173	$ -	$ -

	Foundation			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Money markets	$ 46,177	46,177	$ -	$ -
Mutual funds				
Domestic equities	2,709,852	2,709,852	-	-
International equities	181,188	181,188	-	-
Fixed income	934,672	934,672	-	-
	$ 3,871,889	$ 3,871,889	$ -	$ -

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2023.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Agency or the Foundation did not have any Level 2 or Level 3 investments. There were no transfers between the levels of the fair value hierarchy.

Note 8: Contributed Nonfinancial Assets

For the year ended August 31, 2023, contributed nonfinancial assets recognized as revenue within the statement of activities included in kind rent of $302,400. Unless otherwise noted contributed financial assets did not have donor-imposed restrictions.

The Agency receives donated office space (month to month) at each school campus where it has programs. In valuing the donated space, the Agency estimated the fair value utilizing comparable rental costs for class C commercial office space in a similar geographic market.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from personnel of an affiliate. No amounts have been reflected in the statements for volunteer services because the preceding criteria has not been met; however, a substantial number of volunteers have donated significant amounts of their time in the Agency's program delivery efforts.

Note 9: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at August 31, 2023, are restricted for the following purposes or periods:

Subject to expenditure for specific purpose	
Monnig Middle School	$ 13,500
Mental health	10,000
Mental health training	25,000
School expansion	425,886
Emergency needs for Crowley ISD	818
	475,204
Subject to the passage of time	
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	27,000
Future operations	803,420
	830,420
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Available for general use	868,909
Subject to NFP endowment spending policy and appropriation	
General use	2,030,025
Total endowments	2,898,934
	$ 4,204,558

Net Assets without Donor Restrictions

Net assets without donor restrictions at August 31, 2023, have been designated for the following purposes:

Undesignated	$ 4,121,733
Designated by the Board for endowment	971,797
	$ 5,093,530

Net Assets Released from Restrictions

For the year ending August 31, 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Expiration of time restrictions	
2022/2023 operations	$ 393,095
Satisfaction or purpose restrictions	
Fort Worth ISD	345,600
High schools 22-23	15,000
Mental health	90,000
Monnig Middle School	20,000
Emergency needs for Crowley ISD	13,000
Mental health training	1,886
	878,581
Restricted purpose spending-rate distributions and appropriations	
General use	128,622
	$ 1,007,203

Note 10: Assets Restricted For Endowment

Restricted assets of the Foundation consist of money markets and mutual funds. The Foundation assets are managed by a board of directors which is appointed by the Agency's board. The Foundation's purpose is as a permanent fund whose primary goal is for the benefit of the Agency.

The Foundation's governing body is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation or depreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Composition and Activity of Foundation Funds

The composition of net assets by type of endowment fund at August 31, 2023 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 2,030,025	$ 2,030,025
Accumulated investment gains	971,797	868,909	1,840,706
Total endowment funds	$ 971,797	$ 2,898,934	$ 3,870,731

Changes in the Foundation's net assets for the year ended August 31, 2023, were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 883,860	$ 2,749,039	$ 3,632,899
Dividends and interest, net of fees	17,877	56,611	74,488
Contributions	-	50	50
Transfer from Agency	-	-	-
Realized / unrealized loss	70,060	221,856	291,916
Appropriation of endowment assets for expenditures	-	(117,904)	(117,904)
Other expenses	-	(10,718)	(10,718)
Endowment net assets, end of year	$ 971,797	$ 2,898,934	$ 3,870,731

Return Objectives and Risk Parameters

The investment of the assets will attempt to achieve a total return (income plus capital appreciation) necessary to at least preserve, and it is hoped, enhance (in real dollar terms) the capital, and at the same time, provide a dependable source of income. Of these three goals, primary importance is the longer-term preservation of capital. Preservation of capital is defined as the maintenance of purchasing power (after inflation) of the assets. This implies a prudent approach to all investments.

The Foundation is secondarily concerned with achieving real growth in its assets and in the income generated by them. This again is a long-term goal which should not be pursued with undue risk.

Finally, the Foundation desires a minimum level of income that is both dependable as well as acceptable in light of market rates. The current income return requirements will vary from year to year. However, withdrawals from the fund will be planned in advance so income return requirements can be planned and executed based on maturities.

Strategies Employed for Achieving Objectives

In order to meet the stated objectives, the following guidelines are established:

Asset Class	Minimum Allocation	Target Allocation	Maximum Allocation
Cash equivalents	1%	2%	10%
Equity	30%	43%	60%
International	10%	20%	30%
Alternatives	0%	5%	15%
Fixed income	20%	30%	50%

Investment and Spending Policy

The annual spending rate shall be up to five (5) percent of the rolling 20-quarter average of the portfolio’s market value. This will align spending levels with the value of the portfolio but will not result in the spending needs controlling the portfolio’s asset allocation. Additionally, this level of spending should allow for long-term asset growth through the reinvestment of any appreciation that exceeds the spending rate.

Decisions regarding the size of the annual expenditure by the Foundation shall be made at the annual meeting of the Foundation board. Annual funding of the distribution should occur in one installment, typically made in October.

Underwater Endowments

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. At August 31, 2023, there were no funds considered to be underwater.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations.

Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2023, are comprised of the following:

Cash	$ 2,383,183
Cash restricted	2,755
Contributions receivable	584,378
Accounts receivable	121,800
Investments	3,711,128
Investments restricted	2,898,934
Total Financial Assets	9,702,178
Less donor-imposed restrictions:	
Restricted funds	60,000
Endowment	2,898,934
Net financial assets after donor imposed restrictions	6,743,244
Less: Board-designated funds for endowment	971,797
Financial assets available to meet general expenditures within one year	$ 5,771,447

The Agency receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year-ended August 31, 2023, restricted contributions of $1,245,624, were included in financial assets available to meet cash needs for general expenditures within one year.

The Agency's endowment fund consists of donor-restricted endowment funds and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure until appropriated for expenditure by the board of directors.

The board-designated endowment of $971,797, is subject to an annual spending rate of 5 percent as described in *Note 9*. Although the Agency does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In addition to financial assets available to meet general expenditures over the next twelve months, the Agency operates with a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources.

Note 12: Leases ASC 842

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e*., the comparatives under ASC 840 option.

The Agency adopted Topic 842 on September 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Agency elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Agency has lease agreements with nonlease components that relate to the lease components. The Agency elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Agency elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Agency did not elect the hindsight practical expedient in determining the lease term for existing leases as of September 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of $387,103 and $506,496, respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. The Agency had no finance leases for the year ended August 31, 2023. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect our consolidated statements of activities or cash flows.

Accounting Policies

The Agency determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Agency determines lease classification as operating or finance at the lease commencement date.

The Agency combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Agency is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Agency has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. The Agency capitalizes lease agreements exceeding $5,000 and 12 months. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Agency has entered into the following lease arrangements:

Operating Leases

The Agency has leases for office space that expire in 2027. These leases generally contain renewal options for 5 years and require the Agency to pay all executory costs (property taxes, overhead costs and insurance). Lease payments have an escalating fee schedule of 3% percent increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Agency has no material related-party leases.

The Agency’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended August 31, 2023 are:

Lease expense	
Operating lease expense	$ 103,385

The Agency's weighted average remaining lease term for its operating lease commitments is 3 years. The Agency's weighted average discount rate used in the measurement of its operating leases is 3.39%.

Future minimum lease payments and reconciliation to the consolidated statements of financial position at August 31, 2023, are as follows:

2024	$ 126,966
2025	137,916
2026	130,178
2027	11,785
Total undiscounted cash flows	406,845
Less: present value discount	(20,108)
Total lease liabilities	$ 386,737

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions and Government Grants

Approximately 35 percent and 15 percent of all public support was received from two donors and a government Agency in 2023, respectively. The grants require fulfillment of certain conditions as set forth in the governing instruments. Failure to fulfill the conditions could result in the return of funds. In the opinion of management, the Agency is in compliance with the terms of the grants.

Investments

The Agency and Foundation invest 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 accompanying statement of financial position.

Note 14: Retirement Plan

The Agency has a defined contribution retirement plan available to all full-time employees, which allows a deferral up to the maximum amount allowed by law. The Agency initiated employer matches contributions of 50% on up to 6% of employee salaries, dependent upon employee contributions to the plan. Employer matching contributions vest over a five-year period. The Agency’s matching contribution expense related to the defined contribution retirement plan totaled $75,163 for the year ended August 31, 2023.

Note 15: Subsequent Events

Management evaluated subsequent events through February 15, 2024, which is the date the financial statements were available to be issued.

On December 20, 2023, the Agency closed on the purchase of land for the campus expansion project in the amount of approximately $1,661,000.

Note 16: Future Change in Accounting Principles

Accounting for Financial Instruments – Credit Losses

The Financial Accounting Standards Board amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The Agency is in the process of evaluating the effect the amendment will have on the financial statements.

Supplementary Information

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Schedule of Expenditures of State Awards

August 31, 2023

State Granting Agency/Grant Program	Identifying Number	Total State Expenditures
Texas Education Agency		
Direct Program		
2022-2023 Communities in Schools - General	9582102	$ 1,092,975
Total Texas Education Agency		1,092,975
Total State Awards Expended		$ 1,092,975

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Notes to Schedule of Expenditures of State Awards

August 31, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of state awards (Schedule) includes the State of Texas award activity of the Agency under programs of the state government for the year ended August 31, 2023. The information in this schedule is presented in accordance with the requirements of the *Texas Grant Management Standards(TxGMS)* issued by Texas State Comptroller of Public Accounts. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Agency.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *TxGMS,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Agency has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The Agency utilizes a 15% direct administrative cap as provided by the grant agreement.

Note 4: State Loan Programs

The Agency did not have any state programs during the year ended August 31, 2023.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Communities In Schools of Greater
Tarrant County, Inc. and Affiliate
Fort Worth, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Communities In Schools of Greater Tarrant County, Inc. and Affiliate (the Agency), which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2024.

The financial statements of the Mike Steele Foundation for Communities in Schools, which are included in the Agency's consolidated financial statements, were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the affiliate.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Fort Worth, Texas
February 15, 2024

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Report on Compliance for the Major State Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Communities In Schools of Greater
Tarrant County, Inc. and Affiliate
Fort Worth, Texas

Report on Compliance for the Major State Program

Opinion on State Program

We have audited Communities In Schools of Greater Tarrant County, Inc. and Affiliate's (the Agency) compliance with the types of compliance requirements described in the *Texas Grant Management Standards* (TxGMS) that could have a direct and material effect on the Agency's major state program for the year ended August 31, 2023. The Agency's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its state program for the year ended August 31, 2023.

Basis for Opinion on Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of TxGMS, issued by the Texas Comptroller of Public Accounts. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's major state program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the TxGMS. Accordingly, this report is not suitable for any other purpose.

FORVIS, LLP

Fort Worth, Texas
February 15, 2024

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

State Schedule of Findings and Questioned Costs

Year Ended August 31, 2023

Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted?

   ☐ Yes ☒ No

State Awards

4. Internal control over major state award program:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for the major state award program was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by the *Texas Grant Management Standards*:

   ☐ Yes ☒ No

Communities In Schools of Greater Tarrant County, Inc. and Affiliate
State Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2023

7. The Agency's major state program was:

   Communities in Schools - General

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.
9. Auditee qualified as a low-risk auditee?

☒ Yes ☐ No

Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

State Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Communities In Schools of Greater Tarrant County, Inc. and Affiliate

Summary Schedule of Prior Audit Findings

Year Ended August 31, 2023

Reference Number	Summary of Finding	Status
	No matters are reportable.	