

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2025

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Communities In Schools of Nevada, Inc.

Opinion

We have audited the financial statements of Communities In Schools of Nevada, Inc. (a non-profit corporation) (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 accompanying financial statements present fairly, in all material respects, the financial position of Communities In Schools of Nevada, Inc. as of June 30, 2025, and the results of its operations 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 (GAAS) and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. 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 these 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 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 January 20, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is 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 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 the Organization's internal control over financial reporting and compliance.

January 20, 2026

A handwritten signature in cursive script that reads "Frazier & Deuter, LLC". The signature is written in black ink and is positioned to the right of the date.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Statement of Financial Position

June 30, 2025

Assets

Assets:

Cash and cash equivalents - unrestricted	\$	9,187,529
Cash and cash equivalents - restricted		387,860
Investments		3,791,957
Accounts receivable		445,568
Prepaid expenses		71,241
Deposits		29,830
Property and equipment, net		19,286
Right of use assets, net		<u>626,089</u>

Total Assets \$ 14,559,360

Liabilities and Net Assets

Liabilities:

Accounts payable	\$	257,802
Accrued liabilities		689,195
Deferred revenue		212,700
Operating lease liabilities		<u>679,212</u>

Total liabilities 1,838,909

Net assets:

Without donor restrictions:

Board designated for operating reserves		7,261,000
Undesignated		<u>5,071,591</u>

Total net assets without donor restrictions 12,332,591

With donor restrictions 387,860

Total net assets 12,720,451

Total Liabilities and Net Assets \$ 14,559,360

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Statement of Activities

For the Year Ended June 30, 2025

Change in net assets without donor restrictions:

Revenues, gains, and other support:

Contributions	\$ 7,886,551
Special events, net of direct costs of \$274,414	901,153
Fee income	7,020,089
In kind contributions	1,263,702
Investment income	529,330
Net assets released from restriction	<u>1,119,781</u>

Total revenues, gains, and other support 18,720,606

Operating expenses:

Program services 17,711,027

Supporting activities:

Management and general	2,479,727
Fundraising	<u>1,134,823</u>

Total supporting activities 3,614,550

Total operating expenses 21,325,577

Decrease in net assets without donor restrictions (2,604,971)

Change in net assets with donor restrictions:

Contributions	387,860
Net assets released from restriction	<u>(1,119,781)</u>

Decrease in net assets with donor restrictions (731,921)

Total change in net assets (3,336,892)

Net assets, beginning of year 16,057,343

Net assets, end of year \$ 12,720,451

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Salaries and wages	\$ 11,365,844	\$ 1,076,174	\$ 630,707	\$ 1,706,881	\$ 13,072,725
Payroll tax expense	1,050,623	91,733	55,243	146,976	1,197,599
Health insurance expense	1,307,908	68,592	15,154	83,746	1,391,654
Employee retirement expense	194,489	13,320	15,058	28,378	222,867
Payroll service fees	2,495	106,832	-	106,832	109,327
Hunger prevention	15,416	-	-	-	15,416
School site services	1,167,773	20	94	114	1,167,887
School site supplies	406,054	-	-	-	406,054
Bank fees	-	2,680	12,584	15,264	15,264
Contracted services	157,750	118,050	18,312	136,362	294,112
Depreciation	6,489	5,783	-	5,783	12,272
Miscellaneous	9,708	8,620	1,639	10,259	19,967
Insurance	62,460	18,183	-	18,183	80,643
Other supplies	87,880	40,628	1,862	42,490	130,370
Printing	1,498	481	8,864	9,345	10,843
Public awareness	12,761	3,638	5,741	9,379	22,140
Rent	247,653	112,809	4,491	117,300	364,953
Telecommunication	330,636	80,524	48,434	128,958	459,594
Professional development	96,506	8,210	5,648	13,858	110,364
Travel	207,648	8,707	24,081	32,788	240,436
Utilities	2,645	-	-	-	2,645
In kind expenses	976,791	-	286,911	286,911	1,263,702
Employee retention credit reversal	-	714,743	-	714,743	714,743
Total operating expenses	17,711,027	2,479,727	1,134,823	3,614,550	21,325,577
Direct costs related to special events	1,332	15	273,067	273,082	274,414
Total expenses	\$ 17,712,359	\$ 2,479,742	\$ 1,407,890	\$ 3,887,632	\$ 21,599,991
	82 %	11 %	7 %	18 %	100 %

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Statement of Cash Flows

For the Year Ended June 30, 2025

Cash flows from operating activities:

Change in net assets \$ (3,336,892)

Adjustments to reconcile change in net assets to net cash used in operating activities:

Depreciation 12,272

Unrealized gain on investments (299,405)

Employee retention credit reversal 714,743

Changes in operating assets and liabilities:

Accounts receivable 805,154

Prepaid expenses (51,100)

Deposits (750)

Right of use assets, net 266,259

Accounts payable 177,360

Accrued liabilities 23,801

Deferred revenue 3,515

Operating lease liabilities (278,259)

Net cash used in operating activities (1,963,302)

Cash flows from investing activities:

Cash proceeds from investments 77,692

Purchases of property and equipment (8,455)

Net cash provided by investing activities 69,237

Net decrease in cash and cash equivalents (1,894,065)

Cash and cash equivalents, beginning of year 11,469,454

Cash and cash equivalents, end of year \$ 9,575,389

Supplemental Disclosure of Noncash Investing and Financing Transactions:

Initial recognition of right of use asset under operating lease \$ 52,453

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements

June 30, 2025

Note 1 - Nature of the Organization:

Communities In Schools of Nevada, Inc. (the Organization) is a Nevada not-for-profit corporation established in 1992 as a dropout prevention program for students in the Clark, Washoe, Elko, and Humboldt county school districts.

The Organization's mission is to surround students with a community of support, empowering them to stay in school and achieve in life. The Organization carries out this mission by providing site coordinators inside schools to assess students' needs and give resources to help them succeed. The Organization partners with local businesses, social service agencies, health care providers, and volunteers to provide food, school supplies, health care, counseling, academic assistance, and positive role models.

Note 2 - Summary of significant accounting policies:

Basis of presentation

The Organization applies the Financial Accounting Standards Board (FASB) Codification (Codification). The Codification is the single official source of authoritative generally accepted accounting principles in the United States (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities, and all of the Codification's content carries the same level of authority.

The financial statements are prepared on the accrual basis of accounting and are presented in conformity with U.S. GAAP, which requires net assets be categorized as with donor restrictions and without donor restrictions based on the existence of donor-imposed restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

The following is a summary of the more important accounting principles and policies followed by the Organization.

Use of estimates

The preparation of the Organization's financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 2 - Summary of significant accounting policies - continued:

Cash and cash equivalents

The Organization considers all highly-liquid investments which are readily convertible to known amounts of cash and cash accounts that are not subject to withdrawal restrictions or penalties to be cash equivalents.

The Organization maintains its cash and cash equivalents in bank accounts which may, at times, exceed federally-insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. As of June 30, 2025, the Organization had approximately \$8,650,000 in excess of FDIC-insured limits. The Organization has not experienced any losses on such accounts.

Investments and fair value measurements

Investments are measured at fair value and unrealized gains and losses are reflected in the statement of activities and are combined with investment income earned during the period. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. U.S. GAAP provides a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted market prices in active markets for identical assets or liabilities to which an entity has access at the measurement date.
- Level 2 - Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the measurement date.
- Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally-developed methodologies that result in management's best estimate of fair value.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 2 - Summary of significant accounting policies - continued:

Accounts receivable

Accounts receivable consists of amounts owed to the Organization from the Nevada School Districts for program services rendered under contractual obligations. Accounts receivable are recorded when the Organization has an unconditional right to consideration for completed performance under the contract; therefore the entire amount is recorded as accounts receivable and the Organization has no contract assets. The Organization had receivables relating to contracts with customers of \$1,250,722 at July 1, 2024, and had no credit losses from contracts with customers during the year ended June 30, 2025.

Management individually reviews all accounts receivable balances and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All outstanding accounts receivable are considered collectible and an allowance for uncollectible amounts was not recorded.

Property and equipment, net

Purchased property and equipment are recorded at cost and donated property and equipment are recorded at fair value on the date of the gift. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years.

The Organization reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment charge recognized during the year ended June 30, 2025.

Support and revenue

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 2 - Summary of significant accounting policies - continued:

Support and revenue - continued

are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from unconditional contributions are recognized when received. Revenues from conditional contributions are recognized in the year in which all eligibility requirements have been satisfied and the contribution becomes unconditional. Unsatisfied conditional contributions are shown as deferred revenue on the statement of financial position.

Donations of investments are recorded at fair value when received. Contributed services are reported as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Other noncash contributions in the form of in kind contributions are recorded at fair value as of the date of the gift. Special event revenue is recognized and recorded when the events occur.

Program service fee revenue is recognized over the life of the contract as the services are provided, in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for the service. Services include need assessments, site coordinators, counseling and academic assistance. The consideration is the fixed price noted in the contracts. The Organization has not experienced significant refunds or other obligations to customers for the year ended June 30, 2025.

Functional expenses

Expenses are reported when costs are incurred. The costs of providing the various program services and supporting activities of the Organization are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are allocated among the program services and supporting activities benefited based on the use of facilities, level of support effort, and relative program and supporting activity benefited.

Income taxes

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). The Internal Revenue Service has determined the Organization is not a private foundation as defined by 509(a)(1) of the IRC. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 2 - Summary of significant accounting policies - continued:

Income taxes - continued

than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of June 30, 2025, there are no known items which would result in a material accrual for federal or state attributable tax positions.

Leases

The Organization recognizes significant leases under FASB Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Under Topic 842, an entity is required to recognize right of use (ROU) assets and lease liabilities on its statement of financial position and disclose key information about leasing arrangements. Topic 842 offers specific accounting guidance for a lessee, a lessor, and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Operating lease expense is recognized on a straight-line basis over the remaining life of the lease within rent expense on the statement of functional expenses.

The Organization elected the short-term lease recognition exemption for its leases. For those leases with a lease term of 12 months or less, the Organization will not recognize ROU assets or lease liabilities. The Organization also made accounting policy elections to combine lease and non-lease components of operating leases for all asset classes and to utilize the risk free discount rate, determined using the period comparable with that of the lease, to discount future payments in measuring the lease liability of its operating leases.

Subsequent events

The Organization has evaluated subsequent events through January 20, 2026, which is the date these financial statements were available to be issued. All other subsequent events, if any, requiring recognition as of June 30, 2025, have been incorporated into these financial statements.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 3 - Investments:

The Organization has investments in cash, exchange traded funds, corporate bonds, and mutual funds. Investments are exposed to various risks, including market and credit risks. The following is a description of the Organization's valuation methodologies. There have been no changes in the methodologies used during the year ended June 30, 2025.

- Exchange traded funds are traded on a national securities exchange and valued at the last reported sales price.
- Corporate bonds are generally priced by independent pricing services.
- Mutual funds are valued at the net asset value of shares held by the Organization using quoted prices on nationally recognized securities exchanges or exchanges operated by the fund manager.

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

The following table summarizes, by level within the fair value hierarchy, the Organization's investments by major category on the basis of nature and risk of the investments:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
Cash, bank deposits, and money market fund	\$ 660,724	\$ -	\$ -	\$ 660,724
Corporate bonds	-	2,270,155	-	2,270,155
Exchange traded funds - mid-cap value	48,133	-	-	48,133
Mutual funds:				
Treasury bond	213,776	-	-	213,776
Bank loans fixed income	63,655	-	-	63,655
Emerging markets bonds	21,578	-	-	21,578
Large cap growth equity	227,385	-	-	227,385
Mid cap growth equity	35,351	-	-	35,351
Small cap growth equity	22,427	-	-	22,427
Diversified emerging markets	9,618	-	-	9,618
Global real estate	32,009	-	-	32,009
Absolute return, tactical allocation	104,137	-	-	104,137
Options trading large blend	83,009	-	-	83,009
Total	<u>\$ 1,521,802</u>	<u>\$ 2,270,155</u>	<u>\$ -</u>	<u>\$ 3,791,957</u>

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 3 - Investments - continued:

The Organization uses the specific identification method to calculate the amount of gain or loss on investments sold. During the year ended June 30, 2025, there were no transfers into or out of Level 3.

Note 4 - Property and equipment, net:

Property and equipment consist of the following at June 30, 2025:

Computers	\$ 244,031
Furniture and fixtures	<u>114,270</u>
	358,301
Less accumulated depreciation	<u>(339,015)</u>
Total property and equipment	<u><u>\$ 19,286</u></u>

Note 5 - Lease obligations:

As of June 30, 2025, the Organization's right of use assets total \$626,089 and operating lease liabilities total \$679,212. As of June 30, 2025, the weighted-average remaining term for operating leases is 2.89 years, and the weighted-average discount rate is 3.14%.

For the year ended June 30, 2025, the Organization's lease expense consisted of operating lease expenses of \$289,612, of which \$278,876 is included in rent and \$10,736 is included in printing in the statement of functional expenses.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 5 - Lease obligations - continued:

The following table reconciles undiscounted minimum lease payment amounts to the operating lease liabilities on the statement of financial position as of June 30, 2025:

<u>Year Ending June 30,</u>	
2026	\$ 310,413
2027	213,061
2028	79,347
2029	81,597
2030	<u>33,674</u>
Total minimum lease payments	718,092
Less: Amount representing interest	<u>(38,880)</u>
Present value of future minimum lease payments	<u>\$ 679,212</u>

Note 6 - Net assets with donor restrictions:

As of June 30, 2025, net assets with donor restrictions consist of \$387,860 restricted for specific academic program purposes in the 2026-2027 school year. Net assets were released from restriction during the year ended June 30, 2025 due to the passage of time and provision of program services, of which \$405,038 was restricted for specific program expenses in the 2025-2026 school year and \$714,743 was released from restriction in relation to a denied employee retention credit claim, see Note 10.

Note 7 - Employee benefit plan:

The Organization provides a 403(b) Retirement Plan (the Plan) for employees. Employees are immediately eligible to participate in the Plan. Unless otherwise elected, the employee shall be deemed to have directed the Organization to make a 3% contribution on their behalf. The Plan provides a graded vesting schedule from one to four years of service. The Organization will contribute, on a matching basis, a 50% match on the first 3% of employee contributions. The Organization's policy is to fund the Plan's costs. Contributions to the Plan during the year ended June 30, 2025 were \$222,867.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 8 - Liquidity and availability of net assets:

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments and money market accounts.

As of June 30, 2025, the Organization has the following financial assets available to meet cash needs for general expenditures within the next year, including \$7,261,000 designated by the Board for operations reserves:

Cash and cash equivalents - unrestricted	\$ 9,187,529
Cash and cash equivalents - restricted	387,860
Investments	3,791,957
Accounts receivable	<u>445,568</u>
	<u>\$ 13,812,914</u>

Note 9 - Concentrations:

The Organization received approximately \$5,701,000 in fee income during the year ended June 30, 2025 from one organization.

Note 10 - Employee retention credit:

As part of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 enacted December 27, 2020, the Organization was eligible for refundable payroll tax credits of 70% of wages, up to \$10,000 per employee, measured on a quarterly basis (Employee Retention Credits). Qualified wages include the wages and health plan expenses paid for all of the Organization's employees. In calendar 2021, eligible employers entitled to claim the credit either (a) had operations that were fully or partially suspended during any calendar quarter due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings due to the COVID-19 pandemic or (b) experienced a 20% decline in gross receipts during the calendar quarter compared to the same quarter in 2019 or the prior quarter in 2021.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Financial Statements - Continued

June 30, 2025

Note 10 - Employee retention credit - continued:

The Organization believed it met the eligibility requirements under the second criteria for decline in gross receipts. Accordingly, the Organization filed for Employee Retention Credits for payroll and health insurance totaling \$714,743 and \$838,538 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2025, the Organization has received \$838,538 of the Employee Retention Credit. The Organization received a denial for the outstanding \$714,743 and appealed the decision. The appeal was unsuccessful in overturning the decision receiving the ultimate denial in early 2025, resulting in the write-off of the remaining receivable of \$714,743.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
Communities In Schools of Nevada, Inc.

We have audited, in accordance with the 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 financial statements of Communities In Schools of Nevada, 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, and have issued our report thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 20, 2026
Nashville, TN

A handwritten signature in cursive script that reads "Frazier & Dieter, LLC". The signature is written in black ink and is positioned to the right of the date and location text.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Identifying Number	Grant Period	Expenditures
Federal Awards				
U.S. Department of Education:				
<i>Passthrough state of Nevada Department of Education</i>				
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education	84.215	S215J230197	January 2024 through December 2025	\$ 1,644,128
Education and Innovation and Research	84.411	S411C220181	July 2024 through June 2025	<u>\$ 21,954</u>
Total for U.S. Department of Education				\$ 1,666,082
U.S. Department Housing and Urban Development:				
CDBG - Entitlement/Special Purpose Grants Cluster	14.218	277003	July 2024 through June 2025	\$ 22,034
Corporation for National and Community Service:				
AmeriCorps Volunteer Generation Fund	94.021	24VG262366	August 2023 through December 2025	\$ 13,488
U.S. Department of the Treasury:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	281019	January 2023 through June 2026	<u>\$ 344,230</u>
Total Federal Awards				<u><u>\$ 2,045,834</u></u>

See accompanying notes to schedule of expenditures of federal awards

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Communities In Schools of Nevada, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, net income or cash flows of the Organization.

Fringe Benefits - The Schedule includes a portion of costs associated with the fringe benefits which are allocated to federal assistance programs under negotiated formulas in accordance with a federally approved cost allocation plan.

Note 2 - Summary of Significant Accounting Policies:

The Organization currently receives funding from several federal departments based on program grants. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles of 31 CFR Part 35, wherein certain types of expenditures are not allowable or limited.

The Organization has not elected to use the 10% de minimis cost rate.

Note 3 - Sub-recipients:

The Organization provided no federal awards to sub-recipients during the year ended June 30, 2025.

Note 4 - Nonmonetary Assistance:

The Organization neither received nor disbursed federal awards in the form of nonmonetary assistance for the year ended June 30, 2025.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Communities In Schools of Nevada, Inc.

Report on Compliance for the U.S. Department of the Treasury

Opinion on Each Major Federal Program

We have audited Communities In Schools of Nevada, Inc.'s compliance with the types of compliance requirements identified as subject to audit the OMB Compliance Supplement that could have a direct and material effect on each of Communities In Schools of Nevada, Inc.'s major federal programs for the year ended June 30, 2025. Communities In Schools of Nevada, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Communities In Schools of Nevada, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Communities In Schools of Nevada, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Communities In Schools of Nevada, Inc.'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 Communities In Schools of Nevada, Inc.'s federal 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 Communities In Schools of Nevada, Inc.'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 Uniform Guidance 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 Communities In Schools of Nevada, Inc.'s compliance with the requirements of the federal programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Communities In Schools of Nevada, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as considered necessary in the circumstances.
- obtain an understanding of Communities In Schools of Nevada, Inc.'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Communities In Schools of Nevada, Inc.'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

Management of Communities In Schools of Nevada, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Communities In Schools of Nevada, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Communities In Schools of Nevada, Inc.'s 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal 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 federal 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 Responsibility for the Audit of Compliance section 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. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

January 20, 2026
Nashville, TN

A handwritten signature in black ink that reads "Frazier & Dieter, LLC". The signature is written in a cursive, flowing style.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Schedule of Findings and Questioned Costs

June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements - as of and for the year then ended June 30, 2025

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over U.S. Department of Treasury program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for U.S. Department of Treasury program: Unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program
84.215	Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

See notes to financial statements.

COMMUNITIES IN SCHOOLS OF NEVADA, INC.

Schedule of Findings and Questioned Costs - Continued

June 30, 2025

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - as of and for the year then ended June 30, 2025

Current Year - No findings noted

Section III - Federal Award Findings and Questioned Costs

Current Year - No findings noted

Section IV - Status of Prior-Year Federal Award Findings and Questioned Costs

Prior Year - No findings noted