



# **Communities In Schools of Central Texas**

**Consolidated Financial Statements  
as of and for the Years Ended  
August 31, 2025 and 2024 and  
Independent Auditors' Report**

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# Communities In Schools of Central Texas

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## Independent Auditors' Report

To the Board of Directors of  
Communities In Schools of Central Texas:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of Communities In Schools of Central Texas and its subsidiary (nonprofit organizations) (collectively, the "Organization"), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 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 consolidated 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 an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Texas Grant Management Standards, is 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating information and schedule of expenditures of federal and state awards are 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 January 29, 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, 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

*Maxwell Locke & Ritter LLP*

Austin, Texas  
January 29, 2026

# Communities In Schools of Central Texas

## Consolidated Statements of Financial Position August 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,350,229	\$ 13,502,439
Cash restricted for building	-	2,409,114
Cash restricted for NMTC fees and interest	295,385	357,135
Investments	7,719,857	-
Contributions receivable, net	1,232,870	4,920,991
Government grants receivable	540,776	584,033
Contracts receivable	1,144,168	1,002,515
Loan receivable	11,947,000	11,947,000
Prepaid expenses and other assets	391,240	322,832
Beneficial interest in assets held by others	259,898	238,731
Property and equipment, net	<u>16,091,885</u>	<u>13,494,314</u>
Total assets	<u>\$ 47,973,308</u>	<u>\$ 48,779,104</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 284,380	\$ 510,886
Accrued expenses	470,575	101,162
Deferred revenue	1,394,278	1,100,821
NMTC notes payable, net of debt issuance costs	<u>15,626,547</u>	<u>15,610,815</u>
Total liabilities	17,775,780	17,323,684
Net assets:		
Without donor restrictions:		
Undesignated	20,946,583	13,669,916
Board-designated reserve	6,001,119	5,186,598
Board-designated endowment	<u>259,898</u>	<u>238,731</u>
Total net assets without donor restrictions	27,207,600	19,095,245
With donor restrictions	<u>2,989,928</u>	<u>12,360,175</u>
Total net assets	<u>30,197,528</u>	<u>31,455,420</u>
Total liabilities and net assets	<u>\$ 47,973,308</u>	<u>\$ 48,779,104</u>

See notes to consolidated financial statements.

## Communities In Schools of Central Texas

### Consolidated Statement of Activities

Year Ended August 31, 2025

(with summarized comparative totals for the year ended August 31, 2024)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and net assets released from restrictions:				
Contributions	\$ 2,152,579	5,034,763	7,187,342	11,165,408
Governmental grants	6,529,114	-	6,529,114	6,311,613
Earned income from school districts	4,433,013	-	4,433,013	4,666,084
In-kind contributions	3,131,192	-	3,131,192	4,911,120
Net investment income	1,179,144	-	1,179,144	676,452
Other income	15,240	-	15,240	19,953
Net assets released from restrictions	14,405,010	(14,405,010)	-	-
Total revenues and net assets released from restrictions	31,845,292	(9,370,247)	22,475,045	27,750,630
Expenses:				
Program services	19,017,913	-	19,017,913	20,597,414
Management and general	3,635,996	-	3,635,996	2,821,563
Fundraising	1,079,028	-	1,079,028	1,018,187
Total expenses	23,732,937	-	23,732,937	24,437,164
Change in net assets	8,112,355	(9,370,247)	(1,257,892)	3,313,466
Net assets, beginning of year	19,095,245	12,360,175	31,455,420	28,141,954
Net assets, end of year	\$ 27,207,600	2,989,928	30,197,528	31,455,420

See notes to consolidated financial statements.

## Communities In Schools of Central Texas

### Consolidated Statement of Activities Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and net assets released from restrictions:			
Contributions	\$ 5,164,144	6,001,264	11,165,408
Governmental grants	6,311,613	-	6,311,613
Earned income from school districts	4,666,084	-	4,666,084
In-kind contributions	4,911,120	-	4,911,120
Net investment income	676,452	-	676,452
Other income	19,953	-	19,953
Net assets released from restrictions	4,340,218	(4,340,218)	-
Total revenues and net assets released from restrictions	26,089,584	1,661,046	27,750,630
Expenses:			
Program services	20,597,414	-	20,597,414
Management and general	2,821,563	-	2,821,563
Fundraising	1,018,187	-	1,018,187
Total expenses	24,437,164	-	24,437,164
Change in net assets	1,652,420	1,661,046	3,313,466
Net assets, beginning of year	17,442,825	10,699,129	28,141,954
Net assets, end of year	\$ 19,095,245	12,360,175	31,455,420

See notes to consolidated financial statements.

# Communities In Schools of Central Texas

## Consolidated Statement of Functional Expenses

Year Ended August 31, 2025

(with summarized comparative totals for the year ended August 31, 2024)

	2025												
	Program Services							Supporting Services					2024 Total
	On-Campus Student Support	Male Student Achievement Program	Mental Health	ASPIRE Family Literacy	Care Coordination	SmartKids	Youth Enrichment & College & Career Success	Total Program Services	Management and General	Fundraising	Total Expenses		
Personnel:													
Salaries	\$ 8,270,769	1,154,873	515,965	500,320	412,831	330,602	104,552	11,289,912	1,542,324	684,778	13,517,014	12,907,535	
Employee benefits	1,038,696	161,016	66,019	77,997	60,643	55,050	14,567	1,473,988	128,783	51,364	1,654,135	1,532,278	
Payroll taxes	588,713	87,288	38,154	37,597	30,580	24,907	7,969	815,208	109,123	51,271	975,602	962,026	
Retirement	61,317	3,496	2,640	10,710	8,050	225	-	86,438	15,500	9,280	111,218	133,490	
State unemployment insurance	22,286	3,824	1,535	1,475	1,157	1,319	261	31,857	2,704	1,577	36,138	23,963	
Workers' compensation	18,054	2,864	731	1,516	945	1,010	218	25,338	1,331	608	27,277	27,876	
Total salaries and related expenses	9,999,835	1,413,361	625,044	629,615	514,206	413,113	127,567	13,722,741	1,799,765	798,878	16,321,384	15,587,168	
Contributed goods and facility space	3,124,692	-	-	-	-	-	-	3,124,692	-	-	3,124,692	4,911,120	
Support services for participants	761,976	8,288	-	-	10,010	3,986	46,618	830,878	24	1,906	832,808	1,020,131	
Supplies	193,866	15,149	2,887	10,547	793	7,279	11,711	242,232	226,625	186,055	654,912	564,855	
Contractual services	177,692	11,793	7,305	10,347	1,741	2,314	1,741	212,933	340,881	44,249	598,063	544,211	
Software maintenance and support	197,127	11,147	15,987	4,819	3,896	4,077	882	237,935	135,166	39,813	412,914	323,577	
Training, development, and conferences	111,950	12,364	11,689	5,282	3,281	2,774	1,322	148,662	94,406	3,699	246,767	295,098	
Loan interest	-	-	-	-	-	-	-	-	199,300	-	199,300	191,300	
Building rent	10,669	19,369	18,741	3,914	39,677	3,532	7,745	103,647	-	-	103,647	403,567	
Insurance	66,016	9,247	3,731	4,333	3,173	3,314	825	90,639	11,235	-	101,874	69,224	
Travel	53,833	11,709	3,690	1,044	3,533	2,077	1,901	77,787	4,016	482	82,285	71,739	
Professional fees	1,524	-	-	-	-	-	-	1,524	75,267	637	77,428	91,460	
Other rent	2,265	-	-	-	-	-	1,506	3,771	14,641	1,798	20,210	20,646	
Amortization	-	-	-	-	-	-	-	-	15,733	-	15,733	15,733	
Other	175,844	1,590	9,357	12,550	15,255	3,026	2,850	220,472	483,843	1,511	705,826	310,989	
Total expenses before depreciation	14,877,289	1,514,017	698,431	682,451	595,565	445,492	204,668	19,017,913	3,400,902	1,079,028	23,497,843	24,420,818	
Depreciation	-	-	-	-	-	-	-	-	235,094	-	235,094	16,346	
Total expenses	\$ 14,877,289	1,514,017	698,431	682,451	595,565	445,492	204,668	19,017,913	3,635,996	1,079,028	23,732,937	24,437,164	

See notes to consolidated financial statements.

# Communities In Schools of Central Texas

## Consolidated Statement of Functional Expenses Year Ended August 31, 2024

	Program Services							Supporting Services			Total Expenses
	On-Campus Student Support	Male Student Achievement Program	Mental Health	ASPIRE Family Literacy	Care Coordination	SmartKids	Youth Enrichment & College & Career Success	Total Program Services	Management and General	Fundraising	
Personnel:											
Salaries	\$ 7,760,403	979,623	568,629	592,911	466,135	403,416	89,168	10,860,285	1,419,365	627,885	12,907,535
Employee benefits	946,677	123,920	61,182	88,798	62,456	62,482	9,327	1,354,842	121,263	56,173	1,532,278
Payroll taxes	580,892	74,120	42,352	44,458	34,832	30,579	6,765	813,998	100,390	47,638	962,026
Retirement	73,566	3,020	3,951	14,359	10,129	2,082	255	107,362	14,956	11,172	133,490
State unemployment insurance	15,221	2,205	872	1,162	776	956	108	21,300	1,864	799	23,963
Workers' compensation	18,722	2,093	938	1,401	1,037	955	192	25,338	1,633	905	27,876
Total salaries and related expenses	9,395,481	1,184,981	677,924	743,089	575,365	500,470	105,815	13,183,125	1,659,471	744,572	15,587,168
Contributed goods and facility space	4,911,120	-	-	-	-	-	-	4,911,120	-	-	4,911,120
Support services for participants	941,447	5,098	1,044	11,155	22,466	5,254	33,667	1,020,131	-	-	1,020,131
Supplies	239,108	15,027	6,471	17,791	2,202	10,332	8,735	299,666	104,448	160,741	564,855
Contractual services	212,580	18,747	2,555	1,594	1,238	1,062	307	238,083	290,693	15,435	544,211
Software maintenance and support	128,192	9,283	18,275	5,698	4,537	4,345	700	171,030	109,593	42,954	323,577
Training, development, and conferences	136,757	14,898	15,828	18,785	7,466	9,867	1,278	204,879	77,226	12,993	295,098
Loan interest	-	-	-	-	-	-	-	-	191,300	-	191,300
Building rent	216,515	23,573	14,814	10,374	16,308	9,970	1,978	293,532	90,014	20,021	403,567
Insurance	43,544	5,827	2,659	3,395	2,508	3,168	653	61,754	4,998	2,472	69,224
Travel	48,259	10,166	3,553	1,312	3,224	2,133	1,662	70,309	1,054	376	71,739
Professional fees	3,276	181	104	116	90	77	22	3,866	74,322	13,272	91,460
Other rent	5,060	525	-	-	-	-	3,141	8,726	9,211	2,709	20,646
Amortization	-	-	-	-	-	-	-	-	15,733	-	15,733
Other	89,504	5,049	1,934	10,810	4,761	2,119	670	114,847	193,500	2,642	310,989
Total expenses before depreciation	16,370,843	1,293,355	745,161	824,119	640,165	548,797	158,628	20,581,068	2,821,563	1,018,187	24,420,818
Depreciation	12,136	1,293	745	824	640	549	159	16,346	-	-	16,346
Total expenses	\$ 16,382,979	1,294,648	745,906	824,943	640,805	549,346	158,787	20,597,414	2,821,563	1,018,187	24,437,164

See notes to consolidated financial statements.

# Communities In Schools of Central Texas

## Consolidated Statements of Cash Flows Years Ended August 31, 2025 and 2024

	2025	2024
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (1,257,892)	\$ 3,313,466
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net unrealized gains on investments	(607,798)	-
Contributions restricted for capital campaign	(1,800,550)	(5,836,960)
Change in net present value discount on contributions receivable	(21,432)	(13,134)
Change in value of beneficial interest held by others	(21,167)	(30,530)
Loss on sale of property and equipment	2,190	-
Depreciation	235,094	16,346
Amortization of debt issuance costs	15,732	15,733
Changes in assets and liabilities:		
Contributions receivable	3,709,553	(1,047,706)
Government grants receivable	43,257	41,980
Contracts receivable	(141,653)	(726,863)
Prepaid expenses and other assets	(68,408)	100,331
Accounts payable	(275,256)	(1,051,980)
Accrued expenses	369,413	13,826
Deferred revenue	293,457	461,084
Net cash provided by (used in) operating activities	<u>474,540</u>	<u>(4,744,407)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments, net	(7,112,059)	-
Purchases of property and equipment	(2,786,105)	(8,627,904)
Net cash used in investing activities	<u>(9,898,164)</u>	<u>(8,627,904)</u>
<b>Cash Flows From Financing Activities-</b>		
Proceeds from contributions restricted for capital campaign	1,800,550	5,836,960
Net change in cash, cash equivalents, and restricted cash	(7,623,074)	(7,535,351)
Cash, cash equivalents, and restricted cash, beginning of year	<u>16,268,688</u>	<u>23,804,039</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 8,645,614</u>	<u>\$ 16,268,688</u>
<b>Supplemental Cash Disclosure-</b>		
Interest paid in cash	<u>\$ 199,300</u>	<u>\$ 191,300</u>
<b>Supplemental Non-Cash Disclosure-</b>		
Non-cash property and equipment purchases	<u>\$ 48,750</u>	<u>\$ 471,017</u>

See notes to consolidated financial statements.

# Communities In Schools of Central Texas

## Notes to Consolidated Financial Statements Years Ended August 31, 2025 and 2024

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### 1. Nature of Operations

Communities In Schools of Central Texas (“CISCT”) is a Texas nonprofit corporation established in July 1985 and is funded by contracts and contributions received from both the public and private sector. The purpose of CISCT is to surround students with a community of support, empowering them to stay in school and achieve in life. CISCT serves 103 campuses in 7 Central Texas school districts.

All In For Kids, Inc. (“AIFK Inc.”), CISCT’s wholly-owned subsidiary, is a Texas nonprofit corporation established in February 2023. The purpose of AIFK Inc. is to acquire and hold title to real property. These consolidated financial statements include the activities of CISCT and AIFK Inc. (collectively, the “Organization”). All intercompany accounts and transactions have been eliminated in consolidation.

The main services provided by the Organization include the following:

**On-Campus Student Support (ISS)** - The founding principle of the Organization is to establish one on one relationships with individual students in order to support them to overcome obstacles to success in school. The Organization’s campus-based staff connect personally with students who have been referred by teachers or administrators to improve student achievement. They create a service plan based on each child’s needs and then make that plan happen. They may provide individual counseling or support groups, basic life skills, tutoring, mentoring, or enrichment opportunities to help the child succeed. The goal of all these services is to engage students in learning and succeeding in school.

**Male Student Achievement Program** - Beginning in 2024, the Male Student Achievement Program (“MSAP”) at CISCT encourages male students to create a positive brotherhood to empower them to support and build skills that they need to author their own paths of success. Empowered MSAP participants make positive and informed choices about their relationships, their health, and their future.

**Mental Health & Wellness Program** - This program ensures students have access to the support they need to cope with mental health and wellness challenges. Licensed mental health clinicians provide treatment to students directly in schools.

**ASPIRE Family Literacy (Achieving Success through Parental Involvement, Reading, and Education)** - This program breaks the cycle of illiteracy and poverty within families by providing comprehensive and integrated literacy services for the entire family.

**Care Coordination** - Care Coordination uses the “Wraparound” process to provide home-based intensive services to children and their families. Wraparound is a team-based process that utilizes the strengths of the family to create an individualized plan that helps them meet their needs and reach their desired goals and outcomes.

**SmartKids** - The Housing Authority of the City of Austin (“HACA”) Partnership supports public housing residents in their journey to economic self-sufficiency through school-based and property based educational, enrichment, and case management services.

**Youth Enrichment & College & Career Success** - Youth Enrichment supports Out of School Time initiatives, and Tier I Events across the agency that directly support students and their families by connecting them to partnerships, services, and opportunities during After School and Summer Programming. College and Career Success aims to increase the number and proportion of underserved students in Central Texas who enroll in, persist through, and complete postsecondary credential programs through holistic case management strategies that address barriers to students’ academic, personal, and career success.

## 2. Summary of Significant Accounting Policies

**Basis of Presentation** - The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board Accounting Standards Codification.

**Use of Estimates** - The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Net Asset Classifications** - Net assets, revenues, gains, losses, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use, or at the discretion of the Board of Directors (the “Board”) for the Organization’s use. The Organization has a Board-designated three-month operating reserve of cash as well as a Board-designated endowment.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations, which limit their use to a specific purpose and/or the passage of time, or which require them to be maintained permanently. As of August 31, 2025 and 2024, the Organization did not have any net assets with permanent donor restrictions, although there were temporarily restricted net assets.

**Cash, Cash Equivalents, and Restricted Cash** - The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash restricted for building as of August 31, 2024 is related to the Organization's new office building. Cash restricted for NMTC fees and interest are required reserves related to the NMTC Notes (Note 8).

**Fair Value Measurements** - 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 accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

**Investments** - Investments are reported at their fair values in the consolidated statements of financial position. Investment transactions are recorded on the trade date and investment income is recorded when earned. Net investment income recorded in the consolidated statements of activities includes interest and dividends, and realized and unrealized gains and losses, and are netted against any investment fees. Any changes in fair value are reported as unrealized gains or losses on investments. Realized gains and losses are recorded as the difference between historical cost and the proceeds received from the sale of the investment.

**Contributions Receivable** - Contributions receivable consist of promises to give made by foundations, corporations, or individual donors. Unconditional promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. The Organization had no allowance for uncollectible contributions receivable as of August 31, 2025 and 2024, as management deemed all outstanding balances to be collectible.

**Government Grants Receivable** - Government grants receivable are due from federal, state, and local government contracts and are recorded at the amount the Organization expects to receive from grantors. The Organization considers government grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

**Contracts Receivable** - Contracts receivable accounts are recorded at the value of the revenue earned when the Organization has an unconditional right to payment under the terms of the customer's contract. Contracts receivable consist of amounts owed to the Organization in exchange for providing services in certain school districts. The Organization considers contracts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

**Costs to Obtain or Fulfill Contracts** - The Organization does not incur significant fulfillment costs requiring capitalization.

**Beneficial Interest in Assets Held by Others** - The Organization has a beneficial interest in investments held at Austin Community Foundation (Note 10). Those investments include equity securities, money market accounts, debt securities, mutual funds, and time deposits. Investments in equity securities, debt securities, and mutual funds with readily determinable fair values are based on quoted market values while the money market accounts and time deposits are estimated at fair value by summing the principal investment plus accrued interest. Investment income and unrealized gains and losses are reported as increases in net assets without donor restrictions unless the donor placed restrictions on the income's use. The change in fair value between years is reflected in the consolidated statements of activities in the year of the change as net investment income. The beneficial interest in assets held by others is valued using the market approach and inputs are considered level 2 under the fair value hierarchy.

**Property and Equipment** - Property and equipment are recorded at cost if purchased and at fair value at the date of receipt if donated. Costs of acquiring an item are generally capitalized when they exceed \$5,000. Depreciation expense is computed using the straight-line method over the useful lives of the assets, which range from five to seven years. The Organization capitalizes construction in progress costs that relate to acquisition, development, and construction of property and equipment. Construction in progress and land are not depreciated. Maintenance and repair costs that do not improve or extend the useful life of the respective asset are expensed as incurred.

**Leases** - The Organization leased office space under a short-term operating lease agreement which terminated during the year ended August 31, 2025. Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the consolidated statements of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease payments for short-term leases are recognized on a straight-line basis over the lease term and are recorded as rent expense, within building rent and other rent expense, on the consolidated statements of activities. Short-term lease expense totaled \$123,857 and \$406,567 for the years ended August 31, 2025 and 2024, respectively.

Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. Right-of-use ("ROU") assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor. There were no ROU assets or associated liabilities recorded on the Organization's consolidated statements of financial position as of August 31, 2025 and 2024 as all of the Organization's lease agreements were classified as short-term.

**Impairment of Long-Lived Assets** - Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

**Contribution Revenue** - The Organization recognizes contributions when cash, securities, other assets, or unconditional promises to give are received. All contributions are recorded at their fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the amounts are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give, defined as those with a measurable performance or other barrier and a right of return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Governmental Grants Revenue** - The Organization generally recognizes revenue from government grants as allowable expenditures are incurred or services are rendered or when conditions are substantially met, as applicable. Certain contracts are classified as exchange transactions and are considered to be net assets without donor restrictions as the entity providing the grant funding receives a commensurate value for the service provided. Revenue under such contracts is recognized as services are rendered or the related expenses are incurred. Receipts of grant payments in advance are reported as deferred revenue.

**Earned Income from School Districts** - Revenue is recognized when promised services are transferred to school districts in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services by following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation.

The Organization enters into contracts with various school districts to provide services. These contracts are classified as exchange transactions and are considered to be net assets without donor restrictions as the entity providing the funding receives commensurate value for the service provided. Revenue under such contracts is recognized over time as services are rendered. Receipts of payment in advance of services rendered are reported as deferred revenue.

The timing of revenue recognition, billings, and cash collections resulted in contracts receivable totaling \$275,652 and deferred revenue totaling \$639,737 as of August 31, 2023.

**In-kind Contributions** - In-kind support and services are reflected in the consolidated statements of activities at their fair value on the date of receipt. Contributions of services are recognized if the services received (a) create or enhance non-financial assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and facility space are recorded at fair value on the date of donation, and have been included in revenue and expenses when used.

**Advertising Costs** - Advertising costs are expensed as incurred by the Organization.

**Functional Allocation of Expenses** - The accompanying consolidated financial statements present expenses by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the program and supporting services using a variety of cost allocation techniques, such as time and effort.

**Federal Income Taxes** - CISCT is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. AIFK is a disregarded entity in relation to CISCT for federal tax purposes. AIFK Inc. is a nonprofit organization exempt under Section 501(c)(2). The Organization did not incur any significant tax liabilities due to unrelated business income during the years ended August 31, 2025 and 2024. The Organization files Form 990 tax returns and is subject to routine examinations of its returns; however, there are no examinations currently in progress.

### 3. Liquidity and Availability of Financial Assets

The Organization’s financial assets available to management for general expenditure within one year were as follows as of August 31:

	<u>2025</u>	<u>2024</u>
Cash, cash equivalents, and restricted cash	\$ 8,645,614	\$ 16,268,688
Investments	7,719,857	-
Contributions receivable, due within one year	1,082,737	4,231,357
Government grants receivable	540,776	584,033
Contracts receivable	<u>1,144,168</u>	<u>1,002,515</u>
	19,133,152	22,086,593
Less amounts unavailable for general expenditure within one year:		
Net assets restricted by donors - capital campaign	(620,323)	(8,522,606)
Board-designated reserve	<u>(6,001,119)</u>	<u>(5,186,598)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 12,511,710</u>	<u>\$ 8,377,389</u>

The Board ensures the Organization’s financial stability by approving an annual budget prior to the start of each fiscal year. The Organization maintains financial policies to ensure funds are allocated in a manner consistent with the mission of the Organization. Board-designated net assets without restrictions could be made available by the Board for current operations to manage unanticipated liquidity needs. The beneficial interest in assets held by others, which holds the board-designated endowment is excluded from financial assets available to management for general expenditure within one year since the funds are held with the Austin Community Foundation (“ACF”). Certain net assets with donor restrictions that are temporarily restricted as to purpose have not been removed from the balance disclosed as available for general expenditure within one year, as those restrictions can or will be met as part of general operations within the next year.

#### 4. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist of cash, cash equivalents and restricted cash, investments, including beneficial interests in assets held for others, and receivables. The Organization places its cash, cash equivalents, and restricted cash with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits. Investment securities, including beneficial interests in assets held for others, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the consolidated statements of financial position. The Organization does not maintain collateral for its receivables.

Concentrations of receivables and revenue as of and during the year ended August 31, 2025 were as follows:

<u>Account</u>	<u>Number of Donors/ Grantors</u>	<u>Concentration</u>
Contributions receivable	2	39%
Government grants receivable	4	78%
Contracts receivable	5	89%
Contribution revenue	2	43%
Government grants revenue	2	42%
Earned income from school districts	3	77%

Concentrations of receivables and revenue as of and during the year ended August 31, 2024 were as follows:

<u>Account</u>	<u>Number of Donors/ Grantors</u>	<u>Concentration</u>
Contributions receivable	3	55%
Government grants receivable	4	81%
Contracts receivable	4	87%
Contribution revenue	2	29%
Government grants revenue	3	51%
Earned income from school districts	4	79%

## 5. Investments

Investments were reported at fair value as of August 31, 2025 as follows:

Domestic equities	\$ 3,710,937
Developed international equities	1,897,769
Fixed income	1,344,725
Emerging market equities	373,171
Real assets	237,923
Cash and cash equivalents	<u>155,332</u>
Total investments	<u>\$ 7,719,857</u>

The Organization's investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices published by a securities exchange registered with the Securities and Exchange Commission.

## 6. Contributions Receivable

Contributions receivable include unconditional promises to give. Contributions receivable were comprised of the following as of August 31:

	<u>2025</u>	<u>2024</u>
Amounts due in:		
Less than one year	\$ 1,082,737	\$ 4,231,357
One to five years	<u>155,520</u>	<u>716,453</u>
	1,238,257	4,947,810
Less discount to net present value	<u>(5,387)</u>	<u>(26,819)</u>
Contributions receivable, net	<u>\$ 1,232,870</u>	<u>\$ 4,920,991</u>

The present value of anticipated future cash flows on long-term unconditional promises to give was calculated using a discount rate of 3.60% and 2.90% as of August 31, 2025 and 2024, respectively. As of August 31, 2025 and 2024, contributions receivable balances of \$620,323 and \$1,557,262, respectively, represented pledges secured through a capital campaign dedicated to funding a new headquarters office building.

## 7. Property and Equipment

Property and equipment consisted of the following as of August 31:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 741,828	\$ 404,483
Buildings and improvements	14,036,818	350,997
	14,778,646	755,480
Less accumulated depreciation	(231,927)	(750,123)
Construction in progress	-	11,943,791
Land	1,545,166	1,545,166
Property and equipment, net	<u>\$ 16,091,885</u>	<u>\$ 13,494,314</u>

## 8. Borrowing Arrangements

In April 2023, the Organization participated in the New Markets Tax Credit (“NMTC”) program administered by the U.S. Department of the Treasury. The NMTC program is designed to stimulate investment in qualified low-income community investments through the use of federal income tax credits provided to third-party investors. The program is subject to a seven-year compliance period, during which failure to meet program requirements could result in recapture of the tax credits.

In connection with the NMTC transaction, the Organization (through AIFK, Inc.), and an unrelated tax credit investor provided financing to a special purpose entity formed to facilitate the investment. The Organization funded loans totaling \$11,947,000, which included qualified project costs, and the tax credit investor funded an additional loan of \$4,183,000. Collectively, these loans comprise the NMTC notes reflected in the accompanying consolidated financial statements. Intercompany loans and balances related to the NMTC structure have been eliminated in consolidation.

The NMTC compliance period extends from April 28, 2023 through August 31, 2030. Upon successful completion of the compliance period and satisfaction of all NMTC program requirements, the NMTC notes are expected to be forgiven or canceled in accordance with the transaction structure. No amounts related to potential forgiveness have been recognized in the accompanying consolidated financial statements as of August 31, 2025.

The related NMTC Notes were outstanding as follows as of August 31:

	<u>2025</u>	<u>2024</u>
\$4,248,000 note payable to a lender issued in connection with the NMTC Program, with annual interest-only payments at 1.00% due until August 5, 2030, thereafter annual principal and interest payments of \$180,309 through maturity on August 31, 2057.	\$ 4,248,000	\$ 4,248,000
\$1,572,000 note payable to a lender issued in connection with the NMTC Program, with annual interest-only payments at 1.00% due until August 5, 2030, thereafter annual principal and interest payments of \$66,724 through maturity on August 31, 2057.	1,572,000	1,572,000
\$7,011,000 note payable to a lender issued in connection with the NMTC Program, with annual interest-only payments at 1.00% due until August 5, 2030, thereafter annual principal and interest payments of \$297,586 through maturity on August 31, 2057.	7,011,000	7,011,000
\$2,299,000 note payable to a lender issued in connection with the NMTC Program, with annual interest-only payments at 1.00% due until August 5, 2030, thereafter annual principal and interest payments of \$97,582 through maturity on August 31, 2057.	2,299,000	2,299,000
\$688,000 note payable to a lender issued in connection with the NMTC Program, with annual interest-only payments at 1.00% due until August 5, 2030, thereafter annual principal and interest payments of \$180,309 through maturity on August 31, 2057.	688,000	688,000
\$312,000 note payable to a lender issued in connection with the NMTC Program, with annual interest-only payments at 1.00% due until August 5, 2030, thereafter annual principal and interest payments of \$29,203 through maturity on August 31, 2057.	<u>312,000</u>	<u>312,000</u>
Total NMTC notes payable	\$ 16,130,000	\$ 16,130,000
Debt issuance costs	<u>(503,453)</u>	<u>(519,185)</u>
NMTC notes payable, net of debt issuance costs	<u>\$ 15,626,547</u>	<u>\$ 15,610,815</u>

## 9. Net Assets with Donor Restrictions

Net assets with donor restrictions were temporarily restricted for the following purposes as of August 31:

	<u>2025</u>	<u>2024</u>
On-campus student support	\$ 1,659,129	\$ 1,960,528
Capital campaign	620,323	8,522,606
General program	290,464	1,574,142
Mental health & wellness	259,540	85,130
ASPIRE family literacy	145,472	112,769
Student and family assistance	15,000	105,000
Total	<u>\$ 2,989,928</u>	<u>\$ 12,360,175</u>

## 10. Board-designated Endowment Fund and Beneficial Interest

During 2009, the Organization established the Communities In Schools of Central Texas Endowment Fund (the “Fund”) with ACF as a board-designated endowment to take advantage of ACF’s investment expertise and to allow these funds to gain synergies with other funds held by ACF. The Organization has specified itself as the beneficiary of the Fund.

The Fund is a permanent, legacy fund with assets irrevocably held by ACF. The Fund’s purpose specified in the agreement with ACF is to support the Organization’s excellence and innovation in programming and operations. The distribution policy established by the ACF Board of Governors allows 5% of the fund’s value as of December 31st each year be available once the fund has a total value of \$1,000,000 or more.

The Organization’s endowment fund is comprised of one Board-designated endowment, therefore, it has been classified as net assets without donor restrictions. Changes in the Organization’s endowment net assets were as follows during the years ended August 31:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 238,731	\$ 208,201
Unrealized and realized gain, net	18,196	27,812
Interest and dividends	5,483	5,010
Investment expenses	<u>(2,512)</u>	<u>(2,292)</u>
Endowment net assets, end of year	<u>\$ 259,898</u>	<u>\$ 238,731</u>

## 11. In-kind Contributions

The Organization received the following in-kind contributions as of August 31:

	<u>2025</u>	<u>2024</u>	<u>Usage in Programs or Activities</u>	<u>Monetized or Utilized</u>	<u>Fair value techniques and inputs</u>
Donated space	\$ 3,086,847	\$ 4,885,460	Program services	Utilized	Facility usage rates charged by the school district
Building (donor)	18,000	-	Program services	Utilized	Current rates for similar properties
Utilities	16,396	25,660	Program services	Utilized	Current rates for similar services
Goods	6,500	-	Program services	Utilized	Current rates for similar products
Health insurance	<u>3,449</u>	<u>-</u>	Program services	Utilized	Current rates for similar services
	<u>\$ 3,131,192</u>	<u>\$ 4,911,120</u>			

The Organization receives contributions from donors and from school districts, in the form of classroom space, internet and phone utilities, and donated goods and services. The Organization also donated a modular building during the year to a school district. All in-kind contributions were recorded at their estimated value on the date of contribution. There were no donor-imposed restrictions associated with the in-kind contributions.

## 12. Contingencies

The Organization receives government grants for specific purposes that are subject to review and audit by government agencies. The Organization is also funded by grants and contracts that are subject to review and audit by certain grantors. These contracts have certain compliance requirements and, should audits by government or grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs.

The Organization is involved in legal proceedings which arise from time to time in the normal course of business. While the results of such matters generally cannot be predicted with certainty, management does not expect any such matters to have a material adverse effect on the Organization's financial position or results of operations as of and for the years ended August 31, 2025 and 2024.

### **13. Conditional Grants**

The Organization has received conditional grants that are subject to performance-related barriers, including launching on-campus programs, administering programs in a specified number of schools, and achieving agreed-upon programmatic milestones. Contribution revenue is recognized as these conditions are met. During the years ended August 31, 2025 and 2024, the Organization recognized \$2,959,602 and \$1,076,395, respectively, related to these conditional grants. As of August 31, 2025, conditional grants totaling \$6,047,803 remain unrecognized.

### **14. Retirement Plan**

In 1997, the Organization established the Communities In Schools of Central Texas 403(b) Plan (the "Plan"). The Plan provides for elective salary deferrals for eligible employees, with annual employer matching contributions up to \$1,500 per employee. Employer contributions to the Plan for the years ended August 31, 2025 and 2024 were made by the Organization totaling \$111,218 and \$133,488, respectively.

### **15. Related Party Transactions**

Certain members of the Board contributed \$243,175 and \$191,940 to the Organization during the years ended August 31, 2025 and 2024, respectively. Contributions receivable in the amount of \$28,000 and \$27,272 were outstanding from certain Board members as of August 31, 2025 and 2024, respectively.

### **16. Subsequent Events**

The Organization evaluated subsequent events through January 29, 2026, the date the consolidated financial statements were available to be issued, and no events have occurred from the consolidated statement of financial position date through that date and that would impact the consolidated financial statements.

## **Supplemental Information**

**Independent Auditors' 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 of  
Communities In Schools of Central Texas:

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 consolidated financial statements of Communities In Schools of Central Texas and its subsidiary, (collectively, the "Organization"), which comprise the consolidated statement of financial position as of August 31, 2025, 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, and have issued our report thereon dated January 29, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated 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 opinion on the consolidated 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 consolidated financial statements are free from 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 consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maxwell Locke & Ritter LLP*

Austin, Texas  
January 29, 2026

## **Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and Texas Grant Management Standards**

To the Board of Directors of  
Communities In Schools of Central Texas:

### **Report on Compliance for Each Major Federal and State Program**

#### **Opinion on Each Major Federal and State Program**

We have audited Communities In Schools of Central Texas and its subsidiary (collectively, the "Organization"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Texas Grant Management Standards ("TxGMS"), that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended August 31, 2025. The Organization's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2025.

#### **Basis for Opinion on Each Major Federal and State Program**

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

We are required to be independent of the Organization 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 Organization'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 Organization's federal and state programs.

## **Auditors' 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 Organization'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and 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 Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, 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 Organization'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 Organization'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 and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 federal or 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 federal or 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 federal or 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 Auditors' 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 Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

*Maxwell Locke & Ritter LLP*

Austin, Texas  
January 29, 2026

# Communities In Schools of Central Texas

## Schedule of Expenditures of Federal and State Awards Year Ended August 31, 2025

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grant / Contract Award Number	Total Expenditures
<b>Federal Awards</b>			
<u>U.S. Department of Health and Human Services</u>			
Passed through Texas Education Agency- 477 Cluster:			
Temporary Assistance for Needy Families	93.558	253630027110006	194,603
Total U.S. Department of Health and Human Services and 477 Cluster			194,603
<u>Corporation for National and Community Service</u>			
Passed through OneStar Foundation			
AmeriCorps State and National	94.006	24AC261477	1,062,536
Total Corporation for National and Community Service and 94.006			1,062,536
<u>U.S. Department of Justice</u>			
Passed through Office of Juvenile Delinquency Prevention STOP School Violence			
Total U.S. Department of Justice and 16.839	16.839	15PJDP-23-GK-04190-STOP	420,052
			420,052
<u>U.S. Department of Education</u>			
Direct programs-			
Fund for the Improvement of Postsecondary Education	84.116	P116Y240025	14,269
Total U.S. Department of Education and 84.116			14,269
Total expenditures of federal awards			1,691,460
<b>State Awards</b>			
<u>Texas Education Agency</u>			
Direct programs-			
General Revenue	n/a	250958027110006	1,664,896
Total Texas Education Agency General Revenue			1,664,896
<u>Texas Workforce Commission</u>			
Passed through Austin Community College			
Texas Adult Education and Literacy Program	n/a	2924ALA004/PO-00023478	48,977
Total Texas Workforce Commission			48,977
Total expenditures of state awards			1,713,873
Total expenditures of federal and state awards			\$ 3,405,333

See notes to the schedule of expenditures of federal and state awards.

# Communities In Schools of Central Texas

## Notes to the Schedule of Expenditures of Federal and State Awards Year Ended August 31, 2025

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the “Schedule”) includes the federal and state award activity of Communities In Schools of Central Texas and its subsidiaries (collectively, the “Organization”), under programs of the federal and state governments for the year ended August 31, 2025. The information in this Schedule is presented in accordance with the 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”), and Texas Grant Management Standards (“TxGMS”). 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, change in net assets, or cash flows of the Organization.

### 2. Summary of Significant Accounting Policies

The Schedule includes the federal and state activity of the Organization and is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or TxGMS, where certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the consolidated financial statements.

The Organization has elected to use the de minimis indirect cost rate permitted under the Uniform Guidance, when allowed by the terms of the award and subject to budgetary constraints. For other awards, the Organization does not apply the de minimis indirect cost rate

# Communities In Schools of Central Texas

## Schedule of Findings and Questioned Costs Year Ended August 31, 2025

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### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued on whether the consolidated  
Financial statements were prepared in accordance with GAAP: Unmodified

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 and State Awards

Internal control over major federal and state programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for the  
major federal and state programs:

AmeriCorps State and National Unmodified

Texas Education Agency General Revenue Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a) or TxGMS?  yes  no

Identification of major federal and state programs:

Federal or State Major Program	Assistance Listing Number	Name of Federal or State Program
Federal	94.006	AmeriCorps State and National
State	N/A - State	Texas Education Agency General Revenue

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

Auditee qualified as low-risk auditee?  yes  no

# **Communities In Schools of Central Texas**

## **Schedule of Findings and Questioned Costs Year Ended August 31, 2025**

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### **Section II - Financial Statement Findings**

There were no findings reported in accordance with *Government Auditing Standards* for the years ended August 31, 2025 and 2024.

### **Section III - Federal or State Award Findings and Questioned Costs**

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) or TxGMS for the years ended August 31, 2025 and 2024.