# COMMUNITIES IN SCHOOLS OF PENINSULA

## FINANCIAL STATEMENTS
## AND SUPPLEMENTARY INFORMATION

## YEAR ENDED JUNE 30, 2025



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# INDEPENDENT AUDITORS' REPORT

Board of Directors
Communities in Schools of Peninsula
Vaughn, Washington

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Communities in Schools of Peninsula (a nonprofit corporation) which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2025, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Communities in Schools of Peninsula as of June 30, 2025, and the change in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities in Schools of Peninsula 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.

### *Basis of Accounting*

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. These financial statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### *Emphasis of Matter*

As discussed in Note 6 to the financial statements. Communities in Schools of Peninsula determined the use of the modified cash basis of accounting is preferable for the users of the financial statements as there are not outside users who require the financial statements to be prepared under generally accepted accounting principles. Our conclusion is not modified with respect to this matter.

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***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

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

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

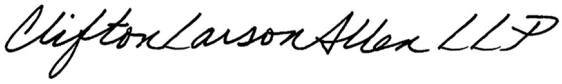
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities in Schools of Peninsula's ability to continue as a going concern for a reasonable period of time.

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.

Board of Directors
Communities in Schools of Peninsula

**Disclaimer of Opinion on Supplementary Nonfinancial Contributions Information**

Our 2025 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of nonfinancial contributions presented as a supplement to the financial statements on page 13, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



**CliftonLarsonAllen LLP**

Bellevue, Washington
December 3, 2025

**COMMUNITIES IN SCHOOLS OF PENINSULA**
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS**
**JUNE 30, 2025**

## ASSETS

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash | $ 119,049 |
| Investments | 869,817 |
| Total Current Assets | 988,866 |
| **PROPERTY AND EQUIPMENT, NET** | 484 |
| Total Assets | $ 989,350 |

## LIABILITIES AND NET ASSETS

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Accounts Payable | $ 13,401 |
| Total Current Liabilities | 13,401 |
| **NET ASSETS** | |
| Without Donor Restrictions | 975,949 |
| Total Net Assets | 975,949 |
| Total Liabilities and Net Assets | $ 989,350 |

*See accompanying Notes to Financial Statements.*

**COMMUNITIES IN SCHOOLS OF PENINSULA**
**STATEMENT OF REVENUE, EXPENSES, AND**
**CHANGES IN NET ASSETS – MODIFIED CASH BASIS**
**YEAR ENDED JUNE 30, 2025**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES AND SUPPORT** | | | |
| Contributions and Grants | $ 1,464,229 | $ - | $ 1,464,229 |
| Special Event Revenue, Net of Expenses of $32,122 | 64,302 | - | 64,302 |
| Net Investment Income | 73,491 | - | 73,491 |
| Net Assets Released from Restrictions | 78,250 | (78,250) | - |
| Total Revenues and Support | 1,680,272 | (78,250) | 1,602,022 |
| **EXPENSES** | | | |
| Program Services | 1,165,619 | - | 1,165,619 |
| Supporting Services | 312,206 | - | 312,206 |
| Fundraising Expenses | 146,126 | - | 146,126 |
| Total Expenses | 1,623,951 | - | 1,623,951 |
| **CHANGE IN NET ASSETS** | 56,321 | (78,250) | (21,929) |
| Net Assets - Beginning of Year | | | |
| Before Change in Basis of Accounting | 987,049 | 78,250 | 1,065,299 |
| Change in Basis of Accounting | (67,421) | - | (67,421) |
| Net Assets - Beginning of Year, as Adjusted | 919,628 | 78,250 | 997,878 |
| **NET ASSETS - END OF YEAR** | $ 975,949 | $ - | $ 975,949 |

*See accompanying Notes to Financial Statements.*

**COMMUNITIES IN SCHOOLS OF PENINSULA**
**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**
**YEAR ENDED JUNE 30, 2025**

| | Program Services | Supporting Services | | Total |
|---|---|---|---|---|
| | | Administration | Fundraising | |
| Salaries and Wages | $ 839,749 | $ 215,851 | $ 107,486 | $ 1,163,086 |
| Payroll Taxes | 66,610 | 17,112 | 8,521 | 92,243 |
| Employee Benefits | 89,091 | 22,723 | 11,315 | 123,129 |
| Subtotal | 995,450 | 255,686 | 127,322 | 1,378,458 |
| Supplies | 101,716 | 3,654 | 16,445 | 121,815 |
| Legal and Accounting | - | 35,946 | - | 35,946 |
| Training | 29,604 | 6,711 | - | 36,315 |
| Telephone and Utilities | 11,041 | 2,744 | 1,366 | 15,151 |
| Equipment Rent, Repairs and Maintenance | 4,066 | 1,564 | - | 5,630 |
| Depreciation | 336 | 77 | - | 413 |
| Printing, Publications and Postage | 7,795 | 1,993 | 993 | 10,781 |
| Insurance | 11,014 | 3,320 | - | 14,334 |
| Special Events | - | - | 32,122 | 32,122 |
| Other | 4,597 | 511 | - | 5,108 |
| Total Expenses | 1,165,619 | 312,206 | 178,248 | 1,656,073 |
| Less Amounts included in Revenue on Statement of Activities Fundraising Event Expenses | - | - | (32,122) | (32,122) |
| Total Functional Expenses | $ 1,165,619 | $ 312,206 | $ 146,126 | $ 1,623,951 |

*See accompanying Notes to Financial Statements.*

**COMMUNITIES IN SCHOOLS OF PENINSULA**
**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS**
**YEAR ENDED JUNE 30, 2025**

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ | (21,929) |
| Adjustments to Reconcile Change in Net Assets | | |
| Net Cash Used by Operating Activities: | | |
| Depreciation | | 413 |
| Realized Gain on Investments | | (19,713) |
| Unrealized Gain on Investments | | (19,739) |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Payable | | 4,033 |
| Net Cash Used by Operating Activities | | (56,935) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds on Sales of Investments | | 296,475 |
| Purchases of Investments | | (325,868) |
| Net Cash Used by Investing Activities | | (29,393) |
| **NET CHANGE IN CASH** | | (86,328) |
| Cash - Beginning of Year | | 205,377 |
| **CASH - END OF YEAR** | $ | 119,049 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of the Organization

Communities in Schools of Peninsula (the Organization) is a nonprofit corporation organized to provide a variety of youth and family-focused services. The Organization is affiliated with Communities in Schools of Washington. 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 receives funding primarily from grants and donations for the promotion of its mission. The Organization serves the students and families of the Peninsula School District schools by providing programs for no cost.

### Accounting Method

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from accounting principles generally accepted in the United States of America (U.S. GAAP) primarily because the organization has not recognized balances, and the related effects on earnings, of accounts receivable, accounts payable to vendors, and balances due to employees for payroll earned through the end of the year.

### Cash and Cash Equivalents

For the purpose of reporting cash flows – modified cash basis, the Organization considers cash in checking and savings accounts to be cash.

### Investments

The Organization records its investments in equity securities at their fair values in the statement of assets, liabilities, and net assets – modified cash basis. Net investment return (or loss) is reported on the statement of revenues, expenses, and changes in net assets – modified cash basis and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair Value Measurements

A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

All of the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

### Property and Equipment

Property and equipment are carried at cost when purchased or at fair value at the gift date. Gains and losses from disposition of property and equipment are recognized in the year of disposition. Minor additions, maintenance and repairs expensed as incurred. Additions and improvements greater than $1,000 are capitalized and depreciated over their estimated useful lives. Depreciation is provided on the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Furniture, Fixtures, and Equipment | 3 to 7 Years |

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Net Assets

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions that assets be maintained in perpetuity or whose use is limited by donor-imposed restrictions that may, or will, be met either by actions of the Organization or the passage of time. There was no net assets maintained in perpetuity at June 30, 2025.

Net assets released from donor restrictions by occurrence of the passage of time were $78,250 for the year ended June 30, 2025.

The Organization report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, 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 are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and changes in net assets as net assets released from restrictions.

### Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense was $3,840 as of June 30, 2025, and is included in printing, publications and postage on the statement of functional expenses.

### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Functional Allocation of Expenses

The costs of program services, supporting services and fundraising have been summarized on a functional basis in the statement of revenues, expenses, and changes in net assets. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Rent, telephone, and utilities are allocated based on square footage. Payroll, office and administration, legal and accounting, printing, publications, and postage, and insurance are allocated based on estimates of time and effort.

### Compensated Absences

Employees of the Organization are entitled to paid vacation and sick days depending on length of service. Unused compensated absences are not paid to employees upon separation, therefore, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees. The unpaid balance is approximately $57,800 as of June 30, 2025 but has not been reported in the statement of assets, liabilities, and net assets – modified cash basis due to the modified cash basis of accounting.

### Subsequent Events

Management of the Organization has evaluated events through December 3, 2025, the date the financial statements were available to be issued.

## NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities, and net assets date, comprise the following at June 30, 2025:

| | |
|---|---|
| Cash | $ 119,049 |
| Investments | 869,817 |
| Total Financial Assets | 988,866 |
| Board-Designated Investments | (58,266) |
| Financial Assets Available for General Expenditure Needs | $ 930,600 |

Although the Organization does not intend to spend from its board-designated investments, the funds could be made available, if necessary.

The Organization invests in various financial instruments as part of its liquidity management plan.

## NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a summary of the estimated fair value of the Organization's investments as of June 30, 2025:

| Description | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash & Money Market Funds | $ 333,532 | $ - | $ - | $ 333,532 |
| Mutual Funds | 348,396 | - | - | 348,396 |
| Exchange-Traded Funds | 187,889 | - | - | 187,889 |
| Total Investments at Fair Value | $ 869,817 | $ - | $ - | $ 869,817 |

## NOTE 4 CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash deposits at a financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC) with basic coverage up to $250,000. At June 30, 2025 the Organization's deposits did not exceed federally insured limits. Investments, including cash, maintained at Raymond James are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000 for investments with a $250,000 limit for cash. Raymond James has purchased excess SIPC coverage through various syndicates of Lloyd's, a Lonon-based firm. Excess SIPC is fully protected by the Lloyd's trust funds and Lloyd's Central Fund. The additional protection currently provided has an aggregate firm limit of $750 million, including a sub-limit of $1.9 million per customer for cash above basic SIPC limits for the wrongful abstraction of customer funds. Account protection applies when a SIPC-member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against market fluctuations.

The Organization received a total of $349,159 contributions from an affiliate for the year ended June 30, 2025.

## NOTE 5 OPERATING LEASE

The Organization leases a satellite office which is located in Gig Harbor, Washington. The lease is on a month-to-month basis with base monthly rent of $400.

## NOTE 6 CHANGE IN BASIS OF ACCOUNTING

The Organization determined the use of the modified cash basis of accounting is preferable for the users of the financial statements as there are not outside users who require the financial statements to be prepared under generally accepted accounting principles. As a result, beginning net assets have been adjusted for the following balances from June 30, 2024:

| | |
|---|---|
| Grants Receivable | $ 159,021 |
| Accrued Payroll | (91,600) |
| | $ 67,421 |

## NOTE 7 ENDOWMENT FUNDS

The Organization has an endowment fund designated by the board of directors to be maintained and used for the needs of the Organization at the board of directors' discretion. The Organization intends that the endowment fund will be funded by donor-restricted gifts or board-designated funds. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Donor-restricted funds of perpetual duration are classified as net assets with donor restrictions in perpetuity. Accumulated income on donor-restricted endowments are classified as net assets with donor restrictions until donor stipulations have been met. The endowment does not include any net assets that carry donor-imposed restrictions at June 30, 2025. The balance of the board-designated endowment was $58,266 at June 30, 2025.

## NOTE 8 SPECIAL EVENT

Gross receipts from the annual All in for Kids dinner consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue. The Organization conducts the dinner to help with current operations. The revenue and related expenses from the event are as follows at June 30, 2025:

| | | |
|---|---|---|
| Contributions | $ | 82,729 |
| Special Event - Value Received by Participants | | 13,695 |
| Special Event Revenue - Gross | | 96,424 |
| Less Cost of Direct Benefit to Participants | | (32,122) |
| Special Event Revenue - Net | $ | 64,302 |

## NOTE 9 RETIREMENT PLAN

The Organization has a 401(k) retirement plan for employees who have reached the age of 18. Employees are automatically enrolled in the plan with a default contribution rate of 1% of wages but can opt out of the plan and increase their contribution up the IRS limitations. The Organization may make discretionary profit-sharing contributions for participants annually. The Organization contributed $35,240 to the plan for the year ended June 30, 2025.

**COMMUNITIES IN SCHOOLS OF PENINSULA**
**SCHEDULE OF NONFINANCIAL CONTRIBUTIONS – MODIFIED CASH BASIS**
**JUNE 30, 2025**
**(SEE INDEPENDENT AUDITORS' REPORT)**

Communities in Schools of Peninsula received the following nonfinancial contributions during the year ended June 30, 2025.

| | Unaudited Value |
|---|---|
| Program Supplies | $ 88,999 |
| Basic Needs | 83,162 |
| Rent | 22,500 |
| Total | $ 194,661 |

Contributed nonfinancial assets consist primarily of program supplies, basic needs, and rent. Program supplies and basic needs are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of contribution.

Unless otherwise noted, the Organization does not sell donated in-kind gifts, contributed nonfinancial assets are utilized by the Organization's program services, and there are no donor-imposed restrictions associated with the contributed nonfinancial assets.

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