

**Communities In Schools of
Randolph County, Inc.**

FINANCIAL STATEMENTS

June 30, 2023 and 2022

PT CPAs, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
RALEIGH, NORTH CAROLINA

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James J. Pappalardo, CPA
Joseph V. Turchetti, CPA

Independent Auditor's Report

To the Board of Directors of
Communities in Schools of Randolph County, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Communities in Schools of Randolph County, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its 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 audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 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 the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 of financial reporting and compliance.

PT CPA'S, PLLC

Raleigh, North Carolina
December 15, 2023

FINANCIAL STATEMENTS

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
ASSETS:		
Cash and cash equivalents	\$ 516,169	\$ 125,399
Accounts receivable	15,140	619
Prepaid expenses	1,348	3,649
Property and equipment, net	<u>58</u>	<u>555</u>
TOTAL ASSETS	<u>\$ 532,715</u>	<u>\$ 130,222</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 6,578	\$ 2,449
Accrued payroll and liabilities	2,935	2,996
Credit card payable	<u>9,031</u>	<u>3,060</u>
TOTAL LIABILITIES	<u>18,544</u>	<u>8,505</u>
NET ASSETS		
Without donor restrictions	<u>514,171</u>	<u>121,717</u>
Total net assets	<u>514,171</u>	<u>121,717</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 532,715</u>	<u>\$ 130,222</u>

See accompanying notes.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues, Gains and Other Support		
Contributions	\$ 596,956	\$ 90,745
Local school assistance	139,257	132,000
Special events income	-	27,226
Foundation and other agency grants	77,272	3,000
Federal grants	60,484	32,282
Other income	39	145
Interest income	3,616	-
In-kind contributions	<u>129,274</u>	<u>93,406</u>
Total revenues, gains and other support		
before net assets released from restrictions	<u>1,006,898</u>	<u>378,804</u>
Net assets released from restrictions	<u>-</u>	<u>3,876</u>
Expenses and losses		
Program services	475,874	318,660
General and administrative	112,846	78,246
Fundraising	<u>25,725</u>	<u>22,190</u>
Total expenses	<u>614,444</u>	<u>419,096</u>
Increase (Decrease) in net assets without donor restrictions	<u>\$ 392,454</u>	<u>\$ (36,416)</u>
Net assets with donor restrictions:		
Released from restriction	<u>-</u>	<u>(3,876)</u>
Decrease in net assets with donor restrictions	<u>-</u>	<u>(3,876)</u>
INCREASE (DECREASE) IN NET ASSETS	392,454	(40,292)
Other Income		
CARES Act PPP loan forgiveness	<u>-</u>	<u>36,862</u>
Total other income	<u>-</u>	<u>36,862</u>
CHANGE IN NET ASSETS	<u>392,454</u>	<u>(3,430)</u>
NET ASSETS - BEGINNING OF YEAR	<u>121,717</u>	<u>125,147</u>
NET ASSETS - END OF YEAR	<u>\$ 514,171</u>	<u>\$ 121,717</u>

See accompanying notes

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>2023</u>			
	<u>Supporting Services</u>			
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 253,112	\$ 60,129	\$ 19,262	\$ 332,503
Payroll taxes and benefits	17,894	4,696	1,503	24,093
Contracted services	936	222	71	1,230
In-kind goods and services	129,274	-	-	129,274
Program expense	65,247	-	-	65,247
Supplies	140	1,263	-	1,404
Rent and occupancy	1,347	11,447	673	13,467
Professional fees	-	11,625	-	11,625
Insurance	573	4,869	286	5,728
Travel	5,776	7	-	5,783
Advertising and communication	203	1,581	446	2,231
Maintenance and upgrades	-	3,639	-	3,639
Miscellaneous	-	11,193	-	11,193
Dues and subscriptions	-	1,342	-	1,342
Depreciation	440	57	-	497
Postage	26	26	52	103
Board expense	-	387	-	387
Direct benefit to donors	-	-	2,888	2,888
Printing	905	362	543	1,810
TOTALS	<u>\$ 475,874</u>	<u>\$ 112,846</u>	<u>\$ 25,725</u>	<u>\$ 614,444</u>

See accompanying notes

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

2022

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 172,084	\$ 40,880	\$ 13,095	\$ 226,059
Payroll taxes and benefits	12,084	3,172	1,015	16,271
In-kind goods and services	93,030	-	376	93,406
Program expense	32,153	-	-	32,153
Supplies	131	1,182	-	1,313
Rent and occupancy	1,135	9,643	567	11,344
Professional fees	-	13,050	-	13,050
Insurance	518	4,405	259	5,183
Travel	5,815	7	-	5,822
Advertising and communication	180	1,398	395	1,973
Maintenance and upgrades	-	865	-	865
Miscellaneous	-	2,032	-	2,032
Dues and subscriptions	-	854	-	854
Depreciation	563	72	-	635
Postage	57	57	115	229
Board expense	-	265	-	265
Direct benefit to donors	-	-	5,822	5,822
Printing	910	364	546	1,820
TOTALS	<u>\$ 318,660</u>	<u>\$ 78,246</u>	<u>\$ 22,190</u>	<u>\$ 419,096</u>

See accompanying notes

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 392,454	\$ (3,430)
Adjustments to reconcile change in net assets provided by operating activities:		
Depreciation	497	635
Effects of changes in operating assets and liabilities:		
Accounts receivable	(14,521)	1,142
Prepaid expenses	2,301	(1,265)
Accounts payable and accrued liabilities	<u>10,039</u>	<u>1,622</u>
Net cash provided (used) by operating activities	390,770	(1,296)
 CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act PPP loan, net of forgiveness	<u>-</u>	<u>(36,862)</u>
 INCREASE (DECREASE) IN CASH	390,770	(38,158)
 CASH, BEGINNING OF YEAR	<u>125,399</u>	<u>163,557</u>
 CASH, END OF YEAR	<u>\$ 516,169</u>	<u>\$ 125,399</u>

See accompanying notes

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization provides programs to at-risk youth in Randolph County and to their families through the supportive environment of public schools and alternate educational sites. The Organization's objective is to reduce the number of youth not graduating from high school.

Basis of Financial Reporting

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958, and the provision of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein, are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Allocation of Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, estimates have been made by management in allocating certain costs such as compensation, utilities, office expenses, etc., which have been distributed among the program and support services benefited.

Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Grants and other contributions. Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Contributions of non-cash assets or services. Contributions of donated non-cash assets are recorded as support at their fair values in the period received. Contributions of donated services are recorded at their fair market values in the period received. Donated services are those that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's various programs. The value of this contributed time is not included in these statements since it is not susceptible to objective measurement or valuation.

Grant revenues. A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2023 and 2022 the Organization had \$0 of refundable advances.

Concentrations of Credit Risk

The Organization maintains cash in commercial banks located in Asheboro, North Carolina. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specific limits. Balances in excess of FDIC limits are uninsured. At June 30, 2023 the Organization did not have any uninsured balances.

Use of Estimates in Preparing Financial Statements

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

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Cash Flows

For the purposes of reporting cash flows, cash includes cash on hand, money market accounts, amounts on deposit with banks and highly liquid investments with maturities of less than 90 days.

Property and Equipment

Property and equipment is carried at cost and adjusted for impairments of value. The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, and donated assets are recorded at fair market value at the date of the donation.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives, ranging between 3 and 40 years. Upon disposition, the cost and related accumulated depreciation accounts are relieved and any related gain or loss is included in operations.

Income Taxes

The Organization is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code. The State of North Carolina has granted a similar exemption. Therefore, no income taxes are reflected in these financial statements.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has determined that there were no tax uncertainties that met the recognition threshold for 2023 and 2022.

Accounts receivable

The Organization analyzes contractually due amounts and provides an allowance for doubtful collections. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of the credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Organization could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. At June 30, 2023 and 2022, management believes all accounts receivable to be fully collectible.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, prepaid expenses and accounts payable and accrued liabilities approximate fair value due to the short duration of these instruments.

Recent accounting pronouncements

Leases:

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)" ("ASU 2016-02"). The FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. ASU 2016-02 retains a distinction between finance leases (i.e. capital leases under current GAAP) and operating leases. The classification criteria for distinguishing between finance leases and operating leases will be substantially similar to the classification criteria for distinguishing between capital leases and operating leases under current GAAP. The amendments of this ASU are effective for reporting periods beginning after January 1, 2022, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Organization is not currently obligated under arrangements falling under this pronouncement.

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of June 30, 2023 and 2022 there were not any impairment losses recognized for long-lived assets.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – IN KIND CONTRIBUTIONS

The Organization recognized the following In-Kind contributions for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Services	\$ 129,274	\$ 93,030
Fundraising	<u> -</u>	<u> 376</u>
Total In-Kind Contributions	<u>\$ 129,274</u>	<u>\$ 93,406</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Equipment and furniture	\$ 16,631	\$ 16,631
Less: Accumulated Depreciation	<u>(16,573)</u>	<u>(16,076)</u>
Property and equipment, net	<u>\$ 58</u>	<u>\$ 555</u>

NOTE 4 – GRANT FUNDING

The following is a summary of the federal and state grants awarded and the amounts earned for the years ended June 30:

<u>Grantor</u>	<u>Period</u>	<u>2023</u>	<u>2022</u>
<u>Federal Grants:</u>			
	July through June	\$ <u>60,484</u>	\$ <u>32,282</u>
Extended Learning and Integrated Student Supports Competitive Grant			
Total Federal Grants		<u>\$ 60,484</u>	<u>\$ 32,282</u>
<u>State Grants:</u>			
ESSERS Grant	July through June	\$ <u>76,065</u>	\$ <u> -</u>
Total State Grants		<u>\$ 76,065</u>	<u>\$ <u> -</u></u>

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 – ALLOCATION OF JOINT COSTS

The Organization conducted activities that included requests for contributions as well as programmatic and management activities. These activities included fundraising activities for requests for grants and donation, and for special events. For the years ended June 30, 2023 and 2022 the Statement of Functional Expenses reported \$22,837 and \$16,368, respectively, of fundraising expenses that consisted of joint costs.

NOTE 6 – USES AND SOURCES OF LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date, for general expenditure are as follows:

Cash and cash equivalents	\$	516,169
Accounts receivable		15,140
Prepaid expenses		1,348
Accounts payable and accrued expenses		<u>(18,544)</u>
	\$	<u>514,113</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 7 – NET ASSETS

Net assets with donor restrictions were as follows at June 30:

	<u>2023</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Student programs	\$ <u> -</u>	\$ <u> 3,876</u>

NOTE 8 – LEASES

The Organization leases a building from an un-related third party. This lease was renewed as of October 2020 with monthly payments of \$825, expiring October 2023. The Organization leases a copier from a third party with monthly payments of \$79, expiring November 2022. Total lease expense was \$10,295 and \$10,848 for the years ended June 20, 2023 and 2022.

COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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COMMUNITIES IN SCHOOLS OF RANDOLPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 9 – CARES ACT PPP LOAN

During the 2021 fiscal year, the Organizations applied for a Payroll Protection Program (PPP) loan under the CARES Act, in response to the COVID-19 crisis. The Company received a promissory note, from their lender, in the amount of \$36,862. All terms and conditions of the loan were in accordance with the United States Department of the Treasury. During 2022, the Organization met the criteria to have the loan forgiven under the terms of the PPP.

NOTE 10 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through December 15, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to December 15, 2023 that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the financial statements for the year ended June 30, 2023.



James J. Pappalardo, CPA
Joseph V. Turchetti, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Communities In Schools Of Randolph County, Inc.

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

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 determination of financial statement amounts. 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

PT CPAS, PLLC

Raleigh, North Carolina
December 15, 2023