

2015 ANNUAL REPORT



Communities
In Schools

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OUR STORY

For nearly 40 years, Communities In Schools has worked to close the achievement gap by ensuring that children in poverty have the support they need to stay in school and succeed in life. Today, we are the nation's largest and most effective dropout prevention network, serving 1.5 million students in 25 states and the District of Columbia. This report represents just the latest chapter in our story, but we already know what a happy ending looks like, and we won't be satisfied until we have turned the page on the last dropout.



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MESSAGE FROM OUR CHAIRMAN



When we started preparing this year's Annual Report, none of us knew that 2015 would mark the capstone of Dan Cardinali's career at Communities In Schools.

After 17 years of extraordinary leadership, Dan is leaving CIS to lead another prestigious nonprofit where he will have a chance to influence the direction of the entire nonprofit and philanthropic field. After almost two decades of working side by side with this gifted person, I must say there are few individuals whom I hold in as high regard as Dan. He has earned my deepest respect, gratitude, and affection for the extraordinary work he has done on behalf of our nation's young people.

Thanks to his steady leadership and the strength of our board, CIS is perhaps the strongest it has ever been: we have a talented and dedicated national staff; our entire network has improved in quality dramatically, serving more students more effectively at a lower cost; and for the first time in history we have seen our model enshrined in federal law, helping to position us for unprecedented progress in the future. As Dan prepares to move on, we are at a transformational moment in our history in which we are positioned to build on the remarkable strides we have made.

Viewed through this new lens, it might be easy to flip through the following pages and consider each accomplishment as a tribute to Dan's leadership, but he would be the first to tell you that it's a tribute to the love and dedication of all the employees, donors and volunteers throughout our vast network. From the National Office to the local schoolhouse, everyone at CIS is passionate about securing a better future for students in poverty, and that's why we consistently put up results that are unmatched in the field.

Thanks to this unprecedented human capital, I can say with confidence that our next president will take the helm of an organization that has never been stronger in all of its 40-year history.

So I am excited about where we are today, and where we are headed tomorrow as we continue to hold firm to our mission of providing support to every student in need.

Sincerely,



Elaine P. Wynn
Chairman

MESSAGE FROM OUR PRESIDENT



For as long as I've been associated with Communities In Schools, I can't remember a more exciting year than 2015. After more than a decade of inaction, Congress finally passed a federal education bill known as the Every Student Succeeds Act, or ESSA. And just like that, for the first time ever, Integrated Student Supports (ISS) were officially recognized in the law of the land.

For anyone who cares about quality education for all our children, this is truly a reason to cheer. With an estimated 11 million kids living in poverty, every school district across the country can now use federal education funds to provide these students with the non-academic support they need to stay in school and earn a diploma.

As the nation's largest provider of Integrated Student Supports, CIS fought hard for this legislation, and now we will work hard to make the most of it. We currently serve about 1.5 million students in 25 states and the District of Columbia—but ESSA has presented us with an opportunity to do much more.

In light of this legislation, our vision for the future is audacious, but suddenly achievable: we aim to bring our best-in-class, evidence-based services to an additional 1.5 million students over the next five years.

The impact of that growth would be truly astounding. Over the course of a lifetime, the average high school dropout costs society an estimated \$292,000 in public services and lost tax revenue. With a proven graduation rate of 93 percent, CIS helps turn potential dropouts into productive, responsible adults. Our model helps break the cycle of poverty and dependence, giving new hope to individuals, families and entire communities.

CIS has never pursued growth for its own sake. Indeed, over the last few years, we proactively shrank our network by 25 percent in order to ensure consistent outcomes for all our students. It's this laser focus on quality that earns us top marks from rating services such as Charity Navigator, and that focus won't change even as the horizon expands.

If you're just getting acquainted with Communities In Schools, I think you'll be encouraged by what you find in the following pages. If you're a longtime supporter, I thank you for helping to make us America's largest and most effective dropout prevention network. CIS is truly a family, and every accomplishment is a tribute to our board, national staff, network, volunteers, institutional funders and individual supporters.

Starting soon, I'll have a different role in that family. This is my final annual report as the president of Communities In Schools, but not as a supporter and true believer. I look forward to opening these pages next year and learning of even greater accomplishments on behalf of at-risk young people.

Warmly,



Daniel J. Cardinali
President

OUR HIGHLIGHTS

2014-2015 AT A GLANCE

CIS REACHES QUALITY MILESTONE

July of 2015 was a big moment for Communities In Schools. Seven years after we established industry-leading benchmarks for programming and nonprofit management, our entire existing network was accredited under the rigorous Total Quality System, or TQS.

We invested some \$50 million to help affiliates build capacity for data collection, technology, training and other crucial management priorities. The goal was simple: to ensure that every CIS student in every affiliate could count on the same quality service and the same positive results.

Throughout the TQS process, we became a leaner, more efficient network. Today, we serve nearly 20 percent more students than we did in 2008, and the number of students graduating due to CIS is up by 35 percent, yet we shrank organizational overhead by nearly 25 percent.

More students experiencing *better* outcomes from a *leaner* organization—those are signs of quality that can't be ignored.

We now serve nearly

20%

more students

Our graduation numbers
are up by

35%

We shrank organizational
overhead by nearly

25%

PRESIDENT OBAMA SIGNS ESSA BILL INTO LAW

Years of hard work paid off in 2015 when Congress passed a new education law recognizing that students need precisely the kind of non-academic supports that CIS provides. With federal recognition of Integrated Student Supports (ISS), of which we are the largest provider, we are hopeful that millions more students will get the help they deserve in the years to come.

CIS EARNS FOUR STARS FROM CHARITY NAVIGATOR

For the sixth year in a row, CIS earned four stars—the highest possible rating—from Charity Navigator, an independent evaluator that grades nonprofits on accountability, transparency and fiscal responsibility. Out of more than 8,000 charities rated by Charity Navigator, only 3 percent have earned top honors for six or more consecutive years.

CIS RECEIVES BIG ENDORSEMENT FROM THE NEW YORK TIMES

Each November, *The New York Times* columnist Nicholas Kristof publishes a holiday gift guide for people looking to give something “more meaningful than a tie or sweater.” This year, Communities In Schools was right at the top of his list—prompting more than \$150,000 in gifts during the holiday season.

CIS CLOSES END OF YEAR AT NASDAQ STOCK EXCHANGE

CIS leaders, students and site coordinators rang the Closing Bell at the Nasdaq MarketSite in Times Square to mark the start of the holiday break for kids across America and to raise awareness of efforts to help more low-income students stay in school.





REY SALDAÑA

We're proud of our 93 percent graduation rate, but big numbers only tell half the story. Our real impact is measured in individual lives.

As a student at South San Antonio High School, Rey Saldaña participated in Upward Bound, a four-year program that allows Communities In Schools to provide high school students with college prep support. As part of this program, Rey was able to spend five weeks on a college campus, which opened his eyes to what was possible and changed the trajectory of his life. Rey graduated, earned a full Gates Millennium scholarship and attended Stanford University, where he earned undergraduate degrees in political science and communications — and then a master's from the School of Education. In May 2009, Rey became the first in his family to graduate from college. Afterward, he returned to San Antonio to run for office and was elected — and then reelected — as city councilman for San Antonio's District 4.

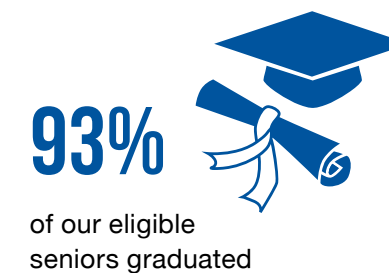
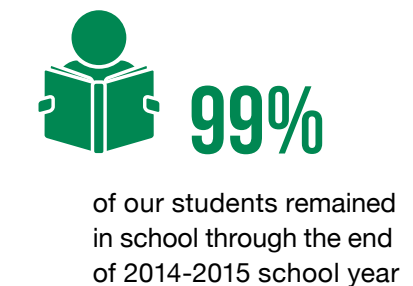
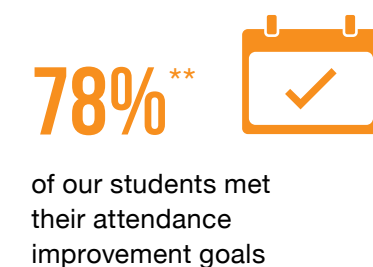
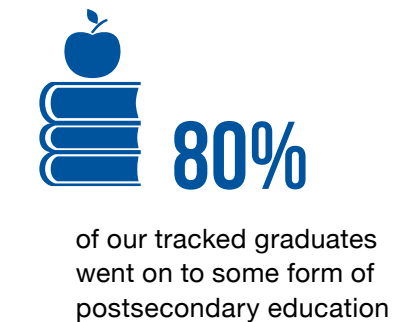
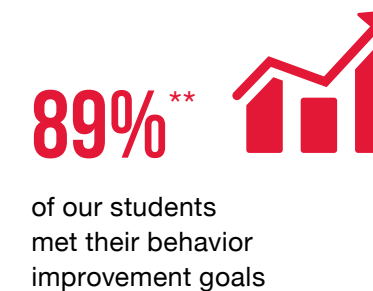
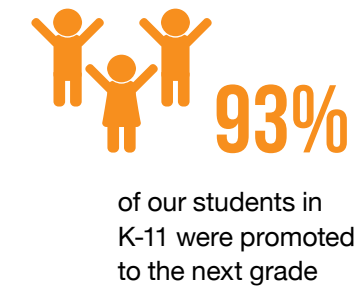
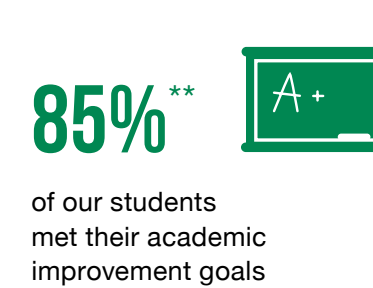
As Councilman Saldaña has proven throughout his life, the possibilities are endless when young people have the right support and resources. That's one reason he agreed to serve as chair of the new CIS Alumni Leadership Network, helping to ensure that recent grads have the tools and the confidence they need to be the leaders of tomorrow.

Communities In Schools of San Antonio

IT TAKES A DIPLOMA



Public service, private enterprise, higher education: Success means different things to different people. But simply by staying in school and earning a diploma, thousands of CIS students every year find themselves with greater options and broader horizons than they could ever hope for as a dropout. Here are some of our key success metrics from the 2014-2015 school year*:



* Results based on case-managed students.

** Results for case-managed students with assigned goal.

OUR STUDENTS



WHAT'S AT STAKE?

The numbers can seem overwhelming: Some **11 million** school-age children are living below the poverty line, and more than **half of all public school students** are eligible for free or reduced-price lunch.

With so many low-income students in the classroom, our public school system is feeling the strain. Studies show that these students have more limited vocabularies on their very first day of school. By the sixth grade, they have a 6,000-hour deficit in enrichment time spent with caring adults. By senior year, a poor student is five times more likely than an affluent student to drop out before graduation.

Teachers are doing their best, but they simply lack the time and resources required to meet the needs of low-income students.

Schools in poor neighborhoods lack tutors, computers, laboratories, after-school programs and extracurricular activities. Not surprisingly, these are the schools where kids drop out the most, perpetuating the cycle of poverty and hopelessness for another generation.

Fortunately, there are signs of hope for these students. Communities In Schools matches at-risk students with the specific resources they need to beat the odds and stay in school. From basic needs like food and shelter, to more complex needs like mentoring and college prep, we coordinate with the community to provide life-changing support.



51% of public school children are now **ELIGIBLE FOR FREE OR REDUCED-PRICE LUNCH**

Source: Southern Education Foundation

91% OF TEACHERS USE THEIR OWN MONEY

to help support students in need

Source: CIS National Teacher Survey May 2015
Survey conducted by Public Opinion Strategies



MAKAYLA

When nine-year-old Makayla first learned of Communities In Schools, she marched in to see her site coordinator with one question on her mind: “I want a new family,” she announced. “Can you do that?”

The frustration had been years in the making. For the past two years, Makayla had been living in a small house with her mom’s new boyfriend—plus three other children, a grandmother, an uncle and two pit bulls. There never seemed to be enough food or money or peace and quiet. But even that was a step up: when she was just five, Makayla had spent weeks sleeping in the car after her mom fled an abusive home situation.

Our site coordinator quickly realized that Makayla needed a new sense of possibility, rather than a new family. Food and clothing were the first priorities, followed by counseling, tutoring and a trauma support group.

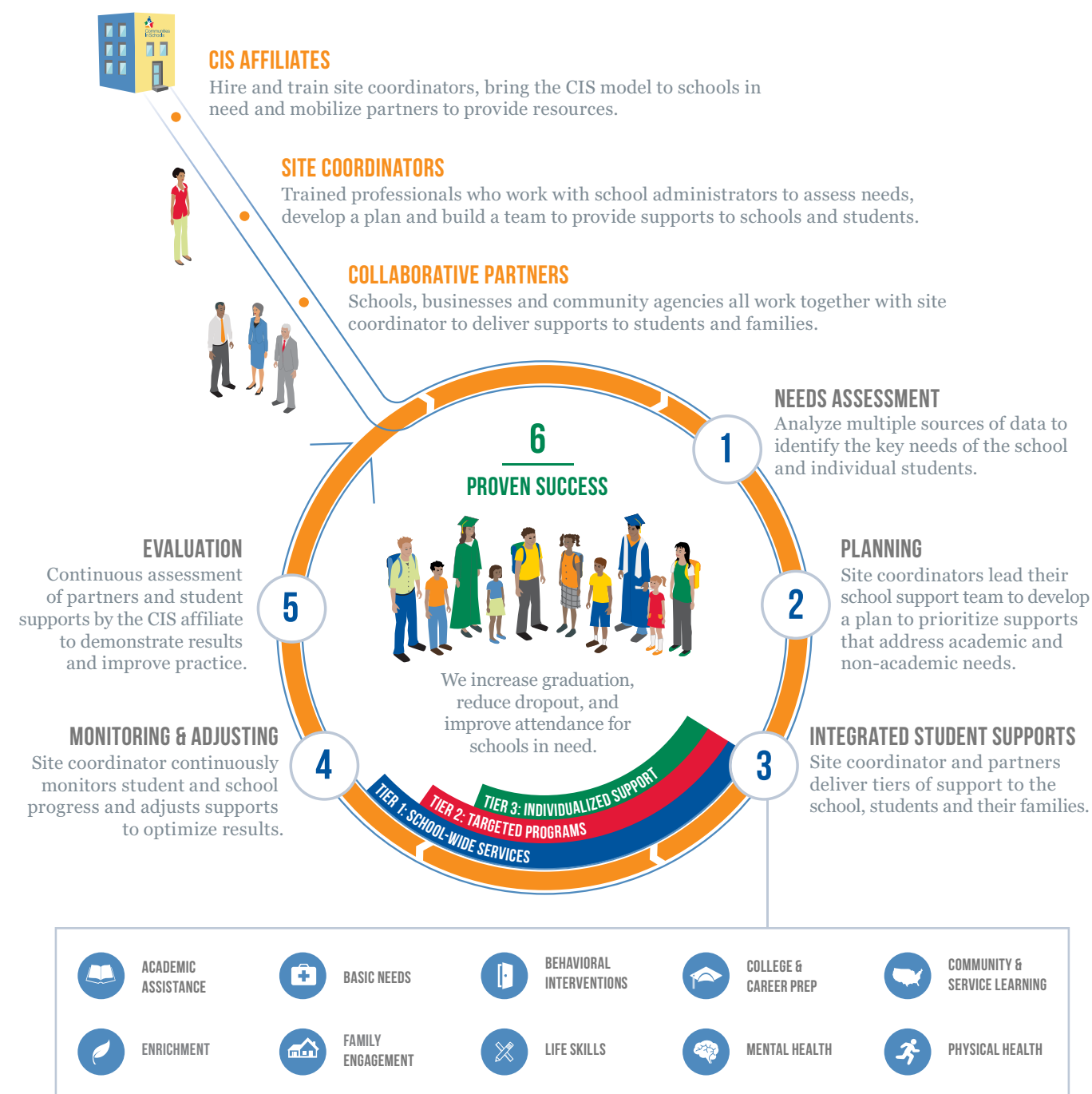
Surrounded with a community of love and support, Makayla began to blossom almost at once—making friends, volunteering in the community, cheering for her school teams and earning her first-ever academic awards. She’s been able to move beyond the past, and for the first time, she’s excited about the future.

Communities In Schools of Pamlico County

IT TAKES A PROVEN MODEL

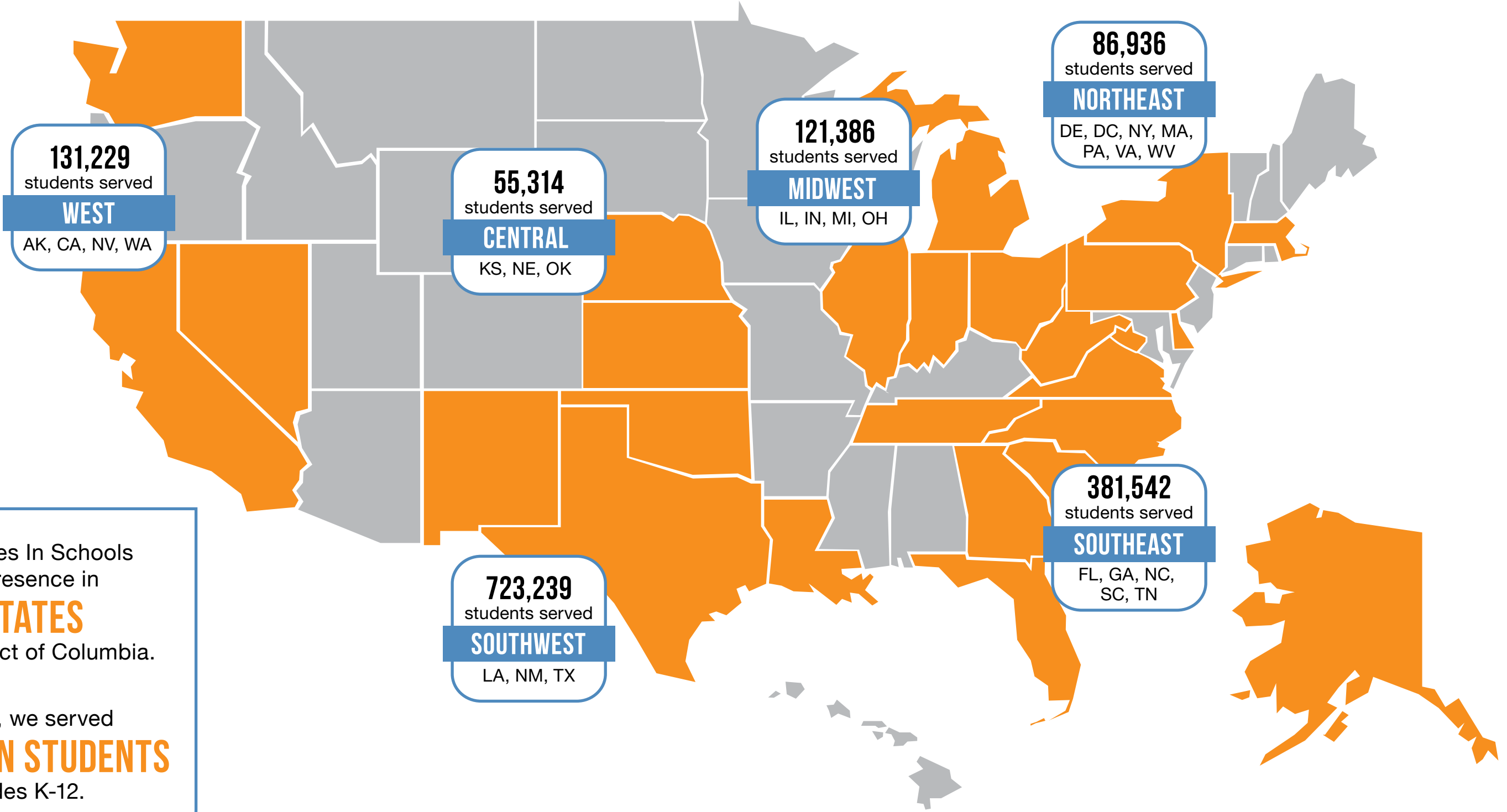


Our model is based on Integrated Student Supports—and it works. Within the school setting, we provide students with food, clothing, counseling and other resources, allowing them to focus on their studies and stay in school. Numerous independent studies have shown that CIS can significantly improve graduation rates while reducing dropout rates. In fact, our model was specifically cited in the new federal education law as the kind of evidence-based approach that schools should consider adopting.



OUR COMMUNITIES

COMMUNITIES IN SCHOOLS MAP 2014-2015



Communities In Schools has a presence in **25 STATES** and the District of Columbia.

Last year, we served **1.5 MILLION STUDENTS** in grades K-12.



DEBORAH MCKELVY

What exactly does a Communities In Schools site coordinator do? The answer is as varied as the students we serve. Our site coordinators counsel and cajole. They mentor and monitor. They offer stability and support one day, accountability and acceptance the next.

“I don’t teach a subject, I teach life,” is how Deborah McKelvy puts it. “I’ll do whatever I can to help a student,” even if that means loaning her husband’s suit to a young man who had nothing to wear to prom.

As a military wife, Debbie understands the unique pressures faced by many of the students at Audie Murphy Middle School, located inside Fort Hood, the largest U.S. military installation in the world. When parents are deployed for months at a time, Debbie is often the maternal figure who’s so desperately needed by the children left behind.

That’s why she’s focused on making sure the students and families of Audie Murphy know she’s there to support them – whether it’s providing orientation to a student who has moved seven times or counsel to a nonmilitary relative who suddenly finds himself living on Fort Hood with a seventh grader in his care.

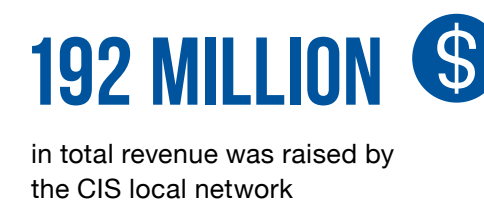
To Debbie, her 23 years with CIS haven’t been spent working. They’ve been spent living her life’s calling.

Communities In Schools of Greater Central Texas, Unsung Hero 2015

IT TAKES A COMMUNITY



America’s communities are full of goodwill, yet struggling families often feel frustrated and alone. Site coordinators like Deborah McKelvy bring a community’s many resources into the school setting, connecting kids to the exact human, financial and social supports they need. By bridging the gap between schools and communities, we leverage the value of existing resources that might otherwise go unutilized. This community-based approach is both highly effective and efficient, allowing us to serve 1.5 million kids at an average annual cost of less than \$200 per student.



OUR STEWARDSHIP

Communities In Schools is deeply grateful to the many individuals, corporations and foundations that support our work on behalf of at-risk students. Because every dollar can make a difference for every child, we are committed every day to the highest standards of transparency, efficiency and stewardship.

LUMINARIES

Ahold USA
The Allwin Family
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ICAP®
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Michael Keithley
Moldaw Family Supporting Foundation 2 of the Jewish Community Endowment Fund
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Leonard and Lauren Stern
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“Our goal at AT&T is to remove barriers to academic success, and help all students — regardless of age, gender, income or zip code — make their biggest dreams a reality. Communities In Schools surrounds students with the vital supports they need to realize these dreams, and as a partner we are proud to help more students experience the welcome embrace that CIS offers.”

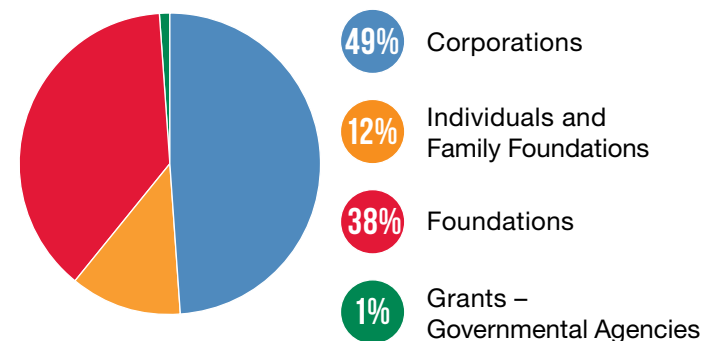
—Nicole Anderson, Executive Director of Philanthropy at AT&T.



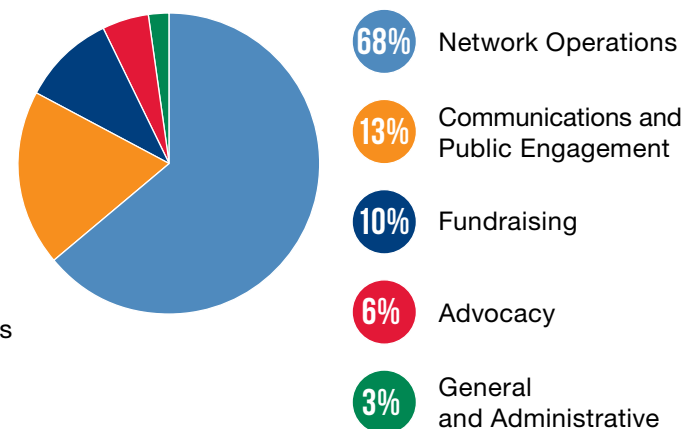
FINANCIAL SNAPSHOT

NATIONAL OFFICE

SUPPORT AND REVENUE*



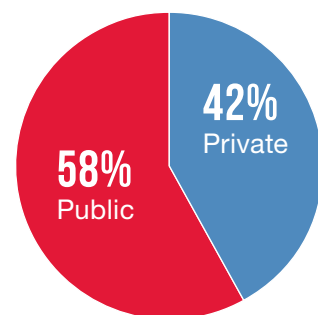
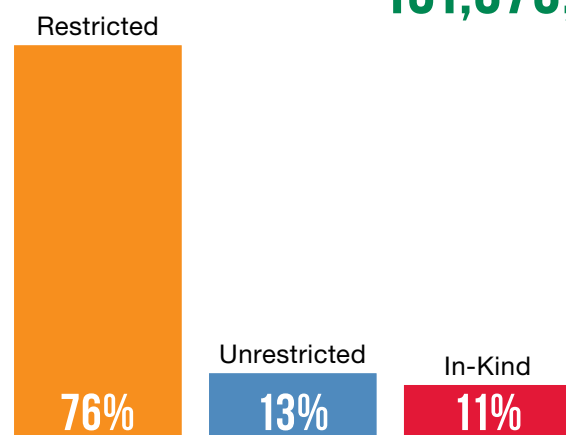
EXPENSES*



*Excludes in-kind contributions/services

AFFILIATES

TOTAL FUNDING RAISED BY LOCAL CIS NETWORK 191,670,499*



*Funding type breakdown not available for some affiliates

*Funding source breakdown not available for some affiliates

FISCAL YEAR 2015

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended September 30, 2015[^]

SUPPORT AND REVENUE

Contributions:

Foundations*	\$7,356,087
Corporations	9,516,102
Individual/Family Foundation	2,242,517
Grants - Governmental Agencies	200,420
Other Revenue	92,831
Sub-Total Support and Revenue	19,407,957
In-Kind Contributions**	37,309,253
Total Support and Revenue	56,717,210

EXPENSES

Program Services:

Advocacy	1,338,538
Communications & Public Engagement	2,731,492
Network Operations	14,572,271
Sub-Total Program Services	18,642,301
In-Kind Services**	37,309,253
Total Program Services	55,951,554

Supporting Services:

General and Administrative	649,480
Fundraising	2,191,735
Total Supporting Services	2,841,215

Total Expenses 58,792,769

Change in Net Assets from Operations (2,075,559)

Investment Income (Loss), net (697,032)

Change in Net Assets (2,772,591)

Beginning Net Assets 52,489,212

Ending Net Assets 49,716,621

STATEMENT OF FINANCIAL POSITION

Year ended September 30, 2015[^]

ASSETS

Cash and Cash Equivalents	\$8,202,635
Cash Held for Restricted Purposes	128,683
Investments	33,337,702
Pledges Receivable, net	8,583,593
Government Grants Receivable	153,982
Other Assets	208,741
Fixed Assets, net	760,976
Total Assets	\$51,376,312

LIABILITIES AND NET ASSETS

Liabilities:

Accounts Payable and Accrued Liabilities	\$874,136
Deferred Rent	785,555
Total Liabilities	1,659,691

Net Assets:

Unrestricted	8,735,923
Temporarily Restricted	15,970,618
Permanently Restricted	25,010,080
Total Net Assets	49,716,621

Total Liabilities and Net Assets \$51,376,312

[^] Communities In Schools fiscal year 2015 began October 1, 2014 and ended September 30, 2015

* Does not include family foundations

**In-kind contributions/services consist of donated media



MESSAGE FROM OUR FOUNDER



“I’ve run a good race.”

“I’m full of hope.”

Those are the two sentences that stand out in my mind from a breakfast that my wife Jean and I had with Muhammad Ali. It was the morning after his 70th birthday celebration, and his wife was kind enough to invite us to breakfast. His body ravaged by Parkinson’s disease, the boxing great struggled to form each word—and I think it was that very struggle that helped burn the words into my memory.

Two little sentences—one looking back, the other looking forward—perfectly capture my feelings about Communities In Schools at this pivotal moment. With the passage of a new education bill that officially recognizes student supports, we’ll be able to help countless additional students stay in school, escape poverty, and create a better life. With so much growth on the horizon, I can’t help being “full of hope.”

But as I look ahead to this exciting future, I can’t help thinking about how we got here. It’s been about “running a good race,” all right—not a sprint, not even a marathon, but rather a relay.

I remember in the late 1960s, when Muhammad Ali stopped by to encourage the kids in our Harlem street academies. We were so new and so small in those days, but even then we had a plan: We knew that if we could begin getting into the schools and connecting with the community, eventually we might achieve the critical mass to affect public policy.

I never thought I would see it happen in my lifetime. We called it our “100-year plan,” and those of us from the earliest days knew that eventually we would have to hand off the baton to another generation. I’m grateful for the new leaders who stepped up to run the race, and I’m amazed how far and how fast they have carried this effort.

Not that we’re done yet, of course. With 11 million kids living in poverty, the finish line is still far beyond our reach, and one day the baton will exchange hands once again. But even that prospect gives me hope, because we’ve created a self-perpetuating movement. Today’s CIS kids are tomorrow’s leaders, and I have no doubt that our wonderful alumni will help carry us through the many miles and many years that lie ahead, until we reach the ultimate dream of witnessing “The Last Dropout.”

Warmly,



William E. Milliken
Founder and Vice Chairman

HOW YOU CAN HELP



Donate



Advocate



Volunteer

Visit CommunitiesInSchools.org to learn more.



2345 Crystal Drive, Suite 700 Arlington, VA 22202

CommunitiesInSchools.org

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