College Possible, Inc.

Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

To the Board of Directors of
College Possible, Inc.

We have audited the accompanying financial statements of College Possible, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, 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.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Minneapolis, Minnesota
December 9, 2020

College Possible, Inc.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 4,309,093	$ 2,123,464
Accounts receivable	1,075,490	783,566
Promises to give	3,419,591	3,258,755
Prepaid expenses	420,863	337,534
Total current assets	9,225,037	6,503,319
Other Assets		
Investments	11,505,559	3,899,449
Promises to give, net	1,374,280	1,455,205
Total other assets	12,879,839	5,354,654
Equipment and Leasehold Improvements		
Computer software and equipment	1,713,306	1,589,283
Furniture and equipment	890,215	814,000
Leasehold improvements	869,083	803,987
	3,472,604	3,207,270
Less accumulated depreciation	(2,254,788)	(1,631,610)
Total equipment and leasehold improvements, net	1,217,816	1,575,660
Total assets	$ 23,322,692	$ 13,433,633
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 130,162	$ 236,612
Accrued expenses	1,564,588	982,952
Deferred revenue	3,790,766	-
Capital lease obligation	858	3,718
Deferred compensation	66,000	-
Total current liabilities	5,552,374	1,223,282
Long-Term Liabilities		
Deferred compensation	-	30,000
Deferred rent	279,191	273,293
Deferred revenue	4,003,700	-
Capital lease obligation	-	734
Total long-term liabilities	4,282,891	304,027
Total liabilities	9,835,265	1,527,309
Net Assets		
Without donor restrictions	6,399,151	5,585,181
With donor restrictions	7,088,276	6,321,143
Total net assets	13,487,427	11,906,324
Total liabilities and net assets	$ 23,322,692	$ 13,433,633

See notes to financial statements

College Possible, Inc.

Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenue						
Public Support:						
Contributions and grants	$ 10,939,519	$ 7,344,111	$ 18,283,630	$ 9,894,048	$ 4,463,248	$ 14,357,296
Government grants	4,452,069	-	4,452,069	4,150,921	-	4,150,921
Other contributions	997,234	-	997,234	1,696,556	-	1,696,556
Total public support	16,388,822	7,344,111	23,732,933	15,741,525	4,463,248	20,204,773
Program and Other Revenue:						
College partnership fees	703,000	-	703,000	370,750	-	370,750
Investment income	641,359	-	641,359	265,747	-	265,747
High school program service fees	221,000	-	221,000	174,600	-	174,600
Miscellaneous income	10,381	-	10,381	7,969	-	7,969
Total program and other revenue	1,575,740	-	1,575,740	819,066	-	819,066
Net assets released from restrictions	7,437,603	(7,437,603)	-	5,933,570	(5,933,570)	-
Total support and revenue	25,402,165	(93,492)	25,308,673	22,494,161	(1,470,322)	21,023,839
Expense						
Program services	18,983,738	-	18,983,738	17,086,527	-	17,086,527
General and administrative	2,416,466	-	2,416,466	2,126,207	-	2,126,207
Fundraising	3,738,958	-	3,738,958	2,939,867	-	2,939,867
Total expense	25,139,162	-	25,139,162	22,152,601	-	22,152,601
Change in net assets before inherent contribution	263,003	(93,492)	169,511	341,560	(1,470,322)	(1,128,762)
Inherent contribution	550,967	860,625	1,411,592	-	-	-
Change in Net Assets	813,970	767,133	1,581,103	341,560	(1,470,322)	(1,128,762)
Net Assets, Beginning	5,585,181	6,321,143	11,906,324	5,243,621	7,791,465	13,035,086
Net Assets, Ending	$ 6,399,151	$ 7,088,276	$ 13,487,427	$ 5,585,181	$ 6,321,143	$ 11,906,324

See notes to financial statements

College Possible, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 1,581,103	$ (1,128,762)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	502,654	417,041
Non-cash inherent contribution	905,925	-
Loss on disposal of equipment	-	1,724
Net unrealized gain on investments	(357,710)	(175,326)
Change in assets and liabilities:		
Accounts receivable	(335,509)	(50,282)
Promises to give	(940,536)	1,804,130
Prepaid expenses	(115,481)	11,426
Accounts payable	(123,448)	(180,085)
Accrued expenses	646,411	251,102
Deferred revenue	7,794,466	(58,826)
Deferred rent	5,898	252,524
Net Cash Flows From for Operating Activities	9,563,773	1,144,666
Cash Flows From Investing Activities		
Purchases of equipment and leasehold improvements	(126,150)	(984,507)
Purchases of investments	(7,000,000)	-
Reinvested income	(248,400)	(65,443)
Net Cash Flows Used for Investing Activities	(7,374,550)	(1,049,950)
Cash Flows From Financing Activities		
Payments on capital lease obligation	(3,594)	(13,342)
Net Cash Flows Used for Financing Activities	(3,594)	(13,342)
Net Change in Cash and Cash Equivalents	2,185,629	81,374
Cash and Cash Equivalents, Beginning	2,123,464	2,042,090
Cash and Cash Equivalents, Ending	$ 4,309,093	$ 2,123,464
Supplemental Disclosures of Cash Flow Information		
Equipment and leasehold improvements included accounts payable	$ 39,446	$ -

See notes to financial statements

College Possible, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020 (With Comparative Totals for 2019)

	2020				
	Program Services	**General and Administrative**	**Fundraising**	**Total**	**2019**
Personnel Costs					
Salaries and stipends	$ 11,313,719	$ 1,498,144	$ 2,331,281	$ 15,143,144	$ 12,204,830
Employee benefits	1,401,637	165,609	274,491	1,841,737	1,615,151
Payroll taxes	809,036	108,971	155,698	1,073,705	933,762
Total personnel costs	13,524,392	1,772,724	2,761,470	18,058,586	14,753,743
Other Costs					
Consulting	180,918	298,090	306,932	$ 785,940	367,821
Professional fees	214,899	151,310	78,299	444,508	494,700
Postage and supplies	41,077	1,958	3,246	46,281	72,496
Occupancy	2,022,539	52,003	86,193	2,160,735	2,804,294
Technology	816,588	38,931	64,527	920,046	827,202
Transportation and meetings	281,514	17,746	41,113	340,373	420,646
Staff acquisition, training and recognition	665,138	48,971	81,168	795,277	701,591
Student support costs	696,224	-	-	696,224	814,612
Marketing and communication	51,180	11,080	277,348	339,608	441,782
Depreciation expense	446,131	21,270	35,253	502,654	417,041
Insurance and other	43,138	2,383	3,409	48,930	36,673
Total other costs	5,459,346	643,742	977,488	7,080,576	7,398,858
Total expenses	$ 18,983,738	$ 2,416,466	$ 3,738,958	$ 25,139,162	$ 22,152,601

See notes to financial statements

College Possible, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	General and Administrative	Fundraising	Total
Personnel Costs				
Salaries and stipends	$ 9,079,511	$ 1,328,087	$ 1,797,232	$ 12,204,830
Employee benefits	1,249,338	150,340	215,473	1,615,151
Payroll taxes	700,510	97,188	136,064	933,762
Total personnel costs	11,029,359	1,575,615	2,148,769	14,753,743
Other Costs				
Consulting	100,033	161,360	106,428	367,821
Professional fees	278,122	164,586	51,992	494,700
Postage and supplies	64,749	3,184	4,563	72,496
Occupancy	2,666,660	56,564	81,070	2,804,294
Technology	738,801	36,331	52,070	827,202
Transportation and meetings	346,413	21,417	52,816	420,646
Staff acquisition, training and recognition	606,136	69,016	26,439	701,591
Student support costs	814,612	-	-	814,612
Marketing and communication	36,415	18,207	387,160	441,782
Depreciation expense	372,473	18,316	26,252	417,041
Insurance and other	32,754	1,611	2,308	36,673
Total other costs	6,057,168	550,592	791,098	7,398,858
Total expenses	$ 17,086,527	$ 2,126,207	$ 2,939,867	$ 22,152,601

1. Summary of Significant Accounting Policies

Nature of Organization

College Possible, Inc. (the Organization) is a national nonprofit organization dedicated to making college admission and success possible for students from low-income backgrounds through an intensive curriculum of coaching and support. Its mission is to identify young people with the potential and the motivation for college and then provide them with five critical services: (1) academic support through ACT/SAT test preparation; (2) college application assistance; (3) financial aid consulting; (4) guidance in transition to college; and, (5) coaching throughout college to support the academic confidence, financial literacy and resilience needed to graduate.

The program served nearly 22,000 students in the 2019-20 academic year including 5,600 high school students, 10,700 college students, 2,700 students through CollegePoint, a technology-driven coaching approach, and 2,900 students via Catalyze, a program designed to build the capacity of colleges and universities to better support, retain, and graduate their students from low-income backgrounds. Headquartered in Saint Paul, Minnesota, College Possible also operates in Philadelphia, PA; Chicago, IL; Milwaukee, WI; Omaha, NE; Portland, OR; Seattle, WA; and has Catalyze partnerships in Minnesota, Iowa, New York, Maryland, Tennessee, California and Ohio.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or the passage of time or maintained permanently by the Organization.

Contributions restricted by donors are reported 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments received under cost-reimbursement contracts received in advance are deferred (and are presented as deferred revenue on the statements of financial position) to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Unconditional contributions are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until they become unconditional, that is, when the conditions on which they depend are met. When donor-restrictions are met in the same year they are received, the conditional promises to give are recorded as without donor restrictions, when the conditions are met.

Donated Materials and Facilities

Donated materials and facilities are reflected as support in the statements of activities at their estimated fair value on the date of donation. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with these skills and would otherwise be purchased by the Organization. Volunteers also provides services throughout the year that are not recognized as contributions in the financial statements, as the criteria above were not met.

Use of Estimates

The preparation of the 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

The Organization considers all short-term instruments purchased with maturity of 3 months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits and U.S. Government money market funds. Excluded from cash and cash equivalents are cash and money market funds maintained for investment purposes.

Receivables and Credit Policies

The Organization uses the allowance method to account for uncollectible contributions, grants and accounts receivable. The allowance is based on prior years' experience and management's analysis of the outstanding receivables. This method provides allowances for doubtful receivables equal to the estimated losses that will be incurred in the collection of receivables. At June 30, 2020 and 2019, the Organization believes all balances are collectible; therefore, no allowance is necessary.

Promises to Give

The Organization records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.
In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Conditional Grants

A portion of the Organization’s revenue is derived from cost-reimbursable grants and contracts, 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 or met milestones in compliance with specific grant or contract provisions, in the appropriate categories of net assets in accordance with donor restrictions. The Organization has conditional grants of $5,944,000 outstanding at June 30, 2020, which will be recognized as revenue when qualifying expenses are incurred or milestones are met. Additionally, the Organization has received some funds in advance for conditional awards that it expects to recognize in future years, after milestones are reached or qualified expenses are incurred. These funds have been recorded as deferred revenue in the amount of $7,794,466 in the statement of financial position at June 30, 2020.

Equipment and Leasehold Improvements

Expenditures for the acquisition of equipment and leasehold improvements equal to or greater than $5,000 and with a life greater than one year are recorded at cost. Contributed equipment and leasehold improvements are recorded at fair value at the date of donation. Depreciation of equipment and leasehold improvements is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to five years or the life of the lease. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities within general and administrative expenses. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying value of equipment and leasehold improvements for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain (loss) is reported in the statements of activities as a component of investment income and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization. These expenses include depreciation, administration, communications, information technology, and facilities operations. These expenses were allocated based on headcount, using percentage of time in each category. Other expenses were allocated on estimates of time and effort.

Income Taxes

The Organization is organized as a Minnesota not-for-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and has been classified as an organization that is not a private foundation under IRC Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on any net income that is derived from business activities that are unrelated to its exempt purpose. During fiscal years 2020 and 2019, the Organization did not earn any income subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities, if such interest and penalties were incurred. There was no such liability as of June 30, 2020 and 2019.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and investment accounts with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed federally insured limits. The Organization has not experienced losses in any of these accounts during the years ended June 30, 2020 and June 30, 2019. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Budget and Oversight Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the Budget and Oversight Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

New Accounting Pronouncements

The following Accounting Standards Updates (ASU) have been issued, but are not yet effective:

- ASU 2014-09, *Revenue from Contracts with Customers* - ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2019 (fiscal year 2021).

- ASU No.2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed nonfinancial Assets* - ASU No. 2020-07 is effective for fiscal years beginning after June 15, 2021 (fiscal year 2022).

- ASU No. 2016-02, *Leases* - ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021 (fiscal year 2023), with early adoption permitted.

The Organization is assessing the impact these standards will have on its financial statements.

New Accounting Pronouncement Adopted in the Current Year

During June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted this standard as of July 1, 2019 using the modified prospective approach. As a result of the adoption of the standard, the Organization recognized $7,794,466 of conditional grants as deferred revenue and $1,782,000 of outstanding conditional grants are disclosed in Note 1 at June 30, 2020.

Subsequent Events

The Organization has evaluated subsequent events through December 9, 2020, which is the date that the financial statements were available to be issued.

2. Liquidity and Availability

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other financial assets that are excluded from this measure of liquidity include amounts restricted by donors or the Board of Directors.

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 4,309,093	$ 2,123,464
Accounts receivable	1,075,490	783,566
Promises to give	4,793,871	4,713,960
Investments	11,505,559	3,899,449
Financial assets at June 30	21,684,013	11,520,439
Less those unavailable for general expenditure within one year:		
Promises to give, net	(1,374,280)	(1,455,205)
Time restricted net assets	(3,428,333)	(2,349,888)
Purpose restricted net assets	(2,285,663)	(2,516,050)
Conditional grant advance	(2,000,000)	-
Financial assets unavailable for general expenditure within one year	(9,088,276)	(6,321,143)
Donor restrictions which will be met within one year	5,083,996	4,421,148
Total	$ 17,679,733	$ 9,620,444

As of June 30, 2020, the Organization had liquid and available assets on hand to cover approximately seven months of operating expenses. The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due and targets a minimum of three months of operating expenses coverage at any point in time.

3. Fair Value Measurements and Investments

Fair Value Hierarchy

Certain assets and liabilities are reported at fair value. Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes 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, or market-corroborated data.

Level 3 - Inputs that are unobservable for the assets or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Mutual funds are classified as Level 1, with quoted prices in active markets.

The following table presents assets measured at fair value on a recurring basis are as follows at June 30, 2020:

	Level 1	Level 2	Level 3
Mutual Funds:			
Domestic equity	$ 1,991,032	$ -	$ -
International equity	1,337,886	-	-
Fixed income	8,176,641	-	-
Total investments	$ 11,505,559	$ -	$ -

The following table presents assets measured at fair value on a recurring basis are as follows at June 30, 2019:

	Level 1	Level 2	Level 3
Mutual Funds:			
Domestic equity	$ 798,580	$ -	$ -
International equity	450,901	-	-
Fixed income	2,649,968	-	-
Total investments	$ 3,899,449	$ -	$ -

Investment income included in the statements of activities consists of the following:

	2020	2019
Interest and dividends, net of fees	$ 283,549	$ 90,421
Net realized and unrealized gains	357,710	175,326
Total investment income	$ 641,359	$ 265,747

4. Promises to Give, Net

Unconditional promises to give are estimated to be collected as follows at June 30:

	2020	2019
Within one year	$ 3,419,591	$ 3,258,755
In one to five years	1,416,783	1,500,211
	4,836,374	4,758,966
Less discount to net present value	(42,503)	(45,006)
Promise to give, net	$ 4,793,871	$ 4,713,960

Contributions due in greater than one year were discounted using a rate of 3.0 percent during fiscal years 2020 and 2019. At June 30, 2020 and 2019, three donors accounted for 35 percent and 48 percent of total promises to give, respectively.

5. Capital Lease Obligations

The Organization leases certain telecommunication systems which are classified as capital leases. The leases expire over the next fiscal year.

Future minimum payments under these agreements are as follows:

Year ending June 30:	
2021	$ 888
Less amount representing interest	(30)
Capital lease obligation	$ 858

At June 30, 2020 and 2019, assets recorded under the capital lease agreement totaled $64,903, less $64,507 and $62,141 of accumulated amortization, respectively.

6. Operating Leases

The Organization leases space in Chicago, Illinois; St. Paul, Minnesota; Omaha, Nebraska; Portland, Oregon; Philadelphia, Pennsylvania; Seattle, Washington; and Milwaukee, Wisconsin, under various operating leases expiring in fiscal years 2021 through 2026.

Future minimum rental payments required under the leases are as follows:

Years ending June 30:	
2021	$ 955,587
2022	641,604
2023	636,495
2024	504,834
2025	489,819
Thereafter	547,083
Total	$ 3,775,422

Total rent expense was $1,019,486 and $976,870 for the years ended June 30, 2020 and 2019, respectively.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2020	2019
Time restrictions	$ 4,194,163	$ 3,805,093
Purpose restrictions	2,894,113	2,516,050
Total net assets with donor restrictions	$ 7,088,276	$ 6,321,143

Net assets were released from restrictions as follow during the years ended June 30:

	2020	2019
Time restrictions	$ 3,227,769	$ 2,287,143
Purpose restrictions	4,209,834	3,646,427
Total net assets released from restrictions	$ 7,437,603	$ 5,933,570

8. Other Contributions

The value of services and other in-kind contributions for program related services, recorded as contribution revenue in the statements of activities at their estimated fair value at the date of donation for the years ended June 30 is as follows:

	2020	2019
Rent	$ 931,771	$ 1,516,400
Marketing	46,576	125,188
Program expenses	18,887	48,955
Other	-	6,013
Total	$ 997,234	$ 1,696,556

9. Contingencies

The continuation of funding from federal and other sources is contingent upon availability of funds and project performance. The funds are awarded annually based either upon receipt and approval of a program application or upon completion of a performance review. In addition, expenditures made under federal grants are subject to review and audit by the grantor agencies. Management believes that any liability for reimbursement, which may arise as a result of these audits, is not material to the Organization's financial statements.

10. Retirement Plan

A Safe Harbor 401(k) plan was implemented on September 1, 2007. Employees are eligible to participate in the plan on the first of the month following 30 days of service, having attained age 18 and which are expected to work 1,000 hours in 12 consecutive months. The Organization will make matching contributions in two different ways. The Safe Harbor match is equal to the sum of 100 percent of the amount of the salary reductions that are not in excess of 5 percent of compensation and vesting is immediate. The discretionary match, which begins after one year of qualified service, is 50 percent of the salary reduction amounts that exceed 5 percent of compensation but not in excess of 9 percent of compensation. Employees can opt out of the plan or change their contribution at any time. Employer contributions and expense for the 401(k) plan were $425,811 and $379,368 for the years ended June 30, 2020 and 2019, respectively.

11. Paycheck Protection Program

On April 18, 2020, the Organization entered into a new loan facility under the recent government enacted Paycheck Protection Program (PPP) (part of the Coronavirus Aid, Relief and Economic Stability Act) administered by the Small Business Administration. The Organization borrowed $2,003,700 under the loan facility. The loan carries a fixed interest rate of 1% and matures on April 18, 2022. Subsequent regulations deferred payments until the date on which the amount of forgiveness is remitted to the lender or, if College Possible fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. Borrowings under this facility are unsecured. Loans under the PPP have a loan forgiveness feature based on the level of payroll, rent and utilities costs over a twenty-four week period commencing on the date of the loan. Management anticipates that most of the outstanding balance on the loan will be forgiven. The PPP loan is recorded as deferred revenue in the June 30, 2020 statement of financial position.

12. Acquisition

On August 1, 2019, College Possible, Inc. acquired College Access Now. This acquisition expands College Possible Inc.'s ability to enhance offerings and expand services in underserved areas. The statement of financial position as of the acquisition date of August 1, 2019 is as follows:

	College Access Now
Assets	
Current assets:	
Cash and cash equivalents	$ 505,667
Account receivables	43,585
Promises to give, net	545,625
Prepaid expenses	32,152
Total current assets	1,127,029
Other assets:	
Investments	315,000
Property and equipment	20,786
Total other assets	335,786
Total assets	$ 1,462,815
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	$ 22,448
Accrued expenses	28,775
Total current liabilities	51,223
Net assets:	
Without donor restrictions	550,967
With donor restrictions	860,625
Total net assets	1,411,592
Total liabilities and assets	$ 1,462,815

There was no consideration transferred as part of the acquisition. Net assets totaling $1,411,592 are recorded as an inherent contribution in the statement of activities for the year ended June 30, 2020.