College Possible, Inc.

Financial Statements

June 30, 2022 and 2021

Independent Auditors' Report

To the Board of Directors of
College Possible, Inc.

Opinion

We have audited the financial statements of College Possible, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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 (GAAP).

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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.

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 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.

Baker Tilly US, LLP

Minneapolis, Minnesota
January 17, 2023

College Possible, Inc.

Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 4,242,876	$ 4,084,159
Accounts receivable	2,367,362	1,103,185
Promises to give	2,968,385	2,319,382
Prepaid expenses	402,553	508,861
Total current assets	9,981,176	8,015,587
Other Assets		
Investments	9,387,719	10,745,146
Endowment investments	2,297,205	2,695,060
Promises to give, net	887,540	1,075,682
Total other assets	12,572,464	14,515,888
Equipment and Leasehold Improvements		
Computer software and equipment	2,127,732	1,849,251
Furniture and equipment	897,330	897,330
Leasehold improvements	869,082	869,083
	3,894,144	3,615,664
Less accumulated depreciation	(3,164,474)	(2,710,687)
Total equipment and leasehold improvements, net	729,670	904,977
Total assets	$ 23,283,310	$ 23,436,452
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 502,632	$ 252,913
Accrued expenses	1,292,952	1,152,377
Deferred revenue	1,147,176	3,117,999
Total current liabilities	2,942,760	4,523,289
Long-Term Liabilities		
Deferred rent	255,380	267,181
Long-term loans payable	1,000,000	-
Total long-term liabilities	1,255,380	267,181
Total liabilities	4,198,140	4,790,470
Net Assets		
Without donor restrictions	9,116,812	10,759,267
With donor restrictions	9,968,358	7,886,715
Total net assets	19,085,170	18,645,982
Total liabilities and net assets	$ 23,283,310	$ 23,436,452

See notes to financial statements

College Possible, Inc.

Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities						
Support and Revenue						
Public Support:						
Contributions and grants	$ 15,682,162	$ 6,138,040	$ 21,820,202	$ 14,713,351	$ 3,262,006	$ 17,975,357
Government grants	5,904,074	515,000	6,419,074	4,378,413	-	4,378,413
PPP loan forgiveness	670,197	-	670,197	2,003,700	-	2,003,700
Other contributions	71,430	-	71,430	88,915	-	88,915
Total public support	22,327,863	6,653,040	28,980,903	21,184,379	3,262,006	24,446,385
Program and Other Revenue:						
College partnership fees	940,550	-	940,550	726,500	-	726,500
High school program service fees	353,416	-	353,416	217,500	-	217,500
CoPilot partnership fees	850,091	-	850,091	-	-	-
Miscellaneous (loss)/gain	(25,059)	-	(25,059)	1,610	-	1,610
Total program and other revenue	2,118,998	-	2,118,998	945,610	-	945,610
Net assets released from restrictions	5,556,935	(5,556,935)	-	5,158,627	(5,158,627)	-
Total support and revenue	30,003,796	1,096,105	31,099,901	27,288,616	(1,896,621)	25,391,995
Expense						
Program services	21,474,858	-	21,474,858	18,406,633	-	18,406,633
General and administrative	2,943,001	-	2,943,001	2,294,715	-	2,294,715
Fundraising	3,537,672	-	3,537,672	3,470,089	-	3,470,089
Total expense	27,955,531	-	27,955,531	24,171,437	-	24,171,437
Change in net assets before inherent contribution	2,048,265	1,096,105	3,144,370	3,117,179	(1,896,621)	1,220,558
Inherent contribution	(2,334,996)	1,114,644	(1,220,352)	-	-	-
Total change in operating activities	(286,731)	2,210,749	1,924,018	3,117,179	(1,896,621)	1,220,558
Nonoperating Activities						
Interest income	1,703	-	1,703	3,350	-	3,350
Investment return (losses)/gains, net	(1,357,427)	-	(1,357,427)	1,239,587	-	1,239,587
Endowment return (losses)/gains, net	-	(397,856)	(397,856)	-	241,768	241,768
Endowment contributions	-	268,750	268,750	-	2,453,292	2,453,292
Total nonoperating activities	(1,355,724)	(129,106)	(1,484,830)	1,242,937	2,695,060	3,937,997
Change in net assets	(1,642,455)	2,081,643	439,188	4,360,116	798,439	5,158,555
Net Assets, Beginning	10,759,267	7,886,715	18,645,982	6,399,151	7,088,276	13,487,427
Net Assets, Ending	$ 9,116,812	$ 9,968,358	$ 19,085,170	$ 10,759,267	$ 7,886,715	$ 18,645,982

See notes to financial statements

College Possible, Inc.

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ 439,188	$ 5,158,555
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	407,165	455,899
Loss on disposal of equipment	46,623	-
Net unrealized losses/(gains) on investments	2,000,495	(1,239,328)
PPP forgiveness	(670,197)	(2,003,700)
Inherent contribution	1,707,919	-
Change in assets and liabilities:		
Accounts receivable	(1,040,822)	(27,695)
Promises to give	(510,831)	1,398,807
Prepaid expenses	161,397	(87,998)
Accounts payable	196,522	122,751
Accrued expenses	(49,962)	(478,211)
Deferred revenue	(2,087,382)	(2,672,767)
Deferred rent	(11,801)	(12,010)
Contributions restricted LT investment	(268,750)	(2,453,292)
Net cash flows from operating activities	319,564	(1,838,989)
Cash Flows From Investing Activities		
Purchases of equipment and leasehold improvements	(184,384)	(143,060)
Purchases of investments	-	(453,291)
Reinvested Income	(245,213)	(242,028)
Net cash flows from investing activities	(429,597)	(838,379)
Cash Flows From Financing Activities		
Contributions restricted LT investment	268,750	2,453,292
Payments on capital lease obligation	-	(858)
Net cash flows from financing activities	268,750	2,452,434
Net change in cash and cash equivalents	158,717	(224,934)
Cash and Cash Equivalents, Beginning	4,084,159	4,309,093
Cash and Cash Equivalents, Ending	$ 4,242,876	$ 4,084,159

See notes to financial statements

College Possible, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022 (With Comparative Totals for 2021)

	2022				
	Program Services	General and Administrative	Fundraising	Total	2021
Personnel Costs					
Salaries and stipends	$ 13,044,379	$ 1,504,734	$ 2,011,377	$ 16,560,490	$ 15,045,503
Employee benefits	1,724,478	140,619	226,878	2,091,975	2,015,396
Payroll taxes	965,264	106,718	145,867	1,217,849	1,174,081
Total personnel costs	15,734,121	1,752,071	2,384,122	19,870,314	18,234,980
Other Costs					
Consulting	562,214	702,781	606,018	1,871,013	1,132,960
Professional fees	178,000	212,075	73,182	463,257	321,491
Postage and supplies	47,155	1,851	2,987	51,993	92,878
Occupancy	1,245,200	48,886	78,874	1,372,960	1,251,171
Technology	1,163,066	45,662	73,672	1,282,400	1,028,313
Transportation and meetings	51,024	117,092	2,671	170,787	16,503
Staff acquisition, training and recognition	647,470	37,703	60,830	746,003	399,384
Student support costs	1,374,588	-	-	1,374,588	986,420
Marketing and communication	30,096	7,530	227,323	264,949	196,857
Depreciation expense	369,276	14,498	23,391	407,165	455,899
Insurance and other	72,648	2,852	4,602	80,102	54,581
Total other costs	5,740,737	1,190,930	1,153,550	8,085,217	5,936,457
Total expenses	$ 21,474,858	$ 2,943,001	$ 3,537,672	$ 27,955,531	$ 24,171,437

See notes to financial statements

College Possible, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Personnel Costs				
Salaries and stipends	$ 11,402,124	$ 1,520,740	$ 2,122,639	$ 15,045,503
Employee benefits	1,578,509	171,967	264,920	2,015,396
Payroll taxes	884,931	120,395	168,755	1,174,081
Total personnel costs	13,865,564	1,813,102	2,556,314	18,234,980
Other Costs				
Consulting	535,508	106,680	490,772	1,132,960
Professional fees	90,407	196,231	34,853	321,491
Postage and supplies	31,332	31,369	30,177	92,878
Occupancy	1,126,101	49,230	75,840	1,251,171
Technology	925,521	40,461	62,331	1,028,313
Transportation and meetings	7,262	8,736	505	16,503
Staff acquisition, training and recognition	345,496	21,211	32,677	399,384
Student support costs	986,420	-	-	986,420
Marketing and communication	33,517	7,666	155,674	196,857
Depreciation expense	410,327	17,938	27,634	455,899
Insurance and other	49,178	2,091	3,312	54,581
Total other costs	4,541,069	481,613	913,775	5,936,457
Total expenses	$ 18,406,633	$ 2,294,715	$ 3,470,089	$ 24,171,437

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 over 29,000 students in the 2021-22 academic year including 6,682 high school students, 17,321 college students, 2,201 students through CollegePoint, a technology-driven coaching approach and 3,062 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; Austin, TX; and has Catalyze partnerships in Minnesota, Iowa, New York, 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.

In the absence of donor stipulations or law to the contrary, gains or losses on the investments of donor-restricted endowment funds increase or decrease net assets with donor restrictions. Gains and losses on other investments are classified as changes in net assets without donor 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

Partnership fees and program fees are recognized at the amount that reflects the consideration to which the Organization expects to be entitled in services provided. These amounts are due from colleges and high school partners. Performance obligations are determined based on the nature of the services provided by the Organization. Revenues for performance obligations of providing coaches and program support is satisfied ratably over the academic year. Contracts are combined into a single portfolio of similar contracts. Generally, each participating organization is billed monthly with payment due within 30 days of receipt. The Organization determines the transaction price based on standard charges for services provided, reduced by discounts provided in accordance with the Organization's policies.

The Organization also derives its revenues from subscription services to its Co-Pilot software and related professional services. The transaction price generally includes fixed fees invoiced in advance of transferring services.

Subscription services, which allow customers to access hosted software applications over the contract period without taking possession of the intellectual property, and support services are considered distinct performance obligations. Services rendered under these arrangements represent a series of distinct performance obligations that are substantially the same and have the same pattern of transfer to the customer. Revenue is recognized in the period the services are provided, which may be ratably over the term of the arrangement for fixed priced contracts. Subscription and support services may be bundled with professional services consisting of configuration and training services to assist the Organization’s customers as they deploy its solutions. These services do not result in significant customization of the subscription services and are considered distinct performance obligations. Professional services are recognized over time as the Organization transfers control using an input method based on labor hours expended.

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.

Measure of Operations

In its statements of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Nonoperating activity consists primarily of interest income, investment return, including net realized and unrealized gains and losses and endowment contributions.

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, 2022 and 2021, 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 $12,342,461 outstanding at June 30, 2022, 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 grants 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 $936,331 and $3,117,999 in the statement of financial position at June 30, 2022 and 2021, respectively.

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, 2022 and 2021.

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 return and consists of interest and dividend income, realized and unrealized 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 and state 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 2022 and 2021, 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, 2022 and 2021.

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, 2022 and June 30, 2021. 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 No. 2016-02, *Leases* - ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021 (fiscal year 2023).
- ASU No. 2016-13, *Financial Instruments* – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments is effective for fiscal years beginning after December 15, 2021 (fiscal year 2023).

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

During 2022, the Organization adopted 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 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets. The adoption of ASU 2020-07 had no impact on financial statement presentation when applied retrospectively to all periods presented.

Subsequent Events

The Organization has evaluated subsequent events through January 17, 2023, 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, 2022 and 2021, 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.

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 4,242,876	$ 4,084,159
Accounts receivable	2,367,362	1,103,185
Promises to give	3,855,925	3,395,064
Investments	11,684,924	13,440,206
Financial assets at June 30	22,151,087	22,022,614
Less those unavailable for general expenditure within one year:		
Promises to give, net	(887,540)	(1,075,682)
Time restricted net assets	(2,740,408)	(2,836,020)
Purpose restricted net assets	(6,340,410)	(3,975,013)
Financial assets unavailable for general expenditure within one year	(9,968,358)	(7,886,715)
Donor restrictions which will be met within one year	5,885,157	3,548,994
Total	$ 18,067,886	$ 17,684,893

As of June 30, 2022, the Organization had liquid and available assets on hand to cover approximately 7 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.

The Organization maintains an operating line of credit totaling $4,000,000 at a bank for the purpose of financing short-term operating cash flow requirements. Interest is due monthly at the prime interest rate (4.75 percent at June 30, 2022). The scheduled maturity on the line of credit is January 31, 2024. The line of credit is secured by substantially all assets of the Organization. As of June 30, 2022, no amounts were outstanding on the line of credit. The agreement establishes various positive and negative covenants, including liquid asset requirements.

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.

There have been no changes in the methodologies used at June 30, 2022 and 2021.

Following is a description of the valuation methodologies used for assets measured at fair value.

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, 2022:

	Level 1	Level 2	Level 3
Investments:			
Mutual funds:			
Domestic equity	$ 2,641,517	$ -	$ -
International equity	1,727,878	-	-
Fixed income	7,305,945	-	-
Cash equivalents	9,584	-	-
Total investments	$ 11,684,924	$ -	$ -

The following table presents assets measured at fair value on a recurring basis are as follows at June 30, 2021:

	Level 1	Level 2	Level 3
Investments:			
Mutual funds:			
Domestic equity	$ 3,738,746	$ -	$ -
International equity	2,116,895	-	-
Fixed income	7,317,013	-	-
U.S. listed real estate	203,590	-	-
Cash equivalents	63,962	-	-
Total investments	$ 13,440,206	$ -	$ -

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

	2022	2021
Interest and dividends, net of fees	$ 246,915	$ 245,377
Net realized and unrealized (losses)/gains	(2,000,495)	1,239,328
Total investment return	$ (1,753,580)	$ 1,484,705

4. Promises to Give, Net

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

	2022	2021
Within one year	$ 2,968,385	$ 2,319,382
In one to five years	899,959	1,108,950
	3,868,344	3,428,332
Less discount to net present value	(12,419)	(33,268)
Promise to give, net	$ 3,855,925	$ 3,395,064

Contributions due in greater than one year were discounted using rates of 1.4 percent and 3 percent during fiscal years 2022 and 2021, respectively. At June 30, 2022 and 2021, three donors accounted for 25 percent and 41 percent of total promises to give, respectively.

5. 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 2023 through 2028.

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

Years ending June 30:	
2023	$ 977,009
2024	860,447
2025	762,894
2026	775,371
2027	228,972
Thereafter	86,100
Total	$ 3,690,793

Total rent expense was $1,169,187 and $1,115,119 for the years ended June 30, 2022 and 2021, respectively.

6. Net Assets With Donor Restrictions

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

	2022	2021
Time restrictions	$ 3,627,948	$ 3,911,702
Purpose restrictions	6,340,410	3,975,013
Total net assets with donor restrictions	$ 9,968,358	$ 7,886,715

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

	2022	2021
Time restrictions	$ 4,010,594	$ 4,196,800
Purpose restrictions	1,546,341	961,827
Total net assets released from restrictions	$ 5,556,935	$ 5,158,627

7. 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:

	2022	2021
Marketing	$ 13,193	$ 10,196
Program expenses	58,237	23,119
Other	-	55,600
Total	$ 71,430	$ 88,915

8. 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.

9. 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 $434,611 and $478,183 for the years ended June 30, 2022 and 2021, respectively.

10. 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 (CARES) Act) administered by the Small Business Administration (SBA). The Organization borrowed $2,003,700 under the loan facility. The loan carried a fixed interest rate of 1 percent and matured on April 18, 2022. Subsequent regulations deferred payments until the date on which the amount of forgiveness was remitted to the lender. On November 25, 2020 the Organization submitted required information to the SBA to apply for full forgiveness of the loan amount. On June 14, 2021, the SBA provided notice to the lender and College Possible, Inc. that the loan balance had been fully forgiven. The Organization has elected to recognize these funds as PPP loan forgiveness in the June 30, 2021 statement of activities.

On February 25, 2021, 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 (CARES) Act) administered by the Small Business Administration (SBA). The Organization borrowed $670,197 under the loan facility. The loan carried a fixed interest rate of 1 percent and matured on February 24, 2026. Subsequent regulations deferred payments until the date on which the amount of forgiveness was remitted to the lender. On August 31, 2021 the Organization submitted required information to the SBA to apply for full forgiveness of the loan amount. On September 3, 2021, the SBA provided notice to the lender and College Possible, Inc. that the loan balance had been fully forgiven. The Organization has elected to recognize these funds as PPP loan forgiveness in the June 30, 2022 statement of activities.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

11. Endowment Funds

The Organization's endowment fund was established in fiscal year 2022 for the purpose of providing academic scholarships to students enrolled with College Possible. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds includes only donor restricted funds.

The Organization has interpreted the Minnesota enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA), requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors. See Note 1 for further information on net asset classifications. The donor restricted endowment funds are recorded as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: 1) The duration and preservation of the fund; 2) The purposes of the Organization and the donor-restricted endowment fund; 3) General economic conditions; 4) The possible effect of inflation and deflation; 5) The expected total return from income and the appreciation of investments; 6) Other resources of the Organization; and 7) The investment policies of the Organization. No distributions were made from the fund in the current operating year.

Endowment net asset composition by nature of restriction consists of the following as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Original contributions – held in perpetuity	$ -	$ 2,453,292	$ 2,453,292
Accumulated earnings	-	(156,087)	(156,087)
Total	$ -	$ 2,297,205	$ 2,297,205

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restriction: Original Gift	With Donor Restriction: Accumulated Gains	With Donor Restriction: Total	Total Funds June 30, 2022
Endowment net assets, June 30, 2021	$ -	$ 2,453,292	$ 241,768	$ 2,695,060	$ 2,695,060
Investment return	-	(397,855)		(397,855)	(397,855)
Additions to endowment	-	-	-	-	-
Endowment net assets, June 30, 2022	$ -	$ 2,055,437	$ 241,768	$ 2,297,205	$ 2,297,205

Endowment net asset composition by nature of restriction consists of the following as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Original contributions - held in perpetuity	$ -	$ 2,453,292	$ 2,453,292
Accumulated earnings	-	241,768	241,768
	$ -	$ 2,695,060	$ 2,695,060

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restriction: Original Gift	With Donor Restriction: Accumulated Gains	With Donor Restriction: Total	Total Funds June 30, 2021
Endowment net assets, June 30, 2020	$ -	$ -	$ -	$ -	$ -
Investment return	-	-	241,768	241,768	241,768
Additions to endowment	-	2,453,292	-	2,453,292	2,453,292
Endowment net assets, June 30, 2021	$ -	$ 2,453,292	$ 241,768	$ 2,695,060	$ 2,695,060

12. Long-Term Debt

As a part of the College Forward acquisition, the Organization assumed two debt agreements totaling $1,000,000 with nonprofit organizations. The loans bear interest at 2.5 percent per annum payable quarterly, with three equal principal payments due annually beginning August 2023. The loans mature August 2025. The loans require that the audit report be provided to the lenders within 120 days of year end, which was waived in 2022.

Future scheduled principal payments were as follows:

Years ending June 30:	
2023	$ 333,333
2024	333,333
2025	333,334
Total	$ 1,000,000

13. Acquisition

On July 1, 2021, College Possible, Inc. acquired College Forward. 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 College Forward is as follows:

	College Forward
Assets	
Cash and cash equivalents	$ 416,573
Government grant receivables	12,681
Private grant receivables, net	53,805
Accounts receivable	106,899
Prepaid expenses	55,089
Property and equipment, net	94,097
Total assets	$ 739,144

	College Forward
Liabilities and Net Deficit	
Liabilities:	
Accounts payable	$ 53,197
Accrued liabilities	190,537
Contract liabilities	116,559
Long-term debt	1,670,198
Total liabilities	2,030,491
Net deficit:	
Without donor restrictions	(2,405,991)
With donor restrictions	1,114,644
Total net deficit	(1,291,347)
Total liabilities and net deficit	$ 739,144

There was no consideration transferred as part of the acquisition. As a result of the acquisition, College Forward terminated their office lease before the expiration date and recognized $70,995 in deferred rent liabilities as revenue as of the date of the acquisition. Net deficit totaling $1,220,352 was recorded as an inherent contribution in the statement of activities for the year ended June 30, 2022.