College Possible, Inc.

Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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 19, 2024

College Possible, Inc.

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 1,600,750	$ 4,242,876
Accounts receivable	2,510,994	2,367,362
Promises to give	2,038,923	2,968,385
Prepaid expenses	601,201	402,553
Total current assets	6,751,868	9,981,176
Other Assets		
Investments	9,450,193	9,387,719
Endowment investments	2,946,202	2,297,205
Promises to give, net	565,369	887,540
Operating right-of-use assets, net	3,141,730	-
Total other assets	16,103,494	12,572,464
Equipment and Leasehold Improvements		
Computer software and equipment	830,376	2,127,732
Furniture and equipment	127,207	897,330
Leasehold improvements	694,572	869,082
	1,652,155	3,894,144
Less accumulated depreciation	(943,556)	(3,164,474)
Total equipment and leasehold improvements, net	708,599	729,670
Total assets	$ 23,563,961	$ 23,283,310
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 458,168	$ 502,632
Accrued expenses	1,266,933	1,292,952
Deferred revenue	1,524,161	1,147,176
Operating lease liabilities, current	847,446	-
Loan payable, current	333,333	-
Total current liabilities	4,430,041	2,942,760
Long-Term Liabilities		
Deferred rent	-	255,380
Operating lease liabilities, net of current portion	2,422,265	-
Loan payable, net of current portion	666,667	1,000,000
Total long-term liabilities	3,088,932	1,255,380
Total liabilities	7,518,973	4,198,140
Net Assets		
Without donor restrictions	7,434,965	9,116,812
With donor restrictions	8,610,023	9,968,358
Total net assets	16,044,988	19,085,170
Total liabilities and net assets	$ 23,563,961	$ 23,283,310

See notes to financial statements

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities						
Support and Revenue						
Public Support:						
Contributions and grants	$ 12,133,850	$ 4,099,222	$ 16,233,072	$ 15,682,162	$ 6,138,040	$ 21,820,202
Government grants	5,755,292	750	5,756,042	5,904,074	515,000	6,419,074
PPP loan forgiveness	-	-	-	670,197	-	670,197
Other contributions (includes in-kind)	40,542	-	40,542	71,430	-	71,430
Total public support	17,929,684	4,099,972	22,029,656	22,327,863	6,653,040	28,980,903
Program and Other Revenue:						
College partnership fees	915,633	-	915,633	940,550	-	940,550
High school program service fees	392,750	-	392,750	353,416	-	353,416
CoPilot partnership fees	924,867	-	924,867	850,091	-	850,091
Miscellaneous gains/(losses)	214,405	-	214,405	(25,059)	-	(25,059)
Total program and other revenue	2,447,655	-	2,447,655	2,118,998	-	2,118,998
Net assets released from restrictions	5,838,555	(5,838,555)	-	5,556,935	(5,556,935)	-
Total support and revenue	26,215,894	(1,738,583)	24,477,311	30,003,796	1,096,105	31,099,901
Expense						
Program services	21,679,189	-	21,679,189	21,474,858	-	21,474,858
General and administrative	2,943,297	-	2,943,297	2,943,001	-	2,943,001
Fundraising	3,720,205	-	3,720,205	3,537,672	-	3,537,672
Total expense	28,342,691	-	28,342,691	27,955,531	-	27,955,531
Change in net assets before inherent contribution	(2,126,797)	(1,738,583)	(3,865,380)	2,048,265	1,096,105	3,144,370
Inherent contribution	-	-	-	(2,334,996)	1,114,644	(1,220,352)
Total change in operating activities	(2,126,797)	(1,738,583)	(3,865,380)	(286,731)	2,210,749	1,924,018
Nonoperating Activities						
Interest income	13,725		13,725	1,703	-	1,703
Investment return	431,225		431,225	(1,357,427)	-	(1,357,427)
Endowment return, net	-	280,248	280,248	-	(397,856)	(397,856)
Endowment contributions	-	100,000	100,000	-	268,750	268,750
Total nonoperating activities	444,950	380,248	825,198	(1,355,724)	(129,106)	(1,484,830)
Change in net assets	(1,681,847)	(1,358,335)	(3,040,182)	(1,642,455)	2,081,643	439,188
Net Assets, Beginning	9,116,812	9,968,358	19,085,170	10,759,267	7,886,715	18,645,982
Net Assets, Ending	$ 7,434,965	$ 8,610,023	$ 16,044,988	$ 9,116,812	$ 9,968,358	$ 19,085,170

See notes to financial statements

College Possible, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ (3,040,182)	$ 439,188
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	330,698	407,165
Loss on disposal of equipment	3,220	46,623
Net unrealized and realized (gains)/losses on investments	(439,257)	2,000,495
PPP forgiveness	-	(670,197)
Inherent contribution	-	1,707,919
Proceeds from sale of equipment	2,059	-
Noncash lease expense	(127,399)	-
Change in assets and liabilities:		
Accounts receivable	(143,632)	(1,040,822)
Promises to give	1,251,633	(510,831)
Prepaid expenses	(198,648)	161,397
Accounts payable	(44,464)	196,522
Accrued expenses	(26,019)	(49,962)
Deferred revenue	376,985	(2,087,382)
Deferred rent	-	(11,801)
Contributions restricted for long term investment	(100,000)	(268,750)
Net cash flows (used for) from for operating activities	(2,155,006)	319,564
Cash Flows From Investing Activities		
Purchases of equipment and leasehold improvements	(314,906)	(184,384)
Purchases of investments	(368,750)	-
Sales of investments	368,750	-
Reinvested income	(272,214)	(245,213)
Net cash flows used for investing activities	(587,120)	(429,597)
Cash Flows From Financing Activities		
Contributions restricted LT investment	100,000	268,750
Net cash flows from financing activities	100,000	268,750
Net change in cash and cash equivalents	(2,642,126)	158,717
Cash and Cash Equivalents, Beginning	4,242,876	4,084,159
Cash and Cash Equivalents, Ending	$ 1,600,750	$ 4,242,876
Supplemental Disclosures of Noncash Transactions		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 4,286,955	$ -

See notes to financial statements

Statement of Functional Expenses
Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023				
	Program Services	**General and Administrative**	**Fundraising**	**Total**	**2022**
Personnel Costs					
Salaries and stipends	$ 12,789,462	$ 1,529,603	$ 2,148,348	$ 16,467,413	$ 16,560,490
Employee benefits	1,908,946	131,192	183,848	2,223,986	2,091,975
Payroll taxes	1,053,905	92,184	146,119	1,292,208	1,217,849
Total personnel costs	15,752,313	1,752,979	2,478,315	19,983,607	19,870,314
Other Costs					
Consulting	870,573	327,775	641,840	1,840,188	1,871,013
Professional fees	210,971	221,548	63,005	495,524	463,257
Postage and supplies	42,594	1,901	3,013	47,508	51,993
Occupancy	1,054,498	47,058	74,590	1,176,146	1,372,960
Technology	1,293,043	57,702	91,464	1,442,209	1,282,400
Transportation and meetings	89,700	422,977	4,226	516,903	170,787
Staff acquisition, training and recognition	846,720	50,169	79,523	976,412	746,003
Student support costs	1,090,932	-	-	1,090,932	1,374,588
Marketing and communication	28,925	8,902	256,011	293,838	264,949
Depreciation expense	296,494	13,231	20,973	330,698	407,165
Insurance and other	102,426	39,055	7,245	148,726	80,102
Total other costs	5,926,876	1,190,318	1,241,890	8,359,084	8,085,217
Total expenses	$ 21,679,189	$ 2,943,297	$ 3,720,205	$ 28,342,691	$ 27,955,531

See notes to financial statements

College Possible, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

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

See notes to financial statements

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 24,900 students in the 2022-23 academic year including 3,800 high school students, 16,900 college students, and 4,200 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 same reporting period in which the contribution is received. 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 service 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 are satisfied ratably over the academic year. Contracts are combined into a single portfolio of similar contracts. Generally, each participating organization is billed quarterly or annually 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 returns, 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 include 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, 2023 and 2022, the Organization believes all balances are collectible; therefore, no allowance is necessary. At June 30, 2023 and 2022, four donors accounted for 63 percent and three donors accounted for 40 percent of total accounts receivable, respectively.

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 $9,641,352 outstanding at June 30, 2023, 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 amounts of $1,180,317 and $936,331 in the statements of financial position at June 30, 2023 and 2022, 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, 2023 and 2022.

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 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022. 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.

Reclassification

Certain amounts appearing in the 2022 financial statements have been reclassified to conform with the 2023 presentation. The reclassifications have no effect on the reported amounts of total net assets or the change in total net assets.

New Accounting Pronouncements

Effective July 1, 2022, the Organization adopted ASU No. 2016-02, *Leases (Topic 842),* and all related amendments using the modified retrospective approach. Lessees are required to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). The Organization's 2022 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted. At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities of $4,031,575 and $4,286,955, respectively.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Organization elected to apply the package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs. In addition, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of the lease liabilities for its operating leases.

Additional required disclosures for Topic 842 are contained in Note 5.

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

- During June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 (as amended) is effective for annual periods beginning after December 15, 2022 (fiscal year 2024).

The Organization is assessing the impact this standard will have on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through January 19, 2024, 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, 2023 and 2022, 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 designated by the Board of Directors.

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 1,600,750	$ 4,242,876
Accounts receivable	2,510,994	2,367,362
Promises to give	2,604,292	3,855,925
Investments	12,396,395	11,684,924
Financial assets at June 30	19,112,431	22,151,087
Less those unavailable for general expenditure within one year:		
Promises to give, net	(565,369)	(887,540)
Time restricted net assets	(2,833,736)	(2,740,408)
Purpose restricted net assets	(2,830,085)	(4,043,205)
Endowment net assets	(2,946,203)	(2,565,955)
Financial assets unavailable for general expenditure within one year	(9,175,393)	(10,237,108)
Donor restrictions which will be met within one year	5,169,631	5,885,157
Total	$ 15,106,669	$ 17,799,136

As of June 30, 2023, the Organization had liquid and available assets on hand to cover approximately 6 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. The line of credit is secured by substantially all of the Organization's assets, interest is due monthly at the prime interest rate (8.25 percent at June 30, 2023) and the scheduled maturity on the line of credit is January 31, 2024. As of June 30, 2023, no amounts were outstanding on the line of credit. The agreement establishes various positive and negative covenants, including liquid asset requirements. The covenants were waived by the bank for June 30, 2023.

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, 2023 and 2022.

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, 2023:

	Level 1	Level 2	Level 3
Investments:			
Mutual funds:			
Domestic equity	$ 3,146,077	$ -	$ -
International equity	2,017,969	-	-
Fixed income	7,232,349	-	-
Total investments	$ 12,396,395	$ -	$ -

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	$ -	$ -

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

	2023	2022
Interest and dividends, net of fees	$ 285,941	$ 246,915
Net realized and unrealized gains/(losses)	439,257	(2,000,495)
Net investment return	$ 725,198	$ (1,753,580)

4. Promises to Give, Net

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

	2023	2022
Within one year	$ 2,038,923	$ 2,968,385
In one to five years	596,695	899,959
	2,635,618	3,868,344
Less discount to net present value	(31,326)	(12,419)
Promise to give, net	$ 2,604,292	$ 3,855,925

Contributions due in greater than one year were discounted using rates of 5.25 percent and 1.4 percent during fiscal years 2023 and 2022, respectively. At June 30, 2023 and 2022, one donor accounted for 14 percent and three donors accounted for 25 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 2024 through 2028.

Prior to July 1, 2022

Rent expense was $1,169,187 for the year ended June 30, 2022. Deferred rent was amortized as a reduction of rent expense over the term of the lease.

July 1, 2022 and After

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term. Upon adoption of the new lease standard, deferred rent was reclassified against the right-of-use asset. Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization's leases include options to renew the lease. The exercise of lease renewal option is at the Organization's sole discretion. The Organization regularly evaluates the renewal and when they are reasonably certain of exercise, the Organization includes such options in the lease term. The Organization's leases do not include an option to terminate.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, elects to use a risk-free rate based on U.S. Treasury notes or bonds for a similar term.

The Organization does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of June 30, 2023:

Operating lease right-of-use assets	$ 3,141,730
Operating lease liabilities:	
Current	$ 847,446
Long-term	2,422,265
Total operating lease liabilities	$ 3,269,711

Operating lease expense was $1,056,436 for the year ended June 30, 2023.

Below is a summary of expenses incurred pertaining to leases during the year ended June 30, 2023.

Operating lease cost	$ 972,665
Variable lease cost	83,791
Total lease cost	$ 1,056,456

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 2.24 percent. As of June 30, 2023, the weighted average remaining lease term was 2.6 years.

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after June 30, 2023:

Years ending June 30:	
2024	$ 910,963
2025	737,342
2026	732,436
2027	565,624
2028	466,056
Thereafter	31,662
Total lease payments	3,444,083
Less present value discount	(174,372)
Total lease liabilities	3,269,711
Less current portion	(847,446)
Long-term lease liabilities	$ 2,422,265

6. Net Assets With Donor Restrictions

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

	2023	2022
Time restrictions	$ 2,833,736	$ 3,627,948
Purpose restrictions	5,776,287	6,340,410
Total net assets with donor restrictions	$ 8,610,023	$ 9,968,358

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

	2023	2022
Time restrictions	$ 3,753,959	$ 4,010,594
Purpose restrictions	2,084,596	1,546,341
Total net assets released from restrictions	$ 5,838,555	$ 5,556,935

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:

	2023	2022
Marketing	$ 23,286	$ 13,193
Program expenses	17,256	58,237
Total	$ 40,542	$ 71,430

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 $476,468 and $434,611 for the years ended June 30, 2023 and 2022, respectively.

10. Paycheck Protection Program

On April 18, 2020, the Organization entered into a new loan facility under the 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 elected to recognize PPP loan forgiveness in the June 30, 2021 statement of activities.

On February 25, 2021, the Organization entered into a second PPP loan facility in the amount of $670,197. 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 ten 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 include 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 during the years ended June 30, 2023 and 2022.

Endowment net asset composition by nature of restriction consists of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Original contributions – held in perpetuity	$ -	$ 2,822,042	$ 2,822,042
Accumulated earnings	-	124,161	124,161
Total	$ -	$ 2,946,203	$ 2,946,203

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restriction		
		Original Gift	Accumulated Gains	Total
Endowment net assets, June 30, 2022	$ -	$ 2,722,042	$ (156,087)	$ 2,565,955
Investment return	-	-	280,248	280,248
Additions to endowment	-	100,000	-	100,000
Endowment net assets, June 30, 2023	$ -	$ 2,822,042	$ 124,161	$ 2,946,203

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	$ -	$ 2,722,042	$ 2,722,042
Accumulated earnings	-	(156,087)	(156,087)
Total	$ -	$ 2,565,955	$ 2,565,955

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

	Without Donor Restrictions	With Donor Restriction		
		Original Gift	Accumulated Gains	Total
Endowment net assets, June 30, 2021	$ -	$ 2,453,292	$ 241,769	$ 2,695,061
Investment return	-	-	(397,856)	(397,856)
Additions to endowment	-	268,750	-	268,750
Endowment net assets, June 30, 2022	$ -	$ 2,722,042	$ (156,087)	$ 2,565,955

12. Long-Term Debt

As part of the College Forward acquisition in July 2021, the Organization assumed two debt agreements totaling $1,000,000 with nonprofit organizations. The unsecured loans bear interest at 2.5 percent per annum payable quarterly, with three equal principal payments due annually beginning August 2023. The loans mature in August 2025.The loans require that the audit report be provided to the lenders within 120 days of year end, which was waived in 2023.

Future scheduled principal payments are as follows:

Years ending June 30:	
2024	$ 333,333
2025	333,333
2026	333,334
Total	$ 1,000,000