

B E D I N G E R & C O M P A N Y
C E R T I F I E D P U B L I C A C C O U N T A N T S

COLLEGE TRACK
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014)

1200 CONCORD AVENUE, SUITE 250, CONCORD, CA 94520 • (925) 603-0800 • (925) 603-0804 FAX

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CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-15
SUPPLEMENTAL INFORMATION	16-18

INDEPENDENT AUDITORS' REPORT

October 9, 2015

Board of Directors
College Track
Oakland, California

We have audited the financial statements of College Track (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College Track as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit as conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental pro forma consolidating schedule of financial position and pro forma consolidating schedule of activities on pages 16 through 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the pro forma consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited the College Track's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Certified Public Accountants

COLLEGE TRACK**STATEMENT OF FINANCIAL POSITION**

JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)

<u>ASSETS</u>	Total	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents (Notes B and K)	\$ 3,776,835	\$ 3,753,767
Contributions and grants receivable (Notes B and C)	8,575,875	3,064,339
Other receivables	405	-
TOTAL CURRENT ASSETS	12,353,115	6,818,106
FIXED ASSETS, net of accumulated depreciation of \$1,085,618 and \$824,179, respectively, (Note E)	4,613,259	4,055,469
OTHER ASSETS		
Prepaid expenses	111,286	50,440
Deposits	24,864	24,495
Long-term promises to give and grants receivable (Note C)	7,270,003	6,615,000
Note receivable (Note D)	6,274,441	6,274,441
TOTAL OTHER ASSETS	13,680,594	12,964,376
TOTAL ASSETS	\$ 30,646,968	\$ 23,837,951
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,400,749	\$ 796,370
Deferred revenue (Note D)	16,457	16,457
TOTAL CURRENT LIABILITIES	1,417,206	812,827
Deferred revenue-ground lease (Note D)	1,547,808	1,564,265
Note payable to related party (Note F)	-	1,800,000
TOTAL LIABILITIES	2,965,014	4,177,092
COMMITMENTS AND CONTINGENCIES (Note H)		
NET ASSETS		
Unrestricted	14,583,809	8,974,192
Temporarily restricted (Note G)	13,098,145	10,686,667
TOTAL NET ASSETS	27,681,954	19,660,859
TOTAL LIABILITIES AND NET ASSETS	\$ 30,646,968	\$ 23,837,951

See Notes to Financial Statements

COLLEGE TRACK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Unrestricted	Temporarily Restricted	Total All Funds	
			2015	2014
REVENUE AND SUPPORT				
Individual donations	\$ 8,330,530	\$ 4,199,668	\$ 12,530,198	\$ 3,170,590
Foundation and trust support	1,898,273	1,347,376	3,245,649	9,322,438
Corporate support	1,278,643	1,500	1,280,143	1,590,348
Government grants and contracts	332,814	146,434	479,248	278,773
Partnerships			-	54,000
Events				
Gross proceeds	4,831,981			
Less: event expenses	<u>(496,569)</u>			
Net event revenue	4,335,412	29,600	4,365,012	-
Fundraising			-	1,708,544
Interest	65,564		65,564	50,937
In-kind support	204,800		204,800	400,402
Rental income	16,457		16,457	21,307
Other	23,496		23,496	6,784
	<u>16,485,989</u>	<u>5,724,578</u>	<u>22,210,567</u>	<u>16,604,123</u>
Net assets released from restrictions (Note G)	<u>3,313,100</u>	<u>(3,313,100)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>19,799,089</u>	<u>2,411,478</u>	<u>22,210,567</u>	<u>16,604,123</u>
EXPENSES:				
Program	11,251,014		11,251,014	8,650,739
General and administrative	1,667,461		1,667,461	904,279
Fundraising	<u>1,270,997</u>		<u>1,270,997</u>	<u>1,028,689</u>
TOTAL EXPENSES	<u>14,189,472</u>	<u>-</u>	<u>14,189,472</u>	<u>10,583,707</u>
CHANGE IN NET ASSETS	<u>5,609,617</u>	<u>2,411,478</u>	<u>8,021,095</u>	<u>6,020,416</u>
NET ASSETS, beginning of year	<u>8,974,192</u>	<u>10,686,667</u>	<u>19,660,859</u>	<u>13,640,443</u>
NET ASSETS, end of year	<u>\$ 14,583,809</u>	<u>\$ 13,098,145</u>	<u>\$ 27,681,954</u>	<u>\$ 19,660,859</u>

See Notes to Financial Statements

COLLEGE TRACK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Program	General and Administrative	Fundraising	Total All Funds	
				2015	2014
PERSONNEL COSTS:					
Compensation	\$ 5,034,571	\$ 729,199	\$ 708,668	\$ 6,472,438	\$ 4,656,130
Payroll taxes	420,206	59,771	58,777	538,754	411,630
Employee benefits and payroll taxes	456,703	87,869	76,799	621,371	451,777
TOTAL PERSONNEL COSTS	5,911,480	876,839	844,244	7,632,563	5,519,537
OPERATING EXPENSES:					
Scholarships	1,553,489	-	-	1,553,489	1,021,324
Staff development and recruitment	93,899	78,216	10,219	182,334	123,267
Professional services	644,391	406,278	203,396	1,254,065	763,748
Office expense	548,895	15,065	22,928	586,888	887,278
Information technology	137,904	62,907	10,898	211,709	221,454
Occupancy	1,355,969	59,037	38,616	1,453,622	1,122,597
Fleet and transportation	133,286	-	-	133,286	91,295
Travel and Hospitality	482,396	64,310	85,600	632,306	375,930
General and administrative	389,305	104,809	55,096	549,210	457,277
TOTAL OPERATING EXPENSES	5,339,534	790,622	426,753	6,556,909	5,064,170
TOTAL EXPENSES	\$ 11,251,014	\$ 1,667,461	\$ 1,270,997	\$ 14,189,472	\$ 10,583,707

COLLEGE TRACK**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Total	
	2015	2014
CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 8,021,095	\$ 6,020,416
ADJUSTMENTS TO RECONCILE TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	261,439	143,476
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
<Increase> decrease in:		
Contributions and grants receivable	(6,166,539)	(3,142,303)
Other receivables	(405)	72,990
Prepaid expenses	(60,846)	(12,828)
Deposits	(369)	(22,448)
Increase <decrease> in:		
Accounts payable and accrued liabilities	604,379	264,768
Deferred revenue	(16,457)	(16,457)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,642,297	3,307,614
CASH FLOWS FROM INVESTING ACTIVITIES:		
<Purchase> disposal of property and equipment, net	(819,229)	(473,025)
NET CASH USED BY INVESTING ACTIVITIES	(819,229)	(473,025)
CASH FLOWS FROM FINANCING ACTIVITIES:		
<Repayment> on notes payable	(1,800,000)	(300,000)
NET CASH USED BY FINANCING ACTIVITIES	(1,800,000)	(300,000)
NET INCREASE IN CASH	23,068	2,534,589
CASH, beginning of year	3,753,767	1,219,178
CASH, end of year	\$ 3,776,835	\$ 3,753,767
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 15,840	\$ 21,840

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A – ORGANIZATION AND PURPOSE

College Track (Organization) is a not-for-profit public benefit corporation, incorporated in California in 1997. They have locations in California, Colorado and Louisiana.

College Track recruits students from underserved communities and works continuously with them from the summer before 9th grade through college graduation. The 10-year program provides the students with comprehensive academic support, leadership training, financial and college advising, and scholarships. The Organization has four core service areas – Academic Affairs, College Affairs, Student Life, and College Success. The College Track model is intended to support students through every step of high school and college through college graduation.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization are prepared on the accrual basis of accounting.

Financial Statement Presentation – Under ASC 958, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had no permanently restricted net assets as of June 30, 2015.

Estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents – Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Contributions and Grants Receivable – The Organization considers all grants and accounts receivable to be fully collectible; however, the Organization has created allowance for doubtful accounts in the amount of \$140,000.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Revenue – The Organization receives contributions and grants from corporations, governmental entities, charitable organizations and individuals. In accordance with ASC 958, contributions received are recorded as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As permitted by ASC 958, donor-restricted contributions whose restrictions are met in the same year are reported as unrestricted support. All other contributions are recognized upon receipt.

Donated Facilities Use, Equipment, Supplies and Services (In-kind) – The Organization records donated facilities use, equipment, supplies or services at their estimated fair value on the date of receipt if they meet the criteria for recognition. In-kind services, use of facilities and supplies or equipment was \$204,800, for the year ended June 30, 2015, as reflected in the accompanying financial statements.

Fixed Assets – Fixed assets are stated at cost and depreciated straight-line over estimated useful lives of five to thirty years. Maintenance, repairs and minor renewals are charged to expense as incurred.

Income Tax Status – The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from California franchise and/or income tax under the Revenue and Taxation Code Section 23701(d).

The Organization has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization returns for years ended June 30, 2014, 2013, and 2012 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments – The Organization's financial instruments include cash and cash equivalents. The carrying amount of these financial instruments has been estimated by management to approximate fair value. The Organization adheres to Accounting Standards Codification (ASC) 820—10. Under ASC 820-10, fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” ASC 820-10 establishes a hierarchy to prioritize the inputs to valuation techniques to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Values are unadjusted quoted prices for identical assets and liabilities in active markets. The Organization has level one instruments in cash and cash equivalents at June 30, 2015.

Level 2—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves. The Organization did not have any level two instruments at June 30, 2015.

Level 3—Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. The Organization did not have any level three instruments at June 30, 2015.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE C – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable that are expected to be collected within one to three years are recorded at their net realizable value. Contributions and grants receivable at June 30 are listed below:

	<u>2015</u>	<u>2014</u>
<u>Amount due within One Year</u>		
Grants and Contributions receivable	\$ 8,576,280	\$ 3,064,339
<u>Due beyond One Year</u>		
Grants and Contributions receivable	7,270,003	6,695,000
	<u>\$15,846,283</u>	<u>\$9,759,339</u>

The grants and contributions receivable that are due beyond two years are accrued at the present value.

NOTE D – NEW MARKET TAX CREDIT PROJECT

In July 2011, College Track executed agreements and related documents as necessary in connection with the closing of the New Markets Tax Credit ("NMTC") financing transaction for the San Francisco College Track project. The facility houses programs assisting low-income high school students in San Francisco realize increased levels of high school graduation, college eligibility and enrollment, and college graduation rates.

The NMTC program, enacted by Congress and administered by the U.S. Department of the Treasury, was created to promote economic development in distressed areas. Each year, the Treasury's Community Development Financial Institution Fund competitively allocates tax credits to eligible organizations referred to as Community Development Entities ("CDEs"). CDEs solicit private equity investments in exchange for federal income tax credits over a seven-year compliance period totaling 39% of the qualified equity investment made into a qualified active low-income business ("QALICB") that sponsors a project benefiting its community.

The financing structure requires the Organization to divest its ownership interest in the project for a minimum period of seven years through a ground lease of the San Francisco property with the San Francisco College Track QALICB, Inc. (SFCTQ), an independent nonprofit corporation formed by College Track in June 2011. The structure also requires the Organization to serve several key capacities as the leverage lender, developer, ground lessor, and master tenant.

COLLEGE TRACK**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE D – NEW MARKET TAX CREDIT PROJECT (Continued)

College Track, acting in the capacity of leverage lender, lent a total of \$6,274,441 to College Track Investment Fund, LLC (CTIF) in exchange for a promissory note bearing interest at 1% per annum and maturing July 19, 2051. During the year ended June 30, 2015, College Track recognized \$62,744 in interest income from the promissory note.

CTIF, which is wholly owned by U.S. Bancorp Community Development Corporation, invested the College Track funds, with San Francisco Community Investment Fund (SFCIF). SFCIF ultimately invested \$8,526,000 in the form of loans to SFCTQ for a full seismic upgrade and interior renovation of the building.

During the year ended June 30, 2012 the construction was complete and College Track began occupying the facility and paying rent to SFCTQ as master tenant, pursuant to the sublease executed as part of the NMTC financing.

As part of the NMTC financing transaction, SFCTQ paid \$1,630,101 to College Track in advance for the 99-year ground lease and \$350,000 for a developer fee. The developer fee is designed to compensate College Track for pre-development and construction related activities. The term of the developer fee is from the inception of the project through the opening of the facility to the public, which is November 2010 through September 2012.

During the fiscal year ended June 30, 2015, College Track recognized \$16,457 in ground lease income with \$1,564,265 remaining in deferred revenue at June 30, 2015.

College Track has chosen not to consolidate the financial statements with those of SFCTQ. However, pro forma consolidating statements of financial position and net assets are included as supplementary information to this report. As part of the pro forma consolidation, all intercompany transactions were eliminated.

COLLEGE TRACK**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE E – FIXED ASSETS

Fixed assets at June 30 are comprised of the following:

	2015	2014
Land	\$1,100,000	\$1,100,000
Building	594,074	594,074
Furniture & fixtures	761,779	401,241
Equipment	222,976	192,226
Vehicles	221,617	168,286
Leasehold improvements	2,798,431	2,423,821
Total	5,698,877	4,879,648
Less: accumulated depreciation	(1,085,618)	(824,179)
	<u>\$ 4,613,259</u>	<u>\$ 4,055,469</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$261,439 and \$143,476, respectively.

NOTE F – NOTE PAYABLE

During the year ended June 30, 2012, the Organization borrowed \$1,800,000 from a related party to assist in the financing of the San Francisco renovation project. During the year ended June 30, 2015, the note was repaid in full.

Interest expense related to the note is \$15,840 for the year ended June 30, 2015.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 were comprised of the following:

	2015	2014
San Francisco Redevelopment grant	\$1,000,000	\$1,000,000
Future Operations	12,098,145	9,616,667
Scholarships	0	70,000
Total	<u>\$13,098,145</u>	<u>\$10,686,667</u>

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE G – TEMPORARILY RESTRICTED NET ASSETS (Continued)

During the year ended June 30, 2012, the Organization received a \$1,000,000 grant from the Redevelopment Agency of the City and County of San Francisco for use in the seismic upgrades and renovation of the San Francisco College Track facility. The amount will remain a grant as long as College Track abides by the terms and conditions as outlined in the development agreement, and the use of the San Francisco College Track property is devoted to assisting low-income high school students in San Francisco realize increased levels of high school graduation, college eligibility and enrollment, and college graduation rates.

Temporarily restricted net assets were released from donor restrictions satisfied by the passage of time or other occurrences during the years ended June 30, 2015 and 2014:

	2015	2014
Operations	\$3,313,100	\$7,816,709
Scholarships	0	70,000
Total	<u>\$3,313,100</u>	<u>\$7,886,709</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases program and office spaces in Aurora, CO, Denver, CO, New Orleans, LA, East Palo Alto, CA, Oakland, CA, and Sacramento, CA.

In addition, as part of the NMTC financing, the Organization entered into a sub-lease agreement with San Francisco College Track QALICB, Inc. (SFCTQ) for the twenty-year period of July 2011 through December 2031. The sublease allows the Organization to renew the lease for an additional ten-year period with existing agreed upon lease rates.

Future commitments for the next five fiscal years with regard to these agreements for the year ended June 30 are as follows

<u>Year Ended June 30</u>	
2016	\$578,222
2017	\$521,315
2018	\$430,138
2019	\$439,745
2020	\$450,135

Rent expense for the year ended June 30, 2015 is \$662,122.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants it is compelled to adjust its objectives and policies to accommodate the terms of the grants.

Management is of the opinion that the Organization has complied with the terms of all grants.

NOTE I – EMPLOYEE BENEFITS

In 2006, the Organization adopted a 401(k) Profit Sharing plan. All employees are eligible for coverage under the plan after completing the required hours and length of service. The plan matches \$0.25 per \$1.00 up to 4% for participating employees. Employees gain a vested right to employer matching or profit sharing contributions at a rate of 25% for the first year and 100% after the first year period. The Organization may contribute to the plan through the profit sharing option. In 2015, the Organization matched employee deferrals only. Total pension expense for the year ended June 30, 2015 was \$12,014.

The Organization accrues vacation expense for full-time staff members. Total accrued vacation payable liability at June 30, 2015 is \$328,857 and is reflected in the accrued expenses in the accompanying Statement of Financial Position.

NOTE J – LINE OF CREDIT

The Organization has a line of credit from a bank with a maximum available amount of \$1,000,000. The line renews annually with a variable interest rate of 0.25% over the Bank's Prime Rate. The outstanding balance on the line at June 30, 2015 is \$0 with an interest rate of 3.5%.

NOTE K – CONCENTRATION OF CREDIT RISK

At June 30, 2015, the Organization had deposits of approximately \$3,007,333 in banks in excess of federally insured limits. These amounts have not been reduced by items recorded in the accounts not yet clearing the bank.

COLLEGE TRACK**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

NOTE L – SUBSEQUENT EVENTS

Subsequent to year end, the Organization opened its eighth site in Watts, California which began serving students in September 2015.

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through October 9, 2015, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2015, have been incorporated into these financial statements herein.

SUPPLEMENTAL INFORMATION

COLLEGE TRACK
PRO FORMA CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	College Track	San Francisco College Track QALICB, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes A and I)	\$ 3,776,835	\$ 156,809	\$ -	\$ 3,933,644
Contributions and grants receivable (Note C)	8,576,280			8,576,280
TOTAL CURRENT ASSETS	12,353,115	156,809	-	12,509,924
FIXED ASSETS, NET (Note E)	4,613,259	5,785,419	(350,000)	10,048,678
OTHER ASSETS				
Prepaid expenses	111,286			111,286
Deposits	24,864			24,864
Long-term promises to give and grants receivable (Note C)	7,270,003			7,270,003
Prepaid ground lease (Note D)		1,564,265	(1,564,265)	-
Note receivable (Note D)	6,274,441			6,274,441
TOTAL OTHER ASSETS	13,680,594	1,564,265	(1,564,265)	13,680,594
TOTAL ASSETS	\$ 30,646,968	\$ 7,506,493	\$ (1,914,265)	\$ 36,239,196
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,400,749	\$ -	\$ -	\$ 1,400,749
Deferred revenue from ground lease (Note D)	16,457		(16,457)	-
TOTAL CURRENT LIABILITIES	1,417,206	-	(16,457)	1,400,749
Long-term deferred revenue-ground lease (Note D)	1,547,808		(1,547,808)	-
Note payable to related party (Note F)				-
Long-term notes payable (Note D)		8,526,000		8,526,000
TOTAL LIABILITIES	2,965,014	8,526,000	(1,564,265)	9,926,749
COMMITMENTS AND CONTINGENCIES (Note H)				
NET ASSETS				
Unrestricted	14,583,809	(1,019,507)	(350,000)	13,214,302
Temporarily restricted (Note G)	13,098,145			13,098,145
TOTAL NET ASSETS	27,681,954	(1,019,507)	(350,000)	26,312,447
TOTAL LIABILITIES AND NET ASSETS	\$ 30,646,968	\$ 7,506,493	\$ (1,914,265)	\$ 36,239,196

COLLEGE TRACK
PRO FORMA CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	College Track	San Francisco College Track QALICB, Inc.	Eliminations	TOTAL
REVENUE AND SUPPORT				
Individual donations	\$ 12,530,198	\$ -	\$ -	\$ 12,530,198
Trust and foundation support	3,245,649			3,245,649
Corporate support	1,280,143			1,280,143
Government grants and contracts	479,248			479,248
Events, net of expenses	4,365,012			4,365,012
Interest	65,564	219		65,783
In-kind support	204,800			204,800
Rental income	16,457	77,500	(93,957)	-
Other	23,496			23,496
	<u>22,210,567</u>	<u>77,719</u>	<u>(93,957)</u>	<u>22,194,329</u>
Net assets released from restrictions (Note F)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>22,210,567</u>	<u>77,719</u>	<u>(93,957)</u>	<u>22,194,329</u>
EXPENSES:				
Program	11,251,014		(77,500)	11,173,514
General and administrative	1,667,461			1,667,461
Fundraising	1,270,997			1,270,997
Interest expense		62,751		62,751
Asset management		63,202		63,202
Rental expense		16,457	(16,457)	-
Depreciation		226,241		226,241
Miscellaneous		13,529		13,529
Bank fees		79		79
	<u>14,189,472</u>	<u>382,259</u>	<u>(93,957)</u>	<u>14,477,774</u>
TOTAL EXPENSES	<u>14,189,472</u>	<u>382,259</u>	<u>(93,957)</u>	<u>14,477,774</u>
CHANGE IN NET ASSETS	8,021,095	(304,540)	-	7,716,555
NET ASSETS, beginning of year	<u>19,660,859</u>	<u>(714,967)</u>	<u>(350,000)</u>	<u>18,595,892</u>
NET ASSETS, end of year	<u>\$ 27,681,954</u>	<u>\$ (1,019,507)</u>	<u>\$ (350,000)</u>	<u>\$ 26,312,447</u>

See Notes to Financial Statements