

H E A L Y A N D A S S O C I A T E S

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

COLLEGE TRACK
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016)

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INDEPENDENT AUDITOR'S REPORT

September 29, 2017

Board of Directors
College Track
Oakland, California

I have audited the financial statements of College Track (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College Track as of June 30, 2017, 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

My audit was 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 15 through 17 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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

College Track's 2016 financial statements were audited by me, and in my opinion dated September 30, 2016 I expressed an unmodified audit opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Healy and Associates
Healy and Associates
Concord, California

COLLEGE TRACK**STATEMENT OF FINANCIAL POSITION**

JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)

<u>ASSETS</u>	Total	
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents (Notes B and J)	\$ 9,051,969	\$ 5,122,031
Contributions and grants receivable, net (Notes B and C)	<u>3,648,638</u>	<u>6,203,949</u>
TOTAL CURRENT ASSETS	<u>12,700,607</u>	<u>11,325,980</u>
FIXED ASSETS, net (Note E)	<u>4,958,901</u>	<u>5,140,954</u>
OTHER ASSETS		
Prepaid expenses	247,635	181,733
Deposits	83,850	82,535
Long-term promises to give and grants receivable (Note C)	3,145,300	4,410,000
Note receivable (Note D)	<u>6,274,441</u>	<u>6,274,441</u>
TOTAL OTHER ASSETS	<u>9,751,226</u>	<u>10,948,709</u>
TOTAL ASSETS	<u>\$ 27,410,734</u>	<u>\$ 27,415,643</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,231,925	\$ 1,502,226
Deferred revenue (Note D)	<u>16,457</u>	<u>16,457</u>
TOTAL CURRENT LIABILITIES	1,248,382	1,518,683
Deferred revenue-ground lease (Note D)	<u>1,514,895</u>	<u>1,531,351</u>
TOTAL LIABILITIES	<u>2,763,277</u>	<u>3,050,034</u>
COMMITMENTS AND CONTINGENCIES (Note G)		
NET ASSETS		
Unrestricted	19,417,457	15,288,463
Temporarily restricted (Note F)	<u>5,230,000</u>	<u>9,077,146</u>
TOTAL NET ASSETS	<u>24,647,457</u>	<u>24,365,609</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,410,734</u>	<u>\$ 27,415,643</u>

See Notes to Financial Statements

COLLEGE TRACK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	Unrestricted	Temporarily Restricted	Total All Funds	
			2017	2016
REVENUE AND SUPPORT				
Individual donations	\$ 1,430,949	\$ -	\$ 1,430,949	\$ 611,085
Foundation and trust support	12,528,882		12,528,882	7,266,670
Corporate support	339,958		339,958	741,673
Government grants and contracts	385,640		385,640	489,457
Events				
Gross proceeds	\$ 4,391,034			
Less: event expenses	(473,994)			
Net event revenue	3,917,040		3,917,040	3,696,169
Interest	62,744		62,744	62,968
In-kind support (Note B)	186,508		186,508	309,430
Rental income	84,314		84,314	16,457
Other	4,117		4,117	224
	<u>18,940,152</u>	<u>-</u>	<u>18,940,152</u>	<u>13,194,133</u>
Net assets released from restrictions (Note F)	<u>3,847,146</u>	<u>(3,847,146)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>22,787,298</u>	<u>(3,847,146)</u>	<u>18,940,152</u>	<u>13,194,133</u>
EXPENSES:				
Program	15,340,807		15,340,807	13,343,782
General and administrative	1,797,560		1,797,560	1,602,205
Fundraising	1,519,937		1,519,937	1,564,491
TOTAL EXPENSES	<u>18,658,304</u>	<u>-</u>	<u>18,658,304</u>	<u>16,510,478</u>
CHANGE IN NET ASSETS	<u>4,128,994</u>	<u>(3,847,146)</u>	<u>281,848</u>	<u>(3,316,345)</u>
NET ASSETS, beginning of year	<u>15,288,463</u>	<u>9,077,146</u>	<u>24,365,609</u>	<u>27,681,954</u>
NET ASSETS, end of year	<u>\$ 19,417,457</u>	<u>\$ 5,230,000</u>	<u>\$ 24,647,457</u>	<u>\$ 24,365,609</u>

See Notes to Financial Statements

COLLEGE TRACK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	Program	General and Administrative	Fundraising	Total All Funds	
				2017	2016
PERSONNEL COSTS:					
Compensation	\$ 7,225,048	\$ 792,474	\$ 893,393	\$ 8,910,915	\$ 7,667,412
Payroll taxes	421,643	52,632	57,909	532,184	629,035
Employee benefits	859,552	85,094	115,317	1,059,963	835,178
TOTAL PERSONNEL COSTS	8,506,243	930,200	1,066,619	10,503,062	9,131,625
OPERATING EXPENSES:					
Scholarships	2,254,424	-	320	2,254,744	1,593,766
Staff development and recruitment	246,044	68,680	16,829	331,553	355,936
Professional services	687,567	283,819	160,550	1,131,936	1,382,728
Office expense	540,880	22,979	13,922	577,781	629,908
Information technology	101,710	97,994	4,651	204,355	281,017
Occupancy	1,798,186	229,939	47,217	2,075,342	1,694,182
Fleet and transportation	165,971	-	889	166,860	164,013
Travel and Hospitality	487,390	58,525	85,247	631,162	750,297
General and administrative	552,392	105,424	123,693	781,509	527,006
TOTAL OPERATING EXPENSES	6,834,564	867,360	453,318	8,155,242	7,378,853
TOTAL EXPENSES	\$ 15,340,807	\$ 1,797,560	\$ 1,519,937	\$ 18,658,304	\$ 16,510,478

COLLEGE TRACK**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	Total	
	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 281,848	\$ (3,316,345)
ADJUSTMENTS TO RECONCILE TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	355,080	302,224
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
(Increase) decrease in:		
Contributions and grants receivable	3,820,011	5,231,929
Other receivables	-	405
Prepaid expenses	(65,902)	(70,447)
Deposits	(1,315)	(57,671)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(270,301)	101,477
Deferred revenue	(16,456)	(16,457)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,102,965</u>	<u>2,175,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) disposal of property and equipment, net	<u>(173,027)</u>	<u>(829,919)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(173,027)</u>	<u>(829,919)</u>
NET INCREASE IN CASH	3,929,938	1,345,196
CASH, beginning of year	<u>5,122,031</u>	<u>3,776,835</u>
CASH, end of year	<u>\$ 9,051,969</u>	<u>\$ 5,122,031</u>

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

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 Completion. 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 FASB ASC Subtopic 958-205, *Not-For-Profit Entities—Presentation of Financial Statements*, the Agency is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

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, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

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 \$186,508, for the year ended June 30, 2017, 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 has received exempt status under section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and Management has analyzed tax positions taken and has concluded that, as of June 30, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Allocation of Expenses – The costs of providing program and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include the costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

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. 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.” When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value.

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

Level 1— Quoted prices for identical assets and liabilities in active markets.

Level 2—Observable inputs other than Level 1, which 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.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

The Organization measured the fair value of cash and cash equivalents using Level 1 inputs.

Summarized Financial Information – The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Reclassifications – Certain reclassifications have been made in the 2016 comparative totals to conform to the classifications used in 2017.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

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 due as follows:

Grants and Contributions receivable:	<u>2017</u>	<u>2016</u>
Amount due within one year	\$ 3,648,638	\$ 6,203,949
Due within two to five years	<u>3,145,300</u>	<u>4,410,000</u>
	<u>\$6,793,938</u>	<u>\$10,613,949</u>

The grants and contributions receivable that are due beyond three 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, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

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, 2017, 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 was November 2010 through September 2012.

During the fiscal year ended June 30, 2017, College Track recognized \$16,457 in ground lease income with \$1,531,352 remaining in deferred revenue at June 30, 2017.

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, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

NOTE E – FIXED ASSETS

Fixed assets at June 30 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Land	\$1,100,000	\$1,100,000
Building	594,074	594,074
Furniture and fixtures	995,616	902,186
Equipment	416,166	377,803
Vehicles	266,247	239,889
Leasehold improvements	3,329,719	3,314,844
Total fixed assets	<u>6,701,822</u>	<u>6,528,796</u>
Less: accumulated depreciation	<u>(1,742,921)</u>	<u>(1,387,842)</u>
Total fixed assets, net	<u>\$ 4,958,901</u>	<u>\$ 5,140,954</u>

Depreciation expense for the years ended June 30, 2017 and 2016 is \$355,080 and \$302,224, respectively.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 are comprised of the following:

	<u>2017</u>	<u>2016</u>
San Francisco Redevelopment grant	\$1,000,000	\$1,000,000
Future operations	4,230,000	8,055,146
Scholarships	-	22,000
Total	<u>\$5,230,000</u>	<u>\$9,077,146</u>

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.

COLLEGE TRACK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

NOTE F – TEMPORARILY RESTRICTED NET ASSETS (Continued)

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

	<u>2017</u>	<u>2016</u>
Operations	<u>\$3,847,146</u>	<u>\$4,787,999</u>

NOTE G – 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 regarding these agreements are as follows:

<u>Year Ended June 30</u>	
2018	\$ 1,035,074
2019	\$ 989,828
2020	\$ 977,234
2021	\$ 700,192
2022	\$ 504,245

Rent expense for the year ended June 30, 2017 is \$1,002,420.

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.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

NOTE H – 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 2017, the Organization matched employee deferrals only. Total pension expense for the year ended June 30, 2017 was \$223,016.

The Organization accrues vacation expense for full-time staff members. Total accrued vacation payable liability at June 30, 2017 is \$445,294 and is reflected in the accrued expenses in the accompanying Statement of Financial Position.

NOTE I – LINE OF CREDIT

The Organization has a line of credit from a bank with a maximum available amount of \$3,000,000. 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, 2017 is \$0.

NOTE J – CONCENTRATION OF CREDIT RISK

At June 30, 2017, the Organization had deposits of approximately \$8,352,282 in banks exceeding federally insured limits. These amounts have not been reduced by items recorded in the accounts not yet clearing the bank.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 29, 2017, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2017, have been incorporated into these financial statements herein.

SUPPLEMENTAL INFORMATION

COLLEGE TRACK
PRO FORMA CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

<u>ASSETS</u>	<u>College Track</u>	<u>San Francisco College Track QALICB, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents (Notes B and J)	\$ 9,051,969	\$ 111,001	\$ -	\$ 9,162,970
Contributions and grants receivable, net (Notes B and C)	3,648,638	-	-	3,648,638
TOTAL CURRENT ASSETS	12,700,607	111,001	-	12,811,608
FIXED ASSETS, NET (Note E)	4,958,901	5,332,937	(350,000)	9,941,838
OTHER ASSETS				
Prepaid expenses	247,635	-	-	247,635
Deposits	83,850	-	-	83,850
Long-term promises to give and grants receivable (Note C)	3,145,300	-	-	3,145,300
Prepaid ground lease (Note D)	-	1,531,352	(1,531,352)	-
Note receivable (Note D)	6,274,441	-	-	6,274,441
TOTAL OTHER ASSETS	9,751,226	1,531,352	(1,531,352)	9,751,226
TOTAL ASSETS	\$ 27,410,734	\$ 6,975,290	\$ (1,881,352)	\$ 32,504,672
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,231,925	\$ -	\$ -	\$ 1,231,925
Deferred revenue from ground lease (Note D)	16,457	-	(16,457)	-
TOTAL CURRENT LIABILITIES	1,248,382	-	(16,457)	1,231,925
Long-term deferred revenue-ground lease (Note D)	1,514,895	-	(1,514,895)	-
Long-term notes payable (Note D)	-	8,526,000	-	8,526,000
TOTAL LIABILITIES	2,763,277	8,526,000	(1,531,352)	9,757,925
COMMITMENTS AND CONTINGENCIES (Note G)				
NET ASSETS				
Unrestricted	19,417,457	(1,550,710)	(350,000)	17,516,747
Temporarily restricted (Note F)	5,230,000	-	-	5,230,000
TOTAL NET ASSETS	24,647,457	(1,550,710)	(350,000)	22,746,747
TOTAL LIABILITIES AND NET ASSETS	\$ 27,410,734	\$ 6,975,290	\$ (1,881,352)	\$ 32,504,672

COLLEGE TRACK
PRO FORMA CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	College Track	College Track QALICB, Inc.		TOTAL
REVENUE AND SUPPORT				
Individual donations	\$ 1,430,949	\$ -	\$ -	\$ 1,430,949
Foundation and trust support	12,528,882	-	-	12,528,882
Corporate support	339,958	-	-	339,958
Government grants and contracts	385,640	-	-	385,640
Events, net of expenses	3,917,040	-	-	3,917,040
Interest	62,744	64	-	62,808
In-kind support	186,508	-	-	186,508
Rental income	84,314	110,000	(126,457)	67,857
Other	4,117	-	-	4,117
	<u>18,940,152</u>	<u>110,064</u>	<u>(126,457)</u>	<u>18,923,759</u>
TOTAL REVENUE AND SUPPORT	<u>18,940,152</u>	<u>110,064</u>	<u>(126,457)</u>	<u>18,923,759</u>
EXPENSES:				
Program	15,340,807	-	(110,000)	15,230,807
General and administrative	1,797,560	-	-	1,797,560
Fundraising	1,519,937	-	-	1,519,937
Interest expense	-	62,751	-	62,751
Asset management	-	49,264	-	49,264
Rental expense	-	16,457	(16,457)	-
Depreciation	-	226,241	-	226,241
Miscellaneous	-	15,463	-	15,463
Bank fees	-	45	-	45
	<u>18,658,304</u>	<u>370,221</u>	<u>(126,457)</u>	<u>18,902,068</u>
TOTAL EXPENSES	<u>18,658,304</u>	<u>370,221</u>	<u>(126,457)</u>	<u>18,902,068</u>
CHANGE IN NET ASSETS	281,848	(260,157)	-	21,691
NET ASSETS, beginning of year	<u>24,365,609</u>	<u>(1,290,553)</u>	<u>(350,000)</u>	<u>22,725,056</u>
NET ASSETS, end of year	<u>\$24,647,457</u>	<u>\$ (1,550,710)</u>	<u>\$ (350,000)</u>	<u>\$ 22,746,747</u>

See Notes to Financial Statements