

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)

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INDEPENDENT AUDITOR'S REPORT

September 28, 2018

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, 2018, 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.

Board of Directors
College Track
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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, 2018, 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 16 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 2017 financial statements were audited by me, and in my opinion dated September 29, 2017, 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, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Healy and Associates
Concord, California

COLLEGE TRACK
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

	Total	
<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,665,372	\$ 9,051,969
Contributions and grants receivable, net	11,706,029	3,728,638
TOTAL CURRENT ASSETS	19,371,401	12,780,607
FIXED ASSETS, net	6,456,634	4,958,901
OTHER ASSETS		
Prepaid expenses	298,654	247,635
Deposits	131,089	83,850
Long-term promises to give and grants receivable, net	20,060,593	3,065,300
Note receivable	6,274,441	6,274,441
TOTAL OTHER ASSETS	26,764,777	9,671,226
TOTAL ASSETS	<u>\$ 52,592,812</u>	<u>\$ 27,410,734</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,910,305	\$ 1,231,925
Deferred revenue	23,047	16,457
TOTAL CURRENT LIABILITIES	1,933,352	1,248,382
Deferred revenue-ground lease	1,498,438	1,514,895
TOTAL LIABILITIES	3,431,790	2,763,277
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	19,816,217	19,417,457
Temporarily restricted	29,344,805	5,230,000
TOTAL NET ASSETS	49,161,022	24,647,457
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,592,812</u>	<u>\$ 27,410,734</u>

COLLEGE TRACK**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

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

	Unrestricted	Temporarily Restricted	Total All Funds	
			2018	2017
REVENUE AND SUPPORT				
Individual donations	\$ 2,184,037	\$ 3,365,959	\$ 5,549,996	\$ 1,430,949
Foundation and Trust support	10,829,860	24,378,075	35,207,935	12,528,882
Corporate support	96,866	89,889	186,755	339,958
Government grants and contracts	1,185,816	-	1,185,816	385,640
Fundraising events:				
Gross proceeds	\$ 4,360,557			
Less: event expenses	<u>(685,006)</u>			
Net event revenue	3,675,551	-	3,675,551	3,917,040
Interest on note receivable	62,744	-	62,744	62,744
In-kind support (Note B)	180,000	-	180,000	186,508
Loss on disposal of leasehold improvements	(34,040)	-	(34,040)	-
Rental income	96,534	-	96,534	84,314
Other	5,277	-	5,277	4,117
	<u>18,282,645</u>	<u>27,833,923</u>	<u>46,116,568</u>	<u>18,940,152</u>
Net assets released from restrictions (Note F)	<u>3,719,118</u>	<u>(3,719,118)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>22,001,763</u>	<u>24,114,805</u>	<u>46,116,568</u>	<u>18,940,152</u>
EXPENSES:				
Program	17,284,373	-	17,284,373	15,340,807
General and administrative	2,552,060	-	2,552,060	1,797,560
Fundraising	<u>1,766,570</u>	<u>-</u>	<u>1,766,570</u>	<u>1,519,937</u>
TOTAL EXPENSES	<u>21,603,003</u>	<u>-</u>	<u>21,603,003</u>	<u>18,658,304</u>
CHANGE IN NET ASSETS	<u>398,760</u>	<u>24,114,805</u>	<u>24,513,565</u>	<u>281,848</u>
NET ASSETS, beginning of year	<u>19,417,457</u>	<u>5,230,000</u>	<u>24,647,457</u>	<u>24,365,609</u>
NET ASSETS, end of year	<u>\$ 19,816,217</u>	<u>\$ 29,344,805</u>	<u>\$ 49,161,022</u>	<u>\$ 24,647,457</u>

See Notes to Financial Statements

COLLEGE TRACK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Program	General and Administrative	Fundraising	Total All Funds	
				2018	2017
PERSONNEL COSTS:					
Compensation	\$ 8,166,858	\$ 1,148,712	\$ 1,000,201	\$ 10,315,771	\$ 8,910,915
Payroll taxes	665,452	81,230	72,122	818,804	532,184
Employee benefits	1,058,207	113,835	133,781	1,305,823	1,059,963
TOTAL PERSONNEL COSTS	9,890,517	1,343,777	1,206,104	12,440,398	10,503,062
OPERATING EXPENSES:					
Scholarships	2,239,134	-	-	2,239,134	2,254,744
Staff development and recruitment	159,643	68,290	11,602	239,535	331,553
Professional services	792,048	493,378	249,487	1,534,913	1,131,936
Office expense	604,200	30,713	26,263	661,176	577,781
Information technology	97,386	105,275	3,608	206,269	204,355
Occupancy	1,917,173	245,808	60,183	2,223,164	2,075,342
Fleet and transportation	201,417	-	1,229	202,646	166,860
Travel and Hospitality	635,324	93,018	139,532	867,874	631,162
General and administrative	747,531	171,801	68,562	987,894	781,509
TOTAL OPERATING EXPENSES	7,393,856	1,208,283	560,466	9,162,605	8,155,242
TOTAL EXPENSES	\$ 17,284,373	\$ 2,552,060	\$ 1,766,570	\$ 21,603,003	\$ 18,658,304

COLLEGE TRACK**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2018

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

	Total	
	2018	2017
CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 24,513,565	\$ 281,848
ADJUSTMENTS TO RECONCILE TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	610,434	355,080
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
(Increase) decrease in:		
Contributions and grants receivable	(24,972,684)	3,820,011
Prepaid expenses	(51,019)	(65,902)
Deposits	(47,239)	(1,315)
Increase (decrease) in:		
Accounts payable and accrued liabilities	678,380	(270,301)
Deferred revenue	(9,867)	(16,456)
NET CASH PROVIDED BY OPERATING ACTIVITIES	721,570	4,102,965
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) disposal of property and equipment, net	(2,108,167)	(173,027)
NET CASH USED BY INVESTING ACTIVITIES	(2,108,167)	(173,027)
NET (DECREASE) INCREASE IN CASH	(1,386,597)	3,929,938
CASH AND CASH EQUIVALENTS, beginning of year	9,051,969	5,122,031
CASH AND CASH EQUIVALENTS, end of year	\$ 7,665,372	\$ 9,051,969

See Notes to Financial Statements

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

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, Louisiana, Maryland, and Washington D.C.

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 Organization 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 has accrued an allowance for doubtful accounts in the amount of \$60,000 at June 30, 2018 and 2017. In addition, the Organization has accrued a discount on long-term contributions and grants in the amount of \$501,874 and \$80,000 at June 30, 2018 and 2017, respectively.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

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 \$180,000 and \$186,508, for the year ended June 30, 2018 and 2017, respectively, 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, 2018, 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, 2018

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

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, 2017, from which the summarized information was derived.

Reclassifications – Certain reclassifications have been made in the 2017 comparative totals to conform to the classifications used in 2018.

COLLEGE TRACK**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2018

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

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:	2018	2017
Amount due within one year	\$ 11,766,029	\$ 3,788,638
Allowance for doubtful accounts	(60,000)	(60,000)
Due within two to five years	17,562,467	3,145,300
Due within six to ten years	3,000,000	-
Discount on long-term receivables	(501,874)	(80,000)
	<u>\$ 31,766,622</u>	<u>\$ 6,793,938</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, 2018

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

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, 2018, 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, 2018, College Track recognized \$16,457 in ground lease income with \$1,514,895 remaining in deferred revenue at June 30, 2018.

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, 2018

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

NOTE E – FIXED ASSETS

Fixed assets at June 30 are comprised of the following:

	2018	2017
Land	\$1,100,000	\$1,100,000
Building	594,074	594,074
Furniture and fixtures	1,293,743	995,616
Equipment	809,312	416,166
Vehicles	308,755	266,247
Leasehold improvements	4,170,805	3,329,719
Construction in progress	531,700	-
Total fixed assets	8,808,389	6,701,822
Less: accumulated depreciation	(2,351,755)	(1,742,921)
Total fixed assets, net	<u>\$ 6,456,634</u>	<u>\$ 4,958,901</u>

Depreciation expense for the years ended June 30, 2018 and 2017 is \$610,434 and \$355,080, respectively.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

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

	2018	2017
San Francisco Redevelopment grant	\$1,000,000	\$1,000,000
Future operations	27,769,326	4,230,000
General operations	521,173	-
Student programs	46,645	-
Scholarships	7,661	-
Total	<u>\$29,344,805</u>	<u>\$5,230,000</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, 2018

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

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>2018</u>	<u>2017</u>
Operations	<u>\$3,719,118</u>	<u>\$4,787,999</u>

NOTE G – COMMITMENTS AND CONTINGENCIES**Commitments**

The Organization leases program and office spaces in various locations throughout the United States.

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>	
2019	\$ 1,213,277
2020	\$ 1,180,183
2021	\$ 832,971
2022	\$ 691,264
2023	\$ 476,227

Rent expense for the years ended June 30, 2018 and 2017 was \$1,182,952 and \$1,002,420, respectively.

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, 2018

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

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 2018, the Organization matched employee deferrals only. Total pension expense for the years ended June 30, 2018 and 2017 was \$236,554 and \$223,016, respectively.

The Organization accrues vacation expense for full-time staff members. Total accrued vacation payable liability at June 30, 2018 and 2017 is \$577,684 and \$445,294, respectively, and is reflected in the accounts payable and accrued liabilities 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, 2018 is \$0.

NOTE J – CONCENTRATION OF CREDIT RISK

At June 30, 2018 and 2017, the Organization had deposits of approximately \$6,988,802 and \$8,352,282, respectively, in banks exceeding federally insured limits. These amounts have not been reduced by items recorded in the accounts not yet clearing the bank.

At June 30, 2018, concentrations exist in accounts receivable as 76% of the receivables are due from 3 funders. Additionally, 64% of the total support for the year ended June 30, 2018 was contributed by 3 donors. The loss of this level of support could have an effect on the Organization's ability to continue operations in their current manner.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 28, 2018, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2018, have been incorporated into these financial statements herein.

SUPPLEMENTAL INFORMATION

COLLEGE TRACK
PRO FORMA CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	College Track	San Francisco College Track QALICB, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,665,372	\$ 133,656	\$ -	\$ 7,799,028
Contributions and grants receivable, net	11,706,029	-	-	11,706,029
TOTAL CURRENT ASSETS	19,371,401	133,656	-	19,505,057
FIXED ASSETS, NET	6,456,634	5,165,159	(350,000)	11,271,793
OTHER ASSETS				
Prepaid expenses	298,654	-	-	298,654
Deposits	131,089	-	-	131,089
Long-term promises to give and grants receivable	20,060,593	-	-	20,060,593
Prepaid ground lease	-	1,514,895	(1,514,895)	-
Note receivable	6,274,441	-	-	6,274,441
TOTAL OTHER ASSETS	26,764,777	1,514,895	(1,514,895)	26,764,777
TOTAL ASSETS	\$ 52,592,812	\$ 6,813,710	\$ (1,864,895)	\$ 57,541,627
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,910,305	\$ 17,563	\$ -	\$ 1,927,868
Deferred revenue	6,590	-	-	6,590
Deferred revenue from ground lease	16,457	-	(16,457)	-
TOTAL CURRENT LIABILITIES	1,933,352	17,563	(16,457)	1,934,458
Long-term deferred revenue-ground lease	1,498,438	-	(1,498,438)	-
Long-term notes payable	-	8,526,000	-	8,526,000
TOTAL LIABILITIES	3,431,790	8,543,563	(1,514,895)	10,460,458
COMMITMENTS AND CONTINGENCIES				
NET ASSETS				
Unrestricted	19,816,217	(1,729,853)	(350,000)	17,736,364
Temporarily restricted	29,344,805	-	-	29,344,805
TOTAL NET ASSETS	49,161,022	(1,729,853)	(350,000)	47,081,169
TOTAL LIABILITIES AND NET ASSETS	\$ 52,592,812	\$ 6,813,710	\$ (1,864,895)	\$ 57,541,627

COLLEGE TRACK**PRO FORMA CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	College Track	San Francisco College Track QALICB, Inc.	Eliminations	TOTAL
REVENUE AND SUPPORT				
Individual donations	\$ 5,549,996	\$ -	\$ -	\$ 5,549,996
Foundation and Trust support	35,207,935	-	-	35,207,935
Corporate support	186,755	-	-	186,755
Government grants and contracts	1,185,816	-	-	1,185,816
Events, net of expenses	3,675,551	-	-	3,675,551
Interest	62,744	42	-	62,786
In-kind support	180,000	-	-	180,000
Loss on disposal of leasehold improvement	(34,040)	-	-	(34,040)
Rental income	96,534	110,000	(126,457)	80,077
Other	5,277	-	-	5,277
	<u>46,116,568</u>	<u>110,042</u>	<u>(126,457)</u>	<u>46,100,153</u>
TOTAL REVENUE AND SUPPORT	<u>46,116,568</u>	<u>110,042</u>	<u>(126,457)</u>	<u>46,100,153</u>
EXPENSES:				
Program	17,284,373	-	(110,000)	17,174,373
General and administrative	2,552,060	-	-	2,552,060
Fundraising	1,766,570	-	-	1,766,570
Interest expense	-	64,626	-	64,626
Asset management	-	38,395	-	38,395
Rental expense	-	16,457	(16,457)	-
Depreciation	-	167,778	-	167,778
Miscellaneous	-	1,900	-	1,900
Bank fees	-	29	-	29
	<u>21,603,003</u>	<u>289,185</u>	<u>(126,457)</u>	<u>21,765,731</u>
TOTAL EXPENSES	<u>21,603,003</u>	<u>289,185</u>	<u>(126,457)</u>	<u>21,765,731</u>
CHANGE IN NET ASSETS	<u>24,513,565</u>	<u>(179,143)</u>	<u>-</u>	<u>24,334,422</u>
NET ASSETS, beginning of year	<u>24,647,457</u>	<u>(1,550,710)</u>	<u>(350,000)</u>	<u>22,746,747</u>
NET ASSETS, end of year	<u><u>\$49,161,022</u></u>	<u><u>\$ (1,729,853)</u></u>	<u><u>\$ (350,000)</u></u>	<u><u>\$ 47,081,169</u></u>

See Notes to Financial Statements