

COLLEGE TRACK
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020)

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INDEPENDENT AUDITOR'S REPORT

October 29, 2021

Board of Directors
College Track
Oakland, California

I have audited the financial statements of College Track (a nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2021, 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, 2021, 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

Report on Summarized Comparative Information

College Track's 2020 financial statements were audited by me, and in my opinion dated October 28, 2020, 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, 2020 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, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	Total	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 30,628,071	\$ 15,231,574
Promises to give and grants receivable, net, current portion	13,180,587	13,305,654
Other receivables	13,801	21,587
Prepaid expenses	541,614	378,024
TOTAL CURRENT ASSETS	44,364,073	28,936,839
FIXED ASSETS, net		
Deposits	221,282	229,847
Promises to give and grants receivable, net, long-term portion	16,922,785	18,707,827
TOTAL OTHER ASSETS	17,144,067	18,937,674
TOTAL ASSETS	\$ 72,322,501	\$ 58,821,566
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,353,804	\$ 1,300,465
Student bank book, current portion	1,654,988	1,334,420
Deferred rent	679,860	132,403
Deferred revenue	-	25,000
TOTAL CURRENT LIABILITIES	5,688,652	2,792,288
PPP payable	-	2,704,500
Student bank book, long-term portion	5,351,264	6,262,175
TOTAL LIABILITIES	11,039,916	11,758,963
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	27,858,579	12,366,225
With donor restrictions	33,424,006	34,696,378
TOTAL NET ASSETS	61,282,585	47,062,603
TOTAL LIABILITIES AND NET ASSETS	\$ 72,322,501	\$ 58,821,566

See Notes to Financial Statements

COLLEGE TRACK

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
REVENUE AND SUPPORT				
Foundation and Trust support	\$ 11,360,797	\$ 10,647,656	\$ 22,008,453	\$ 16,717,633
Individual donations	14,291,296	1,783,808	16,075,104	9,029,325
PPP loan and interest forgiveness	2,704,500	-	2,704,500	-
Corporate support	685,378	191,513	876,891	6,264,705
Realized gain (loss) on donated equities	649,643	-	649,643	(23,702)
Government grants	388,091	3,903	391,994	456,499
In-kind support	207,672	-	207,672	405,000
Rental income	32,949	-	32,949	96,227
Other	8,754	-	8,754	170,593
Fundraising events, net	-	-	-	37,111
Effect of QALICB SF dissolution	-	-	-	(2,292,300)
	<u>30,329,080</u>	<u>12,626,880</u>	<u>42,955,960</u>	<u>30,861,091</u>
Net assets released from restriction	<u>13,899,252</u>	<u>(13,899,252)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>44,228,332</u>	<u>(1,272,372)</u>	<u>42,955,960</u>	<u>30,861,091</u>
EXPENSES:				
Program	22,591,623	-	22,591,623	22,682,440
General and administrative	3,353,864	-	3,353,864	3,286,210
Fundraising	2,790,491	-	2,790,491	2,419,899
TOTAL EXPENSES	<u>28,735,978</u>	<u>-</u>	<u>28,735,978</u>	<u>28,388,549</u>
CHANGE IN NET ASSETS	15,492,354	(1,272,372)	14,219,982	2,472,542
NET ASSETS, beginning of year	<u>12,366,225</u>	<u>34,696,378</u>	<u>47,062,603</u>	<u>44,590,061</u>
NET ASSETS, end of year	<u>\$ 27,858,579</u>	<u>\$ 33,424,006</u>	<u>\$ 61,282,585</u>	<u>\$ 47,062,603</u>

See Notes to Financial Statements

COLLEGE TRACK

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	Program	General and Administrative	Fundraising	Total	
				2021	2020
PERSONNEL COSTS:					
Compensation	\$ 12,012,593	\$ 1,856,542	\$ 1,988,542	\$ 15,857,677	\$ 14,007,929
Payroll taxes	917,598	130,767	126,827	1,175,192	1,090,647
Employee benefits	1,503,566	209,356	225,268	1,938,190	1,661,096
TOTAL PERSONNEL COSTS	14,433,757	2,196,665	2,340,637	18,971,059	16,759,672
OPERATING EXPENSES:					
Occupancy	2,616,538	191,659	64,783	2,872,980	2,570,728
Scholarships	2,508,075	-	-	2,508,075	3,777,770
Professional services	1,030,190	424,015	259,120	1,713,325	1,627,859
General and administrative	556,718	263,549	44,070	864,337	835,596
Depreciation and amortization	609,748	36,236	9,516	655,500	372,236
Information technology	268,217	163,880	19,709	451,806	406,369
Office expense	356,255	24,506	28,075	408,836	516,253
Travel and hospitality	114,501	21,176	17,049	152,726	655,541
Staff development and recruitment	87,793	32,178	7,532	127,503	624,449
Fleet and transportation	9,831	-	-	9,831	242,076
TOTAL OPERATING EXPENSES	8,157,866	1,157,199	449,854	9,764,919	11,628,877
TOTAL EXPENSES	\$ 22,591,623	\$ 3,353,864	\$ 2,790,491	\$ 28,735,978	\$ 28,388,549

COLLEGE TRACK

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	Total	
	2021	2020
CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 14,219,982	\$ 2,472,542
ADJUSTMENTS TO RECONCILE TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	655,500	372,236
PPP forgiveness	(2,704,500)	
Cash received in QALICB SF merger	-	237,039
Effect of QALICB SF dissolution	-	2,292,300
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
(Increase) decrease in:		
Promises to give and grants receivable	1,910,109	(4,052,081)
Other receivables	7,786	(21,587)
Prepaid expenses	(163,590)	18,162
Deposits	8,565	(94,143)
Increase (decrease) in:		
Accounts payable and accrued liabilities	2,053,339	(203,780)
Student bank book	(590,343)	852,086
Deferred rent	547,457	132,403
Deferred revenue	(25,000)	(547)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>15,919,305</u>	<u>2,004,630</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) disposal of property and equipment, net	<u>(522,808)</u>	<u>(495,812)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(522,808)</u>	<u>(495,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP proceeds	-	2,700,000
PPP accrued interest payable	-	4,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>2,704,500</u>
NET CHANGE IN CASH	15,396,497	4,213,318
CASH AND CASH EQUIVALENTS, beginning of year	<u>15,231,574</u>	<u>11,018,256</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 30,628,071</u>	<u>\$15,231,574</u>

See Notes to Financial Statements

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE A – ORGANIZATION AND PURPOSE

College Track (Organization) is a nonprofit public benefit corporation, incorporated in California in 1997. They have locations in California, Colorado, Louisiana, Maryland, and Washington, D.C.

College Track is a comprehensive college completion program that equips students confronting systemic barriers to earn a bachelor's degree in pursuit of a life of opportunity, choice, and power. Starting the summer before 9th grade through college graduation, the 10-year program provides the students with academic support, leadership training, financial and college advising, and scholarships. The Organization has four core service areas – Academic Affairs, Student Life, College Completion, and Wellness. 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

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

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.

Promises to Give and Grants Receivable

Promises to give and grants receivable represent the net realizable amount the Organization expects to receive. The Organization has accrued an allowance for doubtful accounts in the amount of \$231,284 and \$44,900 at June 30, 2021 and 2020, respectively. In addition, the Organization has accrued a discount on long-term promises to give and grants in the amount of \$1,119,840 and \$490,298 at June 30, 2021 and 2020, respectively.

Fair Value Measurements

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 using Level 1 inputs. Fair value is defined as "the price that would be received to sell an asset 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. 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 in active markets.

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets 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.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed asset additions in excess of \$10,000 are recorded at cost, or if donated, at fair value on the date of donation. Significant property and equipment purchases are capitalized and depreciated over their respective useful lives which range from three to thirty years. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Revenue Recognition

The Organization receives contributions and grants from corporations, governmental entities, charitable organizations, and individuals.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2021, contributions of approximating \$1,375,000, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend have not yet been met.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the cost-reimbursable government grants.

Donated Facilities Use, Equipment, Supplies and Services (In-kind)

The Organization records donated facilities use, equipment, and 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 \$207,672 (\$27,672 in program services and \$180,000 is program facilities usage), for the year ended June 30, 2021, as reflected in the accompanying financial statements.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Bank Book Balance

The Organization offers the opportunity for each student to earn \$5,600 for completing the program and other small incentives for volunteering. The funds can be drawn down by the student starting the spring semester of their high school senior year through college graduation for permissible education needs (e.g. tuition, books, and fees). The accrued balances of \$7,006,252 and \$7,596,595, represent the current and long-term amounts earned by students through June 30, 2021 and 2020, respectively. The funds have no expiration date, provided the student uses them for higher education expenses.

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, 2021, 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 based on time spent in the functional area.

Comparative Financial Information and Reclassifications

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization adopted the standard on July 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

NOTE C – PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable that are expected to be collected within one to three years are recorded at their net realizable value. Promises to give and grants receivable at June 30 are due as follows:

Promises to give and grants receivable:	<u>2021</u>	<u>2020</u>
Amount due within one year	\$ 13,411,871	\$13,350,554
Allowance for doubtful accounts	(231,284)	(44,900)
Due within two to five years	12,792,625	17,198,125
Due within six to ten years	5,250,000	2,000,000
Discount on long-term receivables (0.07% - 1.45%)	(1,119,840)	(490,298)
	<u>\$ 30,103,372</u>	<u>\$32,013,481</u>

The promises to give and grants receivable that are due beyond three years are accrued at the present value.

COLLEGE TRACK**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE D – FIXED ASSETS

Fixed assets at June 30 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Land	\$1,100,000	\$1,100,000
Building	5,108,753	5,108,753
Furniture and fixtures	1,529,659	1,117,245
Equipment	1,105,009	1,216,992
Vehicles	404,262	404,262
Leasehold improvements	5,300,658	4,785,923
Construction in progress	21,702	314,061
Total fixed assets	<u>14,570,043</u>	<u>14,047,236</u>
Less: accumulated depreciation and amortization	<u>(3,755,682)</u>	<u>(3,100,183)</u>
Total fixed assets, net	<u>\$10,814,361</u>	<u>\$10,947,053</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 is \$655,500 and \$372,236, respectively.

NOTE E –NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions for the year ended June 30 is comprised of the following and reflects releases that are reflected in net assets without donor restrictions in the statement of activities:

<u>Purpose</u>	<u>6/30/20</u>	<u>Awards</u>	<u>Releases</u>	<u>6/30/21</u>
SF Redevelopment	\$1,000,000	\$ -	\$ -	\$1,000,000
Future operations	32,661,085	11,797,609	(13,125,064)	31,333,630
General operations	912,840	759,873	(747,065)	925,648
Student programs	120,953	44,998	(27,123)	138,828
Scholarships	1,500	24,400	-	25,900
Total	<u>\$34,696,378</u>	<u>\$12,626,880</u>	<u>(\$13,899,252)</u>	<u>\$33,424,006</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, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE F – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases program and office spaces in various locations throughout the United States. Future commitments for the next five fiscal years regarding these agreements are as follows:

<u>Year Ended June 30</u>	
2022	\$ 1,613,551
2023	\$ 1,519,637
2024	\$ 1,370,821
2025	\$ 1,399,773
2026	\$ 1,000,112

Rent expense for the years ended June 30, 2021 and 2020 was \$1,193,160 and \$1,546,844, 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.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. While the Organization has revised operations in light of COVID-19, it remains uncertain as to how this matter will continue to impact its operating results. The related financial impact and duration cannot be reasonably estimated at this time.

NOTE G – DEFERRED RENT

Deferred rent is the difference between actual cash paid and the straight-line expense of rent recorded over the life of lease. At June 30, 2021, the Organization accrued \$679,860 in deferred rent in the accompany statement of financial position.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE H – LINE OF CREDIT

The Organization has a line of credit from a bank with a maximum available amount of \$5,000,000. The line renews in March 2022 with a variable interest rate of 0.25% over the Bank's Prime Rate. The outstanding balance on the line at June 30, 2021 is \$0.

NOTE I – CONCENTRATION OF CREDIT RISK

At June 30, 2021 and 2020, the Organization had deposits of approximately \$29,776,914 and \$12,375,912, 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, 2021 and 2020, concentrations exist in accounts receivable as 65% and 63% of receivables, respectively are due from 3 funders each year. Additionally, 64% and 67% of the total revenue and support for the year ended June 30, 2021 and 2020, respectively, was contributed by 3 donors each year. The loss of this level of support could have an effect on the Organization's ability to continue operations in their current manner.

NOTE J – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$30,628,071
Promises to give and grants receivable	<u>30,103,372</u>
Total financial assets	<u>60,731,443</u>
Less amounts not available to be used within one year:	
Promises to give and grants receivable due after one year	(16,691,501)
Net assets with restrictions to be met in one year	<u>(6,567,577)</u>
	<u>(23,259,078)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$37,472,365</u></u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements, if available, in short-term investments.

COLLEGE TRACK

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

NOTE K – 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 2021, the Organization matched employee deferrals only. Total employer match expense for the years ended June 30, 2021 and 2020 was \$455,370 and \$345,532, respectively.

The Organization accrues vacation expense for full-time staff members. Total accrued vacation payable liability at June 30, 2021 and 2020 is \$995,866 and \$696,815, respectively, and is reflected in the accounts payable and accrued liabilities in the accompanying statement of financial position.

NOTE L – PPP PAYABLE

In May 2020, the Organization received \$2,700,000 from the Payroll Protection Program, offered through the Small Business Administration, in response to COVID-19. The Organization received formal forgiveness of the small business grant in the fiscal year ended June 30, 2021. The Organization recognized income from forgiveness of \$2,700,000 plus the accrued \$4,500 in interest.

NOTE M – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 29, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2021, have been incorporated into these financial statements herein.