



Financial Statements

For the Years Ended April 30, 2015 and 2014



**and
Report Thereon**





Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
College Summit, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of College Summit, Inc. (College Summit), which comprise the statements of financial position as of April 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College Summit, Inc. as of April 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Raffa, P.C.

Raffa, P.C.

Washington, DC
September 22, 2015

COLLEGE SUMMIT, INC.

STATEMENTS OF FINANCIAL POSITION
April 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 238,854	\$ 761,920
Accounts receivable and other, net of allowance for doubtful accounts of \$165,209 and \$131,613, respectively	438,691	492,591
Grants and pledges receivable, net; current portion	3,702,699	2,997,063
Prepaid expenses	133,157	97,545
Total Current Assets	4,513,401	4,349,119
Grants and pledges receivable, net; net of current portion	5,772,949	1,582,313
Property and equipment, net	41,785	3,857,802
Land and building – held for sale	3,729,614	-
Deposits	46,159	103,737
TOTAL ASSETS	\$ 14,103,908	\$ 9,892,971
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 911,119	\$ 657,904
Deferred revenue	423,774	359,834
Lines of credit	1,700,000	750,000
Total Current Liabilities	3,034,893	1,767,738
Security deposits	26,719	26,719
TOTAL LIABILITIES	3,061,612	1,794,457
Net Assets		
Unrestricted	(731,683)	819,737
Temporarily restricted	11,773,979	7,278,777
TOTAL NET ASSETS	11,042,296	8,098,514
TOTAL LIABILITIES AND NET ASSETS	\$ 14,103,908	\$ 9,892,971

The accompanying notes are an integral part of these financial statements.

COLLEGE SUMMIT, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended April 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Support						
Grants and contributions:						
Foundations, states, corporations and individuals	\$ 2,656,633	\$ 10,272,200	\$ 12,928,833	\$ 2,366,849	\$ 7,602,386	\$ 9,969,235
Federal grants	1,196,360	-	1,196,360	1,367,332	-	1,367,332
Program income:						
School district, agency and school fees	3,376,183	-	3,376,183	4,314,177	-	4,314,177
College in-kind facilities	144,838	-	144,838	170,000	-	170,000
Donated facilities and services	1,221,638	-	1,221,638	2,105,846	-	2,105,846
Rental and other income	594,441	-	594,441	237,786	-	237,786
Net assets released from restrictions:						
Satisfaction of purpose restriction	3,040,815	(3,040,815)	-	1,439,591	(1,439,591)	-
Satisfaction of time restriction	1,600,000	(1,600,000)	-	5,981,559	(5,981,559)	-
Satisfaction of Growth Fund restriction	827,013	(827,013)	-	-	-	-
TOTAL REVENUE AND SUPPORT	14,657,921	4,804,372	19,462,293	17,983,140	181,236	18,164,376
Expenses and Losses						
Program Services:						
12th Grade and Launch	10,505,456	-	10,505,456	13,422,817	-	13,422,817
Innovation	1,159,401	-	1,159,401	602,099	-	602,099
Total Program Services	11,664,857	-	11,664,857	14,024,916	-	14,024,916
Supporting Services:						
Management and general	1,216,751	-	1,216,751	1,196,066	-	1,196,066
Development and fundraising	3,327,733	-	3,327,733	1,556,554	-	1,556,554
Total Supporting Services	4,544,484	-	4,544,484	2,752,620	-	2,752,620
TOTAL EXPENSES	16,209,341	-	16,209,341	16,777,536	-	16,777,536
Losses on pledge contributions	-	309,170	309,170	-	-	-
TOTAL EXPENSES AND LOSSES	16,209,341	309,170	16,518,511	16,777,536	-	16,777,536
CHANGE IN NET ASSETS	(1,551,420)	4,495,202	2,943,782	1,205,604	181,236	1,386,840
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	819,737	7,278,777	8,098,514	(385,867)	7,097,541	6,711,674
NET ASSETS, END OF YEAR	\$ (731,683)	\$ 11,773,979	\$ 11,042,296	\$ 819,737	\$ 7,278,777	\$ 8,098,514

The accompanying notes are an integral part of these financial statements.

COLLEGE SUMMIT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2015

	Program Services			Supporting Services			Total
	12th Grade and Launch	Innovation	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Personnel and benefits	4,226,543	567,886	\$ 4,794,429	\$ 358,089	\$ 969,512	\$ 1,327,601	\$ 6,122,030
Consulting and temporary services	927,147	336,698	1,263,845	373,220	2,011,790	2,385,010	3,648,855
Donated facilities and services	1,274,260	15,380	1,289,640	48,513	28,323	76,836	1,366,476
College hosting and program catering	708,923	22,955	731,878	9,556	10,638	20,194	752,072
Travel	509,841	49,142	558,983	25,030	47,030	72,060	631,043
Rent	511,749	6,422	518,171	31,575	18,434	50,009	568,180
Printing and shipping	389,727	14,438	404,165	3,132	8,001	11,133	415,298
Building operations and taxes	191,627	17,360	208,987	85,348	49,828	135,176	344,163
Stipends	283,146	6,035	289,181	1,894	1,106	3,000	292,181
Evaluation	274,203	-	274,203	-	-	-	274,203
Programmatic software	293,289	3,904	297,193	192	286	478	297,671
Professional fees	103,541	11,100	114,641	54,572	31,860	86,432	201,073
Other employee expense	118,902	16,130	135,032	37,684	22,745	60,429	195,461
Other expenses	110,277	9,122	119,399	28,483	28,070	56,553	175,952
Bad debt expense	107,851	6,736	114,587	33,116	19,334	52,450	167,037
Telephone and internet	125,130	3,274	128,404	15,284	13,095	28,379	156,783
Marketing	93,529	39,138	132,667	2,726	2,824	5,550	138,217
Technology	65,995	15,063	81,058	31,023	18,112	49,135	130,193
Depreciation and amortization	64,283	6,892	71,175	33,881	19,780	53,661	124,836
Interest expense	47,130	5,053	52,183	24,840	14,502	39,342	91,525
Supplies	49,996	3,632	53,628	3,642	3,734	7,376	61,004
Web design	28,367	3,041	31,408	14,951	8,729	23,680	55,088
TOTAL EXPENSES	\$ 10,505,456	\$ 1,159,401	\$ 11,664,857	\$ 1,216,751	\$ 3,327,733	\$ 4,544,484	\$ 16,209,341

The accompanying notes are an integral part of these financial statements.

COLLEGE SUMMIT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2014

	Program Services			Supporting Services			Total
	12th Grade and Launch	Innovation	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Personnel and benefits	5,307,508	\$ 346,729	\$ 5,654,237	\$ 481,333	\$ 983,284	\$ 1,464,617	\$ 7,118,854
Donated facilities and services	2,068,890	3,766	2,072,656	35,495	167,694	203,189	2,275,845
Consulting and temporary services	786,073	75,347	861,420	231,060	215,291	446,351	1,307,771
College hosting and program catering	1,106,363	4,887	1,111,250	8,194	13,739	21,933	1,133,183
Travel	574,782	14,266	589,048	23,390	28,700	52,090	641,138
Rent	522,907	2,667	525,574	25,145	6,896	32,041	557,615
Technology	335,245	21,231	356,476	110,291	30,247	140,538	497,014
Printing and shipping	413,422	3,010	416,432	3,292	3,633	6,925	423,357
Stipends	379,722	4,000	383,722	-	-	-	383,722
Building operations and taxes	226,164	9,079	235,243	85,585	23,472	109,057	344,300
Evaluation	304,421	-	304,421	-	-	-	304,421
Programmatic software	348,898	4,903	353,801	29	791	820	354,621
Marketing	160,322	60,619	220,941	1,383	12,655	14,038	234,979
Telephone and internet	171,012	4,433	175,445	20,779	9,111	29,890	205,335
Other expenses	103,920	31,757	135,677	31,058	21,109	52,167	187,844
Professional fees	120,575	4,776	125,351	45,022	12,347	57,369	182,720
Depreciation and amortization	99,763	4,475	104,238	42,184	11,569	53,753	157,991
Bad debt expense	154,408	-	154,408	-	-	-	154,408
Interest expense	70,778	3,175	73,953	29,927	8,208	38,135	112,088
Other employee expense	67,951	2,379	70,330	18,206	6,464	24,670	95,000
Supplies	68,880	593	69,473	3,632	1,327	4,959	74,432
Web design	30,813	7	30,820	61	17	78	30,898
TOTAL EXPENSES	\$ 13,422,817	\$ 602,099	\$ 14,024,916	\$ 1,196,066	\$ 1,556,554	\$ 2,752,620	\$ 16,777,536

The accompanying notes are an integral part of these financial statements.

COLLEGE SUMMIT, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended April 30, 2015 and 2014

Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,943,782	\$ 1,386,840
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	124,836	157,991
Losses on pledge contribution	309,170	-
Bad debt expense	167,037	(5,000)
Change in assets and liabilities:		
Accounts receivable	(113,137)	(191,489)
Grants and pledges receivable	(5,205,442)	(7,569)
Prepaid expenses	(35,612)	200,323
Deposits	57,578	75,369
Accounts payable and accrued expenses	253,215	238,433
Deferred revenue	63,940	(368,777)
Security deposits	-	4,893
	<u>(1,434,633)</u>	<u>1,491,014</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(38,433)	-
	<u>(38,433)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	5,660,872	1,850,000
Repayments of lines of credit	(4,710,872)	(2,800,000)
	<u>950,000</u>	<u>(950,000)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(523,066)	541,014
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>761,920</u>	<u>220,906</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 238,854</u>	<u>\$ 761,920</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 91,525</u>	<u>\$ 118,670</u>

The accompanying notes are an integral part of these financial statements.

COLLEGE SUMMIT, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014**

1. Organization and Summary of Significant Accounting Policies

Organization

College Summit, Inc. (College Summit) was incorporated in the District of Columbia in December 1996. College Summit's mission is to increase the college enrollment rate of low-income students. College Summit seeks to achieve this mission through its program and by providing tools and resources to communities to ensure that every student who can make it in college makes it to college. College Summit has served thousands of low-income students nationally through its 11 regional offices. Most importantly, workshop participants have enrolled in college at an average rate of 79%, well above the average for low-income students. Program activities are funded primarily by grants and contributions, as well as school district, agency and school fees.

College Summit's program activities include the following:

12th Grade and Launch

This program helps high schools raise their college enrollment rates by providing all students with a course in postsecondary planning, training teachers and counselors to build a college-ready culture, enabling the most influential students in the school to help their peers apply to college, and helping school leaders track results. By equipping educators and students alike, College Summit builds the capacity and excitement to promote college enrollment at all levels.

Innovation

This program designs and explores new and innovative ways to help all students, parents, and educators in low-income communities navigate the college-going process. College Summit is collaborating with government, technology companies, leading businesses, foundations and policy groups to bring innovation to the world of college access by using the power of technology, mobile applications and student outreach.

Cash Equivalents

Cash equivalents consist of highly liquid investments with initial maturities of three months or less.

Accounts Receivable

College Summit uses the allowance method to record potentially uncollectible accounts receivable.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation and amortization are provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years for equipment; three to five years for software; and thirty years for the building and building improvements. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization,

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization (continued)

and any gain or loss is reflected in revenue and support or expense in the accompanying statements of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Net Assets

College Summit's net assets are classified as follows:

- Unrestricted net assets represent funds that are available for support of College Summit's operations.
- Temporarily restricted net assets represent funds that are subject to either donor-imposed restrictions to be used for a particular purpose, within a specific time period, or in accordance with a donor-acknowledged prospectus related to the use of College Summit's Growth Fund proceeds.

Restrictions on Use of Growth Fund Proceeds

Proceeds were raised from philanthropic investors providing equity-like capital to meet the requirements for the College Summit Growth Plan for the years 2010 through 2016. Such proceeds are temporarily restricted until April 30, 2016, but may be available for use by College Summit before 2016 as follows: At the end of each fiscal year, College Summit may provisionally calculate its change in unrestricted net assets as if no releases were to be made from temporarily restricted Growth Fund proceeds. If this provisional calculation yields a positive change in unrestricted net assets of a magnitude greater than 5% of the fiscal year's operating expenses, then Growth Fund proceeds may not, in that fiscal year, be released. Otherwise, Growth Fund proceeds can be released toward achieving a positive change in unrestricted net assets for the fiscal year with a magnitude of up to 5% of the fiscal year's operating expenses. Beginning May 1, 2016, the use of any remaining Growth Fund proceeds will no longer be subject to donor-imposed restrictions.

Revenue Recognition

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Federal grants are pass-through grants from U.S. government agencies. Revenue from these grants is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs. Direct and indirect expenses incurred but not reimbursed under these grants are included in grants and pledges receivable in the accompanying statements of financial position.

College Summit earns program income by providing training, workshop and counseling services to educational institutions at various sites throughout the country for an agreed-upon fee. This revenue is recognized upon the delivery of services. Billings that have been presented to educational institutions that have not been paid are included in the accompanying statements of financial position as accounts receivable. Payments received in advance of providing the services are included in the accompanying statements of financial position as deferred revenue.

Donated Facilities and Services

In-kind contributions of facilities and services are recognized as revenue and support and expense in the accompanying financial statements at their estimated fair value as provided by the donor at the date of receipt.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the accompanying statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated based on the actual general and administrative (overhead rate) determined for the period applied to direct expenses for function or program area.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

During the year ended April 30, 2014, College Summit adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2012-05, *Statement of Cash Flows: Not-for-Profit Entities: Classification of Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires the recognition of donated securities that have no donor-imposed limitation for sale or donor restriction on the use for long-term purposes, and that are nearly immediately converted into cash, as cash from operating activities. During the years ended April 30, 2015 and 2014, College Summit received \$24,242 and \$372,576, respectively, of such donated securities and recognized the proceeds as cash from operating activities in the accompanying statements of cash flows.

Continued

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

2. Grants and Pledges Receivable

Grants and pledges receivable represent unconditional promises to give, as well as conditional promises whose conditions have been fulfilled during the year. The discount rates used to calculate the present value component of grants and pledges receivable was between 0.24% to 1.79% for the years ended April 30, 2015 and 2014.

As of April 30, 2015 and 2014, College Summit's grants and pledges receivable are due to be received as follows:

	2015	2014
Due in less than one year	\$ 3,702,699	\$ 2,997,063
Due in one to five years	5,899,117	1,708,481
Gross Grants and Pledges Receivable	9,601,816	4,705,544
Less: Discount on Multi-year Grants and Pledges	(126,168)	(126,168)
Net Grants and Pledges Receivable	9,475,648	4,579,376
Less: Grants and Pledges Receivable, Current Portion	(3,702,699)	(2,997,063)
Grants and Pledges Receivable, Net of Current Portion	\$ 5,772,949	\$ 1,582,313

All amounts are considered fully collectible as of April 30, 2015 and 2014.

3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following at April 30, 2015 and 2014:

	2015	2014
Building and improvements (a)	\$ -	\$ 3,159,815
Land (a)	-	1,163,960
Software	1,201,383	1,201,383
Equipment	452,659	414,226
Total Property and Equipment	1,654,042	5,939,384
Less: Accumulated Depreciation and Amortization	(1,612,257)	(2,081,582)
Property and Equipment, Net	\$ 41,785	\$ 3,857,802

(a) During the year, the Board of Directors unanimously approved the sale of College Summit's main office space which comprised of land, building and building improvements located at 1763 Columbia Road, NW, Washington, DC. The property is immediately available for sale and is actively being marketed for sale at a price that is reasonable in relation to its current fair market value. As of April 30, 2015, the carrying amount of the land and building and improvements is \$3,729,614.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

3. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Depreciation and amortization expense totaled \$124,836 and \$157,991 for the years ended April 30, 2015 and 2014, respectively. Included in depreciation and amortization expense for the year ended April 30, 2015, is \$105,327 which relates to building and improvements held for sale.

On July 13, 2015, College Summit entered into a purchase and sale agreement for sale and lease back of the above referenced property. The purchase price shall be \$6,500,000 and will be paid with a \$1,000,000 purchase money deed of trust note issued by the purchaser and \$5,500,000 in cash. The note will be payable as to interest only at the rate of Wall Street Journal Prime Rate plus 1% for three (3) years with the principal and accrued interest due upon the three year maturity date. Under the terms of the agreement, College Summit will lease the property for two years following the commencement date of the lease agreement which will be no later than sixty days following closing date and will be required to pay \$20,625 per month subject to a 3% annual escalation. On August 25, 2015, the agreement was amended to extend the due diligence/approval period and period for closing to sixty days from July 14, 2015 to September 30, 2015 and September 14, 2015 to November 15, 2015, respectively.

4. Lines of Credit

On December 22, 2011, College Summit obtained a \$3,250,000 line of credit with a bank. This line is secured by a first deed of trust on the building owned and occupied by College Summit in Washington, DC. Funds drawn on the line of credit bear interest at the bank's prime rate plus 0.75%, but at no time shall the interest rate be below 5.0%. On August 21, 2014, the line of credit was extended through January 5, 2015.

On October 24, 2014, College Summit obtained a new line of credit from a bank in the amount of \$3,250,000, which is secured by a first deed of trust on the building owned and occupied by College Summit in Washington, DC. Funds were drawn on the new line of credit and used to pay off the outstanding balance of \$2,550,000 on the previous line of credit. Interest accrues on funds drawn on the line of credit at the bank's prime rate plus 0.50%. The line of credit is subject to continuation based on satisfactory annual review commencing on the anniversary date of October 24, 2015. As of April 30, 2015 and 2014, College Summit had an outstanding balance of \$1,700,000 and \$750,000, respectively on the lines of credit. All bank covenants required with the lines of credit were met or waived by the bank as of April 30, 2015 and 2014.

5. Donated Facilities and Services

College Summit receives in-kind contributions from host colleges for lodging, food, classrooms and the use of their computers at summer workshops. During the years ended April 30, 2015 and 2014, College Summit recognized in-kind revenue totaling \$144,838 and \$170,000, respectively, which is included in the accompanying statements of activities as program income and in the accompanying statements of functional expenses as donated facilities and services.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

5. Donated Facilities and Services (continued)

During each of the years ended April 30, 2015 and 2014, College Summit received donated office space in St. Louis, Missouri totaling \$30,420. College Summit also received donated services from various corporations. These services were valued at fair value or the cost it would take to acquire the services from similar providers of the services. For the years ended April 30, 2015 and 2014, College Summit recognized revenue of \$1,191,218 and \$2,075,426, respectively, for these services. These amounts for donated office space and donated services have been included in donated facilities and services in the accompanying statements of activities and in the accompanying statements of functional expenses as donated facilities and services.

6. Net Assets

As of April 30, 2015 and 2014, net assets are restricted for use as follows:

	2015	2014
Time restriction	\$ 5,550,000	\$ 1,950,000
Purpose restriction:		
Growth Fund	2,723,513	3,550,526
Innovation	1,613,036	937,900
New York	1,500,000	266,282
West Virginia	-	250,000
Southern California	250,000	-
Connecticut	125,000	128,219
Northern California	12,430	-
Colorado	-	105,950
Indiana	-	83,900
Florida	-	6,000
Total Temporarily Restricted Net Assets	\$ 11,773,979	\$ 7,278,777

7. Conditional Grants

College Summit has received various grants contingent upon the achievement of certain goals and milestones that were mutually agreed to with the donors. As the awards are conditional, amounts are not recognized in the accompanying financial statements until such conditions are substantially met. During the years ended April 30, 2015 and 2014, College Summit recognized \$3,624,339 and \$3,414,583, respectively, in revenue from these grants which is included in grants and contributions revenue in the accompanying statements of activities. As of April 30, 2015, \$1,390,659 remained on these conditional awards which may be recognized in future periods upon College Summit's achievement of the agreed-upon milestones.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

8. Commitments

Office Leases

College Summit has noncancelable operating leases in the following cities and states: El Segundo, California; San Francisco, California; Washington, DC; Indianapolis, Indiana; Miami, Florida; New York, New York; Denver, Colorado; and New Haven, Connecticut. The terms of these operating leases range from one to five years, with the last lease expiring in fiscal year 2019. Annual rents range from approximately \$6,100 to \$126,000.

In addition, College Summit leases certain equipment under noncancelable operating leases that expire in 2019.

Future minimum lease payments required under these operating leases are as follows:

For the Year Ending April 30,	
2016	\$ 143,209
2017	47,486
2018	6,108
2019	<u>2,036</u>
Total	<u>\$ 198,839</u>

Rent expense totaled \$466,223 and \$471,223 for the years ended April 30, 2015 and 2014, respectively, and is included in rent and other related fees in the accompanying statements of functional expenses.

9. Risks and Contingencies

Concentration of Credit Risk

College Summit's cash is held in accounts at various financial institutions. College Summit has never experienced nor does management anticipate any losses on its funds. As of April 30, 2015, there was no cash balance exceeding the \$250,000 per depositor per institution Federal Deposit Insurance Corporation (FDIC) insured limit. As of April 30, 2014, the cash balance exceeding the \$250,000 per depositor per institution FDIC insured limit was approximately \$573,000.

Office of Management and Budget Circular A-133

College Summit has instructed its independent auditors to audit its federal programs for the year ended April 30, 2015, in compliance with Circular A-133, issued by the U.S. Office of Management and Budget (OMB). Until such audit is finalized, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that matters arising from the federal agency's review of the independent auditor's report for 2015 will not have a material effect on the financial position of College Summit.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

10. Pension Plan

College Summit sponsors a defined contribution pension plan under Section 401(k) of the Internal Revenue Code which covers substantially all full-time employees. Employees may elect to defer and contribute to the plan a portion of their compensation in amounts up to the maximum permitted by law. During the years ended April 30, 2015 and 2014, College Summit contributed \$100,583 and \$114,663, respectively, to the plan.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, College Summit is exempt from federal taxes on income other than net unrelated business income. No provision for income taxes was required as of April 30, 2015 and 2014, as College Summit had no net unrelated business income.

College Summit follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. College Summit performed an evaluation of uncertain tax positions for the years ended April 30, 2015 and 2014 and determined that there were no matters that require recognition in the financial statements or that may have any effect on its tax-exempt status. As of April 30, 2015, the statute of limitations for tax years 2011 through 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which College Summit files tax returns. It is College Summit's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of April 30, 2015 and 2014, College Summit had no accruals for interest and/or penalties.

12. Prior Period Adjustment

During the year ended April 30, 2014, College Summit restated its net asset balance as of April 30, 2013 to correct for an overstatement of grants receivable and grant revenue resulting from certain awards being recognized as revenue twice – when awarded and when the cash was received by College Summit. Accordingly, an adjustment was made to decrease grants receivable as of April 30, 2013 and to decrease grant revenue for the year ended April 30, 2013 by \$394,237. The effect of this adjustment on College Summit's unrestricted net assets as of April 30, 2013 and change in unrestricted net assets for the year ended April 30, 2013 as previously reported was a decrease of \$394,237.

13. Reclassifications

Certain 2014 information has been reclassified to conform to the 2015 presentation.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2015 and 2014

14. Subsequent Events

College Summit's management has evaluated events and transactions for potential recognition or disclosure through September 22, 2015, the date the financial statements were available to be issued. Other than the assets held for sale as described in Note 3, there was no other subsequent events identified through September 22, 2015, that require recognition or disclosure in these financial statements.