



## **Financial Statements**

*For the Years Ended April 30, 2017 and 2016*



**and  
Report Thereon**



**COLLEGE SUMMIT, INC.**

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**For the Years Ended April 30, 2017 and 2016**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
College Summit, Inc.

We have audited the accompanying financial statements of College Summit, Inc. (College Summit), which comprise the statements of financial position as of April 30, 2017 and 2016, 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, 2017 and 2016, 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  
July 18, 2017

**COLLEGE SUMMIT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**April 30, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,930,347	\$ 2,837,630
Accounts receivable, net of allowance for doubtful accounts of \$221,625 and \$225,209, respectively	283,297	254,485
Grants and pledges receivable, net of discount of \$74,088 and \$94,679, respectively	5,316,272	8,389,661
Prepaid expenses	113,527	124,600
Property and equipment, net	20,600	47,421
Deposits	2,055	17,825
<b>TOTAL ASSETS</b>	<b>\$ 7,666,098</b>	<b>\$ 11,671,622</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 232,169	\$ 818,265
Deferred revenue	135,023	337,432
<b>TOTAL LIABILITIES</b>	<b>367,192</b>	<b>1,155,697</b>
<b>Net Assets</b>		
Unrestricted	1,657,534	2,637,056
Temporarily restricted	5,641,372	7,878,869
<b>TOTAL NET ASSETS</b>	<b>7,298,906</b>	<b>10,515,925</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,666,098</b>	<b>\$ 11,671,622</b>

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

COLLEGE SUMMIT, INC.

STATEMENTS OF ACTIVITIES  
For the Years Ended April 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>OPERATING REVENUE AND SUPPORT</b>						
Grants and contributions						
Foundations, states, corporations and individuals	\$ 754,470	\$ 1,742,856	\$ 2,497,326	\$ 1,434,002	\$ 4,271,032	\$ 5,705,034
Federal grants	62,209	-	62,209	915,359	-	915,359
Special event	751,995	-	751,995	819,108	-	819,108
Program income						
School district, agency and school fees	1,381,203	-	1,381,203	2,446,357	-	2,446,357
College in-kind facilities	-	-	-	181,722	-	181,722
Donated facilities and services	970,762	-	970,762	1,365,983	-	1,365,983
Rental and other income	11	-	11	239,350	-	239,350
Net assets released from restrictions:						
Satisfaction of purpose restriction	2,180,353	(2,180,353)	-	2,692,629	(2,692,629)	-
Satisfaction of time restriction	1,800,000	(1,800,000)	-	2,750,000	(2,750,000)	-
Satisfaction of Growth Fund restriction	-	-	-	2,723,513	(2,723,513)	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>7,901,003</b>	<b>(2,237,497)</b>	<b>5,663,506</b>	<b>15,568,023</b>	<b>(3,895,110)</b>	<b>11,672,913</b>
<b>OPERATING EXPENSES</b>						
Program Services:						
PeerForward	5,501,054	-	5,501,054	8,419,538	-	8,419,538
Innovation	622,500	-	622,500	1,476,728	-	1,476,728
<b>Total Program Services</b>	<b>6,123,554</b>	<b>-</b>	<b>6,123,554</b>	<b>9,896,266</b>	<b>-</b>	<b>9,896,266</b>
Supporting Services:						
Management and general	683,755	-	683,755	1,256,751	-	1,256,751
Development and fundraising	2,051,766	-	2,051,766	3,267,532	-	3,267,532
Fundraising – cost of direct benefit to donors	21,450	-	21,450	22,490	-	22,490
<b>Total Development and Fundraising</b>	<b>2,073,216</b>	<b>-</b>	<b>2,073,216</b>	<b>3,290,022</b>	<b>-</b>	<b>3,290,022</b>
<b>Total Supporting Services</b>	<b>2,756,971</b>	<b>-</b>	<b>2,756,971</b>	<b>4,546,773</b>	<b>-</b>	<b>4,546,773</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>8,880,525</b>	<b>-</b>	<b>8,880,525</b>	<b>14,443,039</b>	<b>-</b>	<b>14,443,039</b>
Change in net assets from operations	(979,522)	(2,237,497)	(3,217,019)	1,124,984	(3,895,110)	(2,770,126)
Nonoperating Activities						
Gain on sale of property	-	-	-	2,243,755	-	2,243,755
<b>Total Nonoperating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,243,755</b>	<b>-</b>	<b>2,243,755</b>
<b>CHANGE IN NET ASSETS</b>	<b>(979,522)</b>	<b>(2,237,497)</b>	<b>(3,217,019)</b>	<b>3,368,739</b>	<b>(3,895,110)</b>	<b>(526,371)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,637,056</b>	<b>7,878,869</b>	<b>10,515,925</b>	<b>(731,683)</b>	<b>11,773,979</b>	<b>11,042,296</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,657,534</b>	<b>\$ 5,641,372</b>	<b>\$ 7,298,906</b>	<b>\$ 2,637,056</b>	<b>\$ 7,878,869</b>	<b>\$ 10,515,925</b>

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

COLLEGE SUMMIT, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended April 30, 2017

	Program Services			Supporting Services			Total
	PeerForward	Innovation	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Personnel and benefits	\$ 2,807,662	\$ 427,650	\$ 3,235,312	\$ 300,191	\$ 405,681	\$ 705,872	\$ 3,941,184
Consulting and temporary services	354,528	112,625	467,153	86,447	1,198,606	1,285,053	1,752,206
Donated facilities and services	822,800	15,297	838,097	77,323	55,342	132,665	970,762
Travel	388,473	10,834	399,307	7,966	51,931	59,897	459,204
College hosting and program catering	301,062	2,525	303,587	-	141,042	141,042	444,629
Rent and other related fees	195,273	15,468	210,741	78,188	51,514	129,702	340,443
Professional fees	78,602	8,608	87,210	43,511	28,667	72,178	159,388
Other expenses	85,273	4,476	89,749	21,260	41,939	63,199	152,948
Marketing	87,503	(86)	87,417	-	46,715	46,715	134,132
Technology	49,127	14,453	63,580	19,243	13,279	32,522	96,102
Building operations and taxes	36,243	4,084	40,327	20,644	13,602	34,246	74,573
Programmatic software	58,426	-	58,426	-	-	-	58,426
Telephone and internet	28,729	2,760	31,489	12,517	9,834	22,351	53,840
Printing and shipping	46,971	-	46,971	-	-	-	46,971
Other employee expense	26,575	2,236	28,811	8,880	6,913	15,793	44,604
Evaluation	42,202	-	42,202	-	-	-	42,202
Stipends	38,770	-	38,770	-	-	-	38,770
Supplies	22,316	213	22,529	725	3,631	4,356	26,885
Depreciation and amortization	11,993	1,357	13,350	6,860	4,520	11,380	24,730
Bad debt	10,176	-	10,176	-	-	-	10,176
Web design	8,350	-	8,350	-	-	-	8,350
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,501,054</b>	<b>\$ 622,500</b>	<b>\$ 6,123,554</b>	<b>\$ 683,755</b>	<b>\$ 2,073,216</b>	<b>\$ 2,756,971</b>	<b>\$ 8,880,525</b>

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

COLLEGE SUMMIT, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended April 30, 2016

	Program Services			Supporting Services			Total
	PeerForward	Innovation	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Personnel and benefits	\$ 3,153,479	\$ 923,687	\$ 4,077,166	\$ 498,545	\$ 764,782	\$ 1,263,327	\$ 5,340,493
Consulting and temporary services	558,790	287,540	846,330	243,088	1,877,201	2,120,289	2,966,619
Donated facilities and services	1,238,724	44,160	1,282,884	164,986	99,835	264,821	1,547,705
Travel	375,869	69,396	445,265	39,024	106,677	145,701	590,966
College hosting and program catering	714,221	15,996	730,217	726	110,271	110,997	841,214
Rent and other related fees	263,976	12,992	276,968	36,175	21,572	57,747	334,715
Professional fees	95,283	15,013	110,296	56,091	33,448	89,539	199,835
Other expenses	139,989	20,225	160,214	40,255	74,163	114,418	274,632
Marketing	132,293	20,883	153,176	1,861	74,487	76,348	229,524
Technology	58,564	19,489	78,053	27,829	20,333	48,162	126,215
Building operations and taxes	117,270	17,145	134,415	64,054	38,197	102,251	236,666
Programmatic software	248,887	-	248,887	-	-	-	248,887
Telephone and internet	54,190	3,450	57,640	9,921	8,240	18,161	75,801
Printing and shipping	222,512	2,578	225,090	-	1,389	1,389	226,479
Other employee expense	17,256	3,939	21,195	9,285	7,466	16,751	37,946
Evaluation	274,203	-	274,203	-	-	-	274,203
Stipends	262,918	83	263,001	310	185	495	263,496
Supplies	57,657	1,790	59,447	1,603	14,209	15,812	75,259
Depreciation and amortization	52,380	9,187	61,567	34,323	20,468	54,791	116,358
Bad debt	327,885	1,534	329,419	126	75	201	329,620
Web design	9,625	-	9,625	-	-	-	9,625
Interest expense	43,567	7,641	51,208	28,549	17,024	45,573	96,781
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 8,419,538</b>	<b>\$ 1,476,728</b>	<b>\$ 9,896,266</b>	<b>\$ 1,256,751</b>	<b>\$ 3,290,022</b>	<b>\$ 4,546,773</b>	<b>\$ 14,443,039</b>

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

**COLLEGE SUMMIT, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended April 30, 2017 and 2016**  
**Increase (Decrease) in Cash and Cash Equivalents**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,217,019)	\$ (526,371)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	24,730	116,358
Change in the allowance for doubtful accounts	3,584	329,620
Loss (gain) on disposal of assets	7,100	(2,243,755)
Change in assets and liabilities		
Accounts receivable	(32,396)	(145,414)
Grants and pledges receivable	3,073,389	1,085,987
Prepaid expenses	11,073	8,557
Deposits	15,770	28,334
Accounts payable and accrued expenses	(586,096)	(92,854)
Deferred revenue	(202,409)	(86,342)
Security deposit	-	(26,719)
	<u>(902,274)</u>	<u>(1,552,599)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from sale of property	-	5,888,619
Purchases of property and equipment	(5,009)	(37,244)
	<u>(5,009)</u>	<u>5,851,375</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	-	1,550,000
Repayments of line of credit	-	(3,250,000)
	<u>-</u>	<u>(1,700,000)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(907,283)	2,598,776
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,837,630</u>	<u>238,854</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,930,347</u>	<u>\$ 2,837,630</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ -</u>	<u>\$ 96,781</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, 2017 and 2016**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

College Summit, Inc. (College Summit) was incorporated in the District of Columbia in December 1996 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the IRC). College Summit's mission is to unleash the positive power of peer influence to transform the lives of youth living in low-income communities by connecting them to college and career. To date, College Summit has impacted some 350,000 students in high schools across the nation and is continuing to pursue its core mission in a new configuration designed for scale, sustainability and significant impact. Through its premier program, PeerForward, College Summit supports students through a hybrid of in-person and remote coaching, maximizing the promise of technology to achieve scale and impact. College Summit is uniquely financed by a combination of philanthropy and shared costs with high schools. In this model, schools pay an affordable rate, while philanthropic dollars fuel growth. With this new, leaner structure, costs come down and more schools become partners. College Summit hopes to grow its nationwide footprint from 100 to 1,000 schools in 10 years.

College Summit's program activities include the following:

**PeerForward**

Training influential high school students to build a college-going culture by persuading and coaching their classmates and friends through the college admissions process. These students are known as Peer Leaders, and they are trained in powerful summer workshops and school-year training sessions.

Supporting the Peer Leaders and select educators, in each partner high school, as they conduct activities that raise awareness and provide guidance about the key actions students can take that will greatly enhance the likelihood they will attend college. The PeerForward teams conduct three campaigns that have been confirmed, by third-party research, to boost college enrollment:

- Connect career aspirations to academic choices and planning.
- Apply to at least three postsecondary institutions, which research shows greatly improves the likelihood of enrollment.
- Apply early for financial aid and scholarships. Early filing can double the amount of grant funds awarded and completing the federal form for financial aid makes a student 50% more likely to enroll in college.

In addition, College Summit offers schools with a flexible curriculum which can be integrated into existing courses or conducted as a stand-alone, depending on how the school chooses to use it.

A recent study conducted by researchers at the University of Pittsburgh demonstrated that PeerForward high schools experienced 25% higher early FAFSA (Free Application for Federal Student Aid) completion rates than comparable schools without a peer-to-peer strategy. This rigorous third-party evaluation validates the significant impact of peer leadership on school wide results.

**Continued**

**COLLEGE SUMMIT, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Years Ended April 30, 2017 and 2016**

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

**Organization (continued)**

**Innovation**

This program designs and explores new ways to help all students in low-income communities navigate the college-going process by collaborating with government, technology companies, businesses, foundations and policy organizations. It creates new ways to reach students, such as through mobile applications that guide students and families through the college access process and supporting alumni of our program with information and encouragement to stay on track while in college.

**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, 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 were temporarily restricted until April 30, 2016, but could be available for use by

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended April 30, 2017 and 2016

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

**Net Assets (continued)**

*Restrictions on Use of Growth Fund Proceeds (continued)*

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 the 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. As of April 30, 2016, all of the remaining Growth Fund proceeds totaling \$2,723,513 were released from donor restrictions. Accordingly, there were no remaining balances as of April 30, 2017 and 2016.

**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.

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 donated 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.

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended April 30, 2017 and 2016

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

**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.

**Measure of Operations**

College Summit considers the gain on sale of property to be nonoperating in nature.

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 were between 0.77% and 2.1% for the years ended April 30, 2017 and 2016.

As of April 30, 2017 and 2016, College Summit's grants and pledges receivable were due to be received as follows:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$ 2,602,243	\$ 3,340,223
Due in one to five years	<u>2,788,117</u>	<u>5,144,117</u>
Gross Grants and Pledges Receivable	5,390,360	8,484,340
Less: Discount on Multiyear Grants and Pledges	<u>(74,088)</u>	<u>(94,679)</u>
Net Grants and Pledges Receivable, Net	<u>\$ 5,316,272</u>	<u>\$ 8,389,661</u>

All amounts were considered fully collectible as of April 30, 2017 and 2016.

College Summit has received various grants contingent upon the achievement of certain goals and milestones that were mutually agreed upon with the donors. As of April 30, 2017 and 2016, College Summit's conditional grants from funders totaled approximately \$47,000 and \$643,000, respectively. The grants will be paid and recognized as revenue upon College Summit's achievement of the agreed-upon milestones.

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**COLLEGE SUMMIT, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended April 30, 2017 and 2016**

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3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following at April 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 126,746	\$ 135,938
Total Property and Equipment	126,746	135,938
Less: Accumulated Depreciation and Amortization	<u>(106,146)</u>	<u>(88,517)</u>
Property and Equipment, Net	<u>\$ 20,600</u>	<u>\$ 47,421</u>

Depreciation and amortization expense totaled \$24,730 and \$116,358 for the years ended April 30, 2017 and 2016, respectively. Included in depreciation and amortization expense for the year ended April 30, 2016, is \$92,161 which relates to building and improvements held for sale in 2015 and sold in 2016.

During fiscal year 2016, College Summit changed its software platform to a cloud-based system, retiring and disposing fully depreciated software totaling \$1,201,383.

During fiscal year 2015, the Board of Directors unanimously approved the sale of College Summit's main office space, which comprised land, building and building improvements located at 1763 Columbia Road, NW, Washington, DC. On July 13, 2015, College Summit entered into a purchase and sale agreement for the sale and lease back of the property. The purchase price totaled \$6,292,000 and, under the terms of the agreement, College Summit is leasing the property for two years effective March 15, 2016. The monthly rent is \$20,625 per month subject to a 3% annual escalation.

4. Donated Facilities and Services

College Summit receives in-kind contributions from host colleges of lodging, food, classrooms and the use of the colleges' computers at summer workshops. During the year ended April 30, 2016, College Summit recognized in-kind revenue totaling \$181,722, 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. During the year ended April 30, 2017, College Summit received no in-kind contributions from host colleges.

During the years ended April 30, 2017 and 2016, College Summit received donated office space in St. Louis, Missouri, totaling \$2,535 and \$30,420, respectively. College Summit also received donated services from various corporations and individuals. These services were valued at fair value and/or the cost it would take to acquire the services from similar providers of the services. For the years ended April 30, 2017 and 2016, College Summit recognized revenue of \$968,227 and \$1,335,563, respectively, for these services. 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.

Continued

COLLEGE SUMMIT, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended April 30, 2017 and 2016

5. Net Assets

As of April 30, 2017 and 2016, net assets were restricted for use as follows:

	<u>2017</u>	<u>2016</u>
Time restriction	\$ 3,700,000	\$ 5,300,000
Purpose restriction:		
Innovation	379,854	997,869
PeerForward <sup>(a)</sup>	<u>1,561,518</u>	<u>1,581,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 5,641,372</u>	<u>\$ 7,878,869</u>

(a) During fiscal year 2016, College Summit prepared for the implementation of its new programmatic delivery model, *PeerForward*, which was fully implemented in fiscal 2017. Any unspent net assets associated with regional offices as of April 30, 2016, were reclassified, with the donors' permission, to *PeerForward*.

6. Office Leases

College Summit has operating leases in Washington, DC, and Miami, Florida, through April 2018. As part of the sale of its Washington, DC, building (see Note 3), College Summit entered into an operating lease with the purchaser for a period of two years that includes an option to terminate with a six-month written notice to the other party. The two operating leases expire in fiscal year 2018, with required minimum lease payments of \$128,990 for the fiscal year ending April 30, 2018. If College Summit continues to lease both offices through the lease term, then the annual amount with contingent lease payments will be \$239,789 for the year ending April 30, 2018.

During the year ended April 30, 2016, the programmatic offices located in California and New York were converted to monthly leasing arrangements, while the programmatic offices located in Indiana, Colorado and Connecticut either expired or were terminated in order to prepare for the programmatic shift from regional offices.

In addition, College Summit leases certain equipment under noncancelable operating leases that expire in fiscal year 2019. Required minimum lease payments for the year ending April 30, 2018 and 2019, are \$7,603 and \$5,069, respectively.

Rent expense totaled \$306,694 and \$242,147 for the years ended April 30, 2017 and 2016, respectively, and is included in rent and other related fees in the accompanying statements of functional expenses.

**COLLEGE SUMMIT, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended April 30, 2017 and 2016**

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7. Concentration of Credit Risk

College Summit's cash is held in a financial institution. College Summit has never experienced, nor does management anticipate, any losses on its funds. As of April 30, 2017 and 2016, College Summit held \$1,704,737 and \$2,808,877, respectively, in the financial institution, exceeding the \$250,000 per depositor per institution Federal Deposit Insurance Corporation insured limit.

8. Pension Plan

College Summit sponsors a defined contribution pension plan under Section 401(k) of the IRC 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. The plan is funded by employer contributions equal to 3% of salary plus 50% of the employee's contributions between 3% and 5% of the employee's annual salary. During the years ended April 30, 2017 and 2016, College Summit contributed \$77,579 and \$100,626, respectively, to the plan.

9. Income Taxes

Under Section 501(c)(3) of the IRC, College Summit is exempt from the payment of taxes on income other than net unrelated business income. College Summit reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income taxes. For the years ended April 30, 2017 and 2016, no provision for income taxes was made, as College Summit had no net unrelated business income and did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. College Summit's tax returns are subject to possible examination by the taxing authorities. For federal purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

10. Reclassification

Certain 2016 amounts have been reclassified to conform to the 2017 financial statement presentation.

11. Subsequent Events

College Summit's management has evaluated events and transactions for potential recognition or disclosure through July 18, 2017, the date the financial statements were available to be issued. Except as disclosed below there were no subsequent events identified that require recognition or disclosure in these financial statements.

**COLLEGE SUMMIT, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended April 30, 2017 and 2016**

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11. Subsequent Events (continued)

On July 12, 2017, College Summit entered into a new office space lease agreement with a lease term of 130 months, which is currently scheduled to commence in February 2018 and expire in November 2028. College Summit is required to pay a monthly base rent of \$26,326 and provide a security deposit of \$52,651. The lease agreement contains a fixed escalation clause for increases in the annual minimum rent at a rate of 2.5% per year, along with certain incentives consisting of rent abatements and improvement allowances. The proportionate share of real estate taxes and operating and maintenance costs are included in the monthly base rent which might increase in future years.