



**College Summit, Inc. d/b/a PeerForward
Financial Statements**

For the Years Ended April 30, 2019 and 2018



**and
Report Thereon**



**COLLEGE SUMMIT, INC.
d/b/a PeerForward**

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For the Years Ended April 30, 2019 and 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
College Summit, Inc.
d/b/a PeerForward

Report on the Financial Statements

We have audited the accompanying financial statements of College Summit, Inc. d/b/a PeerForward (PeerForward), which comprise the statement of financial position as of April 30, 2019, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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.

Continued

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Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of College Summit, Inc. d/b/a PeerForward as of April 30, 2019, 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.

Prior Period Financial Statements

PeerForward's 2018 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated September 13, 2018, expressed an unmodified opinion on those statements.

Marcum LLP

Washington, DC
September 25, 2019

COLLEGE SUMMIT, INC.
d/b/a PeerForward

STATEMENTS OF FINANCIAL POSITION
April 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 1,984,343	\$ 967,587
Accounts receivable, net of allowance for doubtful accounts of \$6,625	28,180	37,875
Grants and pledges receivable, net of discount	1,677,614	2,894,945
Prepaid expenses	59,904	87,814
Property and equipment, net	583,095	646,521
Deposits	53,701	54,586
TOTAL ASSETS	\$ 4,386,837	\$ 4,689,328
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 219,361	\$ 356,092
Deferred rent and lease incentive	708,609	524,058
Deferred revenue	108,380	96,720
Line of credit	500,000	-
TOTAL LIABILITIES	1,536,350	976,870
Net Assets		
Without donor restrictions	994,623	208,774
With donor restrictions	1,855,864	3,503,684
TOTAL NET ASSETS	2,850,487	3,712,458
TOTAL LIABILITIES AND NET ASSETS	\$ 4,386,837	\$ 4,689,328

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

COLLEGE SUMMIT, INC.
d/b/a PeerForward

STATEMENTS OF ACTIVITIES
For the Years Ended April 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions						
Foundations, states, corporations and individuals	\$ 498,502	\$ 2,322,937	\$ 2,821,439	\$ 496,766	\$ 914,727	\$ 1,411,493
Special event	443,072	-	443,072	725,489	-	725,489
Program income						
School district, agency and school fees	1,054,781	-	1,054,781	990,265	-	990,265
Donated professional services	375,581	-	375,581	565,508	-	565,508
Net assets released from restrictions:						
Satisfaction of purpose restriction	1,314,257	(1,314,257)	-	1,502,415	(1,502,415)	-
Satisfaction of time restriction	2,656,500	(2,656,500)	-	1,550,000	(1,550,000)	-
TOTAL REVENUE AND SUPPORT	6,342,693	(1,647,820)	4,694,873	5,830,443	(2,137,688)	3,692,755
EXPENSES						
Program Services:						
PeerForward	4,177,762	-	4,177,762	4,917,152	-	4,917,152
Innovation	355,241	-	355,241	329,767	-	329,767
Total Program Services	4,533,003	-	4,533,003	5,246,919	-	5,246,919
Supporting Services:						
Management and general	530,844	-	530,844	576,631	-	576,631
Development and fundraising	478,487	-	478,487	1,299,674	-	1,299,674
Fundraising – cost of direct benefit to donors	14,510	-	14,510	30,855	-	30,855
Total Development and Fundraising	492,997	-	492,997	1,330,529	-	1,330,529
Total Supporting Services	1,023,841	-	1,023,841	1,907,160	-	1,907,160
Strategic Rebranding Costs	-	-	-	125,124	-	125,124
TOTAL EXPENSES	5,556,844	-	5,556,844	7,279,203	-	7,279,203
CHANGE IN NET ASSETS	785,849	(1,647,820)	(861,971)	(1,448,760)	(2,137,688)	(3,586,448)
NET ASSETS, BEGINNING OF YEAR	208,774	3,503,684	3,712,458	1,657,534	5,641,372	7,298,906
NET ASSETS, END OF YEAR	<u>\$ 994,623</u>	<u>\$ 1,855,864</u>	<u>\$ 2,850,487</u>	<u>\$ 208,774</u>	<u>\$ 3,503,684</u>	<u>\$ 3,712,458</u>

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

COLLEGE SUMMIT, INC.
d/b/a PeerForward

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2019

	Program Services			Supporting Services			Total
	PeerForward	Innovation	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Personnel and benefits	\$ 2,347,028	\$ 227,731	\$ 2,574,759	\$ 180,214	\$ 102,377	\$ 282,591	\$ 2,857,350
Travel	430,829	19,143	449,972	5,054	16,923	21,977	471,949
Consulting and temporary services	169,209	52,167	221,376	75,091	162,438	237,529	458,905
Donated professional services	294,551	8,906	303,457	56,687	15,437	72,124	375,581
College hosting and program catering	247,475	2,639	250,114	1,791	88,570	90,361	340,475
Rent and other related fees	184,874	14,294	199,168	90,986	19,837	110,823	309,991
Other expenses	59,747	3,031	62,778	18,066	25,854	43,920	106,698
Professional fees	65,285	3,849	69,134	24,500	5,342	29,842	98,976
Technology	42,764	11,416	54,180	16,135	10,768	26,903	81,083
Depreciation and amortization	45,619	3,878	49,497	24,683	5,381	30,064	79,561
Marketing	37,338	16	37,354	105	29,851	29,956	67,310
Other employee expense	45,213	2,875	48,088	10,141	2,295	12,436	60,524
Printing and shipping	60,126	-	60,126	-	-	-	60,126
Telephone and internet	35,805	2,473	38,278	15,743	3,437	19,180	57,458
Supplies	45,167	974	46,141	2,582	2,510	5,092	51,233
Stipends	42,100	-	42,100	-	-	-	42,100
Interest expense	13,135	1,116	14,251	7,107	1,550	8,657	22,908
Evaluation	7,876	425	8,301	-	-	-	8,301
Building operations and taxes	3,621	308	3,929	1,959	427	2,386	6,315
TOTAL OPERATING EXPENSES	\$ 4,177,762	\$ 355,241	\$ 4,533,003	\$ 530,844	\$ 492,997	\$ 1,023,841	\$ 5,556,844

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

COLLEGE SUMMIT, INC.
d/b/a PeerForward

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2018

	Program Services			Supporting Services			Total
	PeerForward	Innovation	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Personnel and benefits	\$ 2,711,899	\$ 244,178	\$ 2,956,077	\$ 196,128	\$ 202,731	\$ 398,859	\$ 3,354,936
Consulting and temporary services	342,751	41,469	384,220	113,488	792,984	906,472	1,290,692
Donated professional services	438,783	9,312	448,095	76,663	40,750	117,413	565,508
Travel	411,830	2,382	414,212	5,871	38,112	43,983	458,195
College hosting and program catering	301,799	104	301,903	504	132,988	133,492	435,395
Rent and other related fees	202,227	8,049	210,276	63,527	32,477	96,004	306,280
Professional fees	50,818	3,301	54,119	26,050	13,317	39,367	93,486
Other expenses	49,582	1,925	51,507	14,982	30,854	45,836	97,343
Technology	50,910	9,917	60,827	15,257	7,800	23,057	83,884
Building operations and taxes	41,436	2,730	44,166	21,545	11,014	32,559	76,725
Marketing	72,444	-	72,444	433	2,000	2,433	74,877
Printing and shipping	59,173	-	59,173	-	-	-	59,173
Telephone and internet	34,487	1,785	36,272	14,089	8,046	22,135	58,407
Stipends	41,293	47	41,340	368	188	556	41,896
Other employee expense	23,242	1,697	24,939	4,696	2,451	7,147	32,086
Depreciation and amortization	16,877	1,111	17,988	9,146	4,482	13,628	31,616
Evaluation	28,289	-	28,289	-	-	-	28,289
Supplies	16,404	527	16,931	4,156	5,361	9,517	26,448
Bad debt	11,317	745	12,062	5,879	3,006	8,885	20,947
Interest expense	7,408	488	7,896	3,849	1,968	5,817	13,713
Web design	2,525	-	2,525	-	-	-	2,525
Programmatic software	1,658	-	1,658	-	-	-	1,658
TOTAL OPERATING EXPENSES	\$ 4,917,152	\$ 329,767	\$ 5,246,919	\$ 576,631	\$ 1,330,529	\$ 1,907,160	\$ 7,154,079

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

COLLEGE SUMMIT, INC.
d/b/a PeerForward

STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (861,971)	\$ (3,586,448)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	79,561	31,616
Change in the present value discount for grants and pledges	47,493	24,267
Change in the allowance for doubtful accounts	-	169,533
Change in assets and liabilities		
Accounts receivable	9,695	51,622
Grants and pledges receivable	1,169,838	2,421,327
Prepaid expenses	27,910	25,713
Deposits	885	(52,531)
Accounts payable and accrued expenses	(136,731)	123,923
Deferred rent and lease incentive	184,551	524,058
Deferred revenue	11,660	(38,303)
	532,891	(305,223)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(16,135)	(657,537)
NET CASH USED IN INVESTING ACTIVITIES	(16,135)	(657,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	500,000	495,525
Repayments of line of credit	-	(495,525)
NET CASH PROVIDED BY FINANCING ACTIVITIES	500,000	-
NET INCREASE (DECREASE) IN CASH	1,016,756	(962,760)
CASH, BEGINNING OF YEAR	967,587	1,930,347
CASH, END OF YEAR	\$ 1,984,343	\$ 967,587
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 22,907	\$ 13,879

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

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies

Organization

College Summit, Inc. d/b/a PeerForward (PeerForward) 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). PeerForward'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, PeerForward 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 supports students through a hybrid of in-person and remote coaching, maximizing the promise of technology to achieve scale and impact. PeerForward 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.

PeerForward program activities include the following:

PeerForward

This program trains 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.

This program supports 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:

- Connecting career aspirations to academic choices and planning.
- Applying to at least three postsecondary institutions, which research shows greatly improves the likelihood of enrollment.
- Applying 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, PeerForward offers schools 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.

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

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

Organization (continued)

PeerForward (continued)

A recent study conducted by researchers at the University of Pittsburgh demonstrated that PeerForward high schools experienced 25% higher early Free Application for Federal Student Aid (FAFSA) 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.

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.

Accounts, Grants and Pledges Receivable

Accounts, grants and pledges receivable are recorded at their present net realizable value. Accounts past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against an allowance account. Management annually adjusts the allowance account based upon its estimate of those accounts, grants and contributions receivable it believes to be uncollectible.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. PeerForward capitalizes all property and equipment with a cost of \$2,000 or more with an estimated useful life of greater than one year. 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 30 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.

Classification of Net Assets

PeerForward's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of PeerForward at the discretion of PeerForward's management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of PeerForward or by the passage of time.

Continued

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

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

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 support with donor restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

PeerForward 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 Professional Services

In-kind contributions of 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses directly attributed to a specific functional area are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Personnel and benefits are allocated based on time and effort. Shared costs are management and general expenses which are pooled and allocated at year end. These costs primarily includes payroll and benefits, rent, depreciation, telephone, consulting and temporary services, donated facilities and services are allocated using an overhead rate that is based on ratio of total management and general expenses total expenses.

Estimates

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

Continued

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

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

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. Peerforward has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The major changes of the ASU affecting Peerforward include (a) requiring the representation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”; and (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources.

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 fiscal year. The discount rates used to calculate the present value component of grants and pledges receivable were between 2.24% and 2.33% for the years ended April 30, 2019 and 2018, respectively.

As of April 30, 2019 and 2018, PeerForward’s grants and pledges receivable were due to be received as follows:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 1,575,942	\$ 1,915,766
Due in one to five years	<u>104,000</u>	<u>1,029,000</u>
Gross Grants and Pledges Receivable	1,679,942	2,944,766
Less: Discount on Multiyear Grants and Pledges	<u>(2,328)</u>	<u>(49,821)</u>
Grants and Pledges Receivable, Net	<u>\$ 1,677,614</u>	<u>\$ 2,894,945</u>

All amounts were considered fully collectible as of April 30, 2019 and 2018.

PeerForward 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, 2019 and 2018, PeerForward’s conditional grants from funders totaled approximately \$25,300 and \$51,000, respectively. The grants will be paid and recognized as revenue upon PeerForward’s achievement of the agreed-upon milestones.

Continued

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following at April 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Furniture	\$ 91,439	\$ 91,439
Equipment	206,264	190,129
Leasehold Improvements	<u>502,714</u>	<u>502,714</u>
Total Property and Equipment	800,417	784,282
Less: Accumulated Depreciation and Amortization	<u>(217,322)</u>	<u>(137,761)</u>
Property and Equipment, Net	<u>\$ 583,095</u>	<u>\$ 646,521</u>

Depreciation and amortization expense totaled \$79,561 and \$31,616 for the years ended April 30, 2019 and 2018, respectively.

4. Line of Credit

PeerForward has a secured revolving line of credit with a financial institution in the amount of \$500,000. Interest on borrowed funds accrues at the one-month London Interbank Offered Rate (LIBOR) plus .75% per annum and is payable monthly. The line of credit is subject to continuation based on satisfactory annual review by the financial institution scheduled to occur 150 days after the fiscal year-end and an annual thirty-day, a pay down of the full outstanding principal balance. Existing and future liabilities associated with the line of credit are secured by blanket lien on all assets of PeerForward including but not limited to accounts receivable, inventory, equipment and general intangibles. The interest rate as of April 30, 2019 and 2018, was 5.48% and 4.89%, respectively. For the year ended April 30, 2019, PeerForward borrowed \$500,000 and had an outstanding balance of \$500,000 as of April 30, 2019. For the year ended April 30, 2018, PeerForward borrowed and repaid a total of \$495,525, as of April 30, 2018, had no outstanding balance. All bank financial covenants required by the line of credit were met.

5. Donated Professional Services

PeerForward received donated services from various corporations and individuals, primarily consisting of customer relationship management (CRM) services and strategic project services. 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, 2019 and 2018, PeerForward recognized revenue and expenses of \$375,581 and \$565,508, respectively, for these services.

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

6. Net Assets

As of April 30, 2019 and 2018, net assets with donor restrictions were for the following purposes or time specifications:

	2019	2018
Subject to occurrence of specified events/ passage to time:		
Passage of time	\$ 620,000	\$ 2,150,000
Subject to expenditure for specified purpose:		
Innovation	759,864	231,160
PeerForward Program	476,000	1,122,524
Total Net Asset With Donor Restrictions	\$ 1,855,864	\$ 3,503,684

7. Office Lease

On July 12, 2017, PeerForward entered into an office space lease agreement in Washington, D.C., with a lease term of 130 months, which commenced in February 2018 and expires in November 2028. PeerForward 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 in the amount of \$451,495. The proportionate share of real estate taxes and operating and maintenance costs is included in the monthly base rent which may increase in future years.

Under GAAP, all lease incentives and fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and lease incentive in the accompanying statements of financial position.

As of April 30, 2019, future minimum rental obligations under the operating lease were as follows:

For the Year Ending April 30,		
2020		\$ 326,503
2021		334,666
2022		343,033
2023		351,609
2024		360,399
Thereafter		1,769,869
Total		\$ 3,486,079

Continued

COLLEGE SUMMIT, INC.
d/b/a PeerForward

NOTES TO FINANCIAL STATEMENTS
For the Years Ended April 30, 2019 and 2018

7. Office Lease (continued)

Rent expense totaled \$309,991 and \$306,280 for the years ended April 30, 2019 and 2018, respectively, and is included in rent and other related fees in the accompanying statements of functional expenses.

8. Concentration of Credit Risk

PeerForward's cash is held in a financial institution. PeerForward has never experienced, nor does management anticipate, any losses on its funds. As of April 30, 2019 and 2018, PeerForward held \$1,773,166 and \$782,024, respectively, in the financial institution, exceeding the \$250,000 per depositor per institution Federal Deposit Insurance Corporation insured limit.

9. Liquidity and Availability of Funds

PeerForward regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal. PeerForward's financial assets available within one year of the statements of financial position date for general expenditures at April 30, 2019, were as follows:

Cash	\$ 1,984,343
Grants and pledges receivable	1,677,614
Accounts receivable	<u>28,180</u>
Total Financial Assets Available Within One Year	3,690,137
Less:	
Grants and receivable not collectible within one year	<u>(104,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,586,137</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, PeerForward considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended April 30, 2019, donor restricted contributions of \$2,751,737 were included in financial assets available to meet cash needs for general expenditures within one year.

PeerForward has various sources of liquidity at its disposal which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of PeerForward throughout the year. This is done through monitoring and reviewing PeerForward's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of PeerForward's cash flow related to

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9. Liquidity and Availability of Funds (continued)

PeerForward's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, PeerForward has a committed line of credit of \$500,000, which was fully drawn as of April 30, 2019. Subsequent to year end, the full amount was repaid on May 6, 2019 leaving \$500,000 available to draw upon for the next year of operations.

10. Pension Plan

PeerForward 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, 2019 and 2018, PeerForward contributed \$73,604 and \$108,785, respectively, to the plan.

11. Strategic Rebranding

PeerForward created a new, higher-impact/lower-cost program model, restructured the organization, and rebranded from College Summit over the past three-and-a-half years. The new approach and name matches the singular focus on peer leadership to create better outcomes for low-income high school students. PeerForward has made important structural changes to its operating model and program in strategic response to changes in the low-income high school market and shifts in patterns of philanthropy. PeerForward now serves a significantly greater number of students at a much lower and more affordable cost. The restructuring of the organization through the introduction of an innovative, research-validated model enabled PeerForward to decrease operational costs by approximately 40%. Peerforward's model has been recognized and promoted by the New York Times, Stanford Social Innovation Review, Nasdaq, the PBS NewsHour, and the Bridgespan Group.

Excited by the potential to scale Peerforward's new model, a new generation of high-net-worth supporters, including the Bill & Melinda Gates Foundation are demonstrating interest and commitment, and PeerForward has retained the engagement of many long-term supporters. The Gates Foundation has made a multi-year commitment to test a new method for scaling PeerForward, and the ECMC Foundation is supporting a pilot of PeerForward in College. Both efforts promise not only exciting opportunities to reach more students, but also to add sustainable revenue streams through cost-sharing and to attract new donors to our funder base. Additional Interest is growing across private and public sectors and foundations, as evidenced by the support of PeerForward's recent Youth Activation Summit, which promoted the research and core principles of the PeerForward Method. The Summit was held in partnership with Facebook Education and sponsored by Deloitte, Ford Foundation, Carnegie Corporation, Fossil Foundation and New Profit.

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12. Income Taxes

Under Section 501(c)(3) of the IRC, PeerForward is exempt from taxes on income other than net unrelated business income. For the years ended April 30, 2019 and 2018, no provision for income taxes was made, as PeerForward had no significant net unrelated business income and did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements.

PeerForward has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification 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. PeerForward evaluated its uncertainty in income taxes for the years ended April 30, 2019 and 2018, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of April 30, 2019, the statute of limitations for tax years 2015 through 2017 remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which PeerForward files tax returns; however, there are currently no examinations in progress. It is PeerForward's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of April 30, 2019 and 2018, PeerForward had no accruals for interest and/or penalties.

13. Subsequent Events

PeerForward management has evaluated events and transactions for potential recognition or disclosure through September 25, 2019, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.