



Howard, Wershbale & Co.  
CPAs & Advisors

# College Now Greater Cleveland

YEARS ENDED JULY 31, 2013 AND 2012

# COLLEGE NOW GREATER CLEVELAND

## SINGLE AUDIT REPORT

YEARS ENDED JULY 31, 2013 AND 2012

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### Independent Auditors' Report

Board of Directors  
College Now Greater Cleveland  
Cleveland, Ohio

#### Report on the Financial Statements

We have audited the accompanying financial statements of College Now Greater Cleveland, which comprise the statements of financial position as of July 31, 2013 and 2012, and the related statements of activities and net assets 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.

#### Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Organization'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 Organization'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

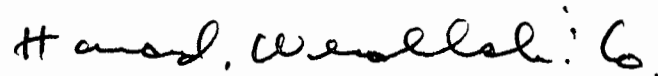
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College Now Greater Cleveland as of July 31, 2013 and 2012, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards on page 25, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reports Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of College Now Greater Cleveland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Now Greater Cleveland's internal control over financial reporting and compliance.



Cleveland, Ohio  
December 11, 2013



# COLLEGE NOW GREATER CLEVELAND

## STATEMENTS OF FINANCIAL POSITION

JULY 31, 2013 AND 2012

### ASSETS

	2013	2012
Cash and cash equivalents	\$ 2,394,808	\$ 2,447,929
Investments	1,941,637	1,689,782
Unconditional promises to give	3,335,969	2,368,619
Prepaid expenses and other assets	492,051	185,009
Cash and cash equivalents restricted for permanent endowment	173,499	157,371
Investments restricted for permanent endowment	4,805,934	4,478,014
Property and equipment, net	214,902	132,580
Beneficial interest in perpetual trust	234,905	219,102
<b>Total assets</b>	<b>\$ 13,593,705</b>	<b>\$ 11,678,406</b>

### LIABILITIES AND NET ASSETS

Accounts payable	\$ 82,983	\$ 144,456
Scholarship awards payable	1,906,365	1,652,981
Accrued liabilities	57,785	36,186
Deferred revenue	39,417	13,175
Total liabilities	2,086,550	1,846,798
<b>Net assets:</b>		
Unrestricted	381,840	(227,499)
Temporarily restricted	5,477,428	4,441,992
Permanently restricted	5,647,887	5,617,115
Total net assets	11,507,155	9,831,608
<b>Total liabilities and net assets</b>	<b>\$ 13,593,705</b>	<b>\$ 11,678,406</b>

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

# COLLEGE NOW GREATER CLEVELAND

## STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JULY 31, 2013

(with summarized financial information for the year ended July 31, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2013	2012
<b>SUPPORT AND REVENUE:</b>					
<b>Support:</b>					
Contributions	\$ 1,875,235	\$ 3,332,028	\$ 30,772	\$ 5,238,035	\$ 4,588,980
Government grants	993,925			993,925	729,893
Managed scholarships	432,847	230,475		663,322	429,232
Total support	3,302,007	3,562,503	30,772	6,895,282	5,748,105
<b>Revenue:</b>					
Reimbursements by schools	428,175			428,175	460,898
Administration fees	98,535			98,535	58,530
Interest and dividends	196,520			196,520	180,267
Net realized and unrealized gain (loss) on investments	657,295			657,295	(56,438)
Other	5,512			5,512	2,605
Net assets released from restrictions	2,527,067	(2,527,067)			
Total revenue	3,913,104	(2,527,067)		1,386,037	645,862
Total support and revenue	7,215,111	1,035,436	30,772	8,281,319	6,393,967

(Continued)

# COLLEGE NOW GREATER CLEVELAND

## STATEMENT OF ACTIVITIES AND NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2013

(with summarized financial information for the year ended July 31, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2013	2012
<b>EXPENSES:</b>					
Program services:					
Financial Aid:					
Awards and fees	1,532,622			1,532,622	1,661,717
Other	438,713			438,713	508,294
Advisors:					
Awards and fees	28,510			28,510	21,374
Other	1,392,032			1,392,032	1,185,502
Early Awareness	72,208			72,208	72,076
Adult Learner:					
Awards and fees	289,908			289,908	313,254
Other	127,518			127,518	111,967
Retention	130,664			130,664	
Resource Center	119,480			119,480	112,919
Managed Scholarships:					
Awards and fees	647,466			647,466	508,290
Other	59,380			59,380	52,487
Assets for Independence:					
Awards and fees	13,500			13,500	24,114
Other	23,124			23,124	19,483
College Access Challenge Grant					227,211
21st Century	415,065			415,065	
Upward Bound	224,334			224,334	

(Continued)

# COLLEGE NOW GREATER CLEVELAND

## STATEMENT OF ACTIVITIES AND NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2013

(with summarized financial information for the year ended July 31, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2013	2012
<b>EXPENSES (continued):</b>					
Program services (continued):					
TRIO	255,355			255,355	259,067
GEAR UP					190,909
Endowment:					
Awards and fees	187,792			187,792	196,625
Other	36,487			36,487	37,035
Total program services	5,994,158			5,994,158	5,502,324
<b>Supporting services:</b>					
Fundraising	346,061			346,061	321,073
General and administrative	265,553			265,553	260,235
Total supporting services	611,614			611,614	581,308
<b>Total expenses</b>	<b>6,605,772</b>			<b>6,605,772</b>	<b>6,083,632</b>
<b>Increase in net assets</b>	609,339	1,035,436	30,772	1,675,547	310,335
<b>Net assets, beginning of year</b>	(227,499)	4,441,992	5,617,115	9,831,608	9,521,273
<b>Net assets, end of year</b>	<b>\$ 381,840</b>	<b>\$ 5,477,428</b>	<b>\$ 5,647,887</b>	<b>\$ 11,507,155</b>	<b>\$ 9,831,608</b>

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



# COLLEGE NOW GREATER CLEVELAND

## STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JULY 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>				
<b>Support:</b>				
Contributions	\$ 1,857,999	\$ 2,641,164	\$ 89,817	\$ 4,588,980
Government grants	729,893			729,893
Managed scholarships	246,482	182,750		429,232
	2,834,374	2,823,914	89,817	5,748,105
<b>Revenue:</b>				
Reimbursements by schools	460,898			460,898
Administration fees	58,530			58,530
Interest and dividends	180,267			180,267
Net realized and unrealized loss on investments	(56,438)			(56,438)
Other	2,605			2,605
Net assets released from restrictions	2,453,127	(2,453,127)		
	3,098,989	(2,453,127)		645,862
Total revenue	3,098,989	(2,453,127)		645,862
Total support and revenue	5,933,363	370,787	89,817	6,393,967

(Continued)

## COLLEGE NOW GREATER CLEVELAND

### STATEMENT OF ACTIVITIES AND NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>EXPENSES:</b>				
Program services:				
Financial Aid:				
Awards and fees	1,661,717			1,661,717
Other	508,294			508,294
Advisors:				
Awards and fees	21,374			21,374
Other	1,185,502			1,185,502
Early Awareness	72,076			72,076
Adult Learner:				
Awards and fees	313,254			313,254
Other	111,967			111,967
Resource Center	112,919			112,919
Managed Scholarships:				
Awards and fees	508,290			508,290
Other	52,487			52,487
Assets for Independence:				
Awards and fees	24,114			24,114
Other	19,483			19,483
College Access Challenge Grant	227,211			227,211

(Continued)

## COLLEGE NOW GREATER CLEVELAND

### STATEMENT OF ACTIVITIES AND NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>EXPENSES (continued):</b>				
Program services (continued):				
TRIO	259,067			259,067
GEAR UP	190,909			190,909
Endowment:				
Awards and fees	196,625			196,625
Other	37,035			37,035
Total program services	5,502,324			5,502,324
<b>Supporting services:</b>				
Fundraising	321,073			321,073
General and administrative	260,235			260,235
Total supporting services	581,308			581,308
<b>Total expenses</b>	6,083,632			6,083,632
<b>Increase (decrease) in net assets</b>	(150,269)	370,787	89,817	310,335
<b>Net assets, beginning of year</b>	(7,813)	4,081,876	5,447,210	9,521,273
<b>Net asset reclassifications based on donor intent</b>	(69,417)	(10,671)	80,088	
<b>Net assets, end of year</b>	\$ (227,499)	\$ 4,441,992	\$ 5,617,115	\$ 9,831,608

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

# COLLEGE NOW GREATER CLEVELAND

## STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2013 AND 2012

	2013	2012
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 1,675,547	\$ 310,335
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	53,973	34,434
Net realized and unrealized (gains) losses on investments	(657,295)	56,438
Contributions restricted for permanent endowment	(14,969)	(84,059)
Beneficial interest in perpetual trusts	(15,803)	(5,758)
Changes in assets and liabilities:		
Increase in unconditional promises to give	(967,350)	(485,337)
(Increase) decrease in prepaid expenses and other assets	(307,042)	261,779
(Decrease) increase in accounts payable	(61,473)	51,653
Increase in scholarship awards payable	253,384	319,100
Increase (decrease) in accrued liabilities	21,599	(88,349)
Increase (decrease) in deferred revenue	26,242	(4,753)
	6,813	365,483
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(136,295)	(110,037)
Proceeds from sale of investments	934,489	1,010,000
Purchases of investments	(856,969)	(866,564)
Net (increase) decrease in cash and cash equivalents restricted for permanent endowment	(16,128)	35,050
	(74,903)	68,449
<b>Cash flows provided by financing activities; receipts from contributions restricted for permanent endowment</b>	14,969	84,059
<b>Net (decrease) increase in cash and cash equivalents</b>	(53,121)	517,991
<b>Cash and cash equivalents, beginning</b>	2,447,929	1,929,938
<b>Cash and cash equivalents, ending</b>	\$ 2,394,808	\$ 2,447,929

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

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2013 AND 2012

### 1. **Description of Organization and summary of significant accounting policies:**

#### **Nature of activities:**

College Now Greater Cleveland's (formerly Cleveland Scholarship Program, Inc.) mission is to increase college attainment through college access and college success advising; financial aid counseling; and scholarship services. Highly trained professionals deliver our integrated services that annually reach more than 23,000 traditional and non-traditional students and individuals in more than 200 Northeast Ohio venues: schools, community centers, businesses and our downtown Cleveland Resource Center. Additionally, College Now awards approximately \$2.6 million in need-based scholarships to nearly 2,000 traditional and non-traditional students. Since 1966, College Now has helped thousands of Northeast Ohio students prepare for, finance and graduate from college.

#### **Basis of accounting:**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

#### **Basis of presentation:**

Financial statement presentation follows the recommendations of generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **Contributions:**

Accounting principles generally accepted in the United States require contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

#### **Promises to give:**

Unconditional promises to give are recognized as revenue or support in the period the promise is received. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give in subsequent years are recorded at their present value using an appropriate discount rate commensurate with the risks involved. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**1. Summary of significant accounting policies (continued):**

**Promises to give (continued):**

In evaluating the collectability of amounts receivable, the Organization considers a number of factors, including the age of the accounts, changes in collection patterns, terms of the grant or pledge and general industry conditions. An allowance for doubtful accounts is recorded based upon a consideration of the likelihood that amounts will not be collected in full. As specific accounts receivable are deemed uncollectible, they are written off against the allowance for doubtful accounts. No allowance was deemed necessary for the years ended July 31, 2013 and 2012.

**Beneficial interests in perpetual trust:**

Beneficial interests in perpetual trusts are resources held and administered, at the direction of the resource provider, by an outside trustee for the benefit of the Organization. These trusts are irrevocable and the accounts are reported at estimated fair value of the assets in the trust with changes in value included in the statement of activities and net assets.

**Trusts and wills:**

The Organization, from time to time, is named as a beneficiary in certain conditional revocable wills and trusts. The Organization does not hold the rights to the underlying assets of these wills and trusts and, accordingly, does not record their value in the statements of financial position and statements of activities.

The Organization is named the income beneficiary of a \$4.9 million permanent endowment fund maintained by The Cleveland Foundation. A percentage of the interest earned on these funds is available to the Organization for scholarships annually.

**Donated property and equipment, materials and services:**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. No amounts have been reflected in the financial statements for donated services since the criteria for recognition of such volunteer effort under generally accepted accounting principles has not been satisfied.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

### 1. Summary of significant accounting policies (continued):

#### Government grants and contracts:

The Organization receives an Educational Talent Search grant (TRIO) and Upward Bound grant from the United States Department of Education; 21<sup>st</sup> Century Community Learning Center grant from the Ohio Department of Education; a Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) and College Access Challenge Grant, grants from the Ohio Board of Regents (OBR); and a Community Development Block Grant (CDBG) from the City of Cleveland. Compliance with terms and conditions specified in the grant and contract agreements are subject to audit by the grantor and contract agencies. Government grants are reported as an increase in unrestricted or temporarily restricted net assets in the reporting period in which the terms and conditions specified in the grant agreement are satisfied.

#### Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers unrestricted or short-term temporarily restricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows.

At July 31, 2013 and periodically throughout the year, the Organization maintained balances in their accounts in excess of federally insured limits. The Organization does not expect to incur any losses resulting from cash held in financial institutions.

#### Investments:

In accordance with generally accepted accounting principles, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Additionally, the Organization has alternative investments within their portfolio. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The Organization reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Alternative investments include off-shore investment funds. These financial instruments, which involve varying degrees of off-balance sheet risk, may result in loss due to changes in the market.



# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

### 1. Summary of significant accounting policies (continued):

#### Property and equipment:

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. The Organization depreciates such items over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized over the lease term or the service lives of the improvements, whichever is shorter. Office furniture and equipment and computer equipment and software are depreciated over three to five years.

#### Income taxes:

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, consequently, does not provide for Federal income taxes on related income. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

The Organization is no longer subject to Federal income tax examinations by tax authorities for years before 2010.

#### Use of 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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 2. Cash and cash equivalents:

Cash and cash equivalents consisted of the following at July 31:

	<u>2013</u>	<u>2012</u>
Unrestricted	\$ 2,394,808	\$ 2,447,929
Restricted for permanent endowment	<u>173,499</u>	<u>157,371</u>
	<u>\$ 2,568,307</u>	<u>\$ 2,605,300</u>

Included in cash and cash equivalents at July 31, 2013 and 2012 are additional money market funds of approximately \$213,000 and \$202,000, respectively, which are not covered by FDIC insurance and are subject to market risk.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**3. Property and equipment, net:**

Property and equipment consists of the following at July 31, 2013 and 2012:

	2013	2012
Leasehold improvements	\$ 120,590	\$ 119,691
Office furniture and equipment	323,911	234,639
Computer equipment and software	482,157	436,033
	926,658	790,363
Accumulated depreciation and amortization	(711,756)	(657,783)
Net property and equipment	\$ 214,902	\$ 132,580

**4. Unconditional promises to give:**

Unconditional promises to give are primarily made by foundations, corporations, and individuals. Promises to give to be received after July 31, 2013 are discounted at rates varying from .23% to .37% based upon the time that the promise to give was made. Unconditional promises to give consisted of the following at July 31:

	2013	2012
Unrestricted and temporarily restricted – available for operating expenses	\$ 3,335,969	\$ 2,368,619

Unconditional promises to give are to be received by the Organization as follows:

Receivable in less than one year	\$ 2,582,005
Receivable in one to five years	749,366
Receivable beyond five years	10,000
	3,341,371
Less discounts to net present value	5,402
Net unconditional promises to give	\$ 3,335,969

Approximately 45% and 66% of the gross amount of unconditional promises to give was due from three donors at July 31, 2013 and 2012.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

### 5. Fair value:

FASB ASC 820 *Fair Value Measurements and Disclosure* establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table represents the financial instruments carried at fair value as of July 31, 2013, by the valuation hierarchy set forth by generally accepted accounting principles:

	Fair Value at July 31, 2013	Level 1	Level 2	Level 3
Investments:				
Cash equivalents	\$ 635,219	\$ 422,252	\$ 212,967	
Alternative investments:				
Hedge funds	\$ 819,712			\$ 819,712
Private equity funds	713,435			713,435
Total alternative investments	\$ 1,533,147			\$ 1,533,147
Mutual funds:				
Domestic equity funds	\$ 1,610,003	\$ 1,610,003		
International equity funds	2,119,313	2,119,313		
Bond funds	1,068,131	1,068,131		
Other	416,977	416,977		
Total mutual funds	\$ 5,214,424	\$ 5,214,424		
Beneficial interest in perpetual trust				\$ 234,905

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

### 5. Fair value (continued):

The following table represents the financial instruments carried at fair value as of July 31, 2012, by the valuation hierarchy set forth by generally accepted accounting principles:

	Fair Value at July 31, 2012	Level 1	Level 2	Level 3
Investments:				
Cash equivalents	<u>\$ 453,201</u>	<u>\$ 250,862</u>	<u>\$ 202,339</u>	
Alternative investments:				
Hedge funds	\$ 746,723			\$ 746,723
Private equity funds	<u>633,042</u>			<u>633,042</u>
Total alternative investments	<u>\$ 1,379,765</u>			<u>\$ 1,379,765</u>
Mutual funds:				
Domestic equity funds	\$ 1,634,603	\$ 1,634,603		
International equity funds	1,872,527	1,872,527		
Bond funds	892,516	892,516		
Real estate funds	65,786	65,786		
Other	<u>322,599</u>	<u>322,599</u>		
Total mutual funds	<u>\$ 4,788,031</u>	<u>\$ 4,788,031</u>		
Beneficial interest in perpetual trust				<u>\$ 219,102</u>

The following is a description of the Organization's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices for identical assets. Fair value for Level 2 is based on face value which approximates fair value for money market funds. Fair value for alternative investments and beneficial interest in perpetual trusts is based on estimated values of comparable investments in active and inactive markets.

Fair value for beneficial interest in trusts is based on the Organization's percentage of fair value of the assets contributed to the trust which the Organization believes approximates the present value of the expected future cash flow.

Alternate investments include investments in hedge funds. The funds will invest substantially all of its assets in underlying funds that are generally not registered as investment companies under the 1940 Act and, therefore, the funds will not have the benefit of various protections provided under the 1940 Act with respect to an investment in those underlying funds. The underlying funds may engage in speculative investment strategies and practices, such as the use of leverage, short sales, and derivatives transactions, which can increase the risk of investment loss. The funds provide limited liquidity, and units in the funds are not transferable. In determining the value of these investments, the funds' management use a variety of reference data and assumptions, including estimates of existing market conditions and risks, and independent third-party valuation firm reviews. The estimated value may differ from the values that would have been used had a ready market for the securities existed, and the difference could be material.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

### 5. Fair value (continued):

The fair value of these hedge funds have been estimated by the funds' management using the estimated net asset value (NAV) of the investments. In using NAV, certain attributes of the investment that may impact the fair value of the investment are not considered in measuring fair value. The estimated NAV may differ from the values that would have been used had a ready market for the securities existed, and the difference could be material.

Accounting Standards Update No. 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards* ("IFRS") ("ASU 2011-04") includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 requires reporting entities to disclose quantitative information about the unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy.

The following is a summary of quantitative information about significant unobservable valuation inputs for Level 3 fair value measurements for the investments held as of December 31, 2012:

<u>Level 3 Investments</u>	<u>Fair Value at July 31, 2013</u>	<u>Valuation Techniques</u>
Hedge Funds:		
Hirtle Callaghan Absolute Return Offshore Fund	\$ 199,143	NAV as practical expedient*
Hirtle Callaghan Total Return Offshore Fund	<u>620,569</u>	NAV as practical expedient*
	<u>819,712</u>	
Limited Partnerships:		
Hirtle Callaghan Private Equity VI Offshore Fund	366,152	NAV as practical expedient*
Hirtle Callaghan Private Equity VII Offshore Fund	<u>347,283</u>	NAV as practical expedient*
	<u>713,435</u>	
	<u>\$ 1,533,147</u>	

\* Unobservable input

No adjustments were made to the NAV provided by the investment manager or administrator of the funds. Adjustment to the NAV provided by the investment manager or administrator of the funds would be considered if the practical expedient NAV was not as of the funds' measurement date; it was probable that the funds would be sold at a value materially different than the reported expedient NAV; or it was determined in accordance with the funds' valuation procedures that the funds are not being reported at fair value.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**5. Fair value (continued):**

The following table is a reconciliation of the beginning and ending balances, separately for each major category of assets and liabilities, measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended July 31, 2013 and 2012:

	2013	2012
Alternative investments:		
Beginning balance	\$ 1,379,765	\$ 1,272,330
Unrealized gains	59,137	1,454
Purchases	94,245	105,981
Ending balance	\$ 1,533,147	\$ 1,379,765
	2013	2012
Beneficial interest in perpetual trust:		
Beginning balance	\$ 219,102	\$ 213,344
Increase in beneficial interest	15,803	5,758
Ending balance	\$ 234,905	\$ 219,102

**6. Investments:**

Investments are presented in the financial statements at market value as follows:

	2013	2012
Unrestricted – available for operating expenses	\$ 1,941,637	\$ 1,689,782
Restricted for permanent endowment	4,805,934	4,478,014
	\$ 6,747,571	\$ 6,167,796

Investments consisted of the following at July 31:

	2013		2012	
	Cost	Market	Cost	Market
Fixed income funds, capital trust	\$ 1,062,887	\$ 1,068,131	\$ 844,730	\$ 892,516
Equity funds	3,488,019	4,146,293	3,743,788	3,895,515
Alternative investment funds:				
Private equity funds	548,093	713,435	525,847	633,042
Hedge funds	800,000	819,712	800,000	746,723
	\$ 5,898,999	\$ 6,747,571	\$ 5,914,365	\$ 6,167,796

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**6. Investments (continued):**

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could have a material effect on the Organization's statements of financial position, activities and net assets, and cash flows.

**7. Restrictions on net assets:**

**Temporarily restricted net assets:**

Temporarily restricted net assets are required to be used for the following purposes:

	2013	2012
Financial aid	\$ 2,348,785	\$ 2,194,924
Advisors	1,292,237	967,049
Retention	437,117	
Adult learner	764,579	643,217
Managed scholarships	326,721	309,260
Early awareness	168,444	247,542
General and administrative	101,545	50,000
Resource center	38,000	30,000
	\$ 5,477,428	\$ 4,441,992

Temporarily restricted net assets were released from restrictions during fiscal years 2013 and 2012 by incurring expenditures satisfying the purpose or time restrictions specified by donors as follows:

	2013	2012
Financial aid	\$ 896,535	\$ 1,035,582
Retention	108,383	
Advisors	889,549	758,408
Managed scholarships	213,014	270,729
Adult learner	260,488	238,934
Early awareness	79,098	
General and administrative	50,000	119,474
Resource center	30,000	30,000
	\$ 2,527,067	\$ 2,453,127



# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**7. Restrictions on net assets (continued):**

**Permanently restricted net assets:**

Permanently restricted net assets at July 31, 2013 and 2012 totaling \$5,647,887 and \$5,617,115, respectively, consist of endowment fund assets to be held in perpetuity and beneficial interests in perpetual trusts and are detailed as follows:

	2013	2012
Permanently restricted endowment fund	\$ 5,412,982	\$ 5,398,013
Beneficial interest in perpetual trusts	234,905	219,102
	\$ 5,647,887	\$ 5,617,115

The income from these assets may be used to primarily support financial aid activities of the Organization. In accordance with accounting principles generally accepted in the United States of America, permanently restricted net assets have been recorded at historic dollar value and unrealized gains and losses on the underlying endowment investments have been reflected as an increase or decrease to unrestricted net assets. From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level the donor requires the Organization to retain as a fund of perpetual duration. These deficits resulted from market fluctuations and totaled approximately \$434,000 at July 31, 2013 and \$763,000 at July 31, 2012. During 2012, management determined that \$80,088 previously classified as unrestricted and temporarily restricted net assets should be reclassified to permanently restricted net assets based on the intention of the donors. This reclassification is reflected in the 2012 statement of activities and net assets.

Changes in endowment net assets for fiscal year ended July 31, 2013 were as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (762,628)	\$ 5,398,013	\$ 4,635,385
Investment return:			
Investment income	120,456		120,456
Net appreciation/depreciation (realized and unrealized)	434,305		434,305
Total investment return	554,761		554,761
Appropriation of endowment assets for expenditure	(225,682)		(225,682)
Contributions		14,969	14,969
Endowment net assets, end of year	\$ (433,549)	\$ 5,412,982	\$ 4,979,433

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**7. Restrictions on net assets (continued):**

**Permanently restricted net assets (continued):**

Changes in endowment net assets for fiscal year ended July 31, 2012 were as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (622,071)	\$ 5,233,866	\$ 4,611,795
Investment return:			
Investment income	109,337		109,337
Net appreciation/depreciation (realized and unrealized)	(33,518)		(33,518)
Total investment return	75,819		75,819
Appropriation of endowment assets for expenditure	(216,376)		(216,376)
Contributions		84,059	84,059
Net asset reclassification		80,088	80,088
Endowment net assets, end of year	\$ (762,628)	\$ 5,398,013	\$ 4,635,385

The Organization's Board has interpreted the State of Ohio's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as permanently restricted, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) General economic conditions
- 2) The possible effect of inflation or deflation
- 3) The expected tax consequences, if any, of investment decisions or strategies
- 4) The role that each investment or course of action plays within the overall investment portfolio of the fund
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The need of the Organization and of the fund to make distributions and preserve capital
- 8) An asset's special relationship or special value, if any, to the charitable purposes of the Organization

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

### 7. Restrictions on net assets (continued):

#### Permanently restricted net assets (continued):

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Organization's Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various market indices based on type of investments while assuming a moderate level of investment risk. Actual returns in any given year may vary from these indices.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### 8. Commitments and contingencies:

The Organization leases its office facility and certain equipment under non-cancelable operating leases.

The Organization entered into a rental agreement for office space commencing November 2002. The lease agreement calls for scheduled rent increases with monthly payments ranging from \$12,031 to \$13,781 through October 2012. The Organization entered into a new rental agreement for office space commencing August 2012. The new lease agreement calls for scheduled rent increases with monthly payments ranging from \$14,285 to \$16,076 through October 2022.

Total rent expense for all leases, excluding utilities, was approximately \$189,400 in 2013 and \$154,500 in 2012.

Commitments for future rental payments under all operating leases are as follows:

#### Year ending July 31,

2014	\$ 185,201
2015	189,231
2016	180,724
2017	180,899
2018	<u>182,269</u>
	<u>\$ 918,324</u>

The Organization could be subject to legal proceedings and claims that arise in the ordinary course of business. As of July 31, 2013 and 2012, management was not aware of any pending litigation against the Organization that could have a material effect on the financial statements.

# COLLEGE NOW GREATER CLEVELAND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JULY 31, 2013 AND 2012

**9. Line of credit:**

In 2010, the Organization entered into a line of credit agreement with a bank which provided for borrowings of up to \$500,000. Any borrowings against the line are collateralized by certain investments. Interest is payable quarterly at the bank's LIBOR rate of interest plus 1.75%. There were no borrowings against the line as of July 31, 2013 and 2012.

**10. Retirement plan:**

The Organization administers a 401(k) retirement plan for all eligible employees. The Organization is required to match up to a maximum of 5% of employee contributions. Matching contributions to the plan prior to January 1, 2011 are on a graduated vesting schedule whereas contributions for employees with five years or more of service are 100% vested. Matching contributions subsequent to January 1, 2011 are immediately vested. For the years ended July 31, 2013 and 2012, the Organization's aggregate contributions were approximately \$66,000 and \$54,000, respectively.

**11. General and professional liability insurance:**

The Organization has an agreement with a multi-provider risk retention group for its general and professional liability insurance. The risk retention group insurance coverage is an occurrence-based policy. The policy includes a reimbursement provision of \$1,000,000 per each claim and \$3,000,000 in aggregate claims per the term of the policy. Based on internal and external evaluations of the merits of the individual claims, analysis of claim history and the estimated reserves assigned by the Organization's third-party risk manager, Organization management has determined an accrual is not necessary at July 31, 2013 and 2012. Although the Organization's management believes an accrual for potential losses is not necessary at July 31, 2013 and 2012, a liability may result and it could be material.

**12. Subsequent events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 11, 2013, the date the Organization's financial statements were available to be issued.

# COLLEGE NOW GREATER CLEVELAND

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JULY 31, 2013

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Upward Bound	84.047A		\$ 224,334
TRIO – Talent Search Program	84.044		255,355
Pass-Through Ohio Department of Education:			
21 <sup>st</sup> Century Learning Centers	84.287		444,033
U.S. Department of Health and Human Services:			
Assets for Independence	93.602		36,624
U.S. Department of Housing and Urban Development:			
Pass-Through the City of Cleveland:			
Community Development Block Grant	14.218		42,347
			\$ 1,002,693

### Note to Schedule of Expenditures of Federal Awards

**Basis of presentation:**

The schedule of expenditures of Federal awards includes the Federal grant activity of College Now Greater Cleveland and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Directors  
College Now Greater Cleveland  
Cleveland, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of College Now Greater Cleveland, which comprise the statements of financial position as of July 31, 2013 and 2012, and the related statements of activities and net assets and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered College Now Greater Cleveland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College Now Greater Cleveland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether College Now Greater Cleveland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harold, W. Esler, Co.*

Cleveland, Ohio  
December 11, 2013



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Directors  
College Now Greater Cleveland  
Cleveland, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited College Now Greater Cleveland's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on College Now Greater Cleveland's major Federal program for the year ended July 31, 2013. College Now Greater Cleveland's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of College Now Greater Cleveland's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about College Now Greater Cleveland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of College Now Greater Cleveland's compliance.

**Opinion on Each Major Federal Program**

In our opinion, College Now Greater Cleveland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended July 31, 2013.

### Report on Internal Control Over Compliance

Management of College Now Greater Cleveland is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered College Now Greater Cleveland's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Now Greater Cleveland's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

*H. Arnold, Wholesale Co.*

Cleveland, Ohio  
December 11, 2013

# COLLEGE NOW GREATER CLEVELAND

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2013

### Section I – Summary of Auditors’ Results

#### Financial Statements

Type of auditors’ report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes  X  No

#### Federal Award

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Type of auditors’ report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ Yes  X  No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.044

TRIO – Talent Search Program

84.287

21<sup>st</sup> Century Learning Centers

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

- Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

**COLLEGE NOW GREATER CLEVELAND**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JULY 31, 2013

**Section II – Financial Statement Findings**

No findings were noted.

**Section III – Federal Award Findings and Questioned Costs**

No findings were noted.

Independent Auditors' Report on Accompanying Supplementary Information

Board of Directors  
College Now Greater Cleveland  
Cleveland, Ohio

We have audited the financial statements of College Now Greater Cleveland as of and for the years ended July 31, 2013 and 2012, and have issued our report thereon dated December 11, 2013, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Howard, Wershale & Co.*

Cleveland, Ohio  
December 11, 2013

**COLLEGE NOW GREATER CLEVELAND**

SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2013  
(with comparative totals for 2012)

	Primary Services					Special Services						Supporting Services			TOTAL		
	Financial Aid	Advisors	Early Awareness	Adult Learner	Retention	Resource Center	Managed Scholarships	Assets for Independence	TRIO	21st Century	Upward Bound	Endowment	Fund Raising	General and Administrative	Communications	2013	2012
Total support and revenue	\$ 1,824,608	\$ 2,024,864		\$ 523,500	\$ 552,094	\$ 107,209	\$ 761,857	\$ 24,750	\$ 256,002	\$ 444,033	\$ 226,139	\$ 622,020		\$ 914,243		\$ 8,281,319	\$ 6,393,967
Expenses:																	
Student awards and grants	1,532,622			289,908			647,466	13,500				187,792				2,671,288	2,703,886
Student fees		28,510														28,510	21,374
Salaries:																	
Advisors		410,884	\$ 8,065						90,449	71,383	32,841					613,622	399,024
Administration	175,875	377,696	17,001	62,574	26,624	39,300	26,730	11,687	52,136	114,735	65,430	\$ 183,891	77,159	\$ 44,930	1,275,768	1,228,918	
Support	86,052	138,465	4,954	26,595	49,242	44,759	15,375	2,775	26,215	34,327	10,693	46,982	9,821	3,361	499,616	422,645	
Payroll taxes	17,179	60,981	2,296	5,908	5,034	5,541	2,787	1,106	12,913	16,864	8,336	15,257	5,529	3,200	162,931	142,187	
Employee benefits	20,524	97,818	5,205	7,575	6,450	7,105	3,584	2,509	34,703	45,925	22,609	19,338	4,147	4,080	281,572	251,319	
Equipment	3,399	5,980	235	813	615	1,460	325	213	1,576	2,039	12,452	2,909		453	32,469	27,016	
Telephone	2,680	14,745	907	1,058	979	846	423	259	2,469	2,727	1,771	3,292	729	588	33,473	18,487	
Postage	1,624	2,860	11	339	217	76	426	7	131	693	116	3,587	336	107	10,530	9,250	
Professional fees and dues	1,451	421		283	168	117	166		2,344	470	3,193	2,388	5,856		16,857	15,990	
Accounting and legal	4,312	13,770	492	1,702	1,248	1,362	681	416	2,988	3,371	2,081	3,367	1,173	946	37,909	35,052	
Travel and meetings	53,208	25,945	45	269	2,172	2,305	225		4,355	7,584	9,499	15,900	9,713	2,453	133,673	110,182	
Student activities	19,405	56,416	9,234	2,115	7,190				6,413	77,744	25,982			1,151	205,650	109,687	
Supplies	1,183	6,683	89	675	559	1,313	124	76	584	4,245	1,031	3,015	223	1,016	20,816	14,302	
Consulting	4,340	43,675	19,852	1,085	6,427	264	691			13,168	12,090	845		1,560	103,997	156,907	
Investment expenses	917											36,487	2,648		58,912	57,600	
Rent and utilities	24,483	75,892	2,602	10,332	7,795	8,470	4,910	3,301	12,000	12,000	10,733	18,119	6,096	5,080	201,813	150,307	
Community outreach	2,424	4,353	88	361	1,100	739	122	74	681	1,776	403	9,675	281	44,586	66,663	67,288	
Information technology services	4,958	16,649	868	1,957	11,435	2,395	783	478	3,738	4,210	3,959	3,870	1,379	1,140	57,819	79,179	
Other	6,318	12,208	264	1,441	913	1,146	894	223	1,660	1,804	1,115	4,367	4,868	690	37,911	28,598	
Depreciation and amortization	8,381	26,591		2,436	2,496	2,282	1,134					6,611	1,796	2,246	53,973	34,434	
Total expenses	1,971,335	1,420,542	72,208	417,426	130,664	119,480	706,846	36,624	255,355	415,065	224,334	224,279	346,061	147,966	117,587	6,605,772	6,083,632
Increase (decrease) in net assets	\$ (146,727)	\$ 604,322	\$ (72,208)	\$ 106,074	\$ 421,430	\$ (12,271)	\$ 55,011	\$ (11,874)	\$ 647	\$ 28,968	\$ 1,805	\$ 397,741	\$ (346,061)	\$ 766,277	\$ (117,587)	\$ 1,675,547	\$ 310,335