College Now Greater Cleveland

YEARS ENDED JULY 31, 2023 AND 2022

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COLLEGE NOW GREATER CLEVELAND

SINGLE AUDIT REPORT

YEARS ENDED JULY 31, 2023 AND 2022

CONTENTS

Independent Auditor's Report

Board of Directors
College Now Greater Cleveland
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of College Now Greater Cleveland (the "Organization"), which comprise the statements of financial position as of July 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of College Now Greater Cleveland as of July 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of College Now Greater Cleveland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective August 1, 2022, College Now Greater Cleveland adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about College Now Greater Cleveland's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College Now Greater Cleveland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about College Now Greater Cleveland's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 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 solely 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 effectiveness of College Now Greater Cleveland's 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.

HW&Co.

Cleveland, Ohio
December 1, 2023

COLLEGE NOW GREATER CLEVELAND

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2023 AND 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	$ 13,105,432	$ 8,397,231
Accounts receivable	2,768,938	3,385,700
Unconditional promises to give	2,887,841	2,638,595
Investments restricted for permanent endowment	360,506	337,042
Prepaid expenses	257,316	146,416
Total current assets	19,380,033	14,904,984
Property and equipment, net	797,247	577,275
Other assets:		
Unconditional promises to give, net of current portion	787,311	852,895
Investments	3,037,319	2,970,030
Cash and cash equivalents restricted for permanent endowment	345,804	140,824
Investments restricted for permanent endowment	7,066,177	6,905,651
Beneficial interest in perpetual trust	241,498	242,019
Right-of-use asset	3,586,663	
Other	1,057,259	953,904
	16,122,031	12,065,323
Total assets	**$ 36,299,311**	**$ 27,547,582**

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities:		
Accounts payable	$ 502,223	$ 442,030
Scholarship awards payable	2,576,113	3,300,967
Accrued liabilities	229,065	141,247
Agency liability	3,619,279	2,594,272
Deferred revenue	247,605	157,839
Current portion of lease liability	240,409	
Total current liabilities	7,414,694	6,636,355
Long-term liability; Lease liability, net of current portion	3,413,005	
Total liabilities	10,827,699	6,636,355
Net assets:		
Without donor restrictions	5,230,214	4,470,619
With donor restrictions	20,241,398	16,440,608
Total net assets	25,471,612	20,911,227
Total liabilities and net assets	**$ 36,299,311**	**$ 27,547,582**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JULY 31, 2023
(with summarized financial information for the year ended July 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
SUPPORT AND REVENUE:				
Student awards and grants raised	$ 5,954,207	$ 5,299,062	$ 11,253,269	$ 8,149,572
Less: Student awards and grants designated by donors for specific beneficiaries	(1,097,754)		(1,097,754)	(1,431,407)
	4,856,453	5,299,062	10,155,515	6,718,165
Contributions	3,917,039	3,986,064	7,903,103	7,797,589
Government grants	5,858,015		5,858,015	5,666,820
Contracted fee for service	1,986,423		1,986,423	1,579,050
Fiscal agent administration	10,387,038		10,387,038	7,917,455
Less: Amounts representing fiscal agent reimbursement	(9,985,713)		(9,985,713)	(7,653,306)
	401,325		401,325	264,149
Investment return, net	156,019	105,323	261,342	(874,990)
Other	11,110		11,110	26,575
Net assets released from restrictions	5,589,659	(5,589,659)		
Total support and revenue	22,776,043	3,800,790	26,576,833	21,177,358

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2023
(with summarized financial information for the year ended July 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
EXPENSES:				
Program services:				
Financial Aid:				
Student awards	6,939,815		6,939,815	7,508,638
Less: Student awards and grants designated by donors for specific beneficiaries	(1,097,754)		(1,097,754)	(1,431,407)
Other	1,180,154		1,180,154	1,063,141
Advisors:				
Student fees	11,509		11,509	5,000
Other	6,061,881		6,061,881	4,372,817
Adult Programs	1,000,010		1,000,010	575,896
Retention	691,625		691,625	804,020
Gaining Early Awareness and Readiness for Undergraduate Programs	773,895		773,895	860,891
AmeriCorps Programs	996,371		996,371	851,919
21st Century	1,861,856		1,861,856	2,190,664
Upward Bound	1,040,990		1,040,990	692,480
Talent Search	832,699		832,699	732,712
Total program services	20,293,051		20,293,051	18,226,771
Supporting services:				
Fundraising	716,419		716,419	919,496
General and administrative	1,006,978		1,006,978	786,054
Total supporting services	1,723,397		1,723,397	1,705,550
Total expenses	22,016,448		22,016,448	19,932,321
Increase in net assets	759,595	3,800,790	4,560,385	1,245,037
Net assets, beginning of year	4,470,619	16,440,608	20,911,227	19,666,190
Net assets, end of year	**$ 5,230,214**	**$ 20,241,398**	**$ 25,471,612**	**$ 20,911,227**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JULY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Student awards and grants raised	$ 6,373,052	$ 1,776,520	$ 8,149,572
Less: Student awards and grants designated by donors for specific beneficiaries	(1,431,407)		(1,431,407)
	4,941,645	1,776,520	6,718,165
Contributions	3,123,095	4,674,494	7,797,589
Government grants	5,666,820		5,666,820
Contracted fee for service	1,579,050		1,579,050
Fiscal agent administration	7,917,455		7,917,455
Less: Amounts representing fiscal agent reimbursement	(7,653,306)		(7,653,306)
	264,149		264,149
Investment return, net	(334,595)	(540,395)	(874,990)
Other	26,575		26,575
Net assets released from restrictions	5,204,502	(5,204,502)	
Total support and revenue	20,471,241	706,117	21,177,358

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:			
Program services:			
Financial Aid:			
Student awards	7,508,638		7,508,638
Less: Student awards and grants designated by donors for specific beneficiaries	(1,431,407)		(1,431,407)
Other	1,063,141		1,063,141
Advisors:			
Student fees	5,000		5,000
Other	4,372,817		4,372,817
Adult Programs	575,896		575,896
Retention	804,020		804,020
Gaining Early Awareness and Readiness for Undergraduate Programs	860,891		860,891
AmeriCorps Programs	851,919		851,919
21st Century	2,190,664		2,190,664
Upward Bound	692,480		692,480
Talent Search	732,712		732,712
Total program services	18,226,771		18,226,771
Supporting services:			
Fundraising	919,496		919,496
General and administrative	786,054		786,054
Total supporting services	1,705,550		1,705,550
Total expenses	19,932,321		19,932,321
Increase in net assets	538,920	706,117	1,245,037
Net assets, beginning of year	3,931,699	15,734,491	19,666,190
Net assets, end of year	**$ 4,470,619**	**$ 16,440,608**	**$ 20,911,227**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2023

	Primary Services				Special Services					Supporting Services			TOTAL	
	Financial Aid	Advisors	Adult Programs	Retention	GEAR UP	AmeriCorps Programs	21st Century	Upward Bound	Talent Search	Fund Raising	General and Administrative	Marketing and Communications	2023	2022
Expenses:														
Student awards and grants	$ 6,939,815												$ 6,939,815	$ 7,508,638
Less: Student awards designated by donors for specific beneficiaries	(1,097,754)												(1,097,754)	(1,431,407)
Student fees		$ 11,509											11,509	5,000
Salaries:														
Advisors	51,661	1,659,748	$ 5,135		$ 184,581	$ 664,798	$ 502,070	$ 174,300	$ 222,744		$ 76		3,465,113	2,641,677
Administration	456,094	2,020,296	420,836	$ 213,432	230,248	121,503	519,515	294,289	229,360	$ 462,364	249,753	$ 96,676	5,314,366	4,522,771
Support	349,386	251,847	234,449	265,146	28,954	26,851	113,691	110,933	56,923	70,008	51,396	33,035	1,592,619	1,337,611
Payroll taxes	59,797	266,596	43,959	35,499	31,723	61,086	81,085	40,792	37,032	28,890	19,122	10,031	715,612	573,508
Employee benefits	103,618	566,482	101,226	55,087	91,140	32,094	235,917	126,391	106,871	66,536	53,024	14,879	1,553,265	1,380,214
Equipment	1,728	15,900	2,309	2,069	3,031	1,867	7,618	4,398	2,203	1,244	26,250	668	69,285	162,859
Telephone	4,309	24,945	3,761	2,864	3,381	3,043	5,704	2,494	3,241	2,713	1,296	275	58,026	55,565
Postage	1,153	1,875	29	215	306	5	349	75	377	1,337	(1,380)	139	4,480	9,545
Professional fees and dues	1,279	4,739	2,636	1,294	14,040	1,366	11,080	3,170	2,702	7,814	11,222	1,169	62,511	66,946
Accounting and legal	12,387	56,406	11,060	7,553	8,376	19,377	25,445	10,790	9,887	8,309	3,907	1,511	175,008	95,768
Travel and meetings	30,558	83,779	11,168	9,111	32,059	14,501	14,800	33,460	16,954	18,320	42,868	1,145	308,723	358,836
Student activities	19,161	664,406	19,886	3,486	95,828		188,692	184,127	80,885		743		1,257,214	1,204,072
Supplies	1,501	13,436	1,377	959	1,473	7,008	6,510	1,605	1,386	912	1,306	725	38,198	40,666
Consulting	8,162	156,298	73,910	12,027	2,800	4,400	60,300	18,114	26,340		206,605	6,565	575,521	401,926
Bank fees	629	111								5,161	9,211		15,112	21,845
Lease and utilities	30,927	145,791	25,979	18,866	17,938	18,000	51,300	22,886	21,958	20,412	47,160	3,711	424,928	379,272
Community outreach	1,795	18,618	8,545	7,883	351	224	1,130	269	840	7,735	1,274	48,891	97,555	225,749
Information technology services	31,947	45,712	24,126	48,940	25,645	13,135	29,953	10,203	10,056	6,072	8,465	3,938	258,192	229,669
Other	6,506	26,072	3,216	2,766	2,021	7,113	6,697	2,694	2,940	4,038	44,275	567	108,905	80,688
Depreciation and amortization	7,556	38,824	6,403	4,428						4,554	5,004	1,476	68,245	60,903
Total expenses	**$ 7,022,215**	**$ 6,073,390**	**$ 1,000,010**	**$ 691,625**	**$ 773,895**	**$ 996,371**	**$ 1,861,856**	**$ 1,040,990**	**$ 832,699**	**$ 716,419**	**$ 781,577**	**$ 225,401**	**$ 22,016,448**	**$ 19,932,321**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2022

	Primary Services				**Special Services**					**Supporting Services**			
	Financial Aid	Advisors	Adult Programs	Retention	GEAR UP	AmeriCorps Programs	21st Century	Upward Bound	Talent Search	Fund Raising	General and Administrative	Marketing and Communications	Total
Expenses:													
Student awards and grants	$ 7,508,638												$ 7,508,638
Less: Student awards designated by donors for specific beneficiaries	(1,431,407)												(1,431,407)
Student fees		$ 5,000											5,000
Salaries:													
Advisors	53,049	1,102,939			$ 199,058	$ 457,936	$ 536,378	$ 88,680	$ 203,104		$ 515	$ 18	2,641,677
Administration	433,162	1,349,539	$ 208,889	$ 274,584	256,772	132,405	613,025	186,713	209,651	$ 524,531	281,597	51,903	4,522,771
Support	274,708	240,296	130,581	227,533	29,103	22,395	167,306	76,064	42,883	62,205	26,200	38,337	1,337,611
Payroll taxes	52,287	194,341	23,566	35,877	33,497	32,817	89,511	23,932	32,747	31,462	17,101	6,370	573,508
Employee benefits	106,651	416,514	61,955	71,066	100,224	28,767	276,238	77,862	97,814	77,967	50,410	14,746	1,380,214
Equipment	6,553	47,951	9,378	3,076	5,457	2,381	20,038	5,541	8,806	5,462	46,873	1,343	162,859
Telephone	3,749	19,222	9,226	2,650	2,873	4,067	5,443	1,706	2,678	2,887	801	263	55,565
Postage	806	2,927	873	157	19	157	352	681	227	2,610	548	188	9,545
Professional fees and dues	1,730	3,707	7,747	1,282	15,890	1,251	7,399	10,393	1,966	3,810	10,747	1,024	66,946
Accounting and legal	6,324	23,421	6,830	4,615	5,467	15,224	13,149	4,653	6,210	5,372	3,661	842	95,768
Travel and meetings	8,959	90,114	5,341	5,807	25,416	6,974	29,871	16,863	4,699	133,100	30,756	936	358,836
Student activities	17,873	524,413	1,094	36,746	108,885		277,418	152,047	84,281	225		1,090	1,204,072
Supplies	909	19,583	2,115	718	4,844	3,668	3,481	1,316	1,036	1,006	1,600	390	40,666
Consulting	35,478	75,720	28,402	42,923	15,665	77,430	55,190	17,231		4,500	16,880	32,507	401,926
Bank fees	838	102		3						9,702	11,200		21,845
Lease and utilities	36,501	117,306	24,538	23,169	21,300	18,000	57,792	18,024	21,301	26,694	10,543	4,104	379,272
Community outreach	605	58,203	29,076	9,343	544	24,464	727	2,017	1,421	10,926	731	87,692	225,749
Information technology services	9,910	31,160	18,944	56,722	33,222	17,311	29,039	6,947	10,903	7,152	1,756	6,603	229,669
Other	5,446	24,121	3,223	1,999	2,655	6,672	8,307	1,810	2,985	3,312	19,712	446	80,688
Depreciation and amortization	7,603	31,238	4,118	5,750						6,573	3,829	1,792	60,903
Total expenses	**$ 7,140,372**	**$ 4,377,817**	**$ 575,896**	**$ 804,020**	**$ 860,891**	**$ 851,919**	**$ 2,190,664**	**$ 692,480**	**$ 732,712**	**$ 919,496**	**$ 535,460**	**$ 250,594**	**$ 19,932,321**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Increase in net assets	$ 4,560,385	$ 1,245,037
Adjustments to reconcile increase in net assets		
to net cash from operating activities:		
Depreciation and amortization	68,245	60,903
Lease and utilities	302,063	
Net realized and unrealized losses on investments	52,835	1,083,853
Contributions restricted for permanent endowment	(333,340)	(634,024)
Beneficial interest in perpetual trusts	521	43,605
Changes in assets and liabilities:		
Decrease (increase) in unconditional promises to give	(303,662)	333,023
Decrease (increase) in accounts receivable	616,762	(2,280,514)
Increase in prepaid expenses	(110,900)	(16,701)
Increase in accounts payable	60,193	243,819
Increase (decrease) in scholarship awards payable	(724,854)	866,235
Increase (decrease) in accrued liabilities	11,423	(12,420)
Increase in agency liability	1,025,007	840,633
Increase in deferred revenue	89,766	92,964
Lease liability	(311,707)	
Net cash provided by operating activities	5,002,737	1,866,413
Cash flows from investing activities:		
Purchases of property and equipment	(288,217)	(407,112)
Proceeds from sale of investments	8,938,194	2,318,796
Purchases of investments	(9,121,409)	(3,307,293)
Increase in other assets	(103,355)	(100,011)
Net cash used in investing activities	(574,787)	(1,495,620)
Cash flows from financing activities:		
Receipts from contributions restricted for permanent endowment	485,231	754,024
Net cash provided by financing activities	485,231	754,024
Net increase in cash and cash equivalents	4,913,181	1,124,817
Cash and cash equivalents, unrestricted and restricted for permanent endowment, beginning	8,538,055	7,413,238
Cash and cash equivalents, unrestricted and restricted for permanent endowment, ending	**$ 13,451,236**	**$ 8,538,055**

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

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

Nature of activities:

College Now Greater Cleveland's ("College Now" or the "Organization") mission is to increase post-secondary educational attainment through college and career access advising, financial aid counseling and scholarship and retention services. Highly trained professionals deliver our integrated services that annually reach more than 33,000 traditional and nontraditional students and individuals in more than 200 Northeast Ohio venues across five counties: schools, community-based organizations, businesses and our downtown Cleveland Resource Center. Additionally, College Now awards approximately $6.9 million in need-based scholarships to approximately 2,500 traditional and nontraditional students. Since 1967, College Now has served hundreds of thousands of individuals and awarded over $102 million in scholarships to Northeast Ohio students and adult learners.

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 accounting principles generally accepted in the United States (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Student awards and grants raised:

The Organization recognizes student awards and grants raised as a contribution when the Organization has an unconditional right to the assets contributed. Student awards and grants raised are considered to be available to pay scholarship awards as restricted by donors.

Student awards and grants raised where the beneficiary has been specified by the donor or the determination of the beneficiary is under the control of another third party are treated as agency transactions and are not reported as revenue or student awards and grants expense. Recognizing that designated scholarships (agency transactions) are a significant element of activities, they are included in student awards and grants raised and deducted from that amount to calculate net student awards and grants raised revenue. Total amounts of student awards and grants raised under these agreements during the years ended July 31, 2023 and 2022 was $1,859,865 and $1,673,740, respectively. Of these amounts received during the fiscal years ended July 31, 2023 and 2022, $1,097,754 and $1,431,407, respectively, have been awarded to identified recipients with the remaining amounts of $1,777,962 and $1,015,851 included in agency liability on the statement of financial position at July 31, 2023 and 2022, respectively.

1. Description of Organization and summary of significant accounting policies (continued):

Contributions and unconditional promised to give:

The Organization recognizes unconditional contributions when cash, securities, promises to give or notification of beneficial interest or other assets is received without condition. If there is a performance obligation to be met or other barrier and a right of return the contributions are not recognized until the conditions on which they depend have been met.

Contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions whose restrictions are met in the same reporting period are classified as net assets without donor restrictions.

Awards to the Organization from private foundations are recorded as contributions when the value received by the foundation is incidental to the potential public benefit. Contributions that are conditioned upon services to be provided (and where uncertainty exists as to the likelihood of meeting the conditions) are not recorded as revenue until the conditions are met. The Organization records these awards as contribution revenue when the conditions are met.

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.

In evaluating the collectability of unconditional promises to give, the Organization considers a number of factors, including the age of the promises, changes in collection patterns, terms of the 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 promises are deemed uncollectible, they are written off against the allowance for doubtful accounts. An allowance for doubtful accounts of $100,000 in 2023 and 2022 is included in unconditional promises to give, net of current portion.

Government grants:

Awards to the Organization from governmental entities are recorded as government grants. The Organization receives grants from the United States Department of Education; the Ohio Department of Education; the Corporation for National and Community Service; the Ohio Department of Higher Education and the U.S. Department of Housing and Urban Development. Compliance with terms and conditions specified in the grant and contract agreements are subject to audit by the grantor and contract agencies. Revenue is recorded when performance obligations are met under the governmental contract agreement.

1. Description of Organization and summary of significant accounting policies (continued):

Government grants (continued):

A portion of the Organization's revenue is derived from cost-reimbursable Federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue as in increase in net assets without donor restrictions when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Receivables related to government grants where expenditures have been incurred but have yet to be reimbursed by government entities are included in accounts receivable. At July 31, 2023 and 2022, receivables due from government entities totaled $1,905,753 and $1,408,104, respectively. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization had no deferred revenue under cost-reimbursable grants at July 31, 2023 or 2022. An allowance for uncollectible government grants is recorded based upon a consideration of the likelihood that accounts will not be collected in full. Organization management is of the opinion that an allowance for uncollectible government grants is not necessary at July 31, 2023 and 2022.

Contracted fee for service:

Contracted fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from schools for various services and entities for administrative fees for certain scholarship funds managed by the Organization on their behalf where the Organization is considered an agent (see "Fiscal agent administration"). Generally, the Organization bills contracted fees once services are substantially complete. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. The Organization's contracted services primarily represent services that are bundled and treated as a single performance obligation satisfied over time as services are provided. The Organization measures the performance obligation on a monthly basis as the services are provided.

Since all of the performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on contractually agreed-upon amounts or rates. The Organization assesses collectability on all accounts prior to providing services.

The Organization recognizes revenue in the statements of activities and changes in net assets and accounts receivable on the statements of financial position when the services have been provided. Since the Organization has performed its obligations under the contracts, it has unconditional rights to the consideration and, therefore, records billed amounts as accounts receivable. At July 31, 2023 and 2022, receivables due from contracted fee for service revenue totaled $250,463 and $291,517, respectively. At July 31, 2023 and 2022, the Organization had $247,605 and $157,839, respectively, in deferred revenue related to contracted fee for service. An allowance for uncollectible accounts receivable is recorded based upon a consideration of the likelihood that accounts will not be collected in full. Organization management is of the opinion that an allowance for uncollectible accounts receivable is not necessary at July 31, 2023 and 2022.

1. Description of Organization and summary of significant accounting policies (continued):

Fiscal agent administration:

The Organization acts as a fiscal agent on behalf of another organization for a fee providing the administrative, human resources and information technology functions of their employees, including the administration and processing of payroll. Recognizing that fiscal agent administration (agency transactions) is significant for the Organization, amounts representing fiscal agent reimbursement for all salaries and related expenses have been included in fiscal agent administration revenue and deducted from that amount to calculate net fiscal agent administration revenue. The total gross amount of fiscal agent administration and fees was $10,387,038 and $7,917,455 for the years ended July 31, 2023 and 2022, respectively, which has been reduced by $9,985,713 and $7,653,306 for amounts representing reimbursement under the fiscal agent agreement. At July 31, 2023 and 2022, accounts receivable due from fiscal agent administration totaled $612,681 and $1,686,079, respectively, and agency liability totaled $1,841,317 and $1,578,421, respectively.

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 changes in 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 and changes in net assets.

The Organization was a named income beneficiary of a $6.5 million endowment fund maintained by The Cleveland Foundation. During the year ended July 31, 2022, the beneficiary was changed to another not-for-profit organization.

Donated property, equipment, and software materials and services:

Donations of property, equipment, and software 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 U.S. GAAP has not been satisfied.

1. Description of Organization and summary of significant accounting policies (continued):

Cash and cash equivalents:

For purposes of the statements 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, 2023 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 U.S. GAAP, 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, dividends, and net of related investment expenses) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Additionally, the Organization maintains 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 investments in hedge funds and private equity funds. These financial instruments, which involve varying degrees of off-balance sheet risk, may result in loss due to changes in the market.

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.

1. Description of Organization and summary of significant accounting policies (continued):

Lease accounting:

The Organization, as lessee, recognizes right-of-use assets and lease obligations on the Organization's statement of financial position. As of the commencement date of a lease, a lease liability and corresponding right-of-use asset is recorded on the Organization's statement of financial position at the present value of future minimum lease payments for operating leases. In accordance with ASC 842 for private companies and nonprofit organizations, the Organization elected the practical expedient which allows it to use a risk-free rate to discount future lease payments. The Organization elected the short-term lease exception policy which permits leases with an initial term of twelve months or less to be recognized as lease expense as incurred. Additionally, any leases determined by management to be inconsequential are expensed when paid.

The Organization applies judgement in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The classification criteria is based on whether the lease has a purchase option or a transfer of ownership at the end of the lease. Additionally, the lease classification criteria is based on estimates of the fair value of the leased asset, minimum lease payments, effective costs of funds, economic life of the asset, and certain other terms in the lease agreements.

The Organization determines the lease term as the non-cancellable term of the lease, which may include options to extend the lease when it is reasonably certain that the Organization will exercise that option. The lease term is used in determining the classification between operating lease and finance lease, calculating the lease liability and determining the risk-free rate.

For operating leases, the Organization recognizes lease expense on a straight-line basis based on payments for minimum lease payments due over the life of the lease plus any variable lease payments.

Income taxes:

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, consequently, is not subject to 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.

Use of estimates:

The preparation of financial statements in conformity with U.S GAAP 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.

1. Description of Organization and summary of significant accounting policies (continued):

Classification of expenses:

Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages are charged directly based on the hours worked for specific grants, contracts or other activities of the Organization such as administrative operations, fundraising or providing services to clients. Employee benefits are allocated based upon a percentage of total wages and their inclusion by function. Expenses such as telephone, postage, travel and meetings, supplies, printing, professional fees, student activities and fees are charged specifically to the department or program these costs are supporting if identifiable. Other costs such as lease, utilities, information technology, insurance, accounting, legal, and various general and administrative costs are allocated based on the ratio of each program or department's salary expense to total salary expense.

Recent accounting pronouncement:

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. This ASU requires a financial asset, or group of financial assets, measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. In November 2019, FASB issued an ASU to defer the implementation date of this ASU. Therefore, the Organization will be required to adopt and implement this ASU for years beginning after December 15, 2022, which is the Organization's year ending July 31, 2024.

The Organization is currently evaluating the impact this ASU will have on its financial statements and will implement the provisions of the ASU upon its effective date.

2. Cash and cash equivalents:

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

	2023	2022
Without donor restrictions	$ 13,105,432	$ 8,397,231
With donor restrictions for permanent endowment	345,804	140,824
	$ 13,451,236	$ 8,538,055

Included in cash and cash equivalents at July 31, 2023 and 2022 are money market funds of approximately $6,472,672 and $179,300, respectively, which are not covered by FDIC insurance and are subject to market risk. The Organization does not expect to incur any losses resulting from cash and cash equivalents held in financial institutions.

3. Property and equipment, net:

Property and equipment consists of the following at July 31, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 85,045	$ 56,600
Office furniture and equipment	557,468	382,997
Computer equipment and software	121,235	99,762
Construction-in-progress	458,113	394,285
	1,221,861	933,644
Accumulated depreciation and amortization	(424,614)	(356,369)
Net property and equipment	$ 797,247	$ 577,275

At July 31, 2023, $458,113 of construction-in-progress consisted of database development costs related to a new student advising and scholarship administration platform. The Organization anticipates placing these assets in service during fiscal year ending July 31, 2024.

4. Leases:

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which amends the former accounting principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. This ASU requires a lessee to recognize a right-of-use asset and a lease liability on the statement of financial position, changes presentation of expense on the statement of activities and changes in net assets and statement of cash flows and changes the disclosure requirements. In addition, after the issuance of ASU No. 2016-02, the FASB issued numerous additional ASUs to provide clarity and changes to ASC Topic 842. The Organization adopted all ASUs included in Topic 842 effective August 1, 2022 utilizing the modified retrospective transition method. Under this method, the Organization elected not to restate comparative periods presented.

ASC 842 provides several optional practical expedients in transition. The Organization elected the practical expedients, which permits the Organization not to reassess under the new standard its prior conclusion about lease identification, lease classification and initial direct costs.

ASC 842 also provides a practical expedient for an entity's ongoing accounting. The Organization elected the practical expedient not to separate lease and non-lease components for all of its leases. The Organization also elected the short-term practical expedient for all leases that qualify. As a result, the Organization will not recognize right-of-use assets or liabilities for short-term leases that qualify for the short-term practical expedient, but instead will recognize the lease payments as lease expense on a straight-line basis over the lease term.

4. Leases (Continued):

The Organization's adoption of the ASC 842 resulted in the recognition of the operating lease right-of-use asset of $2,405,022 and operating lease liability of $2,481,417 in the statement of financial position for its existing leases based on the remaining present value of the minimum lease payments as of August 1, 2022. As a result of utilizing the modified retrospective transition method, there was a decrease in accrued liabilities of $76,395 at August 1, 2022.

The Organization leases its office facility under a non-cancelable operating lease. During the year ended July 31, 2023, the lease was amended to increase the amount of space leased and extend the term of the lease through April 2034. The amended lease calls for scheduled increases with monthly payments ranging from $30,996 to $38,538 through April 2034. The lease also requires additional payments for utilities, which are treated as variable lease payments.

The lease cost and right-of-use asset under an operating lease consisted of the following at July 31, 2023:

Operating lease cost:	
Operating lease cost	$ 400,218
Short-term lease cost	1,100
Variable lease cost	23,610
Total operating lease cost	$ 424,928
Right-of-use asset under operating lease:	
Operating lease	$ 3,888,726
Less accumulated amortization	302,063
	$ 3,586,663
Cash paid for amounts included in the measurement of liabilities:	
Operating cash flows	$ 409,862
Weighted average remaining lease term	10.7 years
Weighted average discount rate	2.64%

Future minimum lease payments under operating lease as of July 31, 2023 are as follows:

2023	$ 381,278
2024	388,959
2025	396,793
2026	404,680
2027	412,772
Thereafter	2,537,990
Total minimum lease payments	4,522,472
Less imputed interest	869,058
Present value of future lease payments	3,653,414
Less current maturities of lease obligations	240,409
Long-term lease obligations	$ 3,413,005

For the year ended July 31, 2023, in accordance with U.S. GAAP under ASC 840, the Company recorded its lease expense by using the straight line method over the life of the lease.

5. 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, 2023 and 2022 are discounted at rates varying from .12% to 4.80% and .12% to 2.37%, respectively, based upon the time that the promise to give was made. Unconditional promises to give consisted of the following at July 31:

	2023	2022
With and without donor restrictions – available for operating expenses	$ 3,675,152	$ 3,491,490

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

	2023	2022
Receivable in less than one year	$ 2,887,841	$2,638,595
Receivable in one to five years	929,950	969,700
	3,817,791	3,608,295
Less discounts to net present value	42,639	16,805
Less allowance for doubtful accounts	100,000	100,000
Net unconditional promises to give	$ 3,675,152	$ 3,491,490

Approximately 62% of the gross amount of unconditional promises to give was due from four donors at July 31, 2023 and 63% was due from three donors at July 31, 2022.

6. 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.

6. Fair value (continued):

The following table represents the financial instruments carried at fair value as of July 31, 2023, by the valuation hierarchy set forth by U.S GAAP:

	Fair Value at July 31, 2023	Level 1	Level 2	Level 3
Cash equivalents	$ 6,472,672	$ 6,472,672		
Mutual funds:				
Domestic equity funds	3,884,136	3,884,136		
International equity funds	3,069,627	3,069,627		
Bond funds	2,288,132	2,288,132		
Total mutual funds	9,241,895	9,241,895		
Beneficial interest in perpetual trust	241,498			$ 241,498
Net assets in the fair value hierarchy	15,956,065	$ 15,714,567	$	$ 241,498
Investments reported at net asset value (A)	1,222,107			
	$ 17,178,172			

The following table represents the financial instruments carried at fair value as of July 31, 2022, by the valuation hierarchy set forth by U.S GAAP:

	Fair Value at July 31, 2022	Level 1	Level 2	Level 3
Cash equivalents	$ 1,147,137	$ 967,820	$ 179,317	
Mutual funds:				
Domestic equity funds	4,271,450	4,271,450		
International equity funds	2,312,274	2,312,274		
Bond funds	2,315,021	2,315,021		
Total mutual funds	8,898,745	8,898,745		
Beneficial interest in perpetual trust	242,019			$ 242,019
Net assets in the fair value hierarchy	10,287,901	$ 9,866,565	$ 179,317	$ 242,019
Investments reported at net asset value (A)	1,313,978			
	$ 11,601,879			

6. Fair value (continued):

(A) In accordance with Subtopic 820-10, alternative investments that are measured at NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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 beneficial interest in trusts (Level 3) 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.

Alternative investments include investments in hedge funds and limited partnerships. The detail of the alternative investment funds are as follows:

	2023	2022
Hedge funds:		
Hirtle Callaghan Total Return Offshore Fund	$ 120,146	$ 287,808
Limited partnerships:		
Hirtle Callaghan Private Equity VI Offshore Fund	128,706	135,541
Hirtle Callaghan Private Equity VII Offshore Fund	115,022	145,707
Hirtle Callaghan Private Equity XII Offshore Fund	629,362	576,686
Hirtle Callaghan Private Equity 2020 Fund	228,871	168,236
	1,101,961	1,026,170
	$ 1,222,107	$ 1,313,978

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 uses 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.

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.

6. Fair value (continued):

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.

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, 2023 and 2022:

	2023	2022
Beneficial interest in perpetual trust:		
Beginning balance	$ 242,019	$ 285,624
Decrease in beneficial interest (B)	(521)	(43,605)
Ending balance	$ 241,498	$ 242,019

(B) These amounts represent total decreases in value for the period included in changes in net assets with donor restrictions attributable to the change in values relating to beneficial interest in perpetual trusts still held at July 31, 2023 and 2022.

7. Investments:

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

	2023	2022
Without donor restrictions – available for operating expenses	$ 3,037,319	$ 2,970,030
With donor restrictions- for permanent endowment	7,426,683	7,242,693
	$ 10,464,002	$ 10,212,723

Investments consisted of the following at July 31:

	2023		2022	
	Cost	Market	Cost	Market
Fixed income funds, capital trust	$ 2,313,140	$ 2,288,132	$ 2,402,578	$ 2,315,021
Equity funds	6,513,997	6,953,763	6,391,610	6,583,724
Alternative investment funds:				
Private equity funds	614,326	1,101,961	470,683	1,026,170
Hedge funds	69,575	120,146	235,395	287,808
	$ 9,511,038	$ 10,464,002	$ 9,500,266	$ 10,212,723

7. 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 such changes could have a material effect on the Organization's statements of financial position, activities and changes in net assets, and cash flows.

8. Net assets with donor restrictions:

Net assets with donor-imposed restrictions are restricted for the following purposes or periods at July 31:

	2023	2022
Subject to expenditure for specified purpose:		
Financial aid	$ 8,234,559	$ 4,594,361
Advisors	3,374,246	3,116,090
Adult Programs	156,865	316,764
General and administration	35,000	60,000
Retention	471,873	653,233
	12,272,543	8,740,448
Subject to the passage of time:		
Beneficial interest in perpetual trusts	241,498	242,019
Assets held in perpetuity for:		
Permanently restricted endowment fund	7,727,357	7,458,141
	7,968,855	7,700,160
	$ 20,241,398	$ 16,440,608

Net assets released from net assets with donor restrictions during fiscal years are as follows:

	2023	2022
Satisfaction of purpose restriction:		
Financial aid	$ 1,980,201	$ 2,064,330
Advisors	2,864,845	2,520,983
Adult Programs	311,799	245,047
General and administration	58,000	151,000
Retention	374,814	223,142
	$ 5,589,659	$ 5,204,502

9. Endowment:

Endowment net asset composition by type of fund as of July 31, 2023 and 2022:

	2023	2022
Endowment funds with donor restrictions	$ 7,727,357	$ 7,458,141
Endowment funds without donor restrictions	25,000	25,000
Total funds	$ 7,752,357	$ 7,483,141

Changes in endowment net assets for the year ended July 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 7,458,141	$ 7,483,141
Investment return:			
Investment income, net		184,711	184,711
Realized and unrealized losses on investments, net		(79,388)	(79,388)
Total investment return		105,323	105,323
Appropriation for expenditure		(360,506)	(306,506)
Transfer		39,168	39,168
Contributions		485,231	485,231
Total change in endowment funds		163,893	163,893
Endowment net assets, end of year	$ 25,000	$ 7,727,357	$ 7,752,357

Changes in endowment net assets for the year ended July 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 7,380,817	$ 7,405,817
Investment return:			
Investment income, net		869,066	869,066
Realized and unrealized losses on investments, net		(1,409,461)	(1,409,461)
Total investment return		(540,395)	(540,395)

9. Endowment (continued):

	Without Donor Restrictions	With Donor Restrictions	Total
Appropriation for expenditure		(337,042)	(337,042)
Transfer		200,738	200,738
Contributions		754,023	754,023
Total change in endowment funds		617,719	617,719
Endowment net assets, end of year	$ 25,000	$ 7,458,141	$ 7,483,141

The income from endowment assets held in perpetuity may be used to primarily support financial aid activities of the Organization. In accordance with U.S GAAP, the endowment assets have been recorded at historic dollar value and unrealized gains and losses on the underlying investments have been reflected as an increase or decrease to net assets without donor restrictions.

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. At July 31, 2023, the endowment had an original value of $8,621,558, a current value of $7,752,357, and a deficit of $869,201. At July 31, 2022, the endowment had an original value of $8,097,158, a current value of $7,483,141, and a deficit of $614,017. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

The Organization has a policy of appropriating for distribution each year a percentage as approved by the Finance Committee of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at a level to meet the annual distribution plus cost of inflation. The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The Organization's Finance Committee appropriated for expenditure $360,506 from underwater endowment funds during the year ended July 31, 2023, which represents 5% of the 12-quarter moving average.

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 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:

9. Endowment (continued):

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

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.

10. Board Designated Fund:

In March 2023, the Board of Directors approved the establishment of a Board Designated Fund. The purpose of the Board Designated Fund is to help ensure the long-term financial stability of the Organization and position it to respond to varying economic conditions and changes affecting the Organization's financial position and the ability of the Organization to continuously carry out its mission. Additionally, the Board Designated Fund may be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in infrastructure. The Board Designated Fund will be funded annually with surplus unrestricted operating funds.

The Board of Directors authorized the Organization's Finance Committee the responsibility for authorizing spending from the Board Designated Fund and designated $1,082,699 of accumulated unrestricted net assets as of August 1, 2022 as the beginning balance of the Board Designated Fund. At July 31, 2023, the balance in the Board Designated Fund was $1,376,753 after surplus of unrestricted operating funds and approve expenditures.

11. Line of credit:

The Organization had a line of credit agreement with a bank which provided for borrowings of up to $500,000. Any borrowings against the line were collateralized by certain investments. Interest was payable quarterly at the bank's LIBOR rate of interest plus 1.75%. The line of credit expired February 7, 2023 and was not renewed. There were no borrowings against the line as of July 31, 2022.

12. 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 are immediately vested. For the years ended July 31, 2023 and 2022, the Organization's aggregate contributions were $628,676 and $489,400, respectively, which has been reduced by $276,280 and $203,495 under the fiscal agent agreement, respectively.

13. 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. Additionally, the Organization maintains Privacy and Security Liability insurance with limits of $1,000,000. This includes a sublimit of $1,000,000 for Network Security/Event Response and Recovery. 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, 2023 and 2022.

14. Liquidity and availability:

The Organization's financial assets available within one year of the statements of financial position as of July 31, 2023 and 2022 for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	$ 13,105,432	$ 8,397,231
Accounts receivable	2,768,938	3,385,700
Unconditional promises to give	2,887,841	2,638,595
Investments	3,037,319	2,970,030
	21,799,530	17,391,556
Less: unconditional promises to give, current	2,887,841	2,638,595
Cash and cash equivalents for restricted uses	10,146,190	5,971,826
	$ 8,765,499	$ 8,781,135

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity needs, the Organization has a board designated fund totaling $1,376,753 (Note 10).

15. Statement of cash flows:

At August 1, 2022, to record the initial assets and liabilities related to the implementation of ASC 842, right-of-use asset increased by $2,405,022, a lease liability increased by $2,481,417 and accrued liabilities decreased by $76,395. Furthermore, in March 2023, the Organization amended its office facility lease extending the term through April 2034 resulting in a remeasurement of the right-of-use asset and lease liability. Right-of-use asset increased by $1,483,704 with a corresponding increase in lease liability.

16. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 1, 2023, 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, 2023

Federal Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
Corporation for National and Community Service:			
Pass-Through Ohio Commission on Service and Volunteerism:			
Americorps	94.006	31-1334820	$ 1,022,798
U.S. Department of Education (TRIO Cluster):			
Talent Search	84.044		836,651
Upward Bound	84.047		1,033,233
Educational Opportunity Centers (EOC)	84.066		493,805
Subtotal			2,363,689
Pass-Through Ohio Department of Education:			
21st Century Learning Centers	84.287	31-1334820	1,197,329
Pass-Through Warrensville City School District:			
21st Century Learning Centers:	84.287	34-6003026	221,175
Pass-Through Lorain City School District:			
21st Century Learning Centers:	84.287	34-6002991	213,583
Pass-Through Boys and Girls Clubs Of Cleveland:			
21st Century Learning Centers	84.287	34-6001701	68,105
Pass-Through Garfield Heights Board of Education:			
21st Century Learning Centers	84.287	34-1856214	161,665
Subtotal			1,861,857
Pass-Through Ohio Department of Higher Education:			
Gaining Early Awareness and Readiness For Undergraduate Programs	84.334	34-6002163	766,914
Pass-Through Ohio Department of Education:			
Governor’s Emergency Education Relief (ESSER) Fund	84.425U	34-1334820	1,088,980
Pass-Through Cuyahoga County:			
Temporary Assistance for Needy Families (TANF)	93.558		1,500,000
			$ 8,604,238

COLLEGE NOW GREATER CLEVELAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JULY 31, 2023

COLLEGE NOW GREATER CLEVELAND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JULY 31, 2023

Note A – Basis of presentation:

The accompanying schedule of expenditures of Federal awards includes the Federal award 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of College Now Greater Cleveland, it is not intended to and does not present the financial position, changes in net assets, or cash flows of College Now Greater Cleveland.

Note B – Summary of significant accounting policies:

(1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) College Now Greater Cleveland has not elected to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*, except when required by the granting agency.

Independent Auditor's 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 the 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 (the "Organization"), which comprise the statement of financial position as of July 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2023.

Report on 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) as a basis for designing 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 College Now Greater Cleveland'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Now Greater Cleveland's financial statements are free from 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 financial statements. 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*.

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 College Now Greater Cleveland's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Now Greater Cleveland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HW&Co.

Cleveland, Ohio
December 1, 2023

Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the *Uniform Guidance*

Board of Directors
College Now Greater Cleveland
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited College Now Greater Cleveland’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of College Now Greater Cleveland’s major Federal programs for the year ended July 31, 2023. College Now Greater Cleveland’s major Federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program
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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of College Now Greater Cleveland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of College Now Greater Cleveland’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to College Now Greater Cleveland’s Federal programs.

Auditor’s Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on College Now Greater Cleveland’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about College Now Greater Cleveland’s compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding College Now Greater Cleveland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of College Now Greater Cleveland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of College Now Greater Cleveland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HW&Co.

Cleveland, Ohio
December 1, 2023

COLLEGE NOW GREATER CLEVELAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's 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?	____	Yes	X	None reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	____	Yes	X	No

Identification of major programs:

AL Number	Name of Federal Program or Cluster
94.006	Americorps
84.425U	Governor's Emergency Education Relief (ESSR) Fund
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

♦ Auditee qualified as low-risk auditee?	X	Yes	____	No

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.