College Now Greater Cleveland

YEARS ENDED JULY 31, 2024 AND 2023

HW&Co.® CPAs & Advisors

COLLEGE NOW GREATER CLEVELAND

SINGLE AUDIT REPORT

YEARS ENDED JULY 31, 2024 AND 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

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 January 14, 2025 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
January 14, 2025

COLLEGE NOW GREATER CLEVELAND

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2024 AND 2023

ASSETS

	2024	2023
Current assets:		
Cash and cash equivalents	$ 14,138,705	$ 13,105,432
Accounts receivable, net of allowance for credit losses of $20,000 at July 31, 2024	2,679,485	2,768,938
Unconditional promises to give	2,204,170	2,887,841
Investments restricted for permanent endowment	377,672	360,506
Prepaid expenses	193,206	257,316
Total current assets	19,593,238	19,380,033
Property and equipment, net	791,644	797,247
Other assets:		
Unconditional promises to give, net of current portion and net of allowance for uncollectible receivables of $80,000 at July 31, 2024 and $100,000 at July 31, 2023	655,925	787,311
Investments	3,437,500	3,037,319
Cash and cash equivalents restricted for permanent endowment	156,571	345,804
Investments restricted for permanent endowment	7,993,589	7,066,177
Beneficial interest in perpetual trust	260,786	241,498
Right-of-use asset	3,312,940	3,586,663
Other	1,163,200	1,057,259
	16,980,511	16,122,031
Total assets	**$ 37,365,393**	**$ 36,299,311**

LIABILITIES AND NET ASSETS

	2024	2023
Current liabilities:		
Accounts payable	$ 480,620	$ 502,223
Scholarship awards payable	2,612,994	2,576,113
Accrued liabilities	74,874	229,065
Agency liability	2,693,461	3,619,279
Deferred revenue	219,542	247,605
Current portion of lease liability	258,076	240,409
Total current liabilities	6,339,567	7,414,694
Long-term liability; Lease liability, net of current portion	3,154,929	3,413,005
Total liabilities	9,494,496	10,827,699
Net assets:		
Without donor restrictions	6,491,118	5,230,214
With donor restrictions	21,379,779	20,241,398
Total net assets	27,870,897	25,471,612
Total liabilities and net assets	**$ 37,365,393**	**$ 36,299,311**

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, 2024
(with summarized financial information for the year ended July 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
SUPPORT AND REVENUE:				
Student awards and grants raised	$ 6,085,093	$ 3,158,615	$ 9,243,708	$ 11,253,269
Less: Student awards and grants designated by donors for specific beneficiaries	(1,494,473)		(1,494,473)	(1,097,754)
	4,590,620	3,158,615	7,749,235	10,155,515
Contributions	4,150,547	4,387,965	8,538,512	7,903,103
Government grants	6,458,161		6,458,161	5,858,015
Contracted fee for service	2,404,869		2,404,869	1,986,423
Fiscal agent administration	10,432,933		10,432,933	10,387,038
Less: Amounts representing fiscal agent reimbursement	(9,998,183)		(9,998,183)	(9,985,713)
	434,750		434,750	401,325
Investment return, net	816,118	891,512	1,707,630	261,342
Other	34,871		34,871	11,110
Net assets released from restrictions	7,299,711	(7,299,711)		
Total support and revenue	26,189,647	1,138,381	27,328,028	26,576,833

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2024
(with summarized financial information for the year ended July 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
EXPENSES:				
Program services:				
Financial Aid:				
Student awards and grants	9,275,432		9,275,432	6,939,815
Less: Student awards and grants designated by donors for specific beneficiaries	(1,494,473)		(1,494,473)	(1,097,754)
Other	1,342,240		1,342,240	1,180,154
Advisors:				
Student fees	15,025		15,025	11,509
Other	6,224,496		6,224,496	6,061,881
Adult Programs	851,791		851,791	1,000,010
Retention	891,896		891,896	691,625
Gaining Early Awareness and Readiness for Undergraduate Programs	899,170		899,170	773,895
AmeriCorps Programs	1,295,018		1,295,018	996,371
21st Century	1,885,138		1,885,138	1,861,856
Upward Bound	1,419,758		1,419,758	1,040,990
Talent Search	836,025		836,025	832,699
Total program services	23,441,516		23,441,516	20,293,051
Supporting services:				
Fundraising	579,521		579,521	716,419
General and administrative	907,706		907,706	1,006,978
Total supporting services	1,487,227		1,487,227	1,723,397
Total expenses	24,928,743		24,928,743	22,016,448
Increase in net assets	1,260,904	1,138,381	2,399,285	4,560,385
Net assets, beginning of year	5,230,214	20,241,398	25,471,612	20,911,227
Net assets, end of year	**$ 6,491,118**	**$ 21,379,779**	**$ 27,870,897**	**$ 25,471,612**

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

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

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:			
Program services:			
Financial Aid:			
Student awards and grants	6,939,815		6,939,815
Less: Student awards and grants designated by donors for specific beneficiaries	(1,097,754)		(1,097,754)
Other	1,180,154		1,180,154
Advisors:			
Student fees	11,509		11,509
Other	6,061,881		6,061,881
Adult Programs	1,000,010		1,000,010
Retention	691,625		691,625
Gaining Early Awareness and Readiness for Undergraduate Programs	773,895		773,895
AmeriCorps Programs	996,371		996,371
21st Century	1,861,856		1,861,856
Upward Bound	1,040,990		1,040,990
Talent Search	832,699		832,699
Total program services	20,293,051		20,293,051
Supporting services:			
Fundraising	716,419		716,419
General and administrative	1,006,978		1,006,978
Total supporting services	1,723,397		1,723,397
Total expenses	22,016,448		22,016,448
Increase in net assets	759,595	3,800,790	4,560,385
Net assets, beginning of year	4,470,619	16,440,608	20,911,227
Net assets, end of year	**$ 5,230,214**	**$ 20,241,398**	**$ 25,471,612**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2024

	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	2024	2023
Expenses:														
Student awards and grants	$ 9,275,432												$ 9,275,432	$ 6,939,815
Less: Student awards designated by donors for specific beneficiaries	(1,494,473)												(1,494,473)	(1,097,754)
Student fees		$ 15,025											15,025	11,509
Salaries:														
Advisors	72,908	1,421,811	$ 201		$ 194,289	$ 718,980	$ 421,766	$ 241,553	$ 247,933				3,319,441	3,465,113
Administration	561,228	2,224,434	316,902	$ 253,469	271,206	264,880	530,733	461,581	247,628	$ 349,016	$ 127,245	$ 94,284	5,702,606	5,314,366
Support	376,949	261,323	212,718	295,408	33,329	79,860	117,340	98,882	50,060	76,254	25,920	20,951	1,648,994	1,592,619
Payroll taxes	70,069	258,108	36,147	39,689	35,290	78,612	74,497	56,048	40,094	25,449	9,097	8,939	732,039	715,612
Employee benefits	92,223	508,556	70,970	60,390	101,511	70,847	217,764	163,378	111,034	40,057	36,093	10,364	1,483,187	1,553,265
Equipment	4,006	23,041	1,484	4,045	5,038	2,775	5,517	6,192	2,645	3,818	13,815	1,172	73,548	69,285
Telephone	4,760	21,057	2,188	3,451	3,603	3,471	4,812	3,430	2,899	2,296	3,788	306	56,061	58,026
Postage	998	371	528	146		29	96			1,071	710	2	3,951	4,480
Professional fees and dues	2,212	1,836	1,848	2,680		995	5,040	4,323	3,495	11,239	14,950	10,498	59,116	62,511
Accounting and legal	9,992	42,975	5,525	6,802	6,402	19,519	12,384	6,353	5,325	4,523	30,763	1,262	151,825	175,008
Travel and meetings	19,399	113,746	17,190	35,815	37,619	14,635	11,625	33,338	8,517	20,724	41,446	1,354	355,408	308,723
Student activities	19,425	940,114	28,194	24,648	120,079		318,751	270,109	84,950		65	4,264	1,810,599	1,257,214
Supplies	1,591	22,280	663	1,091	2,389	3,856	1,696	782	644	1,124	622	331	37,069	38,198
Consulting	29,330	90,268	103,528	43,836	40,744		85,553	44,504	3,083		73,531	12,353	526,730	575,521
Bank fees	279	34								7,022	12,583		19,918	15,112
Lease and utilities	39,273	169,168	17,946	25,177	17,575	15,285	54,500	16,803	16,784	18,340	39,307	7,506	437,664	424,928
Community outreach	301	8,046	9,051	22,136	226	694	469	416	1,440	5,076	536	84,569	132,960	97,555
Information technology services	19,859	50,701	16,954	57,043	27,189	12,892	16,832	9,287	6,487	4,750	36,278	4,437	262,709	258,192
Other	9,882	27,803	3,351	11,642	2,681	7,688	5,763	2,779	3,007	4,208	116,805	835	196,444	108,905
Depreciation and amortization	7,556	38,824	6,403	4,428						4,554	59,249	1,476	122,490	68,245
Total expenses	**$ 9,123,199**	**$ 6,239,521**	**$ 851,791**	**$ 891,896**	**$ 899,170**	**$ 1,295,018**	**$ 1,885,138**	**$ 1,419,758**	**$ 836,025**	**$ 579,521**	**$ 642,803**	**$ 264,903**	**$ 24,928,743**	**$ 22,016,448**

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			
	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	$ 6,939,815												$ 6,939,815
Less: Student awards designated by donors for specific beneficiaries	(1,097,754)												(1,097,754)
Student fees		$ 11,509											11,509
Salaries:													
Advisors	51,661	1,659,748	$ 5,135		$ 184,581	$ 664,798	$ 502,070	$ 174,300	$ 222,744		$ 76		3,465,113
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
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
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
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
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
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
Postage	1,153	1,875	29	215	306	5	349	75	377	1,337	(1,380)	139	4,480
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
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
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
Student activities	19,161	664,406	19,886	3,486	95,828		188,692	184,127	80,885		743		1,257,214
Supplies	1,501	13,436	1,377	959	1,473	7,008	6,510	1,605	1,386	912	1,306	725	38,198
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
Bank fees	629	111								5,161	9,211		15,112
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
Community outreach	1,795	18,618	8,545	7,883	351	224	1,130	269	840	7,735	1,274	48,891	97,555
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
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
Depreciation and amortization	7,556	38,824	6,403	4,428						4,554	5,004	1,476	68,245
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**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets	$ 2,399,285	$ 4,560,385
Adjustments to reconcile increase in net assets		
to net cash provided by (used in) operating activities:		
Depreciation and amortization	122,490	68,245
Lease and utilities	273,723	302,063
Net realized and unrealized (gains) losses on investments	(1,002,906)	52,835
Contributions restricted for permanent endowment	(49,038)	(333,340)
Beneficial interest in perpetual trusts	(19,288)	521
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Unconditional promises to give	704,282	(303,662)
Accounts receivable	89,453	616,762
Prepaid expenses	64,110	(110,900)
Increase (decrease) in liabilities:		
Accounts payable	(21,603)	60,193
Scholarship awards payable	36,881	(724,854)
Accrued liabilities	(154,191)	11,423
Agency liability	(925,818)	1,025,007
Deferred revenue	(28,063)	89,766
Lease liability	(240,409)	(311,707)
Net cash provided by operating activities	1,248,908	5,002,737
Cash flows from investing activities:		
Purchases of property and equipment	(116,887)	(288,217)
Proceeds from sale of investments	2,215,170	8,938,194
Purchases of investments	(2,557,023)	(9,121,409)
Increase in other assets	(105,941)	(103,355)
Net cash used in investing activities	(564,681)	(574,787)
Cash flows from financing activities:		
Receipts from contributions restricted for permanent endowment	159,813	485,231
Net cash provided by financing activities	159,813	485,231
Net increase in cash and cash equivalents	844,040	4,913,181
Cash and cash equivalents, unrestricted and restricted for permanent endowment, beginning	13,451,236	8,538,055
Cash and cash equivalents, unrestricted and restricted for permanent endowment, ending	**$ 14,295,276**	**$ 13,451,236**

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 38,000 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 $9.3 million in need-based scholarships to approximately 3,500 traditional and nontraditional students. Since 1967, College Now has served hundreds of thousands of individuals and awarded over $111 million in scholarships to Northeast Ohio students and adult learners.

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, 2024 and 2023 was $1,838,423 and $1,859,865, respectively. Of these amounts received during the fiscal years ended July 31, 2024 and 2023, $1,494,473 and $1,097,754, respectively, have been awarded to identified recipients.

Agency liability represents payments the Organization received from its donor in advance of awarding student awards and grants to identified recipients. Agency liability relating to student awards and grants raised are as follows:

	July 31, 2024	July 31, 2023	August 1, 2022
Agency liability	$ 2,121,912	$ 1,777,962	$ 1,015,851

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 uncollectible receivables 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 uncollectible receivables. An allowance for uncollectible receivables of $80,000 in 2024 and $100,000 in 2023 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 Ohio Department of Health and Human Services. 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 an 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, 2024 and 2023, receivables due from government entities totaled $2,362,870 and $1,905,753, 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, 2024 or 2023. 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, 2024 and 2023.

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.

Deferred revenue represents payments the Organization received from its customers in advance of providing services under the contracts. Contracted fee for service revenue accounts receivable and deferred revenue are as follows:

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

Contracted fee for service (continued):

	July 31, 2024	July 31, 2023	August 1, 2022
Accounts receivable, net	$ 134,995	$ 250,504	$ 291,517
Deferred revenue	219,542	247,605	157,839

The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization’s portfolio segments have remained constant since the Organization’s inception.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity’s accounting policy election. The total amount of write-offs was immaterial to the financial statements as a whole for the year ended July 31, 2024 and 2023. The total amount of allowance for credit losses was $20,000 at July 31, 2024.

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 $10,432,933 and $10,387,038 for the years ended July 31, 2024 and 2023, respectively, which has been reduced by $9,998,183 and $9,985,713 for amounts representing reimbursement under the fiscal agent agreement.

Agency liability represents the payments the Organization received from another organization in advance of providing services under its contract. Fiscal agent administration accounts receivable and deferred revenue are as follows:

	July 31, 2024	July 31, 2023	August 1, 2022
Accounts receivable, net	$ 201,620	$ 612,681	$ 1,686,079
Agency liability	571,549	1,841,317	1,578,421

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

Beneficial interests in perpetual trust:

Beneficial interests in perpetual trust 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.

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.

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, 2024 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 and changes in net assets 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.

1. Description of Organization and 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 ten years.

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.

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.

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.

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

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.

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 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 and utilities, information technology services and various general and administrative costs are allocated based on the ratio of each program or department's accounting and legal salary expense to total salary expense.

Recently adopted accounting pronouncement:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model which requires the measurement of expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The ASU requires disclosures to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASU 2016-13 were accounts receivable.

As a result of the utilizing the modified retrospective transition method, there was no effect to the opening balance of the allowance for credit losses or net assets at August 1, 2023.

2. Cash and cash equivalents:

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

	2024	2023
Without donor restrictions	$ 14,138,705	$ 13,105,432
With donor restrictions for permanent endowment	156,571	345,804
	$ 14,295,276	$ 13,451,236

Included in cash and cash equivalents at July 31, 2024 and 2023 are money market funds of approximately $7,280,068 and $6,472,672, 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, 2024 and 2023:

	2024	2023
Leasehold improvements	$ 85,045	$ 85,045
Office furniture and equipment	557,468	557,468
Computer equipment and software	696,235	121,235
Construction-in-progress		458,113
	1,338,748	1,221,861
Accumulated depreciation and amortization	(547,104)	(424,614)
Net property and equipment	$ 791,644	$ 797,247

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 placed these assets in service during fiscal year ended July 31, 2024.

4. Leases:

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.

4. Leases (continued):

The lease cost and right-of-use asset under an operating lease consisted of the following at July 31, 2024 and 2023:

	2024	2023
Operating lease cost:		
Operating lease cost	$ 414,593	$ 400,218
Short-term lease cost	1,200	1,100
Variable lease cost	21,871	23,610
Total operating lease cost	$ 437,664	$ 424,928
Right-of-use asset under operating lease:		
Operating lease	$ 3,888,726	$ 3,888,726
Less accumulated amortization	575,786	302,063
	$ 3,312,940	$ 3,586,663
Cash paid for amounts included in the measurement of liabilities:		
Operating cash flows	$ 381,278	409,862
Weighted average remaining lease term	9.7 years	10.7 years
Weighted average discount rate	2.64%	2.64%

Future minimum lease payments under operating lease as of July 31, 2024 are as follows:

2025	$ 388,959
2026	396,793
2027	404,680
2028	412,772
2029	421,071
Thereafter	2,116,919
Total minimum lease payments	4,414,194
Less imputed interest	728,189
Present value of future lease payments	3,413,005
Less current maturities of lease obligations	258,076
Long-term lease obligations	$ 3,154,929

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.

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, 2024 and 2023 are discounted at rates varying from .12% to 5.06% and .12% to 4.80%, respectively, based upon the time that the promise to give was made. Unconditional promises to give consisted of the following at July 31:

	2024	2023
With and without donor restrictions – available for operating expenses	$ 2,860,095	$ 3,675,152

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

	2024	2023
Receivable in less than one year	$ 2,204,170	$ 2,887,841
Receivable in one to five years	776,775	929,950
	2,980,945	3,817,791
Less discounts to net present value	40,850	42,639
Less allowance for uncollectible receivables	80,000	100,000
Net unconditional promises to give	$ 2,860,095	$ 3,675,152

Approximately 77% of the gross amount of unconditional promises to give was due from four donors at July 31, 2024 and 62% was due from three donors at July 31, 2023.

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.

The following table represents the financial instruments carried at fair value as of July 31, 2024, by the valuation hierarchy set forth by U.S GAAP:

6. Fair value (continued):

	Fair Value at July 31, 2024	Level 1	Level 2	Level 3
Cash equivalents	$ 7,280,068	$ 7,280,068		
Mutual funds:				
Domestic equity funds	4,356,106	4,356,106		
International equity funds	2,773,069	2,773,069		
Bond funds	3,305,890	3,305,890		
Total mutual funds	10,435,065	10,435,065		
Beneficial interest in perpetual trust	260,786			$ 260,786
Net assets in the fair value hierarchy	17,975,919	$ 17,715,133	$	$ 260,786
Investments reported at net asset value (A)	1,373,696			
	$ 19,349,615			

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			

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 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:

	2024	2023
Hedge funds:		
Hirtle Callaghan Total Return Offshore Fund	$ 72,473	$ 120,146
Limited partnerships:		
Hirtle Callaghan Private Equity VI Offshore Fund	64,659	128,706
Hirtle Callaghan Private Equity VII Offshore Fund	89,872	115,022
Hirtle Callaghan Private Equity XII Offshore Fund	792,476	629,362
Hirtle Callaghan Private Equity 2020 Fund	354,216	228,871
	1,301,223	1,101,961
	$ 1,373,696	$ 1,222,107

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, 2024 and 2023:

	2024	2023
Beneficial interest in perpetual trust:		
Beginning balance	$ 241,498	$ 242,019
Increase (decrease) in beneficial interest (B)	19,288	(521)
Ending balance	$ 260,786	$ 241,498

(B) These amounts represent total (increases) 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, 2024 and 2023.

7. Investments:

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

	2024	2023
Without donor restrictions – available for operating expenses	$ 3,437,500	$ 3,037,319
With donor restrictions- for permanent endowment	8,371,261	7,426,683
	$ 11,808,761	$ 10,464,002

Investments consisted of the following at July 31:

	2024		2023	
	Cost	Market	Cost	Market
Fixed income funds, capital trust	$ 3,242,568	$ 3,305,890	$ 2,313,140	$ 2,288,132
Equity funds	5,982,220	7,129,175	6,513,997	6,953,763
Alternative investment funds:				
Private equity funds	755,246	1,301,223	614,326	1,101,961
Hedge funds	20,073	72,473	69,575	120,146
	$ 10,000,107	$ 11,808,761	$ 9,511,038	$ 10,464,002

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:

	2024	2023
Subject to expenditure for specified purpose:		
Financial aid	$ 8,047,571	$ 8,234,559
Advisors	3,698,341	3,374,246
Adult Programs	203,351	156,865
General and administration	224,196	35,000
Retention	596,796	471,873
	12,770,255	12,272,543
Subject to the passage of time:		
Beneficial interest in perpetual trusts	260,786	241,498
Assets held in perpetuity for:		
Permanently restricted endowment fund	8,348,738	7,727,357
	8,609,524	7,968,855
	$ 21,379,779	$ 20,241,398

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

	2024	2023
Satisfaction of purpose restriction:		
Financial aid	$ 3,785,546	$ 1,980,201
Advisors	2,953,975	2,864,845
Adult Programs	131,264	311,799
General and administration	279,919	58,000
Retention	149,007	374,814
	$ 7,299,711	$ 5,589,659

9. Endowment:

Endowment net asset composition by type of fund as of July 31, 2024 and 2023:

	2024	2023
Endowment funds with donor restrictions	$ 8,348,738	$ 7,727,357
Endowment funds without donor restrictions	25,000	25,000
Total funds	$ 8,373,738	$ 7,752,357

Changes in endowment net assets for the year ended July 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 7,727,357	$ 7,752,357
Investment return:			
Investment income, net		197,167	197,167
Realized and unrealized losses on investments, net		694,345	694,345
Total investment return		891,512	891,512
Appropriation for expenditure		(381,092)	(381,092)
Transfer		(48,852)	(48,852)
Contributions		159,813	159,813
Total change in endowment funds		(270,131)	(270,131)
Endowment net assets, end of year	$ 25,000	$ 8,348,738	$ 8,373,738

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

9. Endowment (continued):

	Without Donor Restrictions	With Donor Restrictions	Total
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

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, 2024, the endowment had an original value of $8,781,370, a current value of $8,379,761, and a deficit of $401,609. 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. 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 $381,092 from underwater endowment funds during the year ended July 31, 2024, 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, 2024 and 2023, the balance in the Board Designated Fund was $2,062,009 and $1,376,753, respectively, after surplus of unrestricted operating funds and approve expenditures.

11. 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, 2024 and 2023, the Organization's aggregate contributions were $663,973 and $628,676, respectively, which has been reduced by $277,774 and $276,280 under the fiscal agent agreement, respectively.

12. 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, 2024 and 2023.

13. Liquidity and availability:

The Organization's financial assets available within one year of the statements of financial position as of July 31, 2024 and 2023 for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	$ 14,138,705	$ 13,105,432
Accounts receivable	2,699,485	2,768,938
Unconditional promises to give	2,204,170	2,887,841
Investments	3,437,500	3,037,319
	22,479,860	21,799,530
Less: unconditional promises to give, current	2,204,170	2,887,841
Cash and cash equivalents for restricted uses	9,989,691	10,146,190
	$ 10,285,999	$ 8,765,499

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 $2,062,009 and $1,376,753 at July 31, 2024 and 2023, respectively (Note 10).

14. 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.

15. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 14, 2025, 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, 2024

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	$ 960,650
Corporation for National and Community Service:			
Volunteer Generation Fund	94.021		158,417
U.S. Department of Education (TRIO Cluster):			
Talent Search	84.044		822,297
Upward Bound	84.047		1,401,944
Educational Opportunity Centers (EOC)	84.066		324,334
Subtotal			2,548,575
Pass-Through Ohio Department of Education:			
21st Century Learning Centers	84.287	31-1334820	1,405,051
Pass-Through Warrensville Heights City School District:			
21st Century Learning Centers:	84.287	34-6002991	111,696
Pass-Through Lorain City School District Board of Education:			
21st Century Learning Centers:	84.287	34-6001701	82,447
Pass-Through Wellington Exempted Village School District:			
21st Century Learning Centers	84.287	34-1856214	140,025
Pass-Through Garfield Heights Board of Education:			
21st Century Learning Centers	84.287	34-6001196	145,918
Subtotal			1,885,137
Pass-Through Ohio Department of Higher Education:			
Gaining Early Awareness and Readiness For Undergraduate Programs	84.334	34-6002163	887,829
Pass-Through Ohio Department of Education:			
Governor's Emergency Education Relief (ESSER) Fund	84.425U	34-1334820	1,234,389
U.S. Department of Health and Human Services:			
Pass-Through Ohio Department of Jobs and Family Services (ODJFS):			
Temporary Assistance for Needy Families (TANF)	93.558		4,500,000
			$ 12,174,997

COLLEGE NOW GREATER CLEVELAND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JULY 31, 2024

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, 2024, 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 January 14, 2025.

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*.

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 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
January 14, 2025

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, 2024. 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, 2024.

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
January 14, 2025

COLLEGE NOW GREATER CLEVELAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2024

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
84.287	21st Century Learning Centers
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs

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.