

MATRICULATE

ALL THE BEST STUDENTS TO THE BEST COLLEGES

FINANCIAL STATEMENTS

June 30, 2020 and 2019

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Matriculate, Inc.
New York, New York

We have audited the accompanying financial statements of Matriculate, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Matriculate, Inc. as of June 30, 2020 and 2019, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Matriculate, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
May 7, 2021

MATRICULATE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 1,631,861	\$ 886,364
Unconditional promises to give, net	5,473,200	5,277,200
Accounts receivable	80,509	63,342
Security deposits	19,396	15,870
Prepaid expenses	10,516	16,778
Total assets	\$ 7,215,482	\$ 6,259,554
LIABILITIES		
Accounts payable	\$ 93,816	\$ 36,952
Accrued expenses	14,223	39,428
Paycheck Protection Program loan	198,000	-
Total liabilities	306,039	76,380
NET ASSETS		
Without donor restrictions	1,580,095	1,618,451
With donor restrictions	5,329,348	4,564,723
Total net assets	6,909,443	6,183,174
Total liabilities and net assets	\$ 7,215,482	\$ 6,259,554

See accompanying notes.

MATRICULATE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 698,548	\$ 2,078,000	\$ 2,776,548
In-kind contributions	204,014	-	204,014
Program service revenue	257,914	-	257,914
Net assets released from restrictions			
Satisfaction of purpose restrictions	289,884	(289,884)	-
Expiration of time restrictions	1,023,491	(1,023,491)	-
	<u>2,473,851</u>	<u>764,625</u>	<u>3,238,476</u>
EXPENSES			
Program services	1,674,170	-	1,674,170
Management and general	619,828	-	619,828
Fundraising	218,209	-	218,209
	<u>2,512,207</u>	<u>-</u>	<u>2,512,207</u>
Change in net assets	(38,356)	764,625	726,269
Net assets at beginning of year	<u>1,618,451</u>	<u>4,564,723</u>	<u>6,183,174</u>
Net assets at end of year	<u>\$ 1,580,095</u>	<u>\$ 5,329,348</u>	<u>\$ 6,909,443</u>

See accompanying notes.

MATRICULATE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 560,841	\$ 5,227,200	\$ 5,788,041
In-kind contributions	214,036	-	214,036
Program service revenue	69,924	-	69,924
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,299,419	(1,299,419)	-
Expiration of time restrictions	625,000	(625,000)	-
Total support and revenue	2,769,220	3,302,781	6,072,001
EXPENSES			
Program services	1,216,263	-	1,216,263
Management and general	397,860	-	397,860
Fundraising	203,405	-	203,405
Total expenses	1,817,528	-	1,817,528
Change in net assets	951,692	3,302,781	4,254,473
Net assets at beginning of year	666,759	1,261,942	1,928,701
Net assets at end of year	\$ 1,618,451	\$ 4,564,723	\$ 6,183,174

See accompanying notes.

MATRICULATE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	2020			
	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 1,043,212	\$ 201,347	\$ 194,166	\$ 1,438,725
Donated legal services	-	204,014	-	204,014
Professional fees	17,878	160,696	5,107	183,681
College student support	294,676	-	-	294,676
Occupancy and utilities	64,581	18,525	9,871	92,977
Office expenses	18,510	11,285	4,424	34,219
Travel and lodging	73,880	4,543	2,837	81,260
Participant meals	92,197	6,073	459	98,729
Software and technology	62,585	12,067	112	74,764
Insurance	6,651	1,278	1,233	9,162
Total expenses	\$ 1,674,170	\$ 619,828	\$ 218,209	\$ 2,512,207
	2019			
	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 756,525	\$ 85,873	\$ 157,087	\$ 999,485
Donated legal services	74,708	112,063	-	186,771
Professional fees	24,748	157,687	6,565	189,000
College student support	119,553	-	-	119,553
Occupancy and utilities	73,516	7,979	16,993	98,488
Office expenses	46,666	3,444	1,292	51,402
Travel and lodging	57,015	10,620	18,964	86,599
Participant meals	45,472	4,538	1,723	51,733
Software and technology	14,658	15,256	25	29,939
Insurance	3,402	400	756	4,558
Total expenses	\$ 1,216,263	\$ 397,860	\$ 203,405	\$ 1,817,528

See accompanying notes.

MATRICULATE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 726,269	\$ 4,254,473
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net change in discount on long term promises to give	(99,000)	162,800
(Increase) decrease in assets		
Unconditional promises to give	(97,000)	(4,062,500)
Accounts receivable	(17,167)	(43,229)
Security deposits	(3,526)	(3,570)
Prepaid expenses	6,262	(15,873)
Increase (decrease) in liabilities		
Accounts payable	56,864	(3,819)
Accrued expenses	(25,205)	33,001
	<u>547,497</u>	<u>321,283</u>
Net cash flows from operating activities	547,497	321,283
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	198,000	-
Cash at beginning of year	<u>886,364</u>	<u>565,081</u>
Cash at end of year	<u><u>\$ 1,631,861</u></u>	<u><u>\$ 886,364</u></u>

See accompanying notes.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Matriculate, Inc. is a nonprofit public charity incorporated in 2015. Matriculate's mission is to empower high-achieving, low-income high school students to make the leap to our best colleges and universities. Matriculate's vision is that one day all the best students in America will have access to the best colleges, regardless of their socio-economic status or background, which will give them a unique opportunity to change the trajectory of their own lives and the lives of their families.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give receivable in more than one year are reported at the present value of their net realizable value using the risk adjusted interest rate applicable to the years in which the promises to give are to be received.

Accounts Receivable

Matriculate considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Contributions

Contributions received are recorded as increases in net assets with or without donor restrictions depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Matriculate.

Income Tax Status

Matriculate is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Matriculate qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy and utilities, and insurance, which are allocated on the basis of estimates of time and effort. All other expenses are directly charged based upon the types of services performed and expenses incurred. Matriculate accomplishes its primary exempt purpose through the following program services and supporting activities:

Program services—Matriculate trains talented college students at top institutions to connect remotely with high-achieving, low-income high school students, providing the information, guidance, and support that these high school students need to navigate the college application process.

Management and general—Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, obtain consultation to ensure compliance with federal and state public charity requirements, and perform other administrative and general functions.

Fundraising—Provides the structure and operational support necessary to encourage and secure private financial support from individuals, foundations, and others.

Adoption of New Accounting Pronouncement

On June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. Matriculate adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date.

Date of Management's Review

Management has evaluated subsequent events through May 7, 2021, the date which the financial statements were available to be issued.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 - LEASING ARRANGEMENTS

During the years ending June 30, 2020 and 2019, Matriculate leased shared office space on a month to month basis. The monthly payments were varied and were based on office space utilized and included charges for additional meeting space or resource usage. For the years ended June 30, 2020 and 2019, lease expense, including additional charges for meeting space and printing, was \$73,174 and \$93,265, respectively. In the summer of 2020, Matriculate elected not to renew its leases and continued operations under a telecommuting arrangement with employees.

NOTE 3 - CONCENTRATIONS

Matriculate maintains its cash balances in one financial institution located in New York, New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020 and 2019, Matriculate's uninsured cash balances totaled approximately \$1,380,000 and \$635,000, respectively.

During the year ended June 30, 2020, Matriculate received 30% of total contributions revenue from one donor and 49% of its promises to give were derived from one donor. During the year ended June 30, 2019, Matriculate received 60% of total contributions from one donor and 84% of its total promises to give were derived from two donors.

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, Matriculate was awarded a \$198,000 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by Matriculate during the covered period. Eligible expenses include payroll costs, rent, and utilities. Any unforgiven portion is payable over two years. In fiscal year 2021, Matriculate applied for forgiveness and is awaiting final decision from its lender.

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 3,040,000	\$ 1,670,000
Receivable in more than one year	<u>2,497,000</u>	<u>3,770,000</u>
Unconditional promises to give	5,537,000	5,440,000
Discounts to net present value	<u>(63,800)</u>	<u>(162,800)</u>
Unconditional promises to give, net	<u><u>\$ 5,473,200</u></u>	<u><u>\$ 5,277,200</u></u>

Promises to give due in more than one year as of June 30, 2020 and June 30, 2019 are discounted at an effective rate of 1.5% and 3%, respectively.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Program activities	\$ 2,509,840	\$ 2,825,023
Program personnel wages	-	25,000
Restricted for subsequent period activities	<u>2,819,508</u>	<u>1,714,700</u>
Net assets with donor restrictions	<u>\$ 5,329,348</u>	<u>\$ 4,564,723</u>

NOTE 7 - LIQUIDITY AND AVAILABILITY

The following represents Matriculate's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,631,861	\$ 886,364
Unconditional promises to give, net	5,473,200	5,277,200
Accounts receivable	<u>80,509</u>	<u>63,342</u>
Financial assets at year-end	7,185,570	6,226,906
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions		
Restricted with time and purpose restrictions	(5,329,348)	(4,564,723)
Add back amounts available within one year	<u>322,508</u>	<u>595,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,178,730</u>	<u>\$ 2,257,183</u>

Matriculate has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As a not-for-profit, donor-funded organization, Matriculate regularly receives contributions from donors that are available to meet annual cash needs for general operating expenditures.