

MATRICULATE

ALL THE BEST STUDENTS TO THE BEST COLLEGES

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Matriculate, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Matriculate, Inc. as of June 30, 2022 and 2021, 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 (GAAS). 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 Matriculate, Inc. 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Matriculate, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update No 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Matriculate, Inc.'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 GAAS 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 GAAS, 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 Matriculate, Inc.'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 Matriculate, Inc.'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.



Wegner CPAs, LLP
New York, New York
April 7, 2023

MATRICULATE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 8,228,411	\$ 2,950,291
Unconditional promises to give, net	11,986,766	3,629,082
Accounts receivable	-	55,000
Prepaid expenses	85,478	12,137
Total assets	\$ 20,300,655	\$ 6,646,510
LIABILITIES		
Accounts payable	\$ 108,289	\$ 106,089
Accrued expenses	27,634	21,979
Total liabilities	135,923	128,068
NET ASSETS		
Without donor restrictions	4,739,448	2,927,630
With donor restrictions	15,425,284	3,590,812
Total net assets	20,164,732	6,518,442
Total liabilities and net assets	\$ 20,300,655	\$ 6,646,510

See accompanying notes.

MATRICULATE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 2,405,338	\$ 14,552,515	\$ 16,957,853
Donated legal services	443,788	-	443,788
Program service revenue	119,150	-	119,150
Investment return	3,734	-	3,734
Net assets released from restrictions			
Satisfaction of purpose restrictions	2,074,943	(2,074,943)	-
Expiration of time restrictions	643,100	(643,100)	-
Total support and revenues	5,690,053	11,834,472	17,524,525
EXPENSES			
Program services	2,473,600	-	2,473,600
Management and general	1,144,583	-	1,144,583
Fundraising	260,052	-	260,052
Total expenses	3,878,235	-	3,878,235
Change in net assets	1,811,818	11,834,472	13,646,290
Net assets at beginning of year	2,927,630	3,590,812	6,518,442
Net assets at end of year	\$ 4,739,448	\$ 15,425,284	\$ 20,164,732

See accompanying notes.

MATRICULATE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 1,480,143	\$ 590,900	\$ 2,071,043
Paycheck Protection Program	198,000	-	198,000
Donated legal services	185,561	-	185,561
Program service revenue	206,425	-	206,425
Investment return	723	-	723
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,362,436	(1,362,436)	-
Expiration of time restrictions	967,000	(967,000)	-
Total support and revenues	4,400,288	(1,738,536)	2,661,752
EXPENSES			
Program services	1,998,285	-	1,998,285
Management and general	799,584	-	799,584
Fundraising	254,884	-	254,884
Total expenses	3,052,753	-	3,052,753
Change in net assets	1,347,535	(1,738,536)	(391,001)
Net assets at beginning of year	1,580,095	5,329,348	6,909,443
Net assets at end of year	\$ 2,927,630	\$ 3,590,812	\$ 6,518,442

See accompanying notes.

MATRICULATE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 1,610,635	\$ 420,193	\$ 232,055	\$ 2,262,883
Donated legal services	-	443,788	-	443,788
Professional fees	184,793	235,335	15,225	435,353
College student support	432,568	-	-	432,568
Occupancy and utilities	19,467	5,192	3,016	27,675
Office expenses	70,187	4,154	2,540	76,881
Travel and lodging	14,685	2,382	95	17,162
Participant meals	23,403	4,402	120	27,925
Software and technology	108,803	26,643	5,407	140,853
Insurance	9,059	2,494	1,594	13,147
Total expenses	\$ 2,473,600	\$ 1,144,583	\$ 260,052	\$ 3,878,235
	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 1,237,241	\$ 377,553	\$ 244,849	\$ 1,859,643
Donated legal services	-	185,561	-	185,561
Professional fees	98,721	215,356	-	314,077
College student support	381,555	-	-	381,555
Occupancy and utilities	24,592	3,686	2,518	30,796
Office expenses	11,316	3,854	2,476	17,646
Travel and lodging	1,064	-	-	1,064
Participant meals	9,368	2,194	188	11,750
Software and technology	77,082	9,128	3,392	89,602
Assistance to students	150,000	-	-	150,000
Insurance	7,346	2,252	1,461	11,059
Total expenses	\$ 1,998,285	\$ 799,584	\$ 254,884	\$ 3,052,753

See accompanying notes.

MATRICULATE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,646,290	\$ (391,001)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Forgiveness of Paycheck Protection Program loan	-	(198,000)
Net change in discount on long term promises to give	228,834	(61,900)
(Increase) decrease in assets		
Unconditional promises to give	(8,586,518)	1,906,018
Accounts receivable	55,000	25,509
Security deposits	-	19,396
Prepaid expenses	(73,341)	(1,621)
Increase in liabilities		
Accounts payable	2,200	12,273
Accrued expenses	5,655	7,756
	<u>5,278,120</u>	<u>1,318,430</u>
Net change in cash	5,278,120	1,318,430
Cash and cash equivalents at beginning of year	<u>2,950,291</u>	<u>1,631,861</u>
Cash and cash equivalents at end of year	<u><u>\$ 8,228,411</u></u>	<u><u>\$ 2,950,291</u></u>
SUPPLEMENTAL DISCLOSURES		
Noncash financing activities		
Paycheck Protection Program loan forgiveness	\$ -	\$ 198,000

See accompanying notes.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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. Matriculate is primarily funded by individuals, foundations, and corporations.

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 as revenue 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 discount rate applicable to the years in which the promises to give are to be received.

Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash.

Accounts Receivable

Accounts receivable represent amounts due from college partnerships. Accounts receivable are stated at the amount management expects to be collected from outstanding balances.

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.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from Contracts with Customers

Matriculate provides training to college undergraduate students advising high-achieving low-income high school students navigating the college application and admissions process. Certain partner colleges contractually underwrite certain of the costs of training these undergraduate advisors. Revenue from such contracts is recognized over the length of the associated college academic year.

Accounts receivable from such contracts were as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 55,000	\$ 80,509
End of year	-	55,000

Matriculate did not have any significant acquisition or financing arrangements related to these contracts.

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.

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.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through April 7, 2023, the date which the financial statements were available to be issued.

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).

Adoption of New Accounting Guidance

On September 17, 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this Update is to improve transparency in the reporting of contributed nonfinancial assets (also known as in-kind contributions) received by not-for-profit entities. The Update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The Update also requires enhanced disclosures about the valuation of contributed nonfinancial assets and their use in programs and other activities, including any donor-imposed restriction on such use. Matriculate adopted the requirements of this update effective July 1, 2021. The changes required by this Update have been applied retrospectively to all periods presented.

NOTE 2 - 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, 2022 and 2021, Matriculate's uninsured cash balances totaled approximately \$7,741,000 and \$2,735,000, respectively.

During the year ended June 30, 2022, Matriculate received 69% of contributions revenue from one donor and 67% of its promises to give were derived from one donor. During the year ended June 30, 2021, Matriculate received 20% of contributions revenue (including Paycheck Protection Program) from one donor and 41% of its total promises to give were derived from one donor.

NOTE 3 - RETIREMENT PLAN

Matriculate offers a 401(k) retirement plan for all eligible employees. Employees are eligible to participate after one year of employment. Matriculate provides a discretionary match of up to 3% of an employee's annual salary for those eligible employees who contributed to their plans in the previous calendar year. Matriculate contributed \$27,085 and \$31,301 to the plan during the years ended June 30, 2022 and 2021, respectively.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2022	2021
Receivable in less than one year	\$ 6,444,166	\$ 3,480,982
Receivable in more than one year	5,773,334	150,000
Unconditional promises to give	12,217,500	3,630,982
Discounts to net present value	(230,734)	(1,900)
Unconditional promises to give, net	\$ 11,986,766	\$ 3,629,082

Promises to give due in more than one year as of June 30, 2022 and 2021 are discounted at an effective rate between 3.92% and 1.25%, respectively.

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, Matriculate received a \$198,000 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrued interest at 1% but payments were deferred for borrowers who applied for forgiveness until SBA remitted the borrower's forgiveness amount to the lender. The amount of forgiveness depended, in part, on the total amount of eligible expenses paid by Matriculate during the covered period. Eligible expenses included payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion was payable over two years. On June 17, 2021, the SBA preliminarily approved forgiveness of the loan and it was recorded as Paycheck Protection Program revenue on the accompanying 2021 statement of activities. Matriculate must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Matriculate's good-faith certification concerning the necessity of its loan request, whether Matriculate calculated the loan amount correctly, whether Matriculate used loan proceeds for the allowable uses specified in the CARES Act, and was entitled to loan forgiveness in the amount claimed on its application. If the SBA were to determine Matriculate was ineligible for the loan or for forgiveness in whole or in part, SBA may seek repayment of the outstanding loan balance.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Program activities	\$ 11,434,018	\$ 1,473,812
Restricted for subsequent period activities	3,991,266	2,117,000
Net assets with donor restrictions	\$ 15,425,284	\$ 3,590,812

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 7 - LIQUIDITY AND AVAILABILITY

The following represents Matriculate's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

	2022	2021
Cash and cash equivalents	\$ 8,228,411	\$ 2,950,291
Unconditional promises to give, net	11,986,766	3,629,082
Accounts receivable	-	55,000
Financial assets at year-end	20,215,177	6,634,373
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions		
Restricted with time and purpose restrictions	(15,425,284)	(3,590,812)
Add back amounts available within one year	2,503,666	1,967,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,293,559	\$ 5,010,561

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.

NOTE 8 - DONATED SERVICES

Donated services recognized within the accompanying statements of activities include pro bono legal services. For the years ended June 30, 2022 and 2021, Matriculate received \$443,788 and \$185,561 of pro bono legal services and are recorded as management and general expenses on the accompanying statements of functional expenses. Unless otherwise noted, the donated services did not have donor-imposed restrictions. The donated legal services are recorded at the estimated fair market value of hourly rates charged.