

MATRICULATE

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

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

Wegner CPAs, LLP
New York, New York
January 24, 2024

MATRICULATE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,196,670	\$ 5,743,496
Unconditional promises to give, net	10,439,304	11,986,766
Accounts receivable	6,284	-
Investments	6,629,486	2,484,915
Prepaid expenses	87,878	85,478
Total assets	\$ 18,359,622	\$ 20,300,655
LIABILITIES		
Accounts payable	\$ 138,831	\$ 108,289
Accrued expenses	123,278	27,634
Refundable advance	22,410	-
Total liabilities	284,519	135,923
NET ASSETS		
Without donor restrictions	7,496,070	4,739,448
With donor restrictions	10,579,033	15,425,284
Total net assets	18,075,103	20,164,732
Total liabilities and net assets	\$ 18,359,622	\$ 20,300,655

See accompanying notes.

MATRICULATE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 2,766,355	\$ 643,100	\$ 3,409,455
In-kind contributions	227,308	-	227,308
Program service revenue	87,112	-	87,112
Investment return, net	187,118	-	187,118
Other	6,160	-	6,160
Net assets released from restrictions			
Satisfaction of purpose restrictions	3,770,544	(3,770,544)	-
Expiration of time restrictions	1,718,807	(1,718,807)	-
Total support and revenues	8,763,404	(4,846,251)	3,917,153
EXPENSES			
Program services	3,771,406	-	3,771,406
Management and general	1,623,561	-	1,623,561
Fundraising	611,815	-	611,815
Total expenses	6,006,782	-	6,006,782
Change in net assets	2,756,622	(4,846,251)	(2,089,629)
Net assets at beginning of year	4,739,448	15,425,284	20,164,732
Net assets at end of year	\$ 7,496,070	\$ 10,579,033	\$ 18,075,103

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
In-kind contributions	443,788	-	443,788
Program service revenue	119,150	-	119,150
Investment return, net	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	<u>\$ 4,739,448</u>	<u>\$ 15,425,284</u>	<u>\$ 20,164,732</u>

See accompanying notes.

MATRICULATE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2023 and 2022

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 2,630,488	\$ 887,299	\$ 513,873	\$ 4,031,660
Donated legal services	-	227,308	-	227,308
Professional fees	172,327	367,835	69,975	610,137
College student support	386,888	-	-	386,888
Occupancy and utilities	51,518	25,421	7,490	84,429
Office expenses	206,916	6,150	3,801	216,867
Travel and lodging	123,960	16,531	13,278	153,769
Participant meals	64,852	13,094	146	78,092
Software and technology	127,254	77,602	1,996	206,852
Insurance	7,203	2,321	1,256	10,780
Total expenses	\$ 3,771,406	\$ 1,623,561	\$ 611,815	\$ 6,006,782
	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

See accompanying notes.

MATRICULATE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,089,629)	\$ 13,646,290
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net change in discount on long term promises to give	6,900	228,834
Unrealized/realized gain on investments	(102,261)	2,497
(Increase) decrease in assets		
Unconditional promises to give	1,540,562	(8,586,518)
Accounts receivable	(6,284)	55,000
Prepaid expenses	(2,400)	(73,341)
Increase in liabilities		
Accounts payable	30,542	2,200
Accrued expenses	95,644	5,655
Refundable advance	22,410	-
	<u>(504,516)</u>	<u>5,280,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(7,507,481)	(2,487,412)
Proceeds from sales of investments	3,498,953	-
Interest and dividends reinvested	(33,782)	-
	<u>(4,042,310)</u>	<u>(2,487,412)</u>
Net change in cash	(4,546,826)	2,793,205
Cash and cash equivalents at beginning of year	<u>5,743,496</u>	<u>2,950,291</u>
Cash and cash equivalents at end of year	<u>\$ 1,196,670</u>	<u>\$ 5,743,496</u>

See accompanying notes.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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.

Investments

Matriculate reports investments in U.S. government securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Fair values of U.S. government securities are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements.

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.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning of year	\$ -	\$ 55,000
End of year	6,284	-

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, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Leases

Matriculate does not recognize short-term leases in the statements of financial position. For these leases, Matriculate recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Matriculate also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Matriculate uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management's Review

Management has evaluated subsequent events through January 24, 2024, 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).

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, 2023 and 2022, Matriculate's uninsured cash balances totaled approximately \$920,000 and \$5,500,000, respectively.

During the year ended June 30, 2023, Matriculate received 72% of contributions revenue from two donors and 79% of its promises to give were derived from one donor. 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.

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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 \$83,409 and \$27,085 to the plan during the years ended June 30, 2023 and 2022, respectively.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 5,198,604	\$ 6,444,166
Receivable in more than one year	<u>5,478,334</u>	<u>5,773,334</u>
Unconditional promises to give	10,676,938	12,217,500
Discounts to net present value	<u>(237,634)</u>	<u>(230,734)</u>
Unconditional promises to give, net	<u><u>\$ 10,439,304</u></u>	<u><u>\$ 11,986,766</u></u>

Promises to give due in more than one year as of June 30, 2023 and 2022 are discounted at an effective rate between 3.92% and 5.87%.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Program activities	\$ 7,663,474	\$ 11,434,018
Restricted for subsequent period activities	<u>2,915,559</u>	<u>3,991,266</u>
Net assets with donor restrictions	<u><u>\$ 10,579,033</u></u>	<u><u>\$ 15,425,284</u></u>

MATRICULATE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 - IN-KIND CONTRIBUTIONS

In-kind contributions recognized within the accompanying statements of activities include pro bono legal services. For the years ended June 30, 2023 and 2022, Matriculate received \$227,308 and \$443,788 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.

NOTE 7 - LEASES

During 2023, Matriculate began leasing space on a month-to-month basis at \$4,650 per month. Rent expense for the years ended June 30, 2023 and 2022 were \$37,167 and \$1,615, respectively.

NOTE 8 - LIQUIDITY AND AVAILABILITY

The following represents Matriculate's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

	2023	2022
Cash and cash equivalents	\$ 1,196,670	\$ 5,743,496
Unconditional promises to give, net	10,439,304	11,986,766
Accounts receivable	6,284	-
Investments	6,629,486	2,484,915
Financial assets at year-end	18,271,744	20,215,177
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions		
Restricted with time and purpose restrictions	(10,579,033)	(15,425,284)
Add back amounts available within one year	1,754,859	1,967,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,447,570	\$ 6,756,893

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.