

**College Forward**

Independent Auditors' Report  
And  
Financial Statements

For the Year Ended June 30, 2008

# College Forward

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11



## Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

### Independent Auditors' Report

To the Board of Directors  
College Forward

We have audited the accompanying statement of financial position of College Forward, as of June 30, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of College Forward's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of College Forward's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College Forward as of June 30, 2008, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Padgett, Stratemann + Co., LLP*

October 14, 2008

AUSTIN • SAN ANTONIO

515 Congress Avenue, Suite 1212 • Austin, Texas 78701 • P 512.476.0717 • F 512.476.0462 • [www.padgett-cpa.com](http://www.padgett-cpa.com)

*An Independently Owned Member of The McGladrey Network Worldwide Services through RSM International*

## Financial Statements

# College Forward

## Statement of Financial Position

June 30, 2008

### ASSETS

Cash and cash equivalents	\$ 537,332
Receivables	84,500
Property and equipment, net of accumulated depreciation of \$2,955	<u>5,943</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 627,775</u></u></b>

### LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>\$ 195,147</u>
Net Assets	
Unrestricted	94,939
Temporarily restricted	<u>337,689</u>
Total Net Assets	<u>432,628</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 627,775</u></u></b>

*Notes to financial statements form an integral part of this statement*

# College Forward

## Statement of Activities

For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 369,954	\$ 473,673	\$ 843,627
In-Kind support	42,553	-	42,553
Interest income	7,103	-	7,103
Other income	7,664	-	7,664
Net assets released from restrictions program expenditures	<u>183,834</u>	<u>(183,834)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>611,108</b>	<b>289,839</b>	<b>900,947</b>
<b>EXPENSES</b>			
Program Services	500,435	-	500,435
Supporting Services:			
Management and general	160,593	-	160,593
Fundraising	<u>2,099</u>	<u>-</u>	<u>2,099</u>
Total Supporting Services	<u>162,692</u>	<u>-</u>	<u>162,692</u>
<b>TOTAL EXPENSES</b>	<b><u>663,127</u></b>	<b><u>-</u></b>	<b><u>663,127</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(52,019)</b>	<b>289,839</b>	<b>237,820</b>
<b>NET ASSETS, beginning of year</b>	<b><u>146,958</u></b>	<b><u>47,850</u></b>	<b><u>194,808</u></b>
<b>NET ASSETS, end of year</b>	<b><u>\$ 94,939</u></b>	<b><u>\$ 337,689</u></b>	<b><u>\$ 432,628</u></b>

*Notes to financial statements form an integral part of this statement*

## College Forward

### Statement of Functional Expenses

For the Year Ended June 30, 2008

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 321,397	\$ 107,675	\$ 860	\$ 108,535	\$ 429,932
Staff expenses	2,904	513	-	513	3,417
Accounting fees	4,090	722	-	722	4,812
Supplies	18,789	3,316	229	3,545	22,334
Telephone	5,125	904	-	904	6,029
Postage	4,082	720	-	720	4,802
Printing	11,698	2,064	273	2,337	14,035
Subscriptions	7,669	1,353	-	1,353	9,022
Rent	15,549	22,377	-	22,377	37,926
Utilities	1,660	1,984	-	1,984	3,644
Rentals	7,047	1,243	-	1,243	8,290
Travel	34,987	6,174	24	6,198	41,185
Conferences	23,008	4,881	-	4,881	27,889
Miscellaneous	7,849	1,385	713	2,098	9,947
Insurance	5,449	962	-	962	6,411
Advertising	1,615	285	-	285	1,900
Miscellaneous equipment	3,180	561	-	561	3,741
Professional fees	23,212	3,275	-	3,275	26,487
 Total expenses before depreciation	 499,310	 160,394	 2,099	 162,493	 661,803
Depreciation	1,125	199	-	199	1,324
 Total Expenses	 \$ 500,435	 \$ 160,593	 \$ 2,099	 \$ 162,692	 \$ 663,127

*Notes to financial statements form an integral part of this statement*

# College Forward

## Statement of Cash Flows

For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 237,820
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	1,324
Change in:	
Receivables	(84,500)
Accounts payable and accrued liabilities	<u>191,803</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>346,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of equipment	<u>(1,180)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,180)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	345,267
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>192,065</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 537,332</u>

*Notes to financial statements form an integral part of this statement*

## Notes to Financial Statements

# College Forward

## Notes to Financial Statements

June 30, 2008

### **1: Activities and Significant Accounting Policies**

#### *Organization and Nature of Activities*

College Forward provides college preparatory and retention services to motivated, economically-disadvantaged students in order to facilitate their transition to college and make the process exciting and rewarding. We believe that access to higher education is the right of every young Texan.

College Forward was incorporated as a voluntary non-profit corporation of the State of Texas and registered with the Secretary of State's office in Austin, Texas on March 12, 2003 as Admission Control. October 21, 2005 Admission Control's board of directors approved to change Admission Control's name to College Forward. On May 17, 2006, board members voted for the name change to become effective as of July 1, 2006. Effective April 2, 2007, the office of the Secretary of State certified the assumed name certificate for College Forward.

College Forward accomplishes its mission by providing:

- Orientation to the college experience
- Preparation for college entrance examinations
- Assistance in completing college applications
- Assistance in securing financial aid
- College retention support

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America.

# College Forward

## Notes to Financial Statements

June 30, 2008

### **1: Activities and Significant Accounting Policies (continued)**

#### ***Basis of Presentation***

The statements of financial position and activities focus on College Forward as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of College Forward and changes therein are classified and reported as follows:

#### Unrestricted Net Assets

Unrestricted net assets consist of net assets that are not subject to donor-imposed restrictions. Property and equipment are included in unrestricted net assets.

#### Temporarily Restricted Net Assets

Temporarily restricted net assets consist of net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Permanently Restricted Net Assets

Permanently restricted net assets consist of net assets subject to donor-imposed stipulations that are maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. College Forward has no permanently restricted assets as of June 30, 2008.

#### ***Cash and Cash Equivalents***

For purposes of the statement of cash flows, College Forward includes both cash deposit accounts and short-term investments with maturities of less than three months from the date they were purchased as cash and cash equivalents.

# College Forward

## Notes to Financial Statements

June 30, 2008

### **1: Activities and Significant Accounting Policies (continued)**

#### ***Revenue / Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### ***Property and Equipment***

Property and equipment are valued at historical cost. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method, principally three to seven years.

#### ***In-Kind Contributions and Donated Services***

Donated materials and services are recorded at their fair value. For the year ended June 30, 2008, College Forward received \$42,553 of in-kind contributions and donated services.

#### ***Contributed Services***

During the year ended June 30, 2008, College Forward received volunteer services to assist with programs, administration and fundraising functions. These services do not meet the requirements for recognition in the financial statements under the provision of SFAS No. 116. Therefore, the value of these services has not been recognized in these financial statements.

#### ***Use of Estimates and Assumptions***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of and disclosures. Actual results could differ from those estimates.

# College Forward

## Notes to Financial Statements

June 30, 2008

### 1: Activities and Significant Accounting Policies (continued)

#### *Functional Allocation of Expenses*

Expenses are categorized by functions in the statement of activities as either program services or supporting services. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to the function.

### 2: Tax Exempt Status

College Forward is exempt from federal income tax under Internal Revenue Code Section 501(a) as a publicly supported charitable organization described in Section 501(c)(3). Therefore, no provision for income taxes has been included in these financial statements.

### 3: Concentration of Credit Risk

As of year end, June 30, 2008, College Forward maintained cash balances at two financial institutions located in Austin, Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of June 30, 2008, College Forward's uninsured cash balance totaled \$343,286. College Forward has not experienced any losses as a result of the uninsured balance.

### 4: Property and Equipment

Property and equipment consisted of the following as of June 30, 2008:

Property and equipment	\$ 8,898
Accumulated depreciation	<u>(2,955)</u>
	<u>\$ 5,943</u>

Depreciation expense was \$1,324 for the year ended June 30, 2008.

# College Forward

## Notes to Financial Statements

June 30, 2008

### 5: Lease Commitments

College Forward entered into lease agreements for office space. The lease agreements commence from October 1, 2006 through September 30, 2009. The following is a schedule of future minimum lease payments:

<u>Years ending June 30</u>	<u>Amount</u>
2009	\$ 58,689
2010	<u>15,745</u>
Total	<u><u>\$ 74,434</u></u>

College Forward incurred rental expenses of \$39,463 for office space for the year ended June 30, 2008.

In addition to an office lease agreement, College Forward entered into a copier lease agreement on March 27, 2007. The copier lease agreement commences from April 1, 2007 through March 31, 2010. The following is a schedule of future minimum lease payments required under the copier operating lease:

<u>Years ending June 30</u>	<u>Amount</u>
2009	\$ 2,220
2010	<u>1,665</u>
Total	<u><u>\$ 3,885</u></u>

College Forward incurred copier rental expense of \$2,220 for the year ended June 30, 2008.

# College Forward

## Notes to Financial Statements

June 30, 2008

### 6: Temporarily Restricted Net Assets

As of June 30, 2008, temporarily restricted net assets that are restricted to balance arising from contributions for which restrictions that have not been met consisted of the following:

A Glimmer of Hope Foundation	\$	10,000
Impact Austin		82,861
Lola Wright Foundation		7,519
Points of Light/Hands-on Network		500
Rachael & Ben Vaughan		197
TG AmeriCorps		7,148
TG Retention		42,072
Youth Service America		42
The Long Foundation		10,000
Sooch Foundation		25,000
KDK Harman Foundation		34,850
Texas Pioneer Foundation		117,500
	\$	<u>337,689</u>