College Now Greater Cleveland

YEARS ENDED JULY 31, 2017 AND 2016

HW&Co.

CPAs & Advisors

COLLEGE NOW GREATER CLEVELAND

SINGLE AUDIT REPORT

YEARS ENDED JULY 31, 2017 AND 2016

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Independent Auditor's Report

Board of Directors
College Now Greater Cleveland
Cleveland, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of College Now Greater Cleveland, which comprise the statements of financial position as of July 31, 2017 and 2016, and the related statements of activities and changes in net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Organization'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 Organization'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 College Now Greater Cleveland as of July 31, 2017 and 2016, and 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.

Other Matters

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 of 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 Statements of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017, 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 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 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
November 8, 2017

COLLEGE NOW GREATER CLEVELAND

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2017 AND 2016

ASSETS

	2017	2016
Current assets:		
Cash and cash equivalents	$ 4,677,554	$ 4,307,429
Accounts receivable	864,827	598,145
Unconditional promises to give	2,268,482	2,964,508
Investments restricted for permanent endowment	258,200	253,922
Prepaid expenses and other assets	528,745	384,583
Total current assets	8,597,808	8,508,587
Property and equipment, net	170,912	201,442
Other assets:		
Unconditional promises to give, net of current portion	1,032,449	1,152,374
Investments	2,253,319	2,002,746
Cash and cash equivalents restricted for permanent endowment	309,156	290,987
Investments restricted for permanent endowment	5,140,739	4,557,918
Beneficial interest in perpetual trust	244,225	237,910
	8,979,888	8,241,935
Total assets	**$ 17,748,608**	**$ 16,951,964**

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities:		
Accounts payable	$ 92,988	$ 160,185
Scholarship awards payable	2,147,580	1,766,431
Accrued liabilities	172,783	64,713
Deferred revenue	6,750	200
Total current liabilities	2,420,101	1,991,529
Net assets:		
Unrestricted	953,474	386,845
Temporarily restricted	7,971,557	8,506,393
Permanently restricted	6,403,476	6,067,197
Total net assets	15,328,507	14,960,435
Total liabilities and net assets	**$ 17,748,608**	**$ 16,951,964**

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, 2017
(with summarized financial information for the year ended July 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
SUPPORT AND REVENUE:					
Support:					
Contributions	$ 2,919,390	$ 4,374,824	$ 336,279	$ 7,630,493	$ 7,153,047
Government grants	3,358,354			3,358,354	3,053,500
Total support	6,277,744	4,374,824	336,279	10,988,847	10,206,547
Revenue:					
Contracted fee for service	1,049,940			1,049,940	834,409
Interest and dividends	272,952			272,952	225,523
Net realized and unrealized gain (loss) on investments	582,343			582,343	(156,069)
Other	25,729			25,729	8,515
Net assets released from restrictions	4,909,660	(4,909,660)			
Total revenue	6,840,624	(4,909,660)		1,930,964	912,378
Total support and revenue	13,118,368	(534,836)	336,279	12,919,811	11,118,925

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2017
(with summarized financial information for the year ended July 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
EXPENSES:					
Program services:					
Financial Aid:					
Awards and fees	3,594,562			3,594,562	2,799,556
Other	650,524			650,524	503,491
Advisors:					
Awards and fees	22,831			22,831	23,709
Other	2,491,812			2,491,812	2,349,663
Adult Programs	526,743			526,743	454,838
Retention	384,622			384,622	423,087
Gaining Early Awareness and Readiness for Undergraduate Programs	619,652			619,652	555,309
AmeriCorps Programs	1,322,597			1,322,597	1,065,185
21st Century	1,178,962			1,178,962	1,105,256
Upward Bound	252,326			252,326	241,513
Talent search	264,944			264,944	256,994
Endowment:					
Awards and fees	202,017			202,017	208,343
Other	39,657			39,657	37,239
Total program services	11,551,249			11,551,249	10,024,183

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2017
(with summarized financial information for the year ended July 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
EXPENSES (continued):					
Supporting services:					
Fundraising	551,183			551,183	570,942
General and administrative	449,307			449,307	439,504
Total supporting services	1,000,490			1,000,490	1,010,446
Total expenses	12,551,739			12,551,739	11,034,629
Increase (decrease) in net assets	566,629	(534,836)	336,279	368,072	84,296
Net assets, beginning of year	386,845	8,506,393	6,067,197	14,960,435	14,876,139
Net assets, end of year	**$ 953,474**	**$ 7,971,557**	**$ 6,403,476**	**$ 15,328,507**	**$ 14,960,435**

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Support:				
Contributions	$ 2,412,136	$ 4,539,201	$ 201,710	$ 7,153,047
Government grants	3,053,500			3,053,500
Total support	5,465,636	4,539,201	201,710	10,206,547
Revenue:				
Contracted fee for service	834,409			834,409
Interest and dividends	225,523			225,523
Net realized and unrealized loss on investments	(156,069)			(156,069)
Other	8,515			8,515
Net assets released from restrictions	4,435,478	(4,435,478)		
Total revenue	5,347,856	(4,435,478)		912,378
Total support and revenue	10,813,492	103,723	201,710	11,118,925

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:				
Program services:				
Financial Aid:				
Awards and fees	2,799,556			2,799,556
Other	503,491			503,491
Advisors:				
Awards and fees	23,709			23,709
Other	2,349,663			2,349,663
Adult Programs	454,838			454,838
Retention	423,087			423,087
Gaining Early Awareness and Readiness for Undergraduate Programs	555,309			555,309
AmeriCorps Programs	1,065,185			1,065,185
21st Century	1,105,256			1,105,256
Upward Bound	241,513			241,513
Talent search	256,994			256,994
Endowment:				
Awards and fees	208,343			208,343
Other	37,239			37,239
Total program services	10,024,183			10,024,183

(Continued)

COLLEGE NOW GREATER CLEVELAND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JULY 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES (continued):				
Supporting services:				
Fundraising	570,942			570,942
General and administrative	439,504			439,504
Total supporting services	1,010,446			1,010,446
Total expenses	11,034,629			11,034,629
Increase (decrease) in net assets	(221,137)	103,723	201,710	84,296
Net assets, beginning of year	607,982	8,402,670	5,865,487	14,876,139
Net assets, end of year	**$ 386,845**	**$ 8,506,393**	**$ 6,067,197**	**$ 14,960,435**

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

COLLEGE NOW GREATER CLEVELAND

STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Increase in net assets	$ 368,072	$ 84,296
Adjustments to reconcile increase in net assets		
to net cash from operating activities:		
Depreciation and amortization	61,767	57,488
Net realized and unrealized (gains) losses on investments	(582,343)	156,069
Contributions restricted for permanent endowment	(329,964)	(206,870)
Beneficial interest in perpetual trusts	(6,315)	5,160
Increase in allowance for doubtful accounts		10,000
Changes in assets and liabilities:		
Decrease (increase) in unconditional promises to give	815,951	(204,070)
(Increase) decrease in accounts receivable	(266,682)	118,923
Increase in prepaid expenses and other assets	(144,162)	(62,322)
(Decrease) increase in accounts payable	(67,197)	35,794
Increase (decrease) in scholarship awards payable	381,149	(302,075)
Increase (decrease) in accrued liabilities	108,070	(29,078)
Increase (decrease) in deferred revenue	6,550	(49,600)
Net cash provided by (used in) operating activities	344,896	(386,285)
Cash flows from investing activities:		
Purchases of property and equipment	(31,237)	(27,267)
Proceeds from sale of investments	420,000	545,652
Purchases of investments	(675,329)	(516,700)
Net increase in cash and cash equivalents restricted		
for permanent endowment	(18,169)	(84,587)
Net cash used in investing activities	(304,735)	(82,902)
Cash flows provided by financing activities; receipts from contributions restricted for permanent endowment	329,964	206,870
Net increase (decrease) in cash and cash equivalents	370,125	(262,317)
Cash and cash equivalents, beginning	4,307,429	4,569,746
Cash and cash equivalents, ending	**$ 4,677,554**	**$ 4,307,429**

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 27,000 traditional and nontraditional students and individuals in more than 185 Northeast Ohio venues across four counties: schools, community-based organizations, businesses and our downtown Cleveland Resource Center. Additionally, College Now awards approximately $3.6 million in need-based scholarships to nearly 1,700 traditional and nontraditional students. Since 1967, College Now has helped thousands of Northeast Ohio students prepare for, finance and graduate from college.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of presentation:

Financial statement presentation follows the recommendations of generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions:

Accounting principles generally accepted in the United States require contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts receivable and promises to give:

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.

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

Accounts receivable and promises to give (continued):

In evaluating the collectability of amounts receivable, the Organization considers a number of factors, including the age of the accounts, changes in collection patterns, terms of the grant or pledge and general industry conditions. An allowance for doubtful accounts is recorded based upon a consideration of the likelihood that amounts will not be collected in full. As specific accounts receivable are deemed uncollectible, they are written off against the allowance for doubtful accounts. An allowance for doubtful accounts of $30,000 in 2017 and 2016 is included in unconditional promises to give.

Beneficial interests in perpetual trust:

Beneficial interests in perpetual trusts 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.

Trusts and wills:

The Organization, from time to time, is named as a beneficiary in certain conditional revocable wills and trusts. The Organization does not hold the rights to the underlying assets of these wills and trusts and, accordingly, does not record their value in the statements of financial position and statements of activities and changes in net assets.

The Organization is named the income beneficiary of a $5 million permanent endowment fund maintained by The Cleveland Foundation. A percentage of the interest earned on these funds is available to the Organization for scholarships annually.

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 generally accepted accounting principles has not been satisfied.

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

Government grants and contracts:

The Organization receives Talent Search and Upward Bound grants from the United States Department of Education; 21st Century Community Learning Center grants from the Ohio Department of Education; AmeriCorps grants from the Ohio Commission on Service and Volunteerism; a Gaining Early Awareness and Readiness for Undergraduate Programs grant (GEAR UP) from the Ohio Department of Higher Education; and a Community Development Block Grant (CDBG) from the City of Cleveland. Compliance with terms and conditions specified in the grant and contract agreements are subject to audit by the grantor and contract agencies. Government grants are reported as an increase in unrestricted net assets in the reporting period in which the terms and conditions specified in the grant agreement are satisfied. Amounts due from government grants and contracts are included in accounts receivable at July 31, 2017 and 2016.

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, 2017 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 generally accepted accounting principles, 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, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets 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 five years.

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.

The Organization is no longer subject to Federal income tax examinations by tax authorities for years before 2013.

Use of estimates:

The preparation of 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 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.

Reclassifications:

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

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

Recent accounting pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the FASB Accounting Standards Codification (ASC). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, ASU 2015-14 was issued to defer the effective dates of the revenue standard for one additional year. For nonpublic companies, ASU No. 2014-09, *Revenue from Contracts with Customers* is effective for annual reporting periods beginning after December 15, 2018 and therefore, the Organization will be required to adopt and implement this standard for the year ending July 31, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than 12 months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This ASU amends current guidance that requires only capital leases to be recognized on the lessee's balance sheet. The ASU will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for nonpublic entities for fiscal years beginning after December 15, 2019 and therefore, the Organization will be required to adopt and implement this standard for the year ending July 31, 2021.

The Organization is currently evaluating the impact that the above ASUs will have on its financial statements and will adopt the provisions upon the effective dates.

2. Cash and cash equivalents:

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

	2017	2016
Unrestricted	$ 4,677,554	$ 4,307,429
Restricted for permanent endowment	309,156	290,987
	$ 4,986,710	$ 4,598,416

Included in cash and cash equivalents at July 31, 2017 and 2016 are additional money market funds of approximately $450,000 and $419,000, respectively, which are not covered by FDIC insurance and are subject to market risk.

3. Property and equipment, net:

Property and equipment consists of the following at July 31, 2017 and 2016:

	2017	2016
Leasehold improvements	$ 128,828	$ 128,828
Office furniture and equipment	216,891	208,208
Computer equipment and software	344,883	322,329
	690,602	659,365
Accumulated depreciation and amortization	(519,690)	(457,923)
Net property and equipment	$ 170,912	$ 201,442

4. 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, 2017 are discounted at rates varying from .23% to 1.22% based upon the time that the promise to give was made. Unconditional promises to give consisted of the following at July 31:

	2017	2016
Unrestricted and temporarily restricted – available for operating expenses	$ 3,300,931	$ 4,146,882

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

	2017	2016
Receivable in less than one year	$ 2,268,482	$ 2,964,508
Receivable in one to five years	1,074,999	1,193,000
	3,343,481	4,157,508
Less discounts to net present value	12,550	10,626
Less allowance for doubtful accounts	30,000	30,000
Net unconditional promises to give	$ 3,300,931	$ 4,116,882

Approximately 69% of the gross amount of unconditional promises to give was due from five donors at July 31, 2017 and approximately 62% was due from five donors at July 31, 2016.

5. 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:

5. Fair value (continued):

- 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, 2017, by the valuation hierarchy set forth by generally accepted accounting principles:

	Fair Value at July 31, 2017	Level 1	Level 2	Level 3
Investments:				
Cash equivalents	$ 1,424,017	$ 974,196	$ 449,821	
Alternative investments:				
Hedge funds	$ 753,929			$ 753,929
Private equity funds	473,712			473,712
Total alternative investments	$ 1,227,641			$ 1,227,641
Mutual funds:				
Domestic equity funds	$ 1,942,989	$ 1,942,989		
International equity funds	2,920,856	2,920,856		
Bond funds	1,109,372	1,109,372		
Other	451,400	451,400		
Total mutual funds	$ 6,424,617	$ 6,424,617		
Beneficial interest in perpetual trust	$ 244,225			$ 244,225

The following table represents the financial instruments carried at fair value as of July 31, 2016, by the valuation hierarchy set forth by generally accepted accounting principles:

	Fair Value at July 31, 2016	Level 1	Level 2	Level 3
Investments:				
Cash equivalents	$ 1,333,552	$ 914,338	$ 419,214	

5. Fair value (continued):

	Fair Value at July 31, 2016	Level 1	Level 2	Level 3
Alternative investments:				
Hedge funds	$ 707,790			$ 707,790
Private equity funds	586,993			586,993
Total alternative investments	$ 1,294,783			$ 1,294,783
Mutual funds:				
Domestic equity funds	$ 1,638,164	$ 1,638,164		
International equity funds	2,406,128	2,406,128		
Bond funds	957,135	957,135		
Other	518,376	518,376		
Total mutual funds	$ 5,519,803	$ 5,519,803		
Beneficial interest in perpetual trust	$ 237,910			$ 237,910

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 Level 2 is based on face value which approximates fair value for money market funds.

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.

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 (Level 3). 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.

5. Fair value (continued):

Accounting Standards Update No. 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards* ("IFRS") ("ASU 2011-04") includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 requires reporting entities to disclose quantitative information about the unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy.

The following is a summary of quantitative information about significant unobservable valuation inputs for Level 3 fair value measurements for the investments held as of July 31, 2017 and 2016:

Level 3 Investments	Fair Value at July 31, 2017	Valuation Techniques
Hedge Funds:		
Hirtle Callaghan Absolute Return Offshore Fund	$ 179,277	NAV as practical expedient*
Hirtle Callaghan Total Return Offshore Fund	574,652	NAV as practical expedient*
	753,929	
Limited Partnerships:		
Hirtle Callaghan Private Equity VI Offshore Fund	200,383	NAV as practical expedient*
Hirtle Callaghan Private Equity VII Offshore Fund	273,329	NAV as practical expedient*
	473,712	
	$ 1,227,641	

* Unobservable input

Level 3 Investments	Fair Value at July 31, 2016	Valuation Techniques
Hedge Funds:		
Hirtle Callaghan Absolute Return Offshore Fund	$ 172,368	NAV as practical expedient*
Hirtle Callaghan Total Return Offshore Fund	535,422	NAV as practical expedient*
	707,790	
Limited Partnerships:		
Hirtle Callaghan Private Equity VI Offshore Fund	232,290	NAV as practical expedient*
Hirtle Callaghan Private Equity VII Offshore Fund	354,703	NAV as practical expedient*
	586,993	
	$ 1,294,783	

* Unobservable input

5. 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, 2017 and 2016:

	2017	2016
Alternative investments:		
Beginning balance	$ 1,294,783	$ 1,543,392
Withdrawals	(131,714)	(106,841)
Unrealized gains (A)	64,572	10,970
Sales		(160,000)
Purchases		7,262
Ending balance	$ 1,227,641	$ 1,294,783

	2017	2016
Beneficial interest in perpetual trust:		
Beginning balance	$ 237,910	$ 243,070
Increase (decrease) in beneficial interest (B)	6,315	(5,160)
Ending balance	$ 244,225	$ 237,910

(A) These amounts represent total unrealized gains for the period included in changes in unrestricted net assets attributable to the change in unrealized gains relating to assets held at July 31, 2017 and 2016.

(B) These amounts represent total increases (decreases) in value for the period included in changes in permanently restricted net assets attributable to the change in values relating to beneficial interest in perpetual trusts still held at July 31, 2017 and 2016.

6. Investments:

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

	2017	2016
Unrestricted – available for operating expenses	$ 2,253,319	$ 2,002,746
Restricted for permanent endowment	5,398,939	4,811,840
	$ 7,652,258	$ 6,814,586

6. Investments (continued):

Investments consisted of the following at July 31:

	2017		2016	
	Cost	Market	Cost	Market
Fixed income funds, capital trust	$ 1,101,635	$ 1,109,372	$ 942,503	$ 957,135
Equity funds	4,608,958	5,315,245	4,473,065	4,562,668
Alternative investment funds:				
Private equity funds	154,064	473,712	285,778	586,993
Hedge funds	656,226	753,929	656,226	707,790
	$ 6,520,883	$ 7,652,258	$ 6,357,572	$ 6,814,586

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.

7. Restrictions on net assets:

Temporarily restricted net assets:

Temporarily restricted net assets are required to be used for the following purposes:

	2017	2016
Financial aid	$ 5,276,957	$ 5,540,628
Advisors	1,519,116	1,699,218
Adult Programs	722,042	622,075
General and administration	265,658	401,500
Retention	187,784	242,972
	$ 7,971,557	$ 8,506,393

7. Restrictions on net assets (continued):

Temporarily restricted net assets (continued):

Temporarily restricted net assets were released from restrictions during fiscal years 2017 and 2016 by incurring expenditures satisfying the purpose or time restrictions specified by donors as follows:

	2017	2016
Financial aid	$ 2,300,636	$ 1,789,641
Advisors	1,601,218	1,927,253
Adult Programs	346,950	308,000
General and administration	398,500	165,351
Retention	262,356	245,233
	$ 4,909,660	$ 4,435,478

Permanently restricted net assets:

Permanently restricted net assets at July 31, 2017 and 2016 totaling $6,403,476 and $6,067,197, respectively, consist of endowment fund assets to be held in perpetuity and beneficial interests in perpetual trusts and are detailed as follows:

	2017	2016
Permanently restricted endowment fund	$ 6,159,251	$ 5,829,287
Beneficial interest in perpetual trusts	244,225	237,910
	$ 6,403,476	$ 6,067,197

The income from these assets may be used to primarily support financial aid activities of the Organization. In accordance with accounting principles generally accepted in the United States of America, permanently restricted net assets have been recorded at historic dollar value and unrealized gains and losses on the underlying endowment investments have been reflected as an increase or decrease to unrestricted net assets. 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. These deficits resulted from market fluctuations and totaled approximately $451,000 at July 31, 2017 and $726,000 at July 31, 2016.

7. Restrictions on net assets (continued):

Permanently restricted net assets (continued):

Changes in endowment net assets for fiscal year ended July 31, 2017 were as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (726,460)	$ 5,829,287	$ 5,102,827
Investment return:			
Investment income	188,096		188,096
Net realized/unrealized appreciation	345,408		345,408
Total investment return	533,504		533,504
Appropriation of endowment assets for expenditure	(258,200)		(258,200)
Contributions		329,964	329,964
Endowment net assets, end of year	$ (451,156)	$ 6,159,251	$ 5,708,095

Changes in endowment net assets for fiscal year ended July 31, 2016 were as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (517,315)	$ 5,622,417	$ 5,105,102
Investment return:			
Investment income	148,072		148,072
Net realized/unrealized appreciation (depreciation)	(103,295)		(103,295)
Total investment return	44,777		44,777
Appropriation of endowment assets for expenditure	(253,922)		(253,922)
Contributions		206,870	206,870
Endowment net assets, end of year	$ (726,460)	$ 5,829,287	$ 5,102,827

7. Restrictions on net assets (continued):

Permanently restricted net assets (continued):

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 permanently 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:

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.

8. Commitments and contingencies:

The Organization leases its office facility and certain equipment under non-cancelable operating leases.

The Organization entered into a rental agreement for office space commencing August 2012, amended effective October 28, 2015 in conjunction with an office space expansion. The lease agreement calls for scheduled rent increases with monthly payments ranging from $14,285 to $18,424 through October 2022. Additionally, the Organization entered into a rental agreement on December 1, 2015 amended June 14, 2016, for additional office space with monthly payments ranging from $1,876 to $1,964 through April 2018.

Total rent expense for all leases, excluding utilities, was $245,895 in 2017 and $231,947 in 2016.

8. Commitments and contingencies (continued):

Commitments for future rental payments under all operating leases for the next five fiscal years are as follows:

Year ending July 31,	
2018	$ 240,698
2019	227,245
2020	223,002
2021	221,398
2022	221,090
	$ 1,133,433

The Organization could be subject to legal proceedings and claims that arise in the ordinary course of business. As of July 31, 2017 and 2016, management was not aware of any pending litigation against the Organization that could have a material effect on the financial statements.

9. Line of credit:

The Organization has a line of credit agreement with a bank which provided for borrowings of up to $500,000. Any borrowings against the line are collateralized by certain investments. Interest is payable quarterly at the bank's LIBOR rate of interest plus 1.75%. There were no borrowings against the line as of July 31, 2017 and 2016.

10. 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, 2017 and 2016, the Organization's aggregate contributions were approximately $136,000 and $131,000, respectively.

11. 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 and coverage up to 250,000 individuals. 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, 2017 and 2016. Although the Organization's management believes an accrual for potential losses is not necessary at July 31, 2017 and 2016, a liability may result and it could be material.

12. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 8, 2017, 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, 2017

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Ohio Commission on Service and Volunteerism			
AmeriCorps	94.006		$ 1,322,597
U.S. Department of Education:			
Talent Search	84.044		264,944
Upward Bound	84.047		252,326
Pass-Through Ohio Department of Education:			
21st Century Learning Centers	84.287		1,178,962
Ohio Department of Higher Education:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		619,652
U.S. Department of Housing and Urban Development:			
Pass-Through the City of Cleveland:			
Community Development Block Grant	14.218		50,170
			$ 3,688,651

COLLEGE NOW GREATER CLEVELAND NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JULY 31, 2017

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 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, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2017.

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) to determine the 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 Organization'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Now Greater Cleveland's financial statements are free of 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 determination of financial statement amounts. 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing* Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCW & Co.

Cleveland, Ohio
November 8, 2017

Independent Auditor's Report on Compliance for Each Major Federal 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
We have audited College Now Greater Cleveland's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on College Now Greater Cleveland's major Federal programs for the year ended July 31, 2017. College Now Greater Cleveland's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, questioned costs, and recommendations.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of College Now Greater Cleveland's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).* Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about College Now Greater Cleveland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major Federal program. However, our audit does not provide a legal determination of College Now Greater Cleveland's compliance.

Opinion on Each Major Federal Program
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, 2017.

Report on Internal Control Over Compliance

Management of College Now Greater Cleveland is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered College Now Greater Cleveland's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Now Greater Cleveland's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
November 8, 2017

COLLEGE NOW GREATER CLEVELAND

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

YEAR ENDED JULY 31, 2017

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:

CFDA Number	Name of Federal Program or Cluster
94.006	AmeriCorps

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.