



Financial Statements
August 31, 2011

Admission Possible, Inc.

Admission Possible, Inc.

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August 31, 2011 (With Comparative Totals for 2010)

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Admission Possible, Inc.
St. Paul, Minnesota

We have audited the accompanying statement of financial position of Admission Possible, Inc., (Organization) as of August 31, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and in our report dated December 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. 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 the Organization as of August 31, 2011, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011, on our consideration of the Organization's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Minneapolis, Minnesota
December 20, 2011

Admission Possible, Inc.
Statement of Financial Position
August 31, 2011 (With Comparative Totals for 2010)

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,079,932	\$ 4,981,010
Accounts receivable	64,809	6,584
Grants receivable	746,666	594,901
Prepaid expenses	39,346	58,116
Total current assets	5,930,753	5,640,611
Other Assets		
Investments	752,910	567,356
Grants receivable	1,304,305	-
	2,057,215	567,356
Equipment and Leasehold Improvements		
Computer software and equipment	108,415	113,491
Furniture and equipment	87,711	87,438
Leasehold improvements	55,645	51,070
	251,771	251,999
Less accumulated depreciation	176,314	150,075
	75,457	101,924
	\$ 8,063,425	\$ 6,309,891
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 79,251	\$ 23,424
Accrued expenses	361,045	320,963
Total current liabilities	440,296	344,387
Long-term Liabilities		
Accrued expenses - deferred compensation	15,000	35,000
	455,296	379,387
Net Assets		
Unrestricted		
Undesignated	2,543,622	2,518,323
Board designated		
Program continuation funds	2,012,763	1,655,656
	4,556,385	4,173,979
Temporarily restricted	3,051,744	1,756,525
	7,608,129	5,930,504
	\$ 8,063,425	\$ 6,309,891

Admission Possible, Inc.
Statement of Activities
Year Ended August 31, 2011 (With Comparative Totals for 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	
Support and Revenue				
Fee revenue				
Consortium fees	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Service fees	72,157	-	72,157	51,000
Total fee revenue	<u>122,157</u>	<u>-</u>	<u>122,157</u>	<u>101,000</u>
Support				
Contributions and grants	1,253,044	3,072,658	4,325,702	3,121,451
Government grants	1,057,414	-	1,057,414	968,023
In-kind contributions	120,840	-	120,840	89,173
Total support	<u>2,431,298</u>	<u>3,072,658</u>	<u>5,503,956</u>	<u>4,178,647</u>
Investment income	76,689	-	76,689	33,039
Net assets released from restrictions	1,777,439	(1,777,439)	-	-
Total support and revenue	<u>4,407,583</u>	<u>1,295,219</u>	<u>5,702,802</u>	<u>4,312,686</u>
Expenses				
Program services	3,212,619	-	3,212,619	2,522,786
General and administrative	377,958	-	377,958	320,689
Fundraising	434,600	-	434,600	266,043
Total expenses	<u>4,025,177</u>	<u>-</u>	<u>4,025,177</u>	<u>3,109,518</u>
Change in Net Assets	382,406	1,295,219	1,677,625	1,203,168
Net Assets, Beginning of Year	<u>4,173,979</u>	<u>1,756,525</u>	<u>5,930,504</u>	<u>4,727,336</u>
Net Assets, End of Year	<u>\$ 4,556,385</u>	<u>\$ 3,051,744</u>	<u>\$ 7,608,129</u>	<u>\$ 5,930,504</u>

Admission Possible, Inc.
Statement of Cash Flows
Year Ended August 31, 2011 (With Comparative Totals for 2010)

	2011	2010
Operating Activities		
Change in net assets	\$ 1,677,625	\$ 1,203,168
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	55,631	30,346
Loss on disposal of equipment	1,378	4,901
Donated stocks included in contributions	(45,035)	-
Net realized gains on investments	(8,875)	-
Net unrealized gains on investments	(20,740)	-
Changes in operating assets and liabilities		
Accounts receivable	(58,225)	15,774
Grants receivable	(1,456,070)	(180,826)
Prepaid expenses	18,770	(15,021)
Accounts payable	55,827	(12,671)
Accrued expenses	20,082	122,372
Deferred revenue	-	(12,500)
Net Cash from Operating Activities	240,368	1,155,543
Investing Activities		
Proceeds from sale of investments	142,571	-
Purchase of investments	(253,475)	(567,356)
Purchase of equipment	(31,242)	(9,953)
Proceeds from sale of assets	700	-
Net Cash used for Investing Activities	(141,446)	(577,309)
Net Change in Cash and Cash Equivalents	98,922	578,234
Cash and Cash Equivalents, Beginning of Year	4,981,010	4,402,776
Cash and Cash Equivalents, End of Year	\$ 5,079,932	\$ 4,981,010
Supplemental Disclosure of Noncash Operating Activities		
Stock donations	\$ 45,035	\$ -

Admission Possible, Inc.
Statement of Functional Expenses
Year Ended August 31, 2011 (With Comparative Totals for 2010)

	2011			Total	2010
	Program Services	Fundraising	General and Administrative		
Personnel costs					
Salaries and stipends	\$ 1,996,512	\$ 269,693	\$ 164,293	\$ 2,430,498	\$ 1,903,485
Payroll taxes	155,819	19,007	9,340	184,166	148,241
Employee benefits	203,133	29,519	25,985	258,637	223,565
Total personnel costs	2,355,464	318,219	199,618	2,873,301	2,275,291
Consulting	135,394	8,048	54,171	197,613	107,744
Professional fees	1,445	-	47,175	48,620	43,306
Service fees	109,613	22,138	7,081	138,832	92,683
Occupancy	135,355	10,423	7,914	153,692	121,737
Teaching materials and supplies	126,763	3,525	8,513	138,801	131,828
Telecommunication expenses	31,086	3,989	4,773	39,848	24,164
Insurance	7,883	985	1,762	10,630	9,045
Staff acquisition, training and recognition	136,291	3,657	22,602	162,550	136,653
Transportation and meetings	80,029	17,381	7,848	105,258	52,182
Communications	19,445	12,345	2,402	34,192	37,844
Maintenance	26,856	28,122	9,853	64,831	41,794
Other expenses	512	-	866	1,378	4,901
Depreciation expense	46,483	5,768	3,380	55,631	30,346
Total expenses	\$ 3,212,619	\$ 434,600	\$ 377,958	\$ 4,025,177	\$ 3,109,518
	80%	11%	9%	100%	

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Principal Organization Activity

Admission Possible, Inc. (Organization) is a nonprofit organization dedicated to making college admission and success possible for low-income students through an intensive curriculum of coaching and support. Their mission is to identify low-income young people with the potential and the motivation for college and then provide them with five critical services: (1) academic support through ACT/SAT test preparation; (2) college application assistance; (3) financial aid consulting; (4) guidance in transition to college; and, (5) support through college degree completion. The program served approximately 7,375 students in the 2010-11 academic year including 1,625 in its core high school program, 2,750 in its college program, and 3,000 through college planning workshops. Admission Possible launched a program and will begin serving students in Omaha, Nebraska, in Fall 2011. During the year, the Organization began a name change process and, in 2012, the Organization will become College Possible.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports 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. The Organization has no permanently restricted net assets at August 31, 2011.

Cash and Cash Equivalents

The Organization considers all highly liquid investments in debt securities with an original maturity of three months or less to be cash equivalents.

Receivables

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in the future years are recorded at the present value of their estimated cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Uncollectible Receivables

The Organization uses the allowance method to account for uncollectible contributions, grants and accounts receivable. The allowance is based on prior years' experience and management's analysis of the outstanding receivables. This method provides allowances for doubtful receivables equal to the estimated losses that will be incurred in the collection of receivables. At August 31, 2011, the Organization believes all balances are collectible; therefore, no allowance is necessary.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are valued at cost. Expenditures for the acquisition of equipment and leasehold improvements equal to or greater than \$1,500 and a life greater than one year are capitalized. Contributed equipment and leasehold improvements are recorded at fair value at the date of donation. Depreciation of equipment is provided using the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Organization is organized as a Minnesota not-for-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and has been classified as an organization that is not a private foundation under Section 509(a). The Organization is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS annually. In addition, the Organization is subject to income tax on any net income that is derived from business activities that are unrelated to their exempt purpose.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense, if such interest and penalties are incurred.

Support Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/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 and reported in the statement of activities as net assets released from restrictions.

Donated Materials and Services

In-kind contributions are reflected as support in the financial statements at their estimated values on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the criteria were not met.

Functional Expense Allocation

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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 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.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related assets or liability. Level 3 inputs are unobservable inputs related to the assets or liability.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2010, from which the summarized information was derived.

Concentration of Credit Risk

The Organization maintains cash in U.S. bank deposit accounts which at times may exceed FDIC limits. The Organization has not experienced any losses on such accounts and the Organization believes they are not exposed to any significant credit risk on cash and cash equivalents.

Reclassifications

Certain items in the prior year financial statements have been reclassified for comparability purposes to conform with the presentation in the current year financial statements. These reclassifications did not affect the financial position or results of operations as previously reported.

Note 2 - Grants Receivable

Grants receivable, which are unconditional promises to give, are summarized as follows:

Grants receivable expected to be collected in:

Grants receivable in less than one year	\$ 746,666
Grants receivable greater than one year	1,333,000
Total grants receivable	2,079,666
Less discount to net present value using a 2.2% discount	(28,695)
Grants receivable, net	\$ 2,050,971

Note 3 - Temporarily Restricted Net Assets

At August 31, 2011, temporarily restricted net assets are restricted based on:

Time restrictions	\$ 122,500
Purpose restrictions - Omaha expansion	1,798,661
Purpose restrictions - other	1,130,583
Total	\$ 3,051,744

Note 4 - Net Assets Released from Restrictions

Net assets were released by incurring expenses satisfying the following restricted purposes or the passing of time specified by donors at August 31, 2011:

Time restrictions	\$ 367,603
Purpose restrictions	1,323,138
Minneapolis Low Income Students	60,000
Financial system upgrade	11,698
Alliance-Financial Literacy	15,000
Total	\$ 1,777,439

Note 5 - Designated Net Assets

At August 31, 2011, Board designated net assets are available for the following purposes:

Program continuation funds	\$ 2,012,763
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The Board established a policy to maintain a reserve sufficient to fund ongoing operations for at least six months, and when possible, fund 100% of the remaining costs of the full two-year program for the students enrolled. The balance at August 31, 2011, is the minimum reserve for six months of operations, but the target to cover the full two-year program for students enrolled at the end of the fiscal year was \$4,523,607.

Note 6 - In-Kind Contributions

The value of in-kind contributions at estimated fair value at the date of donation for the year ended August 31, 2011 is as follows:

Program fees	\$ 66,528
Teaching materials	7,257
Staff recognition	1,275
Printed materials	7,012
Website	<u>38,768</u>
Total	<u><u>\$ 120,840</u></u>

Note 7 - Operating Lease

The Organization leases its St. Paul, Minnesota, operating facilities under a three-year operating lease expiring July 2013. The lease allows for cancellation after August 1, 2011, with six months advance notice.

The Organization leases its Milwaukee, Wisconsin, space under a 40 month operating lease expiring December 2014.

The future minimum rental payments required under the leases are as follows:

Years Ending August 31,	Amount
2012	\$ 167,039
2013	171,785
2014	48,000
2015	<u>16,000</u>
	<u><u>\$ 402,824</u></u>

Total rent expense was \$153,692 for the year ended August 31, 2011.

Note 8 - Contingencies

The continuation of funding from federal and other sources is contingent upon availability of funds and project performance. The funds are awarded annually based either upon receipt and approval of a program application or upon completion of a performance review. In addition, expenditures made under federal grants are subject to review and audit by the grantor agencies. Management believes that any liability for reimbursement, which may arise as a result of these audits, is not material.

Note 9 - Joint Costs

For the year ended August 31, 2011, the Organization has allocated joint costs for its newsletter. The costs have been allocated as follows: \$12,895 to program services, \$536 to general and administrative and \$5,273 to fundraising.

Note 10 - Line of Credit

The Organization has a line of credit arrangement under which it may borrow up to \$200,000 through January 18, 2012. The interest rate on this note is variable and indexed to the prime rate as published by Bloomberg. The minimum interest rate is 4.50% per annum. The credit is secured by all assets of the Organization. No amounts are outstanding at August 31, 2011.

Note 11 - Retirement Plan

A Safe Harbor 401(k) plan was implemented on September 1, 2007. Employees are eligible to participate in the plan on the first of the month following 30 days of service, have attained age 18 and are expected to work 1000 hours in twelve consecutive months. The Organization will make matching contributions in two different ways. The Safe Harbor match is equal to the sum of 100% of the amount of the salary reductions that are not in excess of 3% of compensation, plus 50% of the amount of the salary reductions that exceed 3% of compensation but not in excess of 5% of compensation. The Discretionary Match is subject to delayed entry (entry after one year of service) and a step-vesting schedule. The Discretionary Match is 50% of the salary reduction amounts that exceed 5% of compensation but not in excess of 9% of compensation. Employees can opt out of the plan or change their contribution at any time. Employer contributions and expense for the 401(k) plan were \$61,562 for the year ended August 31, 2011.

Note 12 - Fair Value Measurement

Assets measured at fair value on a recurring basis at August 31, 2011 are as follows:

<u>August 31, 2011</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Mutual funds:			
Domestic equity	\$ 80,614	\$ -	\$ -
International equity	59,860	-	-
Asset allocation	11,678	-	-
Bonds	125,180	-	-
Money market mutual funds	6,059	-	-
Equity securities:			
U.S. corporate equity securities	126,184	-	-
Debt securities			
U.S. Treasury	61,154	-	-
U.S. agency	-	67,743	-
Municipal	-	52,233	-
Residential mortgage-backed securities	-	162,205	-
Grants receivable	-	-	2,050,971
	<u>\$ 470,729</u>	<u>\$ 282,181</u>	<u>\$ 2,050,971</u>

Following is a reconciliation of activity at August 31, 2011 for assets measured at fair value based upon significant unobservable (non-market) information.

Grants receivable, beginning of year	\$ 594,901
Contributions	2,323,000
Pledges received	(838,235)
Change in value of pledges receivable	<u>(28,695)</u>
Balance, end of year	<u>\$ 2,050,971</u>

Note 13 - Subsequent Events

Subsequent to year end, the Organization entered into a facility lease in Omaha, Nebraska, under an operating lease expiring January 2015. The terms of the facility lease includes a provision for abatement of rent for the first three months of the lease. Rent expense is prorated over the term of the facility lease and expensed as incurred.

The Organization has evaluated subsequent events through December 20, 2011, the date the financial statements were available to be issued.