

CAPITAL PARTNERS FOR EDUCATION
(a Nonprofit Corporation)

FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Capital Partners for Education
Washington, D.C.

We have audited the accompanying financial statements of Capital Partners for Education (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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.

Auditors' 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 entity'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 entity'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 Capital Partners for Education as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sanigan, Ryan, Malcolm + Doyle P.C.
Gaithersburg, Maryland
January 8, 2020

CAPITAL PARTNERS FOR EDUCATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 453,729	\$ 122,210
Promises to give	943,728	475,000
Accounts receivable, other	-	5,950
Prepaid expenses	<u>20,308</u>	<u>16,992</u>
Total current assets	<u>1,417,765</u>	<u>620,152</u>
PROPERTY AND EQUIPMENT		
Equipment and software	50,491	50,491
Accumulated depreciation and amortization	<u>(42,390)</u>	<u>(32,052)</u>
	<u>8,101</u>	<u>18,439</u>
OTHER ASSETS		
Deposits	10,875	5,217
Promises to give, noncurrent	1,224,443	1,554,554
Investments	<u>1,978,138</u>	<u>2,270,328</u>
	<u>3,213,456</u>	<u>3,830,099</u>
Total assets	<u>\$ 4,639,322</u>	<u>\$ 4,468,690</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 40,934	\$ 56,259
Accrued liabilities	<u>48,506</u>	<u>16,434</u>
Total current liabilities	<u>89,440</u>	<u>72,693</u>
NET ASSETS		
Without donor restrictions	3,759,898	3,419,641
With donor restrictions	<u>789,984</u>	<u>976,356</u>
Total net assets	<u>4,549,882</u>	<u>4,395,997</u>
Total liabilities and net assets	<u>\$ 4,639,322</u>	<u>\$ 4,468,690</u>

The Notes to Financial Statements are an integral part of these statements.

CAPITAL PARTNERS FOR EDUCATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES:						
Contributions:						
Individuals	\$ 1,595,328	\$ -	\$ 1,595,328	\$ 1,964,211	\$ 187,500	\$ 2,151,711
Foundations	479,351	274,133	753,484	892,449	362,500	1,254,949
Donated services	75,000	-	75,000	89,927	-	89,927
Corporations	54,025	-	54,025	48,282	-	48,282
Other	10,000	-	10,000	-	-	-
Special events:						
25th Anniversary Gala	301,404	-	301,404	-	-	-
Net assets released from restrictions	460,505	(460,505)	-	448,999	(448,999)	-
Total operating revenues	<u>2,975,613</u>	<u>(186,372)</u>	<u>2,789,241</u>	<u>3,443,868</u>	<u>101,001</u>	<u>3,544,869</u>
OPERATING EXPENSES:						
Program services	2,014,578	-	2,014,578	1,705,671	-	1,705,671
Management and general	402,476	-	402,476	300,040	-	300,040
Fundraising	371,293	-	371,293	307,616	-	307,616
Total operating expenses	<u>2,788,347</u>	<u>-</u>	<u>2,788,347</u>	<u>2,313,327</u>	<u>-</u>	<u>2,313,327</u>
Change in net assets from operations	187,266	(186,372)	894	1,130,541	101,001	1,231,542
NONOPERATING ACTIVITIES						
Interest and dividend income	37,045	-	37,045	38,111	-	38,111
Net gain on investments	115,946	-	115,946	142,416	-	142,416
Total nonoperating activities	<u>152,991</u>	<u>-</u>	<u>152,991</u>	<u>180,527</u>	<u>-</u>	<u>180,527</u>
Increase in net assets	340,257	(186,372)	153,885	1,311,068	101,001	1,412,069
Net assets, beginning of year	3,419,641	976,356	4,395,997	2,108,573	875,355	2,983,928
Net assets, end of year	<u>\$ 3,759,898</u>	<u>\$ 789,984</u>	<u>\$ 4,549,882</u>	<u>\$ 3,419,641</u>	<u>\$ 976,356</u>	<u>\$ 4,395,997</u>

The Notes to Financial Statements are an integral part of these statements.

CAPITAL PARTNERS FOR EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 999,971	\$ 218,336	\$ 186,719	\$ 1,405,026
Tuition scholarships	219,344	-	-	219,344
Contract services	63,864	6,983	59,625	130,472
Occupancy	85,189	12,330	14,572	112,091
Health insurance	81,065	12,218	13,969	107,252
Accounting fees	-	106,374	-	106,374
Payroll taxes	67,841	14,813	12,667	95,321
Other program expenses	84,325	739	872	85,936
Donated services	75,000	-	-	75,000
403(b) retirement plan	40,026	8,739	7,474	56,239
Mentor recruitment	50,118	-	-	50,118
Fundraiser expenditures	-	-	43,729	43,729
Technology	32,960	4,743	5,606	43,309
Transportation	27,063	-	6,557	33,620
Interns	32,500	-	-	32,500
Supplies	20,192	2,922	3,454	26,568
Professional development	19,907	2,881	3,405	26,193
Food	24,248	-	-	24,248
Insurance	16,602	2,403	2,840	21,845
Telephone/internet	11,828	1,712	2,023	15,563
Enrichment activities	13,540	-	-	13,540
Staff development	8,743	1,265	1,495	11,503
Printing	8,614	786	1,566	10,966
Depreciation	7,857	1,137	1,344	10,338
Payroll services	6,344	918	1,085	8,347
Postage	6,414	401	1,202	8,017
Miscellaneous	5,897	1,030	14	6,941
Parking	3,438	-	860	4,298
Credit card fees	-	1,678	-	1,678
Professional services	1,217	-	135	1,352
Membership fees	471	68	80	619
	<u>\$2,014,578</u>	<u>\$ 402,476</u>	<u>\$ 371,293</u>	<u>\$2,788,347</u>

The Notes to Financial Statements are an integral part of these statements.

CAPITAL PARTNERS FOR EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 705,507	\$ 145,435	\$ 215,959	\$ 1,066,901
Tuition scholarships	326,028	-	-	326,028
Contract services	79,330	4,407	7,407	91,144
Donated services	59,515	16,469	13,943	89,927
Occupancy	58,978	6,737	13,325	79,040
Health insurance	50,147	13,877	11,748	75,772
Payroll taxes	49,139	13,598	11,512	74,249
Evaluation	59,186	3,288	3,288	65,762
Staff development	46,403	8,043	7,424	61,870
Technology	42,935	-	-	42,935
403(b) retirement plan	25,081	6,940	5,876	37,897
Other program expenses	35,707	-	-	35,707
Emergency funds	31,632	-	-	31,632
Enrichment activities	29,644	-	-	29,644
Accounting fees	-	29,500	-	29,500
Supplies	13,144	10,060	2,278	25,482
Bookkeeping fees	-	21,442	-	21,442
Insurance	11,761	3,255	2,755	17,771
Mentor programs	16,653	-	-	16,653
Professional development	10,590	1,694	1,836	14,120
Interns	10,800	1,350	1,350	13,500
Depreciation	8,577	1,372	1,487	11,436
Printing	6,499	-	1,625	8,124
Miscellaneous	117	6,415	13	6,545
Parking	4,750	-	1,188	5,938
Payroll services	3,358	929	787	5,074
Telephone/internet	3,820	239	716	4,775
Food	3,366	421	421	4,208
Postage	3,565	-	629	4,194
College prep program	2,841	-	-	2,841
MIS award	2,698	-	-	2,698
Membership fees	-	2,470	-	2,470
Professional services	2,113	-	235	2,348
Transportation	1,787	-	447	2,234
Credit card fees	-	2,099	-	2,099
Fundraiser expenditures	-	-	1,367	1,367
	<u>\$ 1,705,671</u>	<u>\$ 300,040</u>	<u>\$ 307,616</u>	<u>\$ 2,313,327</u>

The Notes to Financial Statements are an integral part of these statements.

CAPITAL PARTNERS FOR EDUCATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Increase in net assets	\$ 153,885	\$ 1,412,069
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation	10,338	11,436
Increase in fair value of the Organization's investment accounts	(152,991)	(182,447)
(Increase) decrease in assets		
Promises to give	(138,617)	(1,694,624)
Accounts receivable, other	5,950	(5,415)
Prepaid expenses	(3,316)	(3,608)
Deposits	(5,658)	625
Increase (decrease) in liabilities		
Accounts payable	(15,325)	30,398
Accrued liabilities	32,072	2,296
	(113,662)	(429,270)
Cash flows from investing activities		
Net proceeds from sale of investments	445,181	332,025
	445,181	332,025
Increase (decrease) in cash and cash equivalents	331,519	(97,245)
Cash and cash equivalents, beginning of year	122,210	219,455
Cash and cash equivalents, end of year	\$ 453,729	\$ 122,210

The Notes to Financial Statements are an integral part of these statements.

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 1. Organization and Operations

Capital Partners for Education (CPE) mentors low-income high school and college students in the academic middle from the Washington, D.C. area to provide the skills and experiences they need to successfully complete college and to excel in the workforce. CPE derives the majority of its revenue from contributions. The Organization has been granted an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting - The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation – The financial statements of CPE have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates in Financial Statements - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Property and Equipment - Property and equipment is recorded at cost as of the date of acquisition. Donated property is capitalized at its fair market value on the date donated or placed in service. Property and equipment items are depreciated or amortized using the straight-line method over their estimated useful lives of three to seven years. The Organization capitalizes property and equipment with costs or fair market value in excess of \$2,500. Depreciation expense for the years ended June 30, 2019 and 2018 was \$10,338 and \$11,436, respectively.

Recognition of Grants and Contributions - Revenue from grants and contributions is recognized the earlier of when received or when an unconditional promise to give is made.

Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity of three months or less as of the date of acquisition to be cash equivalents. On occasion, the Organization receives donations of marketable equity securities. Their policy is to liquidate these securities immediately and therefore consider them to be cash equivalents.

Donated Services - Donated services are recognized by the Organization if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The estimated fair value of donated services received by the Organization is recorded as contributions.

Promises to Give and Allowance for Doubtful Accounts - Promises to give consist of contributions promised and not received as of the end of the year. Promises to give are recorded at their net realizable value if due within one year. Promises to give expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved, which was 5% as of June 30, 2019 and 2018.

Management provides for probable uncollectible amounts through an increase in bad debt expense and an increase in the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a decrease in the allowance for doubtful accounts and a decrease in promises to give. Management considers all promises to give on the statements of financial position as of June 30, 2019 and 2018 to be fully collectible, therefore an allowance for doubtful accounts is not recorded.

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among donor services and support services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy costs	Square Footage – Per FTE
Other allocated expenses	Time and effort

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) -*Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Uncertain Tax Positions - For financial reporting purposes, the Organization recognizes positions claimed or expected to be claimed based upon whether it is more likely than not that the tax position will be sustained upon examination. Interest, if any, related to income tax liabilities is included in interest expense. Penalties, if any, related to income tax liabilities are included in operating expense. As of June 30, 2019 and 2018, the Organization had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

Subsequent Events - The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 8, 2020, the date on which the financial statements were available to be issued.

Note 3. Availability and Liquidity

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Organization’s financial assets as of June 30, 2019 and 2018, reduced by net assets with donor restrictions and long-term promises to give. There were no board designated net assets or investments with liquidity horizons greater than one year at June 30, 2019 and 2018.

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 3. Availability and Liquidity (continued)

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 453,729	\$ 122,210
Promises to give	2,168,171	2,029,554
Accounts receivable, other	-	5,950
Investments	<u>1,978,138</u>	<u>2,270,328</u>
Total financial assets at year-end	<u>\$ 4,600,038</u>	<u>\$ 4,428,042</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 789,984	\$ 976,356
Less net assets with time restrictions to be met within a year	(105,500)	(105,500)
Long-term promises to give	<u>1,224,443</u>	<u>1,554,554</u>
	<u>\$ 1,908,927</u>	<u>\$ 2,425,410</u>
Financial assets available to meet cash needs for general expenditures within a year	<u>\$ 2,691,111</u>	<u>\$ 2,002,632</u>

Note 4. Fair Value Measurements

The Organization measures fair value based on the price that the Organization would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Various inputs are used in determining the fair value of assets or liabilities. Inputs are classified into a three-tier hierarchy, summarized as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Other significant observable inputs
- Level 3 – Significant unobservable inputs

When Level 1 inputs are not available, the Organization measures fair value using valuation techniques that maximize the use of relevant observable inputs (Level 2) and minimizes the use of unobservable inputs (Level 3).

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 4. Fair Value Measurements (continued)

Fair values of assets and liabilities measured on a recurring basis as of June 30, 2019 and 2018 are as follows:

	Fair Value Measurements as of Reporting Date Using:			
Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
June 30, 2019: Equity and debt investments	<u>\$ 1,787,896</u>	<u>\$ 1,787,896</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2018: Equity and debt investments	<u>\$ 1,755,228</u>	<u>\$ 1,755,228</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5. Investments

Investments are carried at fair market value and consist of the following as of June 30,

	2019		2018	
	Cost	Fair Market Value	Cost	Fair Market Value
Vanguard 500 Index Fund	\$ 453,434	\$ 1,140,988	\$ 593,771	\$ 1,191,219
Vanguard ST Bond Index	322,830	312,863	585,340	564,009
Vanguard Federal MMF	334,045	334,045	-	-
Certificates of Deposit	21,032	21,042	21,032	20,937
Cash-MS Active Asset MT	<u>169,200</u>	<u>169,200</u>	<u>494,163</u>	<u>494,163</u>
	<u>\$ 1,300,541</u>	<u>\$ 1,978,138</u>	<u>\$ 1,694,306</u>	<u>\$ 2,270,328</u>

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 5. Investments (continued)

Unrestricted investment income for the years ended June 30, 2019 and 2018 consists of the following:

	2019	2018
Investments:		
Interest and dividend income	\$ 37,045	\$ 38,111
Net gain	<u>115,946</u>	<u>142,416</u>
	<u>\$ 152,991</u>	<u>\$ 180,527</u>

Note 6. Promises to Give

Promises to give as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Gross unconditional promises to give	\$ 2,264,570	\$ 2,232,705
Less: unamortized discount	<u>(96,399)</u>	<u>(203,151)</u>
Net unconditional promises to give	<u>\$ 2,168,171</u>	<u>\$ 2,029,554</u>
Amounts due in:		
Less than one year	\$ 943,728	\$ 475,000
One to five years	<u>1,224,443</u>	<u>1,554,554</u>
	<u>\$ 2,168,171</u>	<u>\$ 2,029,554</u>

Note 7. Accrued Liabilities

Accrued liabilities as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Vacation	\$ 24,496	\$ 15,266
Internship stipends	19,500	-
Payroll liabilities	<u>4,510</u>	<u>1,168</u>
	<u>\$ 48,506</u>	<u>\$ 16,434</u>

Note 8. Net Assets with Donor Restrictions

The Most Improved Student Award was established in May 2001. The Sunrise Foundation contributed \$0 and \$3,000 during the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, \$0 and \$2,698 was expended for this program, respectively.

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 8. Net Assets with Donor Restrictions (continued)

The Teacher Professional Development Program was established in December 2001. The program awards grants to partnering schools that have students sponsored by CPE. The grants assist in professional development programs for teachers. The Sunrise Foundation contributed \$10,000 and \$14,500 during the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, \$9,000 and \$0 were expended for this program, respectively.

The Tuition Fund was established by several donors to be used for tuition scholarships. The Sunrise Foundation contributed \$40,000 and \$50,000 during the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, CPE awarded \$40,000 and \$50,000 of scholarships from this fund, respectively.

The Evaluation and Learning Program began during the year ended June 30, 2016. This program includes hiring a consultant to help design the framework and hiring an employee to lead the initiative. There were no contributions for the years ended June 30, 2019 and 2018. During the years ended June 30, 2019 and 2018, \$0 and \$185,301, was expended for the program, respectively.

Restricted funding for the Transformers Program began during the year ended June 30, 2016. This program aims to help CPE college students continue the progress they made in high school into their college years. Multiple donors contributed a total of \$0 and \$60,000 during the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, \$0 and \$60,000 was expended for the program, respectively.

CPE received restricted grants aimed at renewing, improving, and upgrading its technology. The aim of these funds is to invest in communications technology that helps effectively reach students, update their database infrastructure, and improve hardware to streamline staff time and resources. During the years ended June 30, 2019 and 2018, \$0 and \$30,000 was contributed, respectively. Expenses for the years ended June 30, 2019 and 2018 totaled \$0 and \$30,000, respectively.

The Internship Stipend Program began during the year ended June 30, 2018. This program aims to provide CPE students the freedom to pursue unpaid or low-paying opportunities over their summer breaks, in their fields of interest. CPE understands that unpaid internships are increasingly common but are an unreasonable option for most low-income students. Contributions totaled \$32,500 and \$128,000 during the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, \$32,500 and \$36,000 was expended for the program, respectively.

Restricted funding for the Career Readiness Program began during the year ended June 30, 2018. This program was developed by CPE to provide opportunities for students to build workplace skills as well as expose them to career opportunities through job shadowing. During the years ended June 30, 2019 and 2018, \$0 and \$87,500 was contributed, respectively. During the years ended June 30, 2019 and 2018 \$13,479 and \$0 was expended for the program, respectively.

CAPITAL PARTNERS FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

Note 8. Net Assets with Donor Restrictions (continued)

The College Program began during the year ended June 30, 2018. This program provides students with academic and financial resources, individualized support, and mentorship, with an increased focus on college persistence and completion, as well as workforce and career development. Multiple donors contributed a total of \$191,133 and \$77,000 during the years ended June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, \$260,026 and \$0 was expended for this program.

CPE received restricted grants to support its long-term organizational sustainability. These funds will be used to pay for staff who are committed to establishing and maintaining partnerships that will enhance CPE's long-term sustainability. One donor contributed \$0 and \$100,000 during the years ended June 30, 2019 and 2018, respectively. No amounts were expended for this program during the years ended June 30, 2019 and 2018.

CPE received long-term time restricted contributions of \$0 for both the years ended June 30, 2019 and 2018. During the years ended June 30, 2019 and 2018, certain time restrictions expired, and funds totaling \$105,500 and \$85,000, respectively, were released for operations.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or the lapse of the time restriction.

Donor restricted transactions for the year ended June 30, 2019:

	Beginning Balance	Contributions Received / Promised	Funds Spent or Restriction Satisfied	Ending Balance
Most Improved Student Award	\$ 2,356	\$ -	\$ -	\$ 2,356
Teacher Professional Development Program	37,500	10,000	9,000	38,500
Tuition Fund	-	40,000	40,000	-
Internship Stipends	92,000	32,500	32,500	92,000
Career Readiness Program	87,500	-	13,479	74,021
College Program	77,000	191,633	260,026	8,607
Organization Sustainability	100,000	-	-	100,000
Time restricted - to expire during multiple years	<u>580,000</u>	<u>-</u>	<u>105,500</u>	<u>474,500</u>
Total Net Assets with Donor Restrictions	<u>\$ 976,356</u>	<u>\$ 274,133</u>	<u>\$ 460,505</u>	<u>\$ 789,984</u>

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Note 8. Net Assets with Donor Restrictions (continued)

Donor restricted transactions for the year ended June 30, 2018:

	Beginning Balance	Contributions Received / Promised	Funds Spent or Restriction Satisfied	Ending Balance
Most Improved Student Award	\$ 2,054	\$ 3,000	\$ 2,698	\$ 2,356
Teacher Professional Development Program	23,000	14,500	-	37,500
Tuition Fund	-	50,000	50,000	-
Evaluation and Learning Program	185,301	-	185,301	-
Transformers Program	-	60,000	60,000	-
Technology	-	30,000	30,000	-
Internship Stipends	-	128,000	36,000	92,000
Career Readiness Program	-	87,500	-	87,500
College Program	-	77,000	-	77,000
Organization Sustainability	-	100,000	-	100,000
Time restricted - to expire during multiple years	<u>665,000</u>	<u>-</u>	<u>85,000</u>	<u>580,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 875,355</u>	<u>\$ 550,000</u>	<u>\$ 448,999</u>	<u>\$ 976,356</u>

Note 9. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and promises to give. The Organization maintains cash balances at certain financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2019 and 2018, the Organization's FDIC uninsured cash balances totaled \$258,663 and \$244,163, respectively.

As of June 30, 2019, promises to give from four donors totaled \$1,764,293 or 78% of total promises to give.

As of June 30, 2018, promises to give from four donors totaled \$1,902,705 or 85% of total promises to give.

Note 10. Income Taxes

The Organization is exempt from federal income taxes, except for taxes on any unrelated business income, under Section 501(c)(3) of the Internal Revenue Code. There was no material unrelated business income during the years ended June 30, 2019 and 2018.

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Note 11. Scholarships Contingency

In years prior to the year ended June 30, 2018, CPE awarded tuition scholarships to private high schools to students for up to four years. These awards are reviewed annually, and payment is contingent upon the student continuing at the designated school and meeting certain performance requirements throughout the year. This program was discontinued during the year ended June 30 2018. As of June 30, 2019, scholarship commitments, contingent upon the factors described above, are as follows for the years ended June 30:

2020	\$ 145,200
2021	<u>62,600</u>
	<u>\$ 207,900</u>

In years prior to the year ended June 30, 2018, CPE awarded college scholarships to participating charter and public school students. The scholarship is \$1,000 per year and is contingent upon the student continuing at the designated school, meeting certain performance requirements and attending college. This program was discontinued during the year ended June 30, 2018. As of June 30, 2019, the college scholarship commitments, contingent upon the factors described above for the students in the program, are as follows for the years ended June 30:

2020	\$ 77,552
2021	64,232
2022	52,250
2023	<u>39,000</u>
	<u>\$ 233,034</u>

Note 12. Major Contributions

For the year ended June 30, 2019, contributions from one donor totaled \$750,000 or 27% of total contributions.

For the year ended June 30, 2018, contributions from three donors totaled \$2,103,470 or 60% of total contributions.

Note 13. Donated Services

During the years ended June 30, 2019 and 2018, \$75,000 and \$89,927 worth of donated services were recognized, respectively. Donated services during the years ended June 30, 2019 and 2018 consisted of strategic planning support and legal services. The strategic planning consulting support allowed CPE to develop a three-year strategic growth plan to serve 650 students by 2021.

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Years Ended June 30, 2019 and 2018

Note 14. Operating Lease Commitments

The Organization entered into a lease for office space in Washington, DC that commenced on September 1, 2014. During the year ended June 30, 2019, the lease was amended to include additional space which expires July 31, 2020. Rent expense for the years ended June 30, 2019 and 2018 was \$108,607 and \$70,401, respectively.

Future minimum payments as of June 30, 2019 under the lease agreement are estimated to be as follows:

Year ending June 30,	
2020	\$ 144,650
2021	<u>13,086</u>
	<u>\$ 157,736</u>

Note 15. Retirement Plan

The Organization established a 403(b)-employer contributory plan as of June 1, 2006. This plan covers all full-time employees. There is an employer match of up to 6% of salary, which is 100% vested. The Organization contributed \$56,239 and \$37,897 to the 403(b) plan for the years ended June 30, 2019 and 2018, respectively.

Note 16. Related Party Transactions

From time to time, the Organization is the recipient of contributions from donors who are also founders or members of the Board of Directors. For the years ended June 30, 2019 and 2018, contribution revenue included \$483,228 and \$1,714,239, respectively, from founders or members of the Board of Directors. "Promises to give" on the statements of financial position as of June 30, 2019 and 2018 consisted of contributions receivable totaling \$1,117,862 and \$1,098,743, respectively, due from founders or members of the Board of Directors.