

Tennessee College Access & Success Network

Financial Statements
For the Year Ended June 30, 2022

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Independent Auditor's Report

Board of Directors
Tennessee College Access & Success Network

Opinion

We have audited the accompanying financial statements of Tennessee College Access & Success Network (TCASN), which comprise the statement of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TCASN as of June 30, 2022, and the change of its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TCASN and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TCASN's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts, and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCASN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TCASN's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Nashville, Tennessee
March 17, 2023

Tennessee College Access & Success Network

Statement of Financial Position

June 30, 2022

Assets

Current assets

Cash and cash equivalents	\$ 937,454
Accounts receivable	4,159
Grants receivable	26,000
Prepaid expenses	<u>28</u>
Total current assets	967,641

Property and equipment

Computer systems	12,668
Accumulated depreciation	<u>(10,638)</u>
Total property and equipment, net	<u>2,030</u>

Total assets **\$ 969,671**

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 12,569
Accrued expenses	<u>8,313</u>
Total current liabilities	20,882

Net assets

Without donor restrictions	410,224
With donor restrictions	<u>538,565</u>
Total net assets	<u>948,789</u>

Total liabilities and net assets **\$ 969,671**

Tennessee College Access & Success Network

Statement of Activities

For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions and grants	\$ 574,737	\$ 948,490	\$ 1,523,227
Miscellaneous income	46,732	-	46,732
Net assets released from restrictions	<u>409,925</u>	<u>(409,925)</u>	<u>-</u>
Total support and revenues	1,031,394	538,565	1,569,959
Expenses			
Program services	512,261	-	512,261
Management and general	161,354	-	161,354
Fundraising	<u>52,319</u>	<u>-</u>	<u>52,319</u>
Total expenses	725,934	-	725,934
Change in net assets	305,460	538,565	844,025
Net assets, beginning of year	<u>104,764</u>	<u>-</u>	<u>104,764</u>
Net assets, end of year	\$ 410,224	\$ 538,565	\$ 948,789

Tennessee College Access & Success Network

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program services	Management and general	Fundraising	Total
Salaries	\$ 153,416	\$ 109,588	\$ 16,538	\$ 279,542
Payroll taxes	7,841	5,623	1,173	14,637
Fringe benefits	23,840	14,456	3,805	42,101
Banking fees	-	757	-	757
Computer supplies and services	4,036	-	-	4,036
Contract services	200,354	-	-	200,354
Data and technology	95,687	-	-	95,687
Insurance	-	7,983	-	7,983
Marketing expense	-	-	29,948	29,948
Meals and entertainment	1,170	-	-	1,170
Membership dues	-	-	855	855
Miscellaneous support	12,558	-	-	12,558
Other operating expenses	402	-	-	402
Professional fees	-	22,411	-	22,411
Strategy consultant	4,500	-	-	4,500
Subscriptions	3,774	-	-	3,774
Supplies	4,196	-	-	4,196
Taxes, licenses, and fees	-	536	-	536
Travel	487	-	-	487
	\$ 512,261	\$ 161,354	\$ 52,319	\$ 725,934

Tennessee College Access & Success Network

Statement of Cash Flows For the Year Ended June 30, 2022

Cash and cash equivalents, beginning of year	\$ 96,097
Cash flows from operating activities	
Change in net assets	844,025
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Change in:	
Accounts receivable	(4,159)
Grants receivable	35,015
Prepaid expenses	2,670
Accounts payable	12,569
Deferred revenue	(46,733)
Net cash provided (used) by operating activities	843,387
Cash flows from investing activities	
Payments for the purchase of property and equipment	(2,030)
Net change in cash and cash equivalents	841,357
Cash and cash equivalents, end of year	\$ 937,454

Tennessee College Access & Success Network

Notes to Financial Statements For the Year Ended June 30, 2022

Note 1. Nature of Activities

Tennessee College Access & Success Network (TCASN) is a not-for-profit organization established to advance efforts in improving college success for Tennessee students through research, facilitation, best practices, and expertise.

Founded in 2010, TCASN is a nationally recognized leader in providing research and technical assistance for college access and success. TCASN builds capacity to conduct and share research and partner with stakeholders to increase college completion in the state. TCASN's independent voice, organizational skills, and national relationships position it to play a unique and needed role in the college access and success field.

TCASN's work includes technical assistance, research, facilitation, professional learning, advocacy, and other efforts aimed at increasing the number of Tennesseans who attain higher education degrees and certifications.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of TCASN are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), as prescribed for not-for-profit organizations. Accordingly, net assets of TCASN and changes therein are classified and reported as follows:

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 TCASN. These net assets may be used at the discretion of TCASN's management and its Board of Directors. Net assets, voluntarily designated by TCASN's Board of Directors for specific purposes, are reported as net assets without donor restrictions and can only be used for purposes approved by the Board. TCASN had no net assets with designations as of June 30, 2022.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that can be met, either by actions of TCASN and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Cash and Cash Equivalents

TCASN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. It is TCASN's policy to capitalize purchases of property and equipment over \$1,000 with an expected useful life of greater than one year. Depreciation is provided using the straight-line method over the estimated lives of the assets generally ranging from three to five years.

Tennessee College Access & Success Network

Notes to Financial Statements For the Year Ended June 30, 2022

Note 2. Summary of Significant Accounting Policies

Contributions

Contributions are recognized when a donor makes an unconditional promise to give to TCASN. Contributions that are restricted are reported as increases in net assets with donor restrictions. All other contributions are reported as increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Tax Status

TCASN is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program and support services based on estimated time and effort. The remaining unallocated expenses are charged directly to a specific function based on the nature of the expense.

New Accounting Pronouncement

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item separate from contributions of cash or other financial assets. It also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category.

Note 3. Availability and Liquidity

The following represents TCASN's financial assets:

Financial assets	
Cash and cash equivalents	\$ 937,454
Accounts receivable	4,159
Grants receivable	<u>26,000</u>
Total financial assets at year-end	967,613
Less amounts not available to be used within one year	
Net assets with donor restrictions	<u>(538,565)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 429,049

TCASN regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, TCASN considers all expenditures related to its ongoing activities of providing programs and services to its members as well as expenditures to conduct services undertaken to support these services to be general expenditures. As part of the TCASN's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Tennessee College Access & Success Network
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 4. Net Assets With Donor Restrictions

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

Restricted for future years	\$ 100,000
Restricted for specific programs	<u>438,565</u>
	\$ 538,565

Note 5. Paycheck Protection Program Loan

TCASN received draws on its Paycheck Protection Program loan (PPP) in the amounts of \$46,733 during the year ended June 30, 2021. During August 2021, the loan plus accrued interest, was fully forgiven by the Small Business Administration and consequently recognized as miscellaneous income in the statement of activities for the year ended June 30, 2022.

Note 6. Concentrations

TCASN, at times, maintains cash balances in excess of federally insured limits. The uninsured balances totaled approximately \$1,260,000 at June 30, 2022. In management's opinion, risks relating to such deposits are minimal based on the credit rating of its primary depository institution.

Note 7. Subsequent Events

Management has evaluated subsequent events through March 17, 2023, the date on which the financial statements were available for issuance.