

**I KNOW I CAN**

**FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

To the Board of Directors of  
I Know I Can

### Independent Auditor's Report

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of I Know I Can which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

#### **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. 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 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 I Know I Can 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.

*John Gerlach & Company LLP*

Columbus, Ohio  
January 9, 2020

I KNOW I CAN

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>		
Cash	\$ 2,886,876	\$ 3,262,617
Operating receivables	-	659
Pledges/Grants receivable	956,027	627,432
Inventory	35,165	34,808
Prepaid expenses	-	3,531
Property and equipment, net	146,577	218,006
Beneficial interest in assets held by others:		
Without donor restriction	3,448,052	3,685,101
With donor restriction	<u>32,542,879</u>	<u>31,592,425</u>
	35,990,931	35,277,526
<b>TOTAL ASSETS</b>	<b><u>\$ 40,015,576</u></b>	<b><u>\$ 39,424,579</u></b>
 <b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 81,787	\$ 74,463
Accrued expenses	198,214	291,783
<b>Total Liabilities</b>	<b><u>280,001</u></b>	<b><u>366,246</u></b>
Net assets without donor restriction	5,423,661	5,469,786
Net assets with donor restriction	34,311,914	33,588,547
<b>Total Net Assets</b>	<b><u>39,735,575</u></b>	<b><u>39,058,333</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 40,015,576</u></b>	<b><u>\$ 39,424,579</u></b>

See Notes to Financial Statements

I KNOW I CAN

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>			
Contributions	\$ 1,276,921	\$ 1,541,649	\$ 2,818,570
Contract services	1,249,500	-	1,249,500
In-kind contributions	4,438	-	4,438
Book revenue and contributions	-	-	-
Dividends, interest and other revenue	15,826	-	15,826
Gains, (losses), interest and dividends on beneficial interest in assets held by others	5,076	2,023,303	2,028,379
Net assets released from restriction	2,841,585	(2,841,585)	-
	<u>5,393,346</u>	<u>723,367</u>	<u>6,116,713</u>
<b>EXPENSES:</b>			
Scholarship grants and fees	1,741,811	-	1,741,811
Program events	12,227	-	12,227
Book	14,616	-	14,616
Salaries and benefits	2,953,528	-	2,953,528
Development	-	-	-
Professional services	51,285	-	51,285
Rent	139,038	-	139,038
Depreciation	96,821	-	96,821
Technology	178,098	-	178,098
Other operating expenses	65,670	-	65,670
Supplies and postage	145,027	-	145,027
Travel	41,350	-	41,350
	<u>5,439,471</u>	<u>-</u>	<u>5,439,471</u>
<b>CHANGE IN NET ASSETS</b>	<u>(46,125)</u>	<u>723,367</u>	<u>677,242</u>
<b>NET ASSETS - At Beginning of Year</b>	5,469,786	33,588,547	39,058,333
<b>NET ASSETS - At End of Year</b>	<u>\$ 5,423,661</u>	<u>\$ 34,311,914</u>	<u>\$ 39,735,575</u>

See Notes to Financial Statements

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STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>			
Contributions	\$ 1,116,067	\$ 587,037	\$ 1,703,104
Contract services	1,249,500	-	1,249,500
In-kind contributions	48,297	-	48,297
Book revenue and contributions	16,926	-	16,926
Dividends, interest and other revenue	9,034	-	9,034
Gains, (losses), interest and dividends on beneficial interest in assets held by others	5,072	2,828,241	2,833,313
Net assets released from restriction	2,045,731	(2,045,731)	-
	<u>4,490,627</u>	<u>1,369,547</u>	<u>5,860,174</u>
<b>EXPENSES:</b>			
Scholarship grants and fees	1,554,260	-	1,554,260
Program events	24,358	-	24,358
Book	34,396	-	34,396
Salaries and benefits	2,299,841	-	2,299,841
Development	9,195	-	9,195
Professional services	48,195	-	48,195
Rent	172,935	-	172,935
Depreciation	93,285	-	93,285
Technology	146,924	-	146,924
Other operating expenses	113,495	-	113,495
Supplies and postage	262,438	-	262,438
Travel	28,628	-	28,628
	<u>4,787,950</u>	<u>-</u>	<u>4,787,950</u>
<b>CHANGE IN NET ASSETS</b>	<u>(297,323)</u>	<u>1,369,547</u>	<u>1,072,224</u>
<b>NET ASSETS - At Beginning of Year</b>	5,767,109	32,219,000	37,986,109
<b>NET ASSETS - At End of Year</b>	<u>\$ 5,469,786</u>	<u>\$ 33,588,547</u>	<u>\$ 39,058,333</u>

See Notes to Financial Statements

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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services								General and		Total
	IKIC Grant	Founders	Americorps	Blueprint	Retention	Early Awareness	High School Advising	Save Smart	Administrative	Fundraising	
Scholarship grants and fees	\$ 993,548	\$ 364,358	\$ 100,697	\$ -	\$ -	\$ 20,000	\$ 53,422	\$ 209,786	\$ -	\$ -	\$ 1,741,811
Miscellaneous program events	-	-	-	-	5,500	-	6,727	-	-	-	12,227
Book	-	-	-	-	-	14,616	-	-	-	-	14,616
Salaries and benefits	75,243	-	61,374	-	126,437	234,191	1,937,851	35,067	320,806	162,559	2,953,528
Development	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	47,285	4,000	51,285
Rent	-	-	-	-	-	-	-	-	139,038	-	139,038
Depreciation	-	-	-	-	-	-	-	-	96,821	-	96,821
Technology	-	-	3,300	-	49,668	49,428	57,701	-	12,450	5,551	178,098
Other operating expenses	-	-	8,750	-	5,418	6,516	26,211	-	13,992	4,783	65,670
Supplies and postage	-	-	6,104	-	8,124	37,229	74,789	758	8,213	9,810	145,027
Travel	-	-	5,236	-	2,349	15,597	16,141	-	1,734	293	41,350
	<u>\$ 1,068,791</u>	<u>\$ 364,358</u>	<u>\$ 185,461</u>	<u>\$ -</u>	<u>\$ 197,496</u>	<u>\$ 377,577</u>	<u>\$ 2,172,842</u>	<u>\$ 245,611</u>	<u>\$ 640,339</u>	<u>\$ 186,996</u>	<u>\$ 5,439,471</u>

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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Program Services								General and		Total
	IKIC Grant	Founders	Americorps	Blueprint	Retention	Early Awareness	High School Advising	Save Smart	Administrative	Fundraising	
Scholarship grants and fees	\$ 1,019,034	\$ 308,493	\$ 46,000	\$ -	\$ -	\$ 19,967	\$ 87,786	\$ 72,980	\$ -	\$ -	\$ 1,554,260
Miscellaneous program events	-	-	5,138	6,237	4,949	3,138	1,671	3,225	-	-	24,358
Book	-	-	-	-	-	34,396	-	-	-	-	34,396
Salaries and benefits	-	-	80,887	-	100,656	116,799	1,503,129	36,231	275,445	186,694	2,299,841
Development	-	-	-	-	-	-	-	-	-	9,195	9,195
Professional services	-	-	-	-	-	-	6,200	-	39,844	2,151	48,195
Rent	-	-	-	-	-	-	-	-	172,935	-	172,935
Depreciation	-	-	-	-	-	-	-	-	93,285	-	93,285
Technology	-	-	72	-	13,836	31,017	100,498	-	803	698	146,924
Other operating expenses	-	-	14,443	-	3,703	1,904	28,762	-	47,122	17,561	113,495
Supplies and postage	-	-	2,349	8,093	22,447	43,898	139,818	7,766	8,629	29,438	262,438
Travel	-	-	-	-	2,652	6,787	13,621	-	5,065	503	28,628
	<u>\$ 1,019,034</u>	<u>\$ 308,493</u>	<u>\$ 148,889</u>	<u>\$ 14,330</u>	<u>\$ 148,243</u>	<u>\$ 257,906</u>	<u>\$ 1,881,485</u>	<u>\$ 120,202</u>	<u>\$ 643,128</u>	<u>\$ 246,240</u>	<u>\$ 4,787,950</u>

See Notes to Financial Statements



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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 677,242	\$ 1,072,224
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	96,821	93,285
Loss on disposal of assets	3,896	-
Changes in assets and liabilities:		
Operating receivables	659	49,839
Pledges/Grants receivable	(328,595)	(307,432)
Inventory	(357)	914
Prepaid expenses	3,531	(3,531)
Accounts payable	7,324	36,544
Accrued expenses	(93,569)	110,302
Net Cash Provided (Used) by Operating Activities	<u>366,952</u>	<u>1,052,145</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(29,288)	(33,286)
Beneficial interest in assets held by others	(713,405)	(1,126,141)
Net Cash Used in Investing Activities	<u>(742,693)</u>	<u>(1,159,427)</u>
NET DECREASE IN CASH	<u>(375,741)</u>	<u>(107,282)</u>
CASH AT BEGINNING OF YEAR	3,262,617	3,369,899
CASH AT END OF YEAR	<u>\$ 2,886,876</u>	<u>\$ 3,262,617</u>

See Notes to Financial Statements

# I KNOW I CAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Nature of Operations** – I Know I Can (IKIC) was organized in January 1988 in Columbus, OH to inspire, enable and support Columbus City Schools (CCS) students in pursuing and completing a college education by providing programs and services including: college planning and counseling for middle and high school students, help with the admissions and financial aid processes, summer enrichment programs, parent engagement workshops, college retention services, as well as grants and scholarships toward the cost of college for qualified students who graduate from a CCS high school.

**Basis of Accounting** – The financial statements of IKIC are prepared on the accrual basis using the principles of fund accounting. 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 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.

**Income Taxes** – IKIC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code as evidenced by a determination letter dated April 7, 1988. Accordingly, the accompanying financial statements include no provision for income taxes.

IKIC has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to uncertain tax positions. IKIC does not believe its financial statements include any uncertain tax positions.

**Revenue Recognition** – Contributions are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contract services represent revenue for services provided and are recognized when earned.

**In-Kind Contributions** – The Columbus City School District, members of the Board of Trustees and others provide IKIC certain accounting, legal and administrative services and office space without charge. The estimated fair value of the services and office space is reported as support and expense in the accompanying statements of activities.

**Scholarship Grants and Fees** – Scholarship grants and fees are reported net of refunds and returned grant checks. Frequently, students who are awarded grants and scholarships either fail to register or withdraw from the college or university after beginning. Total refunds and returned grant checks received during 2019 and 2018 were \$131,633 and \$73,455, respectively.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Property and Equipment** – Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

Work in progress and software in development are capitalized at cost and begin depreciating once the item(s) are complete and placed into service.

**Cash** – IKIC considers all short-term investments with an original maturity of three months or less to be cash equivalents. IKIC maintains at various financial institutions cash and cash equivalents which may exceed federally insured amounts at times. IKIC has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**Inventory** – Inventory consists of books and posters and is stated at the lower of cost or net realizable value. Cost is determined using the weighted average method.

**Accrued Expenses** – Accrued expenses primarily consist of amounts for accrued payroll and vacation for IKIC employees.

**Functional Allocation of Expenses**

Certain expenses are charged directly to program services or supporting services based on specific identification of their function. The remaining expenses, such as personnel, facilities operations and maintenance, interest expense, information technology, marketing, and others, are allocated to functional expense categories based on management's estimates of time and effort.

**Recent Accounting Pronouncements** - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on our financial statements.

2. PLEDGES/GRANTS RECEIVABLE:

	<u>2019</u>	<u>2018</u>
Pledges/Grants receivable due in:		
Less than one year	\$ 538,627	\$ 317,432
One to five years	417,400	310,000
Net Pledges Receivable	<u>\$ 956,027</u>	<u>\$ 627,432</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

3. PROPERTY AND EQUIPMENT:

A summary of property and equipment is as follows:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 110,359	\$ 114,254
Office Equipment	123,456	94,168
Software	196,000	196,000
	<u>429,815</u>	<u>404,422</u>
Less Accumulated Depreciation	283,238	186,416
Net Property and Equipment	<u>\$ 146,577</u>	<u>\$ 218,006</u>

4. RISKS AND UNCERTAINTIES:

IKIC invests in various types of 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 those changes could materially affect the amounts reported in the statement of financial position.

5. FUNDS HELD BY THE COLUMBUS FOUNDATION:

Contributions received by IKIC are transferred to funds held at The Columbus Foundation both with and without donor restriction for use of IKIC. These funds are subject to the variance power of the Board of Trustees of The Columbus Foundation. The variance power permits The Columbus Foundation's Board of Trustees, in its sole discretion to redirect all or part of the funds' income and/or assets to another organization. The activity of the funds held at The Columbus Foundation for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Cash and investments at beginning of year (at market)	\$ 35,277,526	\$ 34,151,385
Transfers to I Know I Can (net)	(1,317,977)	(1,697,028)
Net interest and dividend income	725,466	664,702
Net realized and unrealized gains (losses)	1,305,916	2,158,467
Cash and investments at end of year (at market)	<u>\$ 35,990,931</u>	<u>\$ 35,277,526</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

5. FUNDS HELD BY THE COLUMBUS FOUNDATION (Continued):

The beneficial interest in assets held at The Columbus Foundation was comprised of approximately 60% and 65% equity securities, 20% and 30% bonds and 20% and 5% cash in 2019 and 2018, respectively, as noted below:

	<u>2019</u>	<u>2018</u>
Equity Securities	\$ 21,516,739	\$ 23,730,633
Bonds	7,549,273	9,719,860
Cash Equivalents	6,924,919	1,827,033
Beneficial interest in assets held by others	<u>\$ 35,990,931</u>	<u>\$ 35,277,526</u>

6. NET ASSETS:

Net assets with donor restriction consist of the following:

	<u>2019</u>	<u>2018</u>
Time restricted for operations	\$ 145,000	\$ 137,432
Programs	2,893,206	2,727,010
I Know I Can grants and scholarships	31,273,708	30,724,105
Total	<u>\$ 34,311,914</u>	<u>\$ 33,588,547</u>

7. EMPLOYEE BENEFIT PLAN:

IKIC has a defined contribution 401(k) retirement plan. Under the plan, eligible employees may contribute a portion of their salary until retirement. IKIC contributions were \$10,586 and \$0- in 2019 and 2018, respectively.

8. IN-KIND CONTRIBUTIONS:

In-kind contributions consist of the following:

	<u>2019</u>	<u>2018</u>
Office support - CCSD	\$ -	\$ 38,000
Legal fees	4,438	10,297
Total	<u>\$ 4,438</u>	<u>\$ 48,297</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

9. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION:

In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means, and if the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets measured at fair value on a recurring basis at June 30, 2019 and 2018 were as follows:

Description	2019			
	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by others	\$ 35,990,931	\$ -	\$ 35,990,931	\$ -
Total Assets	<u>\$ 35,990,931</u>	<u>\$ -</u>	<u>\$ 35,990,931</u>	<u>\$ -</u>

  

Description	2018			
	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by others	\$ 35,277,526	\$ -	\$ 35,277,526	\$ -
Total Assets	<u>\$ 35,277,526</u>	<u>\$ -</u>	<u>\$ 35,277,526</u>	<u>\$ -</u>

The level 2 assets listed above were valued using the market approach and were determined using quoted market prices of similar assets.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

10. OPERATING LEASES:

IKIC has an operating lease agreement for office space, expiring in 2022. IKIC has the option to renew the lease for an additional term of 5 years.

Minimum lease payments under the lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2020	\$ 92,853
2021	95,639
2022	81,681
Total Future Minimum Lease Payments	<u>\$ 270,173</u>

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

IKIC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$907,000. IKC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the IKIC's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of external designations. The accounts receivable is expected to be collected within a one year time frame. Amounts not available would include amounts set aside for time and purpose restrictions.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,886,876	\$ 3,262,617
Operating receivable	-	659
Pledges and grants receivable	956,027	627,432
Beneficial interest in assets held by others	35,990,931	35,277,526
Total financial assets	<u>39,833,834</u>	<u>39,168,234</u>
Donor restrictions	<u>(32,542,879)</u>	<u>(31,592,425)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 7,290,955</u>	<u>\$ 7,575,809</u>

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 9, 2020, which is the date the financial statements were available to be issued.