National College Advising Corps, Inc.

Report on Financial Statements

For the years ended June 30, 2024 and 2023

Independent Auditor's Report

Board of Directors
National College Advising Corps, Inc.
Chapel Hill, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National College Advising Corps, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National College Advising Corps, Inc. as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, 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 the Organization's ability to continue as a going concern for within one year after the date 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 opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Organization'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 the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of National College Advising Corps, Inc.'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National College Advising Corps, Inc., Inc.'s internal control over financial reporting and compliance.

Elliott Davis, PLLC

Raleigh, North Carolina
December 10, 2024

National College Advising Corps, Inc.

Statements of Financial Position

As of June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 8,731,287	$ 8,225,433
Investments	4,499,550	-
Accounts receivable	5,998	6,477
Grants and contracts receivable	4,776,372	7,169,443
Prepaid expenses	67,466	75,542
Other current assets	9,812	4,662
Total current assets	18,090,485	15,481,557
Property and equipment		
Software	1,015,608	628,700
Furniture and fixtures	76,341	76,341
Less: accumulated depreciation	(688,374)	(588,374)
Net property and equipment	403,575	116,667
Total assets	$ 18,494,060	$ 15,598,224
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 304,383	$ 91,607
Grants payable	1,679,918	1,475,574
Refundable grant advance	-	47,904
Current portion of note payable	99,692	773,498
Total current liabilities	2,083,993	2,388,583
Note payable - noncurrent, net	127,956	-
Total noncurrent liabilities	127,956	-
Total liabilities	2,211,949	2,388,583
Net assets		
Without donor restriction	3,521,421	396,922
With donor restrictions	12,760,690	12,812,719
Total net assets	16,282,111	13,209,641
Total liabilities and net assets	$ 18,494,060	$ 15,598,224

See Notes to Financial Statements

National College Advising Corps, Inc.

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and revenue			
Private foundation and public funds	$ 5,302,134	$ 7,044,814	$ 12,346,948
Contributions	6,777	100,000	106,777
Contributed non-financial services	480,000	-	480,000
Governmental grants	6,429,335	4,926,860	11,356,195
Contract income	381,567	-	381,567
Interest income	420,705	-	420,705
Miscellaneous income	6,995	400,000	406,995
	13,027,513	12,471,674	25,499,187
Net assets released from restrictions	12,523,703	(12,523,703)	-
Total support and revenue	25,551,216	(52,029)	25,499,187
Expenses			
Program	19,631,635	-	19,631,635
Management and general	1,930,657	-	1,930,657
Fundraising	864,425	-	864,425
Total functional expenses	22,426,717	-	22,426,717
Changes in net assets	3,124,499	(52,029)	3,072,470
Net assets, beginning of year	396,922	12,812,719	13,209,641
Net assets, end of year	$ 3,521,421	$ 12,760,690	$ 16,282,111

See Notes to Financial Statements

National College Advising Corps, Inc.

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and revenue			
Private foundation and public funds	$ 331,332	$ 12,891,900	$ 13,223,232
Contributions	2,066,521	-	2,066,521
Governmental grants	4,780,787	1,122,610	5,903,397
Contract income	520,997	-	520,997
Interest income	30,926	-	30,926
Loss on sale of assets	(19,493)	-	(19,493)
Miscellaneous income	5,146	-	5,146
	7,716,216	14,014,510	21,730,726
Net assets released from restrictions	9,742,920	(9,742,920)	-
Total support and revenue	17,459,136	4,271,590	21,730,726
Expenses			
Program	13,296,005	-	13,296,005
Management and general	1,569,729	-	1,569,729
Fundraising	737,343	-	737,343
Total functional expenses	15,603,077	-	15,603,077
Changes in net assets	1,856,059	4,271,590	6,127,649
Net assets, beginning of year	(1,459,137)	8,541,129	7,081,992
Net assets, end of year	$ 396,922	$ 12,812,719	$ 13,209,641

See Notes to Financial Statements

National College Advising Corps, Inc.

Statement of Functional Expenses

For the year ended June 30, 2024

	Program Services	Management and General	Fundraising	Totals
Grants and contracts	$ 12,903,842	$ -	$ -	$ 12,903,842
Salaries, wages, taxes and benefits	3,216,291	962,112	654,072	4,832,475
Professional fees	916,574	279,673	188,069	1,384,316
Travel and meetings	1,990,833	19,296	5,023	2,015,152
Occupancy	3,403	8,334	-	11,737
Technology	352,202	478,098	4,199	834,499
Depreciation	100,000	-	-	100,000
Communications	46,763	10,046	6,280	63,089
Interest	-	28,439	-	28,439
Office supplies	45,007	8,664	829	54,500
Memberships and subscriptions	1,373	67,675	350	69,398
Staff development	1,366	-	-	1,366
Printing and copying	1,235	1,621	-	2,856
Insurance	25,098	3,881	1,552	30,531
Advertising	17,328	2,679	4,051	24,058
Legal	10,320	41,232	-	51,552
Service fees	-	18,907	-	18,907
Total functional expenses	$ 19,631,635	$ 1,930,657	$ 864,425	$ 22,426,717

See Notes to Financial Statements

National College Advising Corps, Inc.

Statement of Functional Expenses

For the year ended June 30, 2023

	Program Services	Management and General	Fundraising	Totals
Grants and contracts	$ 9,380,067	$ -	$ -	$ 9,380,067
Salaries, wages, taxes and benefits	2,547,511	961,294	646,625	4,155,430
Professional fees	246,620	313,029	68,728	628,377
Travel and meetings	196,976	14,712	3,663	215,351
Occupancy	5,168	851	523	6,542
Technology	706,725	97,220	2,936	806,881
Depreciation	104,150	-	-	104,150
Communications	36,790	15,164	6,758	58,712
Interest	-	51,971	-	51,971
Office supplies	16,887	11,887	1,207	29,981
Memberships and subscriptions	180	33,926	99	34,205
Staff development	1,083	850	80	2,013
Printing and copying	-	3,468	785	4,253
Insurance	22,858	3,761	2,315	28,934
Advertising	25,774	4,241	2,610	32,625
Legal	5,216	43,978	1,014	50,208
Service fees	-	2,864	-	2,864
Bad debt expense	-	10,513	-	10,513
Total functional expenses	$ 13,296,005	$ 1,569,729	$ 737,343	$ 15,603,077

See Notes to Financial Statements

National College Advising Corps, Inc.

Statements of Cash Flows

For the years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Changes in net assets	$ 3,072,470	$ 6,127,649
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	100,000	104,150
Loss on sale of assets	-	19,493
Note payable forgiven	(400,000)	-
Amortization of the discount on note payable	-	51,971
Refundable grant advance	(47,904)	47,904
Changes in assets and liabilities		
Accounts receivable	479	31,580
Grants and contracts receivable, net	2,393,071	(1,763,565)
Prepaid expenses	8,076	(33,212)
Other current assets	(5,150)	(325)
Accounts payable and accrued expenses	212,776	(373,333)
Grants payable	204,344	(18,928,636)
Net cash provided (used) by operating activities	5,538,162	(14,716,324)
Cash flows from investing activities		
Purchase of investments	(4,499,550)	-
Acquisition of property and equipment	(386,912)	-
Proceeds from sale of property and equipment	-	2,878
Net cash provided by investing activities	(4,886,462)	2,878
Cash flows from financing activities		
Proceeds from note Payable	255,912	-
Payment of note payable	(401,762)	(200,000)
Net cash used in financing activities	(145,850)	(200,000)
Net increase (decrease) in cash and cash equivalents	505,850	(14,913,446)
Cash and cash equivalents, beginning of year	8,225,437	23,138,883
Cash and cash equivalents, end of year	$ 8,731,287	$ 8,225,437

See Notes to Financial Statements

Note 1. Nature of Activities

The National College Advising Corps, Inc. (the "Organization") is a nonprofit organization that works to increase the number of first-generation, low-income, and/or underrepresented students who apply, enter, and complete college. To fulfill this mission, the Organization places well-trained recent college graduates as full-time college advisers in the nation's underserved high schools.

The Organization traces its roots to 2005 at the University of Virginia. The pilot project was a success as many Virginia colleges reported increases in applications from high schools served by the Organization's advisers. In March 2007, the Organization moved its headquarters to the University of North Carolina at Chapel Hill. In 2013, the Organization became an independent, nonprofit organization. Since its inception, the Organization serves students in high schools across America. Today the Organization serves students in 17 states, in high schools in both rural and urban areas.

Note 2. Summary of Significant Accounting Policies

Basis of accounting:

The Organization's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents consist of monies on deposit at financial institutions, and other highly liquid financial investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes. At times, the Organization places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Organization has not experienced any financial loss related to such deposits.

Investments:

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Note 2. Summary of Significant Accounting Policies, Continued

Investments, continued:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

All investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The balance of these investments was $4,499,550 as at June 30, 2024. There were no investments at June 30, 2023.

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividends.

Accounts, grants, and contracts receivables:

Accounts, grants, and contracts receivables are recorded at net realizable value. The Organization provides an allowance for credit losses equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical and forecasted activities and a review by management of the current status of the existing receivables. As of June 30, 2024 and 2023, all receivables were deemed collectible by management.

Property and equipment, net:

Property and equipment are stated at cost for purchased assets and at market value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds $5,000. Depreciation is calculated using the straight-line method over estimated lives of 3, 5, or 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the Statements of Activities and Changes in Net Assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Note 2. Summary of Significant Accounting Policies, Continued

Property and equipment, net, continued:

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. These restrictions are not released until the asset is placed in service.

Grants payable:

Grant awards are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Net assets:

Net assets, support and revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 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 that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time (that is, when a stipulated time restriction ends, or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization has no net assets with donor restrictions to be maintained in perpetuity as of June 30, 2024 or 2023.

Note 2. Summary of Significant Accounting Policies, Continued

Revenue recognition:

Contributions: Contributions received are recorded when received as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions, as long as there is no performance requirement attached to the contribution. In the instance where there is a performance obligation attached to the contribution, the portion that is attached to a performance requirement is recorded as deferred revenue until it is earned when the performance requirement is met, while the portion that is considered to be a contribution is recorded as revenue when received or unconditionally pledged. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Contributions of donated services and assets are recorded as support at market value in the period received.

Contracts: Revenue from contracts which are deemed to be an exchange transaction is recognized as revenue without donor restrictions at the time the reimbursable expenses are incurred. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized. Direct expenses of contracts and grants are charged to programs when incurred.

Grants: Revenue from grants which are deemed to be an unconditional contribution is recognized when the grantor makes a promise to give to the Organization. Contributions that are restricted by the grantor are reported as increases in net assets with donor restrictions. Conditional grant revenues, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All revenues accounted for under ASU 606 are recognized at a point in time.

Employee Retention Credit:

The Organization has accounted for Employee Retention Credit (“ERC”) as a government grant which analogizes with International Accounting Standards (“IAS”) 20, Accounting for Government Grants and Disclosure of Government Assistance. IAS 20 indicates that income is recognized when it is considered that there is reasonable assurance the grant will be received and all necessary qualifying conditions, as stated under the ERC program, are met. During The Organization has elected to account for the credit on a gross basis within the accompanying statement of activities and changes in net assets.

The Organization applied for the ERC in the amount of $452,163 for the third quarter of calendar year 2021. At that time management believed the Organization had complied with the conditions of the program and that the credit would be received. As such, the Organization recognized this amount within governmental grants in the accompanying statement of activities and changes in net assets for the year ended June 30, 2023. During the year ended June 30, 2024, the Organization received the funds.

Note 2. Summary of Significant Accounting Policies, Continued

Availability of funds for general expenditures:

The Organization has certain net assets that are available for general expenditures within one year of June 30, 2024 and 2023 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (see Note 3). The Organization has certain donor-restricted net assets that are available for general expenditures within the next year because the restrictions on the net assets are expected to be met by conducting normal program activities.

Advertising:

The Organization expenses advertising costs as incurred. Advertising expense totaled $24,058 and $32,625, for the years ended June 30, 2024 and 2023, respectively.

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications:

Certain reclassifications have been made to the organization's Statements of Activities and Changes in Net Assets as of and for the years ended June 30, 2024 and 2023. Our opinion is not modified with respect to this matter. These reclassifications do not affect the total change in net assets or the total net assets reported.

Income taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

US GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. US GAAP also provides guidance on derecognition of tax benefits, classification on the statement of financial position, interest and penalties, accounting in interim periods, and disclosure.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance for the years ended June 30, 2024 or 2023.

The Organization does not expect any material changes in unrecognized tax benefits in the next twelve months. The Organization has no unrecognized tax benefits as of June 30, 2024 and 2023.

Note 2. Summary of Significant Accounting Policies, Continued

New accounting pronouncement:

The FASB, in September 2020, published Accounting Standards Update ("ASU") No. 2020-07, *Not for Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard aims to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The standard requires additional disclosure related to the measurement and recognition of contributed nonfinancial assets. The Organization has adopted this standard for the year ended June 30, 2023 and determined that there was no material impact. The Organization will continue to monitor nonfinancial assets contributed in the future to determine proper treatment under the standard.

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and certain other instruments. The ASU requires these financial assets to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The Organization adopted ASU 2016-13 with a date of initial application of July 1, 2023, and adoption of the ASU did not have a material effect on the financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Organization's net assets or changes in net assets.

Note 3. Liquidity and Availability

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure (i.e., without donor or other restrictions limiting their use) comprise the following:

	2024	2023
Liquid current financial assets:		
Cash and cash equivalents	$ 8,731,287	$ 8,225,433
Investments	4,499,550	-
Accounts receivable	5,998	6,477
Grants and contracts receivable - current	4,776,372	7,169,443
Other current assets	9,812	4,662
	18,023,019	15,406,015
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors or time	(12,760,690)	(12,812,719)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,262,329	$ 2,593,296

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. When available, the Organization may choose to invest cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

Note 4. Grants and Contracts Receivable

Grants and contracts receivable, all of which are due in less than one year, are presented on the Statements of Financial Position under the following captions:

	2024	2023
Current assets:		
Grants and contracts receivable	$ 4,776,372	$ 7,169,443
Total grants and contracts receivable	$ 4,776,327	$ 7,169,443

The beginning balance of grants and contracts receivable as of July 1, 2022 was $5,405,878.

The Organization has been informed of other intentions to give totaling $4 million to be received through June 30, 2026, to be used to support general expenditures. In accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* certain promises to give that are receivable through donor advised funds are not recordable until funds are received.

In November of 2021, the Organization was allocated up to $7,042,000 through the passing of the North Carolina General Assembly Session Law 2021-180 Senate Bill 105. The allocation to the Organization is for the purpose of increasing the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities through placement of advisors in Tier One and Tier Two counties of North Carolina. Funding initially required a $2 match for every $1 of state funds granted. As of April 3, 2024, this was modified to require a $1 match for every $1 in state funds granted.

Note 5. Retirement Plan

Effective February 1, 2014, the Organization established a 401(k) plan that is operated as a safe harbor 401(k) plan. The plan covers all employees at the time of hire. The Organization matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. The contributions are fully vested at the time the contribution is made. Employer contributions totaled $128,729 and $110,739, for the years ended June 30, 2024 and 2023, respectively.

Note 7. Note Payable

The Organization entered into a loan agreement with a private lender in February 2019 for $1,400,000 with an interest rate of 0%. Payments of $200,000 began March 2021 and continued annually until the loan matured in February 2024. The outstanding note balance at June 30, 2023 was $800,000.

U.S. GAAP requires that the interest rate used to determine the present value of future payments of a loan should approximate the rate that an independent borrower and independent lender would have negotiated in a similar transaction. The difference between the stated interest rate and market interest rate for comparable financing arrangements represents a contribution. As such, the Organization recorded the note payable at the commencement of the loan date based on the present value of future loan payments using an interest rate of 6%. The interest rate discount was recorded as support with donor restrictions totaling $297,852 at June 30, 2019. At the end of each year, the Organization amortized the discount on the note payable by recording interest expense and increasing the note payable using the effective interest method. At June 30, 2024 and 2023, interest expense totaling $26,502 and $51,971, respectively, is reflected in interest expense in the statements of functional expenses.

Note 7. Note Payable, Continued

The note payable is carried at present value of $773,498 in the accompanying financial statements for the year ended June 30, 2023.

During 2024, the loan matured and was satisfied with 2 principal payments of $200,000 each; the remaining $400,000 of the loan balance was forgiven and recognized as miscellaneous income on the statement of activities and change in net assets.

In May 2024, the Organization entered into a loan agreement with a grantor. The loan was originally for $255,912 at a rate of 4%. Payments began June 15, 2024 in the amount of $10,663. The loan matures on May 15, 2026.

Principal maturities of the note are as follows:

2025	$ 127,956
2026	117,293
Total note payable	$ 242,249

The note payable is carried at present value of $227,648 in the accompanying financial statements for the years ended June 30, 2024.

Note 8. Revenue From Grants And Contract Agreements

The Organization enters into cost reimbursement grants and fixed amount grants. The agreements are considered nonreciprocal transactions and thus must be recognized in accordance with ASU 2018-08. Revenue received by cost reimbursement grants is recognized when the Organization incurs allowable expenses. Allowable expenses are based on direct expenses required to fulfill the grant performance that will be reimbursed by the awarding government agency. In addition, cost-based grants allow for the recovery of indirect costs, as separate budget items, incurred during the period of performance. Fixed amount grants are paid based on hours worked multiplied by the applicable hourly rate or applicable monthly salary rate.

Total revenue from cost reimbursement grant agreements as of June 30, 2024 and 2023, totaled $1,521,603 and $1,593,912, respectively. Grants and contract receivables at June 30, 2024 and 2023, includes $4,367,572 and $1,236,482, respectively related to revenue from cost reimbursement grant agreements. There were no amounts related to conditional revenue from cost reimbursement grant agreements in either year.

Note 9. Contributed Nonfinancial Assets and Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. Services totaling $480,000 were provided for the year ended June 30, 2024, this amount is based on market rates for similar services. No such services were received for the year ended June 30, 2023. Additionally, numerous volunteers have donated significant amounts of their time and services to the Organization for program and supporting activities that have not been recognized in the accompanying financial statements.

The Organization did not receive any donated facilities during the years ended June 30, 2024 and 2023.

Note 10. Concentrations

At June 30, 2024 and 2023, approximately 55% and 59% of total revenue was from three grantors for various grants and contracts.

At June 30, 2024 and 2023, approximately 87% and 88% of grants and contract receivables were due from five grantors.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at June 30:

	2024	2023
Purpose Restricted:		
To support the mission of increasing the number of first-generation, low-income, and/or underrepresented students who apply, enter, and complete college at partner universities at designated locations across America	$ 12,760,690	$ 12,812,719
Total net assets with donor restrictions	$ 12,760,690	$ 12,812,719

During the year ended June 30, 2024, the amounts received with purpose restrictions totaled $12,471,674 with total releases from restriction of $12,523,703, all of which was purpose restricted. During the year ended June 30, 2023, the amounts received with purpose restrictions totaled $14,014,510 with total releases from restriction of $9,742,920, of which $2,762,608 was time restricted, $85,000 was a prior year correction and $6,895,312 was purpose restricted.

Note 12. Subsequent Events

Management has evaluated subsequent events for recognition or disclosure through December 10, 2024, which was the date that the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in the financial statements.

National College Advising Corps, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Federal Grant/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
Corporation for National and Community Service				
AmeriCorps Fixed Amount Grant	94.006	18EDHNC001	$ 4,630,555	$ 1,361,113
OneStar National Service Commission	94.006	20ESHTX0010006	2,035,456	1,714,726
Total Corporation for National and Community Service			**6,666,011**	**3,075,839**
U.S. Department of Education				
Passed through University of North Carolina System Office				
University of North Carolina System Office - Gear Up	84.334	P334S190002	581,030	564,792
University of North Carolina System Office - North Carolina ESSER III	84.425U	2000052688	4,160,426	3,032,351
Total passed through University of North Carolina System Office			4,741,456	3,597,143
Total U.S. Department of Education			**4,741,456**	**3,597,143**
Total Federal Expenditures			**$ 11,407,467**	**$ 6,672,982**

See Notes to Schedule of Expenditures of Federal Awards

Note A. Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant award activity of National College Advising Corps, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D. Federal Pass-Through Funds

The Organization is also the subrecipient of federal funds that have been reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as “pass-through” are considered direct.

Note E. Contingencies

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Organization does not believe that such disallowance, if any, would have a material effect on its financial position.

Note F. Debt Outstanding

The Organization has debt outstanding to Federal Agencies at June 30, 2024 as follows:

Federal Grantor’s Program Title	Federa l CFDA Number	Year Advanced	Balance
Corporation for National Community Service:			
- AmeriCorps	94.006	2024	227,628

Advances received during the year are included in the Schedule of Expenditures of Federal Awards.

elliott davis

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
National College Advising Corps, Inc.
Chapel Hill, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National College Advising Corps, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Elliott Davis, PLLC

Raleigh, North Carolina
December 10, 2024

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors
National College Advising Corps, Inc.
Chapel Hill, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited National College Advising Corps, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Elliott Davis, PLLC

Raleigh, North Carolina
December 10, 2024

I. Summary of Auditor's Results

Financial Statements

(a.) Type of auditor's report issued:	Unmodified
(b.) Internal control over financial reporting:	
1) Material weaknesses identified?	No
2) Significant deficiencies identified?	None identified
(c.) Noncompliance material to financial statements noted?	No

Federal Awards

(a.) Internal control over major federal programs:	
1) Material weaknesses identified?	No
2) Significant deficiencies identified?	None identified
(b.) Type of auditor's report issued on compliance for major federal programs?	Unmodified
(c.) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

(d.) Identification of major programs:

CFDA Number	Name of Federal Program
94.006	AmeriCorps State and National Service Program
84.425U	North Carolina ESSER III

(e.) Dollar threshold used to distinguish between type A and type B programs:	$750,000
(f.) Auditee qualified as low risk auditee?	No

II. Financial Statement Findings

No findings noted.

III. Federal Award Findings and Questioned Costs

No findings noted.