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Audited Financial Statements

June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
iMentor, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of iMentor, Inc. ("iMentor"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

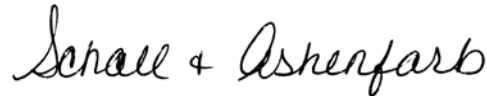
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of iMentor as of June 30, 2015, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited iMentor's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

January 28, 2016

iMENTOR, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(With comparative totals for the year ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 6/30/15</u>	<u>Total 6/30/14</u>
Public support and revenue:					
Contributions:					
Board contributions	\$634,672			\$634,672	\$720,402
Other individual contributions	143,139			143,139	454,286
Foundation contributions	1,342,505	\$3,125,243		4,467,748	2,370,364
Corporate contributions	245,514	257,300		502,814	1,651,730
Growth campaign contributions		2,053,336		2,053,336	8,349,315
Government grants	250,000			250,000	250,000
In-kind contributions	332,959			332,959	388,499
Special events	4,640,650			4,640,650	1,676,555
Partner program fees	414,073			414,073	247,790
NYC program fees	1,245,700			1,245,700	831,263
Other income	16,359			16,359	27,391
Investment income (Note 4)	111,742	40,725		152,467	664,607
Net assets released from restriction (Note 6)	7,851,868	(7,851,868)		0	0
Total public support and revenue	<u>17,229,181</u>	<u>(2,375,264)</u>	<u>0</u>	<u>14,853,917</u>	<u>17,632,202</u>
Expenses:					
Program services	10,285,632			10,285,632	9,281,823
Supporting services:					
Management and general	2,116,540			2,116,540	1,860,876
Fundraising	1,382,311			1,382,311	1,077,678
Total supporting services	<u>3,498,851</u>	<u>0</u>	<u>0</u>	<u>3,498,851</u>	<u>2,938,554</u>
Total expenses	<u>13,784,483</u>	<u>0</u>	<u>0</u>	<u>13,784,483</u>	<u>12,220,377</u>
Change in net assets from operations	<u>3,444,698</u>	<u>(2,375,264)</u>	<u>0</u>	<u>1,069,434</u>	<u>5,411,825</u>
Non-operating activity:					
Loss on disposal of fixed assets	(45,307)			(45,307)	0
Total non-operating activity	<u>(45,307)</u>	<u>0</u>	<u>0</u>	<u>(45,307)</u>	<u>0</u>
Total change in net assets	3,399,391	(2,375,264)	0	1,024,127	5,411,825
Net assets - beginning of year	<u>4,148,399</u>	<u>20,175,516</u>	<u>3,901,000</u>	<u>28,224,915</u>	<u>22,813,090</u>
Net assets - end of year	<u><u>\$7,547,790</u></u>	<u><u>\$17,800,252</u></u>	<u><u>\$3,901,000</u></u>	<u><u>\$29,249,042</u></u>	<u><u>\$28,224,915</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(With comparative totals for the year ended June 30, 2014)

	Program Services			Supporting Services			Total 6/30/15	Total 6/30/14
	NYC	Partner Programs	Total Program Services	Management		Total Supporting Services		
				and General	Fundraising			
Salaries	\$4,316,340	\$1,177,479	\$5,493,819	\$1,049,761	\$781,312	\$1,831,073	\$7,324,892	\$6,640,502
Payroll taxes and benefits	1,048,168	258,314	1,306,482	219,187	162,065	381,252	1,687,734	1,459,369
Occupancy	717,058	107,626	824,684	214,827	78,185	293,012	1,117,696	936,353
Insurance	78,959	11,878	90,837	24,205	8,640	32,845	123,682	114,276
Professional fees (including in-kind of \$272,959)	263,568	265,208	528,776	220,462	151,997	372,459	901,235	838,857
Talent development	38,466	8,528	46,994	82,875	38,906	121,781	168,775	124,437
Office supplies and expenses	15,216	2,195	17,411	7,890	7,415	15,305	32,716	70,440
Advertising and marketing (including in-kind of \$60,000)	40,597	588	41,185	115,361	23,735	139,096	180,281	103,673
Dues & subscriptions	6,225	548	6,773	9,122	7,669	16,791	23,564	14,259
Equipment lease and rental	12,428	1,795	14,223	3,728	1,352	5,080	19,303	24,089
Other expenses	11,279	1,158	12,437	38,066	61,852	99,918	112,355	98,350
Software and equipment	71,816	43,355	115,171	41,417	6,366	47,783	162,954	108,042
Photography & video	17,930	9,045	26,975	2,877	21,426	24,303	51,278	18,311
Research and evaluation	329,647		329,647			0	329,647	346,621
IT/Telecommunications	124,055	16,841	140,896	39,621	12,018	51,639	192,535	152,003
Platform hosting	93,126	61,167	154,293			0	154,293	96,256
Travel and conferences	109,542	33,330	142,872	14,583	7,647	22,230	165,102	89,896
Program events	273,176	23,241	296,417	107		107	296,524	265,705
Background investigations	78,589	566	79,155	546	115	661	79,816	135,689
Depreciation and amortization	534,261	82,324	616,585	31,905	11,611	43,516	660,101	583,249
Total	\$8,180,446	\$2,105,186	\$10,285,632	\$2,116,540	\$1,382,311	\$3,498,851	\$13,784,483	\$12,220,377

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(With comparative totals for the year ended June 30, 2014)

	<u>6/30/15</u>	<u>6/30/14</u>
Cash flows from operating activities:		
Change in net assets	\$1,024,127	\$5,411,825
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	660,101	583,249
Unrealized gains on investments	(26,241)	(600,224)
Realized (gains)/losses on investments	(14,484)	7,495
Loss on disposal of fixed assets	45,307	0
Changes in assets and liabilities:		
Contributions and grants receivable	3,715,211	(582,969)
Prepaid expenses	(42,435)	8,310
Security deposits	(9,567)	(58,187)
Accounts payable and accrued expenses	299,388	282,329
Deferred revenue	(497,390)	479,646
Deferred rent	(25,547)	36,067
Total adjustments	<u>4,104,343</u>	<u>155,716</u>
Net cash flows provided by operating activities	<u>5,128,470</u>	<u>5,567,541</u>
Cash flows from investing activities:		
Purchase of fixed assets	(2,089,480)	(601,372)
Purchase of investments	(1,277,247)	(1,448,213)
Proceeds from sale of investments	1,184,784	1,377,246
Net cash flows used for investing activities	<u>(2,181,943)</u>	<u>(672,339)</u>
Net increase in cash and cash equivalents	2,946,527	4,895,202
Cash and cash equivalents - beginning of year	<u>10,705,771</u>	<u>5,810,569</u>
Cash and cash equivalents - end of year	<u>\$13,652,298</u>	<u>\$10,705,771</u>

No interest or income taxes were paid.

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 - Nature of Entity

iMentor, Inc. (“iMentor”) is a not-for-profit organization that builds mentoring relationships that empower students in low-income communities to graduate high school, succeed in college, and achieve their ambitions. Students and mentors work one-to-one through weekly online communication and monthly in-person meetings to develop strong personal relationships, nurture a college aspiration, navigate the college application process, and build critical skills that lead to college success. iMentor brings together public schools, nonprofits, and community volunteers to empower more students to build bright futures. iMentor. consists of two programs:

- iMentor NYC is a school-based mentoring program matching high school students in New York City in one-to-one relationships with college-educated mentors for three to four years. iMentor partners with public schools to ensure every student receives a mentor and augment existing guidance and college counseling programs.
- iMentor Partner Programs is a national partnership program that brings iMentor’s effective mentoring model to communities nationwide. iMentor provides its curriculum, technology tools, and best practices to non-profits nationwide to help them run effective programs in the iMentor model.

iMentor. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of iMentor have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

iMentor reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity.

c. Revenue Recognition

Contributions are recorded as unrestricted, unless the donor has made a specific restriction as to time or purpose, in which case they are recorded as temporarily or permanently restricted. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with restrictions that expire within the same reporting period are reported as unrestricted.

Government grants are reviewed to determine if they have traits more similar to contributions or exchange transactions. All government grants have been determined to be exchange transactions and are recognized as income when earned. The difference between cash received and amounts recognized as income are reflected as grants receivable or refundable advances.

d. Cash and cash equivalents

iMentor considers all liquid investments that are not restricted and have an initial maturity of three months or less to be cash and cash equivalents. Amounts held by the investment custodian for long term purposes are included with investments.

e. Concentration of Credit Risk

Financial instruments which potentially subject iMentor to concentration of credit risk consist of cash, money market accounts and investment securities. iMentor invests with financial institutions that management deems to be creditworthy. At June 30, 2015 and 2014, iMentor's balances were in excess of insurance levels by \$13,173,154 and \$10,275,973, respectively. However iMentor has not experienced any losses due to the failure of any financial institution.

f. Contributions Receivable

Contributions receivables are recorded when a pledge is considered unconditional in nature. Contributions are recognized at net realizable value if expected to be received within one year or at fair value using risk adjusted present value techniques if expected to be received in more than one year.

Pledges are reviewed for collectability using past experience, historical trends and specific knowledge of each donor. Management has not established a reserve for uncollectable pledges and deems all pledges to be collectable.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges that have not been recognized at June 30, 2015 and 2014 amounted to \$3,000,000 and \$4,740,000, respectively.

g. Investments

Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities.

h. Fixed Assets

Fixed assets to which iMentor retains title to and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Included is the technology platform and the iMentor.org website.

Fixed assets also consist of leasehold improvements, furniture, equipment and computers, which are depreciated over the estimated useful life of the asset or lease term using the straight-line method.

i. Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease, is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

j. Donated Services

iMentor recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated. During 2015 and 2014, \$272,959 and \$299,702 of in-kind professional fees have been recognized, respectively. Additionally, \$60,000 of in-kind marketing has been recognized in both years.

k. Promotional Costs

Promotional costs are expensed as incurred.

l. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

m. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of iMentor

n. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with iMentor's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

- o. Accounting for Uncertainty of Income Taxes
iMentor does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2012 and later are subject to examination by applicable taxing authorities.
- p. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 28, 2016, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Contributions Receivable

Contributions receivable are due as follows:

Year ending:	June 30, 2016	\$4,798,892
	June 30, 2017	2,523,000
	June 30, 2018	1,400,000
	June 30, 2019	0
	June 30, 2020	0
Greater than five years		<u>685,754</u>
		9,407,646
Less: fair value discount		<u>(153,735)</u>
Total		<u>\$9,253,911</u>

Note 4 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2015 and June 30, 2014 all investments were considered to be level 1 securities and consist of the following:

	<u>6/30/15</u>	<u>6/30/14</u>
U.S. Treasuries Money Fund	\$516,729	\$485,062
Mutual Funds:		
Diversified Bond Fund	2,168,913	2,215,900
Exchange Traded Funds:		
Commodity Index Fund	<u>2,512,857</u>	<u>2,364,349</u>
Total	<u>\$5,198,499</u>	<u>\$5,065,311</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Investment income for the year ended June 30, 2015 and June 30, 2014 is as follows:

	<u>6/30/15</u>	<u>6/30/14</u>
Interest & dividends – endowment	\$92,463	\$70,967
Interest & dividends – other	19,279	911
Realized gains/(losses)		
on sale of investments	14,484	(7,495)
Unrealized gains	<u>26,241</u>	<u>600,224</u>
Total	<u>\$152,467</u>	<u>\$664,607</u>

All investments are specifically designated towards the endowment.

Note 5 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/15</u>	<u>6/30/14</u>
Website and computer software	\$4,160,185	\$3,017,614
Computers and equipment	264,501	256,608
Leasehold improvements	581,823	313,471
Furniture and fixtures	<u>254,173</u>	<u>44,884</u>
	5,260,682	3,632,577
Less: accumulated depreciation and amortization	<u>(3,105,653)</u>	<u>(2,861,620)</u>
Fixed assets – net	<u>\$2,155,029</u>	<u>\$770,957</u>

Note 6 - Temporarily Restricted Net Assets

Net assets were released from restriction for the following programs:

	<u>6/30/15</u>	<u>6/30/14</u>
Satisfaction of program purposes:		
Growth Campaign	\$4,803,587	\$4,290,503
Social Innovation Fund	1,610,918	1,486,990
Other programs	<u>1,437,363</u>	<u>1,409,449</u>
Total	<u>\$7,851,868</u>	<u>\$7,186,942</u>

Temporarily restricted net assets were available for:

	<u>6/30/15</u>	<u>6/30/14</u>
Programs:		
Growth Campaign	\$14,410,761	\$17,161,012
Social Innovation Fund	493,526	1,104,444
Other programs	<u>387,976</u>	<u>576,039</u>
Total programs	15,292,263	18,841,495
Endowment	722,236	681,511
Specific time periods	<u>1,785,753</u>	<u>652,510</u>
	<u>\$17,800,252</u>	<u>\$20,175,516</u>

Note 7 - Permanently Restricted Net Assets/Endowment Funds

iMentor has an endowment fund that was established in June 2008. The interest and dividends from these investments can be used to support iMentor’s general activities. Additionally, the endowment includes earnings from investment gains that have not been designated for specific use by the donor and have not yet been appropriated by the Board of Directors. These have been classified as temporarily restricted until appropriated for expenditure by the board.

Interpretation of Relevant Law

iMentor follows New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which the board of directors has interpreted to require certain amounts be retained permanently. Absent explicit donor stipulations to the contrary, iMentor will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, iMentor has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, iMentor classifies as permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor-stipulations, when endowment funds have earnings in excess of amounts that need to be retained permanently, these excess amounts are classified as temporarily restricted net assets until appropriated for expenditure by the organization’s governing board.

Spending Policies

In accordance with NYPMIFA, iMentor considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of iMentor and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation

- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of iMentor
- (7) The investment policies of iMentor
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on iMentor

Changes in endowment net assets for the year ended:

	<u>June 30, 2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$482,800	\$681,511	\$3,901,000	\$5,065,311
Interest and dividend income	92,463	0	0	92,463
Unrealized gains	0	26,241	0	26,241
Realized gains on investments	<u>0</u>	<u>14,484</u>	<u>0</u>	<u>14,484</u>
Endowment net assets, end of year	<u>\$575,263</u>	<u>\$722,236</u>	<u>\$3,901,000</u>	<u>\$5,198,499</u>

	<u>June 30, 2014</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$411,833	\$88,782	\$3,901,000	\$4,401,615
Interest and dividend income	70,967	0	0	70,967
Unrealized gains	0	600,224	0	600,224
Realized losses on investments	<u>0</u>	<u>(7,495)</u>	<u>0</u>	<u>(7,495)</u>
Endowment net assets, end of year	<u>\$482,800</u>	<u>\$681,511</u>	<u>\$3,901,000</u>	<u>\$5,065,311</u>

Endowment Investment Policies

iMentor has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends and other market value gains for future appropriation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires iMentor to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2015 or 2014.

Note 8 - Commitments and Contingencies

iMentor has two separate non-cancelable leases for office spaces in New York City that expire at various dates from 2015 through 2019. The minimum annual commitments for lease payments are as follows:

Year ending:	June 30, 2016	\$975,531
	June 30, 2017	996,830
	June 30, 2018	1,018,604
	June 30, 2019	1,040,864
	June 30, 2020	<u>441,019</u>
Total		<u>\$4,472,848</u>

Government supported projects are subject to audit by the applicable granting agency.

iMentor has a contract with another entity to complete a multi-year evaluation study. The total commitment under the agreement is \$967,812 through 2018. Remaining payments as of June 30, 2015 totaled \$480,793.

Note 9 - Related Party Transactions

The majority of donated legal services were performed by a law firm of which a member of the Board of Directors is a partner.

Note 10 - Risk and Uncertainties

iMentor has investments that are exposed to various risks such as interest rate, market and credit risks. Changes in the value of investment securities may occur in the near term and such changes could affect the amounts reported in the statement of financial position.

iMentor is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; actions by employees, and natural disasters. iMentor maintains commercial insurance to protect itself from such risks.