

GEORGIA CENTER FOR OPPORTUNITY

Financial Statements
With Independent Auditors' Report

June 30, 2015 and 2014

GEORGIA CENTER FOR OPPORTUNITY

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INDEPENDENT AUDITORS' REPORT

Audit Committee and Board of Directors
Georgia Center for Opportunity
Norcross, Georgia

We have audited the accompanying financial statements of Georgia Center for Opportunity, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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.

Audit Committee and Board of Directors
Georgia Center for Opportunity
Norcross, Georgia

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Center for Opportunity as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Atlanta, Georgia
April 7, 2016

GEORGIA CENTER FOR OPPORTUNITY

Statements of Financial Position

	June 30,	
	2015	2014
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 164,587	\$ 271,205
Pledges receivable	80,500	129,256
	245,087	400,461
Property and equipment:		
Furniture and equipment	40,372	40,372
Software	43,801	43,801
	84,173	84,173
Accumulated depreciation	(81,686)	(80,909)
	2,487	3,264
 Total Assets	 \$ 247,574	 \$ 403,725
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 99,248	\$ 72,812
Line of credit	48,118	47,686
	147,366	120,498
Net assets:		
Unrestricted:		
Undesignated—available for general activities	17,221	150,707
Net investment in property and equipment	2,487	3,264
	19,708	153,971
Temporarily restricted:		
Pledges—time restricted	80,500	129,256
	100,208	283,227
 Total Liabilities and Net Assets	 \$ 247,574	 \$ 403,725

See notes to financial statements

GEORGIA CENTER FOR OPPORTUNITY

Statements of Activities

	Years Ended June 30,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 275,321	\$ 80,500	\$ 355,821	\$ 180,255	\$ 255,660	\$ 435,915
Private grant income	943,375	-	943,375	801,523	-	801,523
Special event revenue–net	61,671	-	61,671	71,687	-	71,687
Other revenue	84	-	84	696	-	696
	<u>1,280,451</u>	<u>80,500</u>	<u>1,360,951</u>	<u>1,054,161</u>	<u>255,660</u>	<u>1,309,821</u>
RECLASSIFICATIONS:						
Net assets released from restrictions	129,256	(129,256)	-	253,904	(253,904)	-
EXPENSES:						
Program services:						
Policy advancement	396,005	-	396,005	376,290	-	376,290
Solution delivery	220,971	-	220,971	209,970	-	209,970
Education	587,303	-	587,303	558,065	-	558,065
Other programs	54,060	-	54,060	51,369	-	51,369
	<u>1,258,339</u>	<u>-</u>	<u>1,258,339</u>	<u>1,195,694</u>	<u>-</u>	<u>1,195,694</u>
General and administrative	165,603	-	165,603	157,359	-	157,359
Fund-raising	120,027	-	120,027	114,052	-	114,052
	<u>285,631</u>	<u>-</u>	<u>285,631</u>	<u>271,411</u>	<u>-</u>	<u>271,411</u>
Total Expenses	<u>1,543,970</u>	<u>-</u>	<u>1,543,970</u>	<u>1,467,105</u>	<u>-</u>	<u>1,467,105</u>
Change in Net Assets	(134,263)	(48,756)	(183,019)	(159,040)	1,756	(157,284)
Net Assets, Beginning of Year	153,971	129,256	283,227	313,011	127,500	440,511
Net Assets, End of Year	<u>\$ 19,708</u>	<u>\$ 80,500</u>	<u>\$ 100,208</u>	<u>\$ 153,971</u>	<u>\$ 129,256</u>	<u>\$ 283,227</u>

See notes to financial statements

GEORGIA CENTER FOR OPPORTUNITY

Statements of Cash Flows

	Years Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (183,019)	\$ (157,284)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	777	9,875
Changes in operating assets and liabilities:		
Contributions receivable	48,756	(1,756)
Prepaid expenses and other assets	-	615
Accounts payable	26,436	(21,185)
Net Cash Used by Operating Activities	(107,050)	(169,735)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	-	(4,075)
Net Cash Used by Financing Activities	-	(4,075)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on a line of credit	432	25,186
Net Cash Provided by Financing Activities	432	25,186
Net Change in Cash and Cash Equivalents	(106,618)	(148,624)
Cash and Cash Equivalents, Beginning of Year	271,205	419,829
Cash and Cash Equivalents, End of Year	\$ 164,587	\$ 271,205

See notes to financial statements

GEORGIA CENTER FOR OPPORTUNITY

Notes to Financial Statements

June 30, 2015 and 2014

1. NATURE OF ORGANIZATION:

Georgia Center for Opportunity (GCO) was incorporated under the nonprofit corporation code of the state of Georgia on August 2, 1990, as a research and educational organization, formerly known as The Georgia Family Education and Research Council, Inc. GCO is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. GCO's main source of income is contributions which are tax deductible. GCO has also been granted tax exemption for Georgia Family Action (GFA) as an organization described under Section 501(c)(4) of the Internal Revenue Code. Contributions to GFA are not deductible for income tax purposes as it relates to lobbying activity. GFA had no activity for the years ended June 30, 2015 and 2014.

Georgia Center for Opportunity is an independent, non-partisan, think tank dedicated to increasing opportunity and improving the quality of life for all Georgians. We research solutions to society's most pressing challenges, promote those solutions to policymakers and the public, and help innovative social enterprises deliver results on the ground.

The primary pathways to opportunity – strong families, safe communities, quality schools, stable employment, and good health – which historically gave children a chance to succeed, regardless of social and economic background, have experienced a rapid decline. We study and understand the obstacles along these pathways and work to break through the barriers that keep Georgia children and families from thriving.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

RECLASSIFICATIONS

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank deposits. Aggregate cash balances may exceed federally insured deposit limits during the year. However, GCO does not believe it is exposed to any significant credit risk on such balances.

GEORGIA CENTER FOR OPPORTUNITY

Notes to Financial Statements

June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Contributions receivable include unconditional promises made by donors wherein the donor has unconditionally promised to contribute funds to GCO in future periods. Unconditional promises expected to be collected within one year are recorded as support and a receivable at net realizable value. Conditional promises are not included as support until the conditions are substantially met.

PROPERTY AND EQUIPMENT

Property and equipment exceeding \$500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets ranging from three to seven years.

NET ASSETS

The net assets of GCO are reported as follows:

Unrestricted net assets represent expendable funds, both designated and undesignated, available to support current operations of GCO and resources invested in property and equipment.

Temporarily restricted net assets represent donor-restricted contributions for specified purposes.

SUPPORT, REVENUE, RECLASSIFICATIONS & EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to GCO.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

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Notes to Financial Statements

June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SPECIAL EVENT REVENUE–NET

During the years ended June 30, 2015 and 2014, GCO held their Taste Shop Give event to increase donor exposure and showcase the partnership GCO has with groups they work with throughout the year. The revenue and direct costs are reported net on the statements of activities. Total revenue from the event totaled \$61,671 and \$96,760, respectively, including general contributions and banquet income. The direct costs related to the event were \$20,926 and \$25,073, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on management's estimates.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2015 and 2014, GCO had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization files information tax returns in the U.S. and Georgia. The Organization is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2011.

3. LINE OF CREDIT:

GCO had a revolving line of credit with PNC Bank dated March 2013, that is payable upon demand. GCO utilizes the line of credit for operational needs up to \$50,000. Outstanding balances accrue interest at 4.0% due monthly. The balance was \$48,818 and \$47,686 as of June 30, 2015 and 2014, respectively. The line of credit is secured by funds required to be held at PNC Bank. The line of credit expires March 2016.

4. CONCENTRATIONS:

GCO receives significant contributions from certain donors and grantors from time to time. For the year ended June 30, 2015, nine donors / contributors accounted for 87% of total support and revenue. For the year ended June 30, 2014, four contributors accounted for 61% of total support and revenue. GCO may not receive recurring contributions from such sources in the future.

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Notes to Financial Statements

June 30, 2015 and 2014

5. LEASE COMMITMENTS:

Georgia Center for Opportunity leases office space under an operating lease agreement that covers the period of November 1, 2012 through October 31, 2022. Future minimum lease payments required under this agreement are as follows:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2016	\$ 81,600
2017	81,600
2018	81,600
2019	72,677
2020	74,493
Thereafter	<u>154,621</u>
	<u>\$ 546,591</u>

Rent expense for the years ended June 30, 2015 and 2014, was \$83,652 and \$66,000, respectively.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.