

# GEORGIA CENTER FOR OPPORTUNITY

Financial Statements  
With Independent Auditors' Report

June 30, 2016 and 2015

# 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, 2016 and 2015, 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, 2016 and 2015, 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*

Lawrenceville, Georgia  
May 15, 2017

# GEORGIA CENTER FOR OPPORTUNITY

## Statements of Financial Position

	June 30,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 557,521	\$ 164,587
Pledges receivable	-	80,500
Prepaid expenses and other assets	9,640	-
Furniture and equipment–net	<u>4,988</u>	<u>2,487</u>
Total Assets	<u>\$ 572,149</u>	<u>\$ 247,574</u>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 59,795	\$ 99,248
Line of credit	-	48,118
	<u>59,795</u>	<u>147,366</u>
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated–available for general activities	507,366	17,221
Net investment in furniture and equipment	<u>4,988</u>	<u>2,487</u>
	512,354	19,708
<b>Temporarily restricted:</b>		
Pledges–time restricted	-	80,500
	<u>512,354</u>	<u>100,208</u>
Total Liabilities and Net Assets	<u>\$ 572,149</u>	<u>\$ 247,574</u>

See notes to financial statements

# GEORGIA CENTER FOR OPPORTUNITY

## Statements of Activities

	Years Ended June 30,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 668,944	\$ -	\$ 668,944	\$ 275,321	\$ 80,500	\$ 355,821
Private grant income	1,013,875	-	1,013,875	943,375	-	943,375
Special event revenue-net	-	-	-	61,671	-	61,671
Other revenue	15,017	-	15,017	84	-	84
	<u>1,697,836</u>	<u>-</u>	<u>1,697,836</u>	<u>1,280,451</u>	<u>80,500</u>	<u>1,360,951</u>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restrictions	80,500	(80,500)	-	129,256	(129,256)	-
<b>EXPENSES:</b>						
Program services:						
Policy advancement	329,761	-	329,761	396,005	-	396,005
Solution delivery	184,006	-	184,006	220,971	-	220,971
Education	489,057	-	489,057	587,303	-	587,303
Other programs	45,017	-	45,017	54,060	-	54,060
	<u>1,047,841</u>	<u>-</u>	<u>1,047,841</u>	<u>1,258,339</u>	<u>-</u>	<u>1,258,339</u>
General and administrative	137,901	-	137,901	165,603	-	165,603
Fund-raising	99,948	-	99,948	120,027	-	120,027
	<u>237,849</u>	<u>-</u>	<u>237,849</u>	<u>285,631</u>	<u>-</u>	<u>285,630</u>
Total Expenses	<u>1,285,690</u>	<u>-</u>	<u>1,285,690</u>	<u>1,543,970</u>	<u>-</u>	<u>1,543,969</u>
Change in Net Assets	492,646	(80,500)	412,146	(134,263)	(48,756)	(183,019)
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 512,354</u>	<u>\$ -</u>	<u>\$ 512,354</u>	<u>\$ 19,708</u>	<u>\$ 80,500</u>	<u>\$ 100,208</u>

See notes to financial statements

# GEORGIA CENTER FOR OPPORTUNITY

## Statements of Cash Flows

	Years Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 412,146	\$ (183,019)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,416	777
Changes in operating assets and liabilities:		
Contributions receivable	80,500	48,756
Prepaid expenses and other assets	(9,640)	-
Accounts payable	(39,453)	26,436
Net Cash Provided (Used) by Operating Activities	445,969	(107,050)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	(4,917)	-
Net Cash Used by Financing Activities	(4,917)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on a line of credit	-	432
Payments on line of credit	(48,118)	-
Net Cash Provided (Used) by Financing Activities	(48,118)	432
Net Change in Cash and Cash Equivalents	392,934	(106,618)
Cash and Cash Equivalents, Beginning of Year	164,587	271,205
Cash and Cash Equivalents, End of Year	\$ 557,521	\$ 164,587

See notes to financial statements

# GEORGIA CENTER FOR OPPORTUNITY

## Notes to Financial Statements

June 30, 2016 and 2015

### 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. 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.

Georgia Center for Opportunity (GCO) is independent, non-partisan, and solutions-focused. Our team is dedicated to creating opportunities for a quality education, fulfilling work, and a healthy family life for all Georgians. To achieve our mission, we research ways to help remove barriers to opportunity in each of these pathways, promote our solutions to policymakers and the public, and help effective and innovative social enterprises deliver results in their communities. Our ultimate goal is to see every Georgian who is willing to seize the opportunities presented to them living a life that can be characterized as truly flourishing. Our work is focused on three primary impact areas: education, employment and family formation. Thriving communities are built by rewarding virtues that lead to liberty, self-sufficiency, and earned success.

### 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.

#### 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.



# GEORGIA CENTER FOR OPPORTUNITY

## Notes to Financial Statements

June 30, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FURNITURE AND EQUIPMENT

Furniture and equipment exceeding \$1,500 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.

#### SPECIAL EVENT REVENUE-NET

During the year ended 2015, 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. The event was not held for the year ended June 30, 2016. Total revenue from the year ended 2015 event totaled \$61,671, including general contributions and banquet income. The direct costs related to the event were \$20,926.

#### 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.

# GEORGIA CENTER FOR OPPORTUNITY

## Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**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, 2016 and 2015, 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 2013.

3. LINE OF CREDIT:

GCO had a revolving line of credit with PNC Bank dated March 2013, that was payable upon demand. GCO utilized the line of credit for operational needs up to \$50,000. Outstanding balances accrued interest at 4.0% due monthly. The balance was \$- and \$48,818 as of June 30, 2016 and 2015, respectively. The line of credit was secured by funds required to be held at PNC Bank. The line of credit was paid in full during the year ended 2016 and expired March 2016.

4. CONCENTRATIONS:

GCO receives significant contributions from certain donors and grantors from time to time. For the year ended June 30, 2016, five contributors accounted for 64% of total support and revenue. For the year ended June 30, 2015, five contributors accounted for 66% of total support and revenue. There is no guarantee that GCO will receive recurring contributions from such sources in the future.

5. LEASE COMMITMENTS:

GCO leases office space under an operating lease agreement that covers the period of April 2016 through June 2023. Future minimum lease payments required under this agreement are as follows:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2017	\$ 84,162
2018	86,265
2019	88,425
2020	90,636
2021	92,904
Thereafter	<u>217,680</u>
	<u>\$ 660,072</u>

Rent expense for the years ended June 30, 2016 and 2015, was \$83,552 and \$83,652, respectively.

# GEORGIA CENTER FOR OPPORTUNITY

## Notes to Financial Statements

June 30, 2016 and 2015

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.