

**GEORGIA CENTER FOR OPPORTUNITY INC.
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS'
REPORT THEREON
FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**

**GEORGIA CENTER FOR OPPORTUNITY INC.
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GEORGIA CENTER FOR OPPORTUNITY INC.
Peachtree Corners, Georgia

We have audited the accompanying financial statements of GEORGIA CENTER FOR OPPORTUNITY INC. (a non-profit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activity and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 Georgia Center for Opportunity Inc. as of June 30, 2018 and 2017, and the results of their activity and changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Robins, Eskew, Smith & Jordan, P.C.
ROBINS, ESKEW, SMITH & JORDAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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**GEORGIA CENTER FOR OPPORTUNITY INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

| <u>ASSETS</u> | | <u>2018</u> | <u>2017</u> |
|--|--|---------------------|---------------------|
| CURRENT ASSETS | | | |
| Cash (Note 1) | | \$ 1,219,720 | \$ 985,170 |
| Pledges Receivable (Note 1) | | 11,000 | 10,000 |
| Prepaid Expenses | | 2,493 | 9,966 |
| TOTAL CURRENT ASSETS | | 1,233,213 | 1,005,136 |
| PROPERTY AND EQUIPMENT, at Cost, Net of Accumulated Depreciation Thereon of \$9,377 and \$5,475 (Notes 1 and 2) | | | |
| | | 3,990 | 7,892 |
| SECURITY DEPOSIT (Note 4) | | | |
| | | 25,000 | 25,000 |
| TOTAL ASSETS | | \$ 1,262,203 | \$ 1,038,028 |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | | \$ 102,829 | \$ 24,727 |
| Accrued Liabilities Payable | | 12,607 | 5,797 |
| Current Portion of Bank Line of Credit (Note 3) | | 5,026 | - |
| TOTAL CURRENT LIABILITIES | | 120,462 | 30,524 |
| COMMITMENTS (Notes 3 and 4) | | | |
| | | - | - |
| NET ASSETS | | | |
| Unrestricted (Note 1) | | 874,447 | 773,927 |
| Temporarily Restricted (Notes 1 and 5) | | 267,294 | 233,577 |
| TOTAL NET ASSETS | | 1,141,741 | 1,007,504 |
| TOTAL LIABILITIES AND NET ASSETS | | \$ 1,262,203 | \$ 1,038,028 |

The accompanying notes are an integral part of these financial statements.

**GEORGIA CENTER FOR OPPORTUNITY INC.
STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

| CHANGES IN UNRESTRICTED NET ASSETS | <u>2018</u> | <u>2017</u> |
|--|-------------------------|-------------------------|
| Support and Revenue | | |
| Contributions (Notes 1 and 6) | \$ 734,029 | \$ 880,253 |
| Grants (Notes 1 and 6) | 411,704 | 425,806 |
| In Kind Donations (Note 1) | 80,047 | 132,852 |
| | <u>1,225,780</u> | <u>1,438,911</u> |
| Net Assets Released from Restrictions (Notes 1 and 5) | <u>968,143</u> | <u>438,423</u> |
| TOTAL UNRESTRICTED SUPPORT AND REVENUE | <u>2,193,923</u> | <u>1,877,334</u> |
| PROGRAM AND SUPPORT EXPENSES | | |
| Program Services | 1,784,306 | 1,372,272 |
| General and Administrative | 155,642 | 122,733 |
| Fundraising | 153,455 | 145,756 |
| | <u>2,093,403</u> | <u>1,640,761</u> |
| TOTAL PROGRAM AND SUPPORT EXPENSES | <u>2,093,403</u> | <u>1,640,761</u> |
| INCREASE IN UNRESTRICTED NET ASSETS | <u>100,520</u> | <u>236,573</u> |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions and Support (Notes 1 and 5) | 1,001,860 | 672,000 |
| Net Assets Released - Restrictions Satisfied by Payment (Notes 1 and 5) | <u>(968,143)</u> | <u>(438,423)</u> |
| INCREASE IN TEMPORARILY RESTRICTED NET ASSETS | <u>33,717</u> | <u>233,577</u> |
| INCREASE IN NET ASSETS | 134,237 | 470,150 |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,007,504</u> | <u>537,354</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 1,141,741</u> | <u>\$ 1,007,504</u> |

The accompanying notes are an integral part of these financial statements.

**GEORGIA CENTER FOR OPPORTUNITY INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
INCREASE IN CASH**

| | 2018 | 2017 |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Contributions and Support | \$ 2,226,640 | \$ 2,100,911 |
| Cash Paid for Operating Expenses | (1,234,396) | (1,037,401) |
| Cash Paid to Employees | (762,720) | (627,411) |
| | 229,524 | 436,099 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash Paid for Computer Equipment | - | (8,450) |
| | - | (8,450) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Line of Credit | 25,000 | 50,000 |
| Payments on Line of Credit | (19,974) | (50,000) |
| | 5,026 | - |
| NET INCREASE IN CASH | 234,550 | 427,649 |
| CASH AT BEGINNING OF YEAR | 985,170 | 557,521 |
| CASH AT END OF YEAR | \$ 1,219,720 | \$ 985,170 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in Net Assets | \$ 134,237 | \$ 470,150 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 3,902 | 3,282 |
| Loss on Disposal of Equipment, Furniture and Fixtures | - | 2,264 |
| Changes in Assets and Liabilities: | | |
| (Increase) in Pledges Receivable | (1,000) | (10,000) |
| (Increase) Decrease in Prepaid Expenses | 7,473 | (326) |
| Increase (Decrease) in Accounts Payable | 78,102 | (35,068) |
| Increase in Accrued Liabilities Payable | 6,810 | 5,797 |
| | 229,524 | 436,099 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 229,524 | \$ 436,099 |

The accompanying notes are an integral part of these financial statements.

GEORGIA CENTER FOR OPPORTUNITY INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations - Georgia Center for Opportunity Inc. (GCO) was incorporated August 2, 1990 in the state of Georgia as a research and educational organization. GCO is independent, non-partisan, and solutions-focused. It is dedicated to creating opportunity for a quality education, fulfilling work, and a healthy family life for all Georgians. To achieve this mission, GCO researches ways to help remove barriers to opportunity in each of these pathways, promotes its solutions to policymakers and the public, and help effective and innovative social enterprises deliver results in their communities. GCO's 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. GCO 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.

Financial Statement Presentation - GCO reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Represents resources that have not been designated to any other fund and over which GCO has discretionary control to use for current operations.

Temporarily Restricted Net Assets - Represents resources that have been restricted expendable only for the purposes specified by the donor.

Permanently Restricted Net Assets - Represents resources subject to donor imposed stipulations that are maintained permanently by GCO.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time and purpose restricted contributions are required to be reported as temporarily restricted support, and are then reclassified to unrestricted net assets upon expiration of the time or purpose restriction. In addition, a donor's promise to give is to be reported as revenue when the pledge is made.

Cash and Cash Equivalents - For purposes of the statement of cash flows, GCO considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Periodically, GCO has cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

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

In Kind Donations - GCO periodically receives in kind donations, typically in the form of free web advertising and professional services. All in kind donations are valued at fair market value, and totaled \$80,047 and \$132,852 for the years ended June 30, 2018 and 2017, respectively.

GEORGIA CENTER FOR OPPORTUNITY INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising - GCO expenses all advertising and promotional costs when incurred. Advertising and promotional expense totaled \$211,629 and \$100,033 for the years ended June 30, 2018 and 2017, respectively.

Property and Equipment - If purchased, property and equipment are stated at cost. If donated, property and equipment are recorded at their estimated fair value at the date of donation. Major replacements and additions are capitalized while maintenance and repairs are expensed as incurred. GCO's policy is to capitalize property and equipment where cost or fair value, if donated, equals or exceeds \$2,500. Depreciation is computed on a straight line basis over the estimated useful life of the related asset.

Income Tax Status - GCO is a qualified, nonprofit entity under Section 501(c)(3) of the Internal Revenue Code and does not qualify as a private foundation. Accordingly, it is exempt from federal and state income taxes, but it is required to maintain proper accounting records in order to maintain its status as a nonprofit organization. GCO evaluates all significant tax positions as required by generally accepted accounting principles in the United States of America. As of June 30, 2018 and 2017, GCO does not believe it has taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months.

Allocation of Expenses - The costs of providing the various programs and supporting activities of the organization have been summarized on a functional basis in the statements of activity and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting activities.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

NOTE 2 PROPERTY AND EQUIPMENT

| | DEPRECIABLE LIVES | 2018 | 2017 |
|--|----------------------|-----------------|-----------------|
| Computer Equipment | 3 Years | \$ 13,367 | \$ 13,367 |
| Less: Accumulated Depreciation Thereon | | (9,377) | (5,475) |
| NET PROPERTY AND EQUIPMENT | | \$ 3,990 | \$ 7,892 |

For the years ended June 30, 2018 and 2017, depreciation expense totaled \$3,902 and \$3,282, respectively.

**GEORGIA CENTER FOR OPPORTUNITY INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 LINE OF CREDIT

GCO maintains a revolving bank line of credit up to \$50,000. The line of credit is payable in monthly interest payments at Prime plus 3.24% per annum, with all outstanding principal and interest due thereon in September 2018. The line of credit is secured by GCO's assets. There was an outstanding balance of \$5,000 and \$-0- for the years ended June 30, 2018 and 2017, respectively. Interest expense totaled \$820 and \$347 for the years ended June 30, 2018 and 2017, respectively. In September 2018, GCO renewed its bank line of credit through September 2019, resulting in a decrease of the interest rate to Prime plus 2.99%.

NOTE 4 COMMITMENTS

In April 2016, GCO entered into an amended 93 month lease through December 2023 to downsize its corporate facilities. Base rent is paid in monthly payments of \$6,970 through March 2017, with 2.5% annual increases to the base rent thereafter through December 2023. Facility lease expense totaled \$90,834 and \$86,915 for the years ended June 30, 2018 and 2017, respectively.

In 2016, GCO also entered into a 48 month office equipment lease through September 2020. Base rent is paid in monthly payments of \$285 plus applicable sales tax. Equipment lease expense totaled \$7,297 and \$4,453 for the years ended June 30, 2018 and 2017, respectively.

Future payments under these operating leases are as follows:

| <u>Years ending June 30</u> | |
|-----------------------------|--------------------------|
| 2019 | \$ 91,842 |
| 2020 | 94,053 |
| 2021 | 93,755 |
| 2022 | 95,222 |
| 2023 and thereafter | <u>147,314</u> |
| TOTAL | <u>\$ 522,186</u> |

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| Employment | \$ 198,095 | \$ 40,472 |
| Education | 42,019 | 64,703 |
| Health Family Initiatives | 16,180 | 118,402 |
| Development | 11,000 | - |
| Education Event | <u>-</u> | <u>10,000</u> |
| TOTAL TEMPORARILY RESTRICTED NET ASSETS | <u>\$ 267,294</u> | <u>\$ 233,577</u> |

**GEORGIA CENTER FOR OPPORTUNITY INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes for the following programs and purposes:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Health Family Initiatives | \$ 596,769 | \$ 381,598 |
| Employment | 199,743 | 9,528 |
| Education | 167,631 | 47,297 |
| Development | 4,000 | - |
| NET ASSETS RELEASED FROM RESTRICTIONS | \$ 968,143 | \$ 438,423 |

NOTE 6 CONTRIBUTIONS

Donor concentrations representing greater than 10% of total support and revenue totaled \$1,101,550 or 49% of total support in the year ended June 30, 2018, and \$825,000 or 39% of total support and revenue in the year ended June 30, 2017.

GCO total support and revenue included support from two board members totaling \$11,000 in the year ended June 30, 2018, and three board members totaling approximately \$131,000 for the year ended June 30, 2017, respectively.

NOTE 7 RETIREMENT PLAN

GCO maintains a 401(k) retirement plan for all eligible employees. The Company matches 100% of the first 3% contributed and 50% of the remaining covered employee's contribution up to 5% of an employee's total compensation. Contributions to the plan totaled \$8,878 and \$7,192 for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 SUBSEQUENT EVENTS

GCO has evaluated all subsequent events through January 16, 2019, the date the financial statements were issued.