

HORIZONS ATLANTA
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
With Independent Auditor's Report Thereon

HORIZONS ATLANTA
DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Horizons Atlanta
Atlanta, Georgia

We have audited the accompanying financial statements of Horizons Atlanta (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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.

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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Horizons Atlanta, as of December 31, 2018 and 2017, 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.


Morrow, Georgia
June 10, 2019

HORIZONS ATLANTA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS		
	2018	2017
CURRENT ASSETS		
Cash	\$ 452,407	\$ 196,484
Investments	-	49,783
Contributions receivable	88,177	170,181
Grants receivable	542,500	93,000
Prepaid expenses	<u>5,265</u>	<u>655</u>
TOTAL CURRENT ASSETS	1,088,349	510,103
CONTRIBUTIONS RECEIVABLE – LONG-TERM	94,050	142,850
GRANTS RECEIVABLE – LONG-TERM	28,496	-
FIXED ASSETS		
Equipment, net of accumulated depreciation	<u>787</u>	<u>1,083</u>
TOTAL ASSETS	<u>\$ 1,211,682</u>	<u>\$ 654,036</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 52,230	\$ 131,691
Accrued payroll	<u>34,179</u>	<u>3,000</u>
TOTAL CURRENT LIABILITIES	<u>86,409</u>	<u>134,691</u>
TOTAL LIABILITIES	<u>86,409</u>	<u>134,691</u>
NET ASSETS		
Without donor restrictions		
Undesignated	459,440	158,262
Investment in equipment, net	<u>787</u>	<u>1,083</u>
Total net assets without donor restrictions	460,227	159,345
With donor restrictions	<u>665,046</u>	<u>360,000</u>
TOTAL NET ASSETS	<u>1,125,273</u>	<u>519,345</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,211,682</u>	<u>\$ 654,036</u>

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

HORIZONS ATLANTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Foundation grants	\$ 733,738	\$ 520,996	\$ 1,254,734
Site level funds	591,485	-	591,485
Individual contributions	546,514	-	546,514
Corporate giving	384,869	-	384,869
Event revenue	58,719	-	58,719
In-kind revenue	43,297	-	43,297
Horizon National revenue	50,000	-	50,000
Government grants	17,000	-	17,000
Realized gains	2,319	-	2,319
Interest revenue	<u>568</u>	<u>-</u>	<u>568</u>
Public support and revenue	2,428,509	520,996	2,949,505
Net assets released from restrictions	<u>215,950</u>	<u>(215,950)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,644,459</u>	<u>305,046</u>	<u>2,949,505</u>
EXPENSES			
Program services	2,046,195	-	2,046,195
Management and general	118,306	-	118,306
Fundraising	<u>179,076</u>	<u>-</u>	<u>179,076</u>
TOTAL EXPENSES	<u>2,343,577</u>	<u>-</u>	<u>2,343,577</u>
CHANGES IN NET ASSETS	300,882	305,046	605,928
NET ASSETS:			
AT BEGINNING OF YEAR	<u>159,345</u>	<u>360,000</u>	<u>519,345</u>
AT END OF YEAR	<u>\$ 460,227</u>	<u>\$ 665,046</u>	<u>\$ 1,125,273</u>

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

HORIZONS ATLANTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Foundation grants	\$ 179,421	\$ 220,000	\$ 399,421
Site level funds	274,332	-	274,332
Individual contributions	918,989	-	918,989
Corporate giving	150,100	-	150,100
Event revenue	8,011	-	8,011
In-kind revenue	19,861	-	19,861
Horizon National revenue	75,000	-	75,000
Government grants	93,000	-	93,000
Interest revenue	<u>123</u>	<u>-</u>	<u>123</u>
Public support and revenue	1,718,837	220,000	1,938,837
Net assets released from restrictions	<u>445,000</u>	<u>(445,000)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,163,837</u>	<u>(225,000)</u>	<u>1,938,837</u>
EXPENSES			
Program services	1,615,075	-	1,615,075
Management and general	69,687	-	69,687
Fundraising	<u>124,265</u>	<u>-</u>	<u>124,265</u>
TOTAL EXPENSES	<u>1,809,027</u>	<u>-</u>	<u>1,809,027</u>
CHANGES IN NET ASSETS	354,810	(225,000)	129,810
NET (DEFICIT) ASSETS:			
AT BEGINNING OF YEAR	<u>(195,465)</u>	<u>585,000</u>	<u>389,535</u>
AT END OF YEAR	<u>\$ 159,345</u>	<u>\$ 360,000</u>	<u>\$ 519,345</u>

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

HORIZONS ATLANTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Direct site expenses	\$ 1,827,742	\$ -	\$ -	\$ 1,827,742
Salaries and wages	158,736	56,587	96,760	312,083
Professional fees	-	29,688	23,619	53,307
Fundraising expenses	-	-	34,581	34,581
Indirect site expenses	31,482	-	-	31,482
Payroll taxes	12,120	4,295	7,612	24,027
Office expenses	1,302	13,356	5,806	20,464
Employee benefits	8,887	3,150	5,582	17,619
Professional development	5,397	4,160	-	9,557
Insurance	381	4,295	240	4,916
Marketing	-	-	2,507	2,507
Printing	-	86	2,218	2,304
Meetings	-	2,234	-	2,234
Postage	-	381	77	458
Depreciation	<u>148</u>	<u>74</u>	<u>74</u>	<u>296</u>
TOTAL EXPENSES	<u>\$ 2,046,195</u>	<u>\$ 118,306</u>	<u>\$ 179,076</u>	<u>\$ 2,343,577</u>

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

HORIZONS ATLANTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fund- raising	Total
Direct site expenses	\$ 1,445,850	\$ -	\$ -	\$ 1,445,850
Salaries and wages	132,354	42,766	68,852	243,972
Professional fees	2,500	14,574	20,190	37,264
Fundraising expenses	-	-	19,861	19,861
Indirect site expenses	16,110	-	-	16,110
Payroll taxes	10,161	2,735	6,643	19,539
Office expenses	1,041	4,028	1,803	6,872
Employee benefits	3,952	1,064	2,584	7,600
Professional development	2,097	1,767	645	4,509
Insurance	393	1,321	257	1,971
Marketing	-	-	1,622	1,622
Printing	-	142	1,484	1,626
Meetings	469	304	121	894
Postage	-	950	91	1,041
Depreciation	148	36	112	296
TOTAL EXPENSES	<u>\$ 1,615,075</u>	<u>\$ 69,687</u>	<u>\$ 124,265</u>	<u>\$ 1,809,027</u>

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

HORIZONS ATLANTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 605,928	\$ 129,810
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	296	296
Realized gains	(2,319)	-
Donated stock	-	(49,783)
Decrease (Increase) in operating assets:		
Contributions receivable	82,004	(170,181)
Grants receivable	(449,500)	237,000
Prepaid expenses	(4,610)	(655)
Contributions receivable – long-term	48,800	(142,850)
Grants receivable – long-term	(28,496)	-
(Decrease) Increase in operating liabilities:		
Accounts payable	(79,461)	(285,905)
Accrued payroll	<u>31,179</u>	<u>(7,000)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	203,821	(289,268)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from investments	<u>52,102</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	52,102	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	255,923	(289,268)
CASH AT BEGINNING OF YEARS	<u>196,484</u>	<u>485,752</u>
CASH AT END OF YEARS	<u>\$ 452,407</u>	<u>\$ 196,484</u>

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

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. ORGANIZATION

Horizons Atlanta invites students to attend a six-week summer learning program on the campuses of independent schools, colleges or universities, and receive additional support throughout the year. Horizons Atlanta believes that every child in Atlanta, regardless of background, should have the same chance at making a positive impact on his or her community. The organization provides this opportunity by eliminating the critical barriers to success that many children face, thus putting them on a path to: read proficiently by the end of third grade; graduate from high school; receive higher education; and become globally competitive professionals.

The organization's support comes primarily from individual donors' contributions, and corporate and foundation gifts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Horizons Atlanta classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Horizons Atlanta 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 objective of the organization. These net assets may be used at the discretion of Horizons Atlanta's management and the board of directors.

Investment in equipment, net – Assets invested by Horizons Atlanta in equipment, net of accumulated depreciation.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when 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.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS - Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of accounting (continued)

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are reported.

Cash and cash equivalents

Horizons Atlanta considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Horizons Atlanta did not have any cash equivalents for years ended December 31, 2018 and 2017.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. The prior year balance is donated stock. These investments are measured at level 1 of the fair value hierarchy established by Accounting Standards Codification 820, Fair Value Measurements, for financial assets and liabilities. Level 1 investments have quoted prices in active markets for identical assets or liabilities.

Equipment

Equipment is capitalized at cost. It is Horizons Atlanta's policy to capitalize expenditures for these items in excess of \$2,500. Lesser amounts are generally expensed. Equipment is being depreciated over estimated useful lives of five years using a straight-line method.

Contributions and grants receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Discount rates of 3.5% and 2.5% were used for discounting long-term promises to give balances as of December 31, 2018 and 2017, respectively. The total discounts as of December 31, 2018 and 2017 were \$7,454 and \$7,150, respectively.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

Management makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Income taxes

Horizons Atlanta qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. Horizons Atlanta had no income from unrelated activities and has no income taxes due as of December 31, 2018 and 2017.

Horizons Atlanta's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes it has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. Horizons Atlanta would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. Horizons Atlanta is no longer subject to examination by federal, state or local tax authorities for periods before 2015.

New accounting pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Horizons Atlanta has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Allocation of functional expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Horizons Atlanta. Those expenses including salaries and wages, payroll taxes, employee benefits, office expenses, professional fees, professional development, postage, printing, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform them to the current year's presentation.

Subsequent events

Subsequent events have been evaluated through June 10, 2019, which is the date the financial statements were available to be issued.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Furniture and equipment	\$ 1,478	\$ 1,478
Less accumulated depreciation	<u>(691)</u>	<u>(395)</u>
	<u>\$ 787</u>	<u>\$ 1,083</u>

4. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Subject to expenditures for specific purpose:		
Restricted for passage of time	\$ 655,046	\$ 220,000
Restricted for student transportation	10,000	-
Restricted for development and marketing	-	100,000
Restricted for expanding academic enrichment program	<u>-</u>	<u>40,000</u>
Total net assets with donor restrictions	<u>\$ 665,046</u>	<u>\$ 360,000</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Restricted for development and marketing	\$ 100,000	\$ 100,000
Restricted for passage of time	75,950	30,000
Restricted for expanding academic enrichment program	40,000	190,000
Restricted for high school programs	-	65,000
Restricted for summer programs	<u>-</u>	<u>60,000</u>
Total released from restrictions	<u>\$ 215,950</u>	<u>\$ 445,000</u>

5. OPERATING LEASES

On July 1, 2018, Horizons Atlanta extended their office lease for an additional year. The monthly lease payment of \$600 is payable through June 30, 2019. Future minimum lease payments under operating leases are as follows:

Year ended June 30,	Amount
2019	\$ <u>3,597</u>
Total	<u>\$ 3,597</u>

Total rent expenses incurred for the years ended December 31, 2018 and 2017 were \$7,194 and \$1,199, respectively.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

6. RELATED PARTY TRANSACTIONS

Many of Horizons Atlanta’s board members are representatives from the host institutions. As of December 31, 2018 and 2017, expenses paid by Horizons Atlanta to those host institutions totaled \$1,050,778 and \$1,355,850, respectively. Payments to host institutions were for the purpose of reimbursing expenses required for the operation of the Horizons Atlanta programs at those host institutions, in accordance with advanced written agreements and pre-approved budgets.

7. IN-KIND CONTRIBUTIONS

In-kind items and services have been contributed to Horizons Atlanta by various organizations. During the years ended December 31, 2018 and 2017, Horizons Atlanta received donated consulting services of \$15,706 and \$0, respectively, and donated goods for a fundraising event of \$27,591 and \$19,861, respectively.

Additionally, the host institutions share a portion of the site’s program expenses with Horizons Atlanta. During the years ended December 31, 2018 and 2017, Horizons Atlanta received in-kind support from host institutions of \$559,371 and \$394,396, respectively.

8. AVAILABILITY AND LIQUIDITY

The following represents Horizons Atlanta’s financial assets at December 31, 2018 and 2017, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash	\$ 452,407	\$ 196,484
Investments	-	49,783
Contributions receivable	88,177	170,181
Grants receivable	542,500	93,000
Long-term contributions receivable	94,050	142,850
Long-term grants receivable	<u>28,496</u>	<u>-</u>
Financial assets at year-end	1,205,630	652,298
Less amounts unavailable to be used within one year:		
Net assets with time restrictions	<u>(125,453)</u>	<u>(144,050)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 1,080,177</u>	<u>\$ 508,248</u>

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

9. CONCENTRATION OF RISK

At certain times during the years, Horizons Atlanta had funds in excess of federally insured deposit limits on deposit with federally insured financial institutions. However, management does not believe that this creates any undue risk for Horizons Atlanta.