

HORIZONS ATLANTA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
With Independent Auditor's Report Thereon

HORIZONS ATLANTA  
DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 14, 2018

HORIZONS ATLANTA  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash	\$ 196,484	\$ 485,752
Investments	49,783	-
Grants receivable	263,181	330,000
Prepaid expenses	<u>655</u>	<u>-</u>
TOTAL CURRENT ASSETS	510,103	815,752
GRANTS RECEIVABLE – LONG-TERM	142,850	-
FIXED ASSETS		
Equipment net of accumulated depreciation	<u>1,083</u>	<u>1,379</u>
TOTAL ASSETS	<u>\$ 654,036</u>	<u>\$ 817,131</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 131,691	\$ 417,596
Accrued payroll	<u>3,000</u>	<u>10,000</u>
TOTAL CURRENT LIABILITIES	<u>134,691</u>	<u>427,596</u>
TOTAL LIABILITIES	<u>134,691</u>	<u>427,596</u>
NET ASSETS (DEFICITS)		
Unrestricted	159,345	(195,465)
Temporarily restricted	<u>360,000</u>	<u>585,000</u>
TOTAL NET ASSETS	<u>519,345</u>	<u>389,535</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 654,036</u>	<u>\$ 817,131</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>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Individual contributions	\$ 918,989	\$ -	\$ 918,989
Foundation grants	179,421	220,000	399,421
Site level funds	274,332	-	274,332
Corporate giving	150,100	-	150,100
Government grants	93,000	-	93,000
Horizon National revenue	75,000	-	75,000
In-kind revenue	19,861	-	19,861
Event revenue	8,011	-	8,011
Interest revenue	<u>123</u>	<u>-</u>	<u>123</u>
Public support and revenue	1,718,837	220,000	1,938,837
Temporarily restricted funds utilized for purposes intended	<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>
<b>EXPENSES</b>			
Program services	1,615,075	-	1,615,075
Management and general expenses	69,687	-	69,687
Fundraising expenses	<u>124,265</u>	<u>-</u>	<u>124,265</u>
Total expenses	<u>1,809,027</u>	<u>-</u>	<u>1,809,027</u>
CHANGE IN NET ASSETS	354,810	(225,000)	129,810
NET ASSETS AT BEGINNING OF YEAR	<u>(195,465)</u>	<u>585,000</u>	<u>389,535</u>
NET ASSETS 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 ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Individual contributions	\$ 278,668	\$ -	\$ 278,668
Foundation grants	334,300	285,000	619,300
Site level funds	154,287	-	154,287
Corporate giving	153,980	-	153,980
Horizon National revenue	75,000	-	75,000
Event revenue	18,562	-	18,562
Interest revenue	<u>136</u>	<u>-</u>	<u>136</u>
Public support and revenue	1,014,933	285,000	1,299,933
Temporarily restricted funds utilized for purposes intended	<u>210,000</u>	<u>(210,000)</u>	<u>-</u>
Total public support and revenue	<u>1,224,933</u>	<u>75,000</u>	<u>1,299,933</u>
<b>EXPENSES</b>			
Program services	1,211,957	-	1,211,957
Management and general expenses	46,883	-	46,883
Fundraising expenses	<u>107,382</u>	<u>-</u>	<u>107,382</u>
Total expenses	<u>1,366,222</u>	<u>-</u>	<u>1,366,222</u>
CHANGE IN NET ASSETS	(141,289)	75,000	(66,289)
NET ASSETS AT BEGINNING OF YEAR	<u>(54,176)</u>	<u>510,000</u>	<u>455,824</u>
NET ASSETS AT END OF YEAR	<u>\$ (195,465)</u>	<u>\$ 585,000</u>	<u>\$ 389,535</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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
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
Payroll taxes	10,161	2,735	6,643	19,539
Indirect site expenses	16,110	-	-	16,110
Employee benefits	3,952	1,064	2,584	7,600
Office expenses	1,041	4,028	1,803	6,872
Professional development	2,097	1,767	645	4,509
Insurance	393	1,321	257	1,971
Printing	-	142	1,484	1,626
Marketing	-	-	1,622	1,622
Postage	-	950	91	1,041
Meetings	469	304	121	894
Depreciation	<u>148</u>	<u>36</u>	<u>112</u>	<u>296</u>
 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  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Direct site expenses	\$ 1,024,652	\$ -	\$ -	\$ 1,024,652
Salaries and wages	145,391	30,462	83,662	259,515
Professional fees	15,126	10,325	9,596	35,047
Payroll taxes	9,572	2,297	7,274	19,143
Indirect site expenses	12,160	-	-	12,160
Office expenses	1,331	1,145	1,832	4,308
Professional development	1,345	323	1,023	2,691
Printing	-	692	1,208	1,900
Marketing	2,249	-	2,270	4,519
Postage	-	1,040	142	1,182
Meetings	82	587	337	1,006
Depreciation	<u>49</u>	<u>12</u>	<u>38</u>	<u>99</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,211,957</u></b>	<b><u>\$ 46,883</u></b>	<b><u>\$ 107,382</u></b>	<b><u>\$ 1,366,222</u></b>

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



HORIZONS ATLANTA  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 129,810	\$ (66,289)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	296	99
Donated stock	(49,783)	-
Decrease (Increase) in operating assets:		
Grants receivable	66,819	(285,000)
Prepaid expenses	(655)	-
Grants receivable – long-term	(142,850)	20,000
(Decrease) Increase in operating liabilities:		
Accounts payable	(285,905)	417,596
Accrued payroll	<u>(7,000)</u>	<u>10,000</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(289,268)	96,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>-</u>	<u>(1,478)</u>
NET CASH USED IN INVESTING ACTIVITIES	-	(1,478)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(289,268)	94,928
CASH AT BEGINNING OF YEARS	<u>485,752</u>	<u>390,824</u>
CASH AT END OF YEARS	<u>\$ 196,484</u>	<u>\$ 485,752</u>

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

HORIZONS ATLANTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**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:

Unrestricted net assets – net assets not subject to donor imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of Horizons Atlanta and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported.

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.

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. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Horizons Atlanta did not have any cash equivalents for years ended December 31, 2017 and 2016.

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 current 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.

Furniture and equipment

Furniture, equipment, and leasehold improvements are capitalized at cost. It is Horizons Atlanta's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are generally expensed. Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method. Leasehold improvements are being amortized over the shorter of the lease term or useful life.

Public support and revenue

Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. A discount rate of 2.5% was used for discounting long-term promises to give balances as of December 31, 2017. The discount on long-term pledges was \$7,150 as of December 31, 2017.

HORIZONS ATLANTA  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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, 2017 and 2016.

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 2013.

Subsequent events

Subsequent events have been evaluated through June 14, 2018, which is the date the financial statements were available to be issued.

**3. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Furniture and equipment	\$ 1,478	\$ 1,478
Less accumulated depreciation	<u>(395)</u>	<u>(99)</u>
	<u>\$ 1,083</u>	<u>\$ 1,379</u>

**4. RESTRICTED NET ASSETS**

There are donor restrictions on Horizons Atlanta’s net assets. As of December 31, Horizons Atlanta’s net assets were restricted temporarily for the following purposes:

	<u>2017</u>	<u>2016</u>
Restricted for time	\$ 220,000	\$ -
Restricted for development and marketing	100,000	200,000
Restricted for expanding academic enrichment programs	40,000	230,000
Restricted for high school programs	-	65,000
Restricted for summer programs	-	60,000
Restricted for subsequent year operations	<u>-</u>	<u>30,000</u>
Total temporarily restricted net assets	<u>\$ 360,000</u>	<u>\$ 585,000</u>

HORIZONS ATLANTA  
NOTES TO FINANCIAL STATEMENTS – Continued

**5. OPERATING LEASES**

On July 1, 2017, Horizons Atlanta entered into an operating lease for office space. The monthly lease payment of \$600 is payable through June 30, 2018. Horizons Atlanta has opted to renew the lease for 1 additional year as allowed by the lease agreement.

Future minimum lease payments under operating leases are as follows:

Year ended June 30,	Amount
2018	\$ 7,194
2019	<u>3,597</u>
Total	<u>\$ 10,791</u>

Total rent expenses incurred for the year ended December 31, 2017 was \$3,310.

**6. RELATED PARTY TRANSACTIONS**

Many of Horizons Atlanta's board members are representatives from the host institutions. As of December 31, 2017 and 2016, expenses paid by Horizons Atlanta to those hosting institutions totaled \$1,355,850 and \$1,024,652, 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. FUNCTIONAL ALLOCATION OF EXPENSES**

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

**8. 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.