

HORIZONS ATLANTA
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
With Independent Auditor's Report Thereon

HORIZONS ATLANTA
DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-15



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Horizons Atlanta
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Horizons Atlanta, (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons Atlanta as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Horizons Atlanta and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizons Atlanta's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Horizons Atlanta's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizons Atlanta's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Morrow, Georgia
August 16, 2022

HORIZONS ATLANTA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,290,484	\$ 1,705,759
Accounts receivable	12,210	-
Contributions receivable	11,900	13,757
Grants receivable	675,684	35,303
Prepaid expenses	<u>45,598</u>	<u>128,968</u>
TOTAL CURRENT ASSETS	3,035,876	1,883,787
FIXED ASSETS		
Equipment, net of accumulated depreciation	<u>-</u>	<u>195</u>
TOTAL ASSETS	<u>\$ 3,035,876</u>	<u>\$ 1,883,982</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 314,468	\$ 6,890
Accrued payroll	6,900	15,451
Unearned revenue	<u>156,050</u>	<u>109,028</u>
TOTAL CURRENT LIABILITIES	<u>477,418</u>	<u>131,369</u>
TOTAL LIABILITIES	<u>477,418</u>	<u>131,369</u>
NET ASSETS		
Without donor restrictions		
Undesignated	275,018	392,197
Board designated – capital reserve	<u>1,523,120</u>	<u>855,904</u>
Total net assets without donor restrictions	1,798,138	1,248,101
With donor restrictions	<u>760,320</u>	<u>504,512</u>
TOTAL NET ASSETS	<u>2,558,458</u>	<u>1,752,613</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,035,876</u>	<u>\$ 1,883,982</u>

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

HORIZONS ATLANTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Foundation grants	\$ 695,000	\$ 598,000	\$ 1,293,000
Government grants	868,876	-	868,876
Site level funds	665,668	-	665,668
Individual contributions	379,570	-	379,570
Corporate giving	297,054	-	297,054
In-kind revenue	20,634	-	20,634
Event revenue, net of direct benefit to donors of \$20,899	15,386	-	15,386
Interest revenue	<u>1,272</u>	<u>-</u>	<u>1,272</u>
Public support and revenue	2,943,460	598,000	3,541,460
Net assets released from restrictions	<u>342,192</u>	<u>(342,192)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>3,285,652</u>	<u>255,808</u>	<u>3,541,460</u>
EXPENSES			
Program services	2,434,473	-	2,434,473
Supporting services:			
Management and general	103,931	-	103,931
Fundraising	<u>197,211</u>	<u>-</u>	<u>197,211</u>
Total supporting services	<u>301,142</u>	<u>-</u>	<u>301,142</u>
TOTAL EXPENSES	<u>2,735,615</u>	<u>-</u>	<u>2,735,615</u>
CHANGES IN NET ASSETS	550,037	255,808	805,845
NET ASSETS:			
AT BEGINNING OF YEAR	<u>1,248,101</u>	<u>504,512</u>	<u>1,752,613</u>
AT END OF YEAR	<u>\$ 1,798,138</u>	<u>\$ 760,320</u>	<u>\$ 2,558,458</u>

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

HORIZONS ATLANTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Foundation grants	\$ 140,000	\$ 120,859	\$ 260,859
Government grants	756,703	-	756,703
Site level funds	425,828	-	425,828
Individual contributions	593,465	-	593,465
Corporate giving	244,500	-	244,500
In-kind revenue	40,000	-	40,000
Event revenue, net of direct benefit to donors of \$12,961	1,769	-	1,769
Interest revenue	8,635	-	8,635
Horizon National revenue	<u>11,891</u>	<u>-</u>	<u>11,891</u>
Public support and revenue	2,222,791	120,859	2,343,650
Net assets released from restrictions	<u>823,440</u>	<u>(823,440)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>3,046,231</u>	<u>(702,581)</u>	<u>2,343,650</u>
EXPENSES			
Program services	1,816,299	-	1,816,299
Supporting services:			
Management and general	264,950	-	264,950
Fundraising	<u>180,588</u>	<u>-</u>	<u>180,588</u>
Total supporting services	<u>445,538</u>	<u>-</u>	<u>445,538</u>
TOTAL EXPENSES	<u>2,261,837</u>	<u>-</u>	<u>2,261,837</u>
CHANGES IN NET ASSETS	784,394	(702,581)	81,813
NET ASSETS:			
AT BEGINNING OF YEAR	<u>463,707</u>	<u>1,207,093</u>	<u>1,670,800</u>
AT END OF YEAR	<u>\$ 1,248,101</u>	<u>\$ 504,512</u>	<u>\$ 1,752,613</u>

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

HORIZONS ATLANTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Direct site	\$ 2,023,315	\$ -	\$ -	\$ 2,023,315
Salaries and wages	171,559	54,348	161,248	387,155
Indirect site	195,487	-	-	195,487
Professional fees	15,080	15,460	3,654	34,194
Payroll taxes	14,141	4,419	13,216	31,776
Employee benefits	12,728	1,921	9,366	24,015
Office	362	16,948	3,379	20,689
Insurance	-	8,822	-	8,822
Marketing	1,586	-	1,666	3,252
Printing	-	-	2,960	2,960
Fundraising	96	1,023	1,015	2,134
Professional development	-	105	544	649
Postage	-	441	95	536
Meetings	51	385	-	436
Depreciation	<u>68</u>	<u>59</u>	<u>68</u>	<u>195</u>
 TOTAL EXPENSES	 <u>\$ 2,434,473</u>	 <u>\$ 103,931</u>	 <u>\$ 197,211</u>	 <u>\$ 2,735,615</u>

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

HORIZONS ATLANTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Direct site	\$ 1,405,506	\$ -	\$ -	\$ 1,405,506
Salaries and wages	179,306	77,698	142,630	399,634
Indirect site	147,091	-	-	147,091
Professional fees	52,298	11,436	2,776	66,510
Payroll taxes	13,663	5,440	10,759	29,862
Employee benefits	12,977	2,495	9,482	24,954
Office	1,731	12,042	11,121	24,894
Insurance	-	6,560	-	6,560
Printing	69	-	2,404	2,473
Fundraising	-	300	1,261	1,561
Professional development	3,091	35	46	3,172
Postage	-	110	-	110
Meetings	478	116	20	614
Depreciation	89	118	89	296
Bad debt expense	<u>-</u>	<u>148,600</u>	<u>-</u>	<u>148,600</u>
 TOTAL EXPENSES	 <u>\$ 1,816,299</u>	 <u>\$ 264,950</u>	 <u>\$ 180,588</u>	 <u>\$ 2,261,837</u>

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

HORIZONS ATLANTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 805,845	\$ 81,813
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	195	296
PPP loan forgiveness	(67,642)	(65,151)
Bad debt expense	-	148,600
Decrease (Increase) in operating assets:		
Contributions receivable	1,857	(9,682)
Grants receivable	(640,381)	459,019
Accounts receivable	(12,210)	-
Prepaid expenses	83,370	(123,029)
Grants receivable – long-term	-	14,493
Increase (Decrease) in operating liabilities:		
Accounts payable	307,578	(5,829)
Accrued payroll	(8,551)	8,451
Unearned revenue	<u>47,022</u>	<u>(32,576)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	517,083	476,405
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of PPP loan	<u>67,642</u>	<u>65,151</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>67,642</u>	<u>65,151</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	584,725	541,556
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEARS	<u>1,705,759</u>	<u>1,164,203</u>
CASH AND CASH EQUIVALENTS AT END OF YEARS	<u>\$ 2,290,484</u>	<u>\$ 1,705,759</u>

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

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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; achieve eighth grade math competency, build swimming skills and self-confidence, and graduate from high school college and career ready.

The Organization's support comes primarily from individual donors' contributions, public funding, 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.

Board designated – Assets designated by the Board to be held for endowment or other specified purposes. The Board can elect to remove these designations in the future.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Those restrictions will be met by actions of Horizons Atlanta or by the passage of time.

Contributions that are restricted by donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

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. For the years ended December 31, 2021, Horizons Atlanta had cash equivalents of \$- and \$11,413, respectively.

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.

Contributions and grants receivable

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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.

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.

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.

Revenue and revenue recognition

Horizons Atlanta recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Federal, state and local grants

A portion of Horizons Atlanta's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Horizons Atlanta has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Horizons Atlanta did not receive any advance payments for the years ended December 31, 2021 and 2020.

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, 2021 and 2020.

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 2018.

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, printing, fundraising, meetings, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Recent accounting guidance

ASU No. 2016-02 Leases (Topic 842)

FASB issued ASU 2016-02, Leases (Topic 842), which will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for Horizons Atlanta’s fiscal year ending December 31, 2022. Early application is permitted.

ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets

The ASU requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose the following: (1) A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. (2) For each category of contributed nonfinancial assets recognized, qualitative information about whether nonfinancial assets were monetized or utilized; the NFP’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; donor-imposed restrictions associated with contributed nonfinancial assets; and valuation techniques, inputs, and the principal market used for determining fair value. This ASU is effective for Horizons Atlanta’s fiscal year ending December 31, 2022. Retrospective basis is used for implementation.

Horizons Atlanta is currently evaluating the impact of the adoptions for both standards on the financial statements.

Subsequent events

Subsequent events have been evaluated through August 16, 2022, which is the date the financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Furniture and equipment	\$ 1,478	\$ 1,478
Less accumulated depreciation	<u>(1,478)</u>	<u>(1,283)</u>
	<u>\$ -</u>	<u>\$ 195</u>

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

4. AVAILABILITY AND LIQUIDITY

The following represents Horizons Atlanta’s financial assets at December 31, 2021, 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.

Financial assets:	
Cash	\$ 2,290,484
Accounts receivable	12,210
Contributions receivable	11,900
Grants receivable	<u>675,684</u>
Financial assets at year-end	2,990,278
Less amounts unavailable to be used within one year:	
Net assets with donor restrictions	<u>(760,320)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 2,229,958</u>

Horizons Atlanta’s goal is generally to maintain financial assets to meet 6 months of operating expenses. As part of its liquidity plan, Horizons Atlanta keeps a portion of cash reserves in a savings account.

5. OPERATING LEASES

Beginning on July 1, 2020, Horizons Atlanta moved to a month-to-month lease for their office space. Total rent expenses incurred for the years ended December 31, 2021 and 2020 were \$7,200 and \$7,198, respectively.

6. RELATED PARTY TRANSACTIONS

Many of Horizons Atlanta’s board members are representatives from the host institutions. As of December 31, 2021 and 2020, expenses paid by Horizons Atlanta to those host institutions totaled \$855,992 and \$1,294,622, 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.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

7. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purpose:		
Restricted for program expansion	\$ 400,000	\$ -
Restricted for summer programs	178,000	120,859
Restricted for STEAM program	162,320	335,000
Restricted for passage of time	20,000	14,493
Restricted for Galloway program	-	34,160
Total net assets with donor restrictions	<u>\$ 760,320</u>	<u>\$ 504,512</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted for STEAM program	\$ 172,680	\$ 165,000
Restricted for summer programs	120,859	330,000
Restricted for Galloway program	34,160	115,840
Restricted for passage of time	14,493	212,600
Total released from restrictions	<u>\$ 342,192</u>	<u>\$ 823,440</u>

8. BOARD DESIGNATED - CAPITAL RESERVE

In 2019, the board of directors established a Capital Reserve to accumulate resources to provide financial stability through unbudgeted decreases in revenue or increases in expenses or to invest in new program expansion opportunities. The board's intent is to reach a balance to cover six months of operating expenses to ensure the continuity of its programs through unanticipated financial challenges.

Funds are allocated to the Capital Reserve from one-half of any realized prior year's operating surpluses. Any balance of remaining annual operating surplus balance not needed to fund a current year shortfall is designated to the Capital Reserve at the end of the current fiscal year.

Changes in board designated net assets for capital reserve are as follows:

Balance at 12/31/19	\$ 461,967
Additions	<u>393,937</u>
Balance at 12/31/20	855,904
Additions	<u>667,216</u>
Balance at 12/31/21	<u>\$ 1,523,120</u>

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

9. IN-KIND CONTRIBUTIONS

In-kind items and services have been contributed to Horizons Atlanta by various organizations. During the years ended December 31, 2021 and 2020, Horizons Atlanta received donated consulting services of \$- and \$40,000, respectively, and donated goods for a fundraising event of \$20,634 and \$-, respectively.

Additionally, the host institutions share a portion of the site's program expenses with Horizons Atlanta. During the years ended December 31, 2021 and 2020, Horizons Atlanta received in-kind support from host institutions of \$431,587 and \$271,411, respectively.

10. 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.

11. PAYCHECK PROTECTION PROGRAM LOAN

In March 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides Payroll Protection Program (PPP) loans to small businesses facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. Paycheck Protection Program loans provide a direct incentive for nonprofits to keep their workers on the payroll and to maintain their operations. On May 5, 2020, Horizons Atlanta was granted a loan of \$65,151 from the U.S. Government's Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. Horizons Atlanta initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. Horizons Atlanta has recognized \$65,151 as grant revenue for the year ended December 31, 2020. The grant revenue is included in government grants in the statement of activities.

On March 16, 2021, Horizons Atlanta received loan proceeds in the amount of \$67,642 under the Paycheck Protection Program (PPP). The loan was uncollateralized and was fully guaranteed by the Federal government. The amount of loan forgiveness in the current year is \$67,642 and is included as government grants for the year ended December 31, 2021.