

HORIZONS ATLANTA

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

With Independent Auditor's Report Thereon

HORIZONS ATLANTA
DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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 audits 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, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Fulton Kozak".

Morrow, Georgia
March 5, 2017

HORIZONS ATLANTA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS		2016	2015
CURRENT ASSETS			
Cash		\$ 485,752	\$ 390,824
Grants receivable		<u>330,000</u>	<u>45,000</u>
TOTAL CURRENT ASSETS		815,752	435,824
GRANTS RECEIVABLE – LONG-TERM		-	20,000
FIXED ASSETS			
Equipment net of accumulated depreciation		<u>1,379</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 817,131</u>	<u>\$ 455,824</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 417,596	\$ -
Accrued payroll		<u>10,000</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>427,596</u>	<u>-</u>
TOTAL LIABILITIES		<u>427,596</u>	<u>-</u>
NET (DEFICITS) ASSETS			
Unrestricted		(195,465)	(54,176)
Temporarily restricted		<u>585,000</u>	<u>510,000</u>
TOTAL NET ASSETS		<u>389,535</u>	<u>455,824</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 817,131</u>	<u>\$ 455,824</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>
PUBLIC SUPPORT AND REVENUES:			
Foundation grants	\$ 334,300	\$ 285,000	\$ 619,300
Individual contributions	278,668	-	278,668
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>
EXPENSES			
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 ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES:			
Foundation grants	\$ 284,650	\$ 510,000	\$ 794,650
Individual contributions	193,578	-	193,578
Corporate giving	96,805	-	96,805
Horizon National revenue	96,000	-	96,000
Event revenue	1,522	-	1,522
Interest revenue	<u>145</u>	<u>-</u>	<u>145</u>
Public support and revenue	672,700	510,000	1,182,700
Temporarily restricted funds utilized for purposes intended	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>672,700</u>	<u>510,000</u>	<u>1,182,700</u>
EXPENSES			
Program services	822,494	-	822,494
Management and general expenses	47,651	-	47,651
Fundraising expenses	<u>40,714</u>	<u>-</u>	<u>40,714</u>
TOTAL EXPENSES	<u>910,859</u>	<u>-</u>	<u>910,859</u>
CHANGE IN NET ASSETS	(238,159)	510,000	271,841
NET ASSETS AT BEGINNING OF YEAR	<u>183,983</u>	<u>-</u>	<u>183,983</u>
NET ASSETS AT END OF YEAR	<u>\$ (54,176)</u>	<u>\$ 510,000</u>	<u>\$ 455,824</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
Marketing	2,249	-	2,270	4,519
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
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>
 TOTAL EXPENSES	 <u>\$ 1,211,957</u>	 <u>\$ 46,883</u>	 <u>\$ 107,382</u>	 <u>\$ 1,366,222</u>

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

HORIZONS ATLANTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Direct site expenses	\$ 674,193	\$ -	\$ -	\$ 674,193
Salaries and wages	90,392	17,500	17,500	125,392
Professional fees	38,113	22,751	19,056	79,920
Payroll taxes	6,884	1,147	1,147	9,178
Indirect site expenses	5,781	-	-	5,781
Marketing	1,693	-	1,694	3,387
Office expenses	-	4,830	-	4,830
Professional development	4,203	701	700	5,604
Postage	-	105	-	105
Employee benefits	<u>1,235</u>	<u>617</u>	<u>617</u>	<u>2,469</u>
TOTAL EXPENSES	\$ <u>822,494</u>	\$ <u>47,651</u>	\$ <u>40,714</u>	\$ <u>910,859</u>

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

HORIZONS ATLANTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (66,289)	\$ 271,841
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	99	-
(Increase) decrease in operating assets:		
Grants receivable	(285,000)	(45,000)
Grants receivable – long-term	20,000	(20,000)
Increase in operating liabilities:		
Accounts payable	417,596	-
Accrued payroll	<u>10,000</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	96,406	206,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(1,478)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	(1,478)	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	94,928	206,841
CASH AT BEGINNING OF YEARS	<u>390,824</u>	<u>183,983</u>
CASH AT END OF YEARS	<u>\$ 485,752</u>	<u>\$ 390,824</u>

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

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. ORGANIZATION

Horizons Atlanta, an affiliate of Horizons National, invites students to attend a six-week summer 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, corporate and foundation gifts, and support from Horizons National.

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, 2016 and 2015.

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% was used for discounting long-term promises to give balances as of December 31, 2016 and 2015. Due to the amounts of the pledges and the low discount rate that was used in the years, the total discount for these pledges was not material and therefore not recorded in the financial statements.

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, 2016 and 2015.

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income taxes – continued

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 2012.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Furniture and equipment	\$ <u>1,478</u>	<u>-</u>
	1,478	-
Less accumulated depreciation	<u>(99)</u>	<u>-</u>
	\$ <u><u>1,379</u></u>	\$ <u><u>-</u></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>2016</u>	<u>2015</u>
Restricted for expanding academic enrichment programs	\$ 230,000	\$ 120,000
Restricted for development and marketing	200,000	300,000
Restricted for high school programs	65,000	-
Restricted for summer programs	60,000	50,000
Restricted for subsequent year operations	<u>30,000</u>	<u>40,000</u>
Total temporarily restricted net assets	\$ <u><u>585,000</u></u>	\$ <u><u>510,000</u></u>

HORIZONS ATLANTA
NOTES TO FINANCIAL STATEMENTS – Continued

5. 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.

6. 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.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 5, 2017, which is the date the financial statements were available to be issued.