



Financial Statements and
Independent Auditor's Report

June 30, 2014



COLLEGE BOUND OPPORTUNITIES

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
College Board Opportunities

We have audited the accompanying financial statements of College Board Opportunities (“CBO”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then 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 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 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 CBO as of June 30, 2014, 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.

Correction of Error

As described in Note 6 to the financial statements, management identified an overstatement of previously reported net assets subsequent to issuance of the June 30, 2013 financial statements. Our opinion is not modified with respect to that matter.

FGMK, LLC

Bannockburn, Illinois
November 3, 2014

FGMK, LLC

2801 Lakeside Drive, 3rd Floor ■ Bannockburn, IL 60015 ■ 847 374 0400
333 W. Wacker Drive, 6th Floor ■ Chicago, IL 60606 ■ 312 818 4300 ■ fgmk.com

COLLEGE BOUND OPPORTUNITIES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,066,985
Contributions receivable	65,997
Other current assets	7,422

1,140,404

PROPERTY AND EQUIPMENT

Less: Accumulated depreciation	<u>2,143</u>
--------------------------------	--------------

1,033

CONTRIBUTIONS RECEIVABLE - NON-CURRENT

35,550

\$ 1,176,987

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 21,741
Scholarships payable	<u>493,146</u>

514,887

NET ASSETS

Unrestricted	307,372
Temporarily restricted	<u>354,728</u>

662,100

\$ 1,176,987

The accompanying notes are an integral part of this statement.

COLLEGE BOUND OPPORTUNITIES

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions	\$ 365,463	\$ 204,985	\$ 570,448
Special events	249,364	-	249,364
Interest income	1,654	-	1,654
Net assets released from restrictions	113,500	(113,500)	-
	<u>729,981</u>	<u>91,485</u>	<u>821,466</u>
EXPENSES			
Program services	493,260	-	493,260
Fundraising	168,182	-	168,182
General and administrative	34,971	-	34,971
	<u>696,413</u>	<u>-</u>	<u>696,413</u>
CHANGE IN NET ASSETS	<u>33,568</u>	<u>91,485</u>	<u>125,053</u>
NET ASSETS - BEGINNING OF YEAR			
As previously reported	361,716	263,243	624,959
Prior period adjustment (Note 6)	(87,912)	-	(87,912)
As restated	<u>273,804</u>	<u>263,243</u>	<u>537,047</u>
NET ASSETS - END OF YEAR	<u>\$ 307,372</u>	<u>\$ 354,728</u>	<u>\$ 662,100</u>

The accompanying notes are an integral part of this statement.

COLLEGE BOUND OPPORTUNITIES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Scholarships	\$ 304,673	\$ -	\$ -	\$ 304,673
Compensation	126,041	81,814	16,987	224,842
Fundraising	-	82,166	-	82,166
Training and student support	23,759	-	-	23,759
Student computers	19,687	-	-	19,687
Office expense and supplies	11,386	1,495	-	12,881
Professional fees	-	-	8,515	8,515
Insurance - liability	-	-	7,621	7,621
Student functions	5,181	-	-	5,181
Bank charges	-	2,707	11	2,718
Mentor support	1,968	-	-	1,968
Miscellaneous	-	-	1,837	1,837
Depreciation	328	-	-	328
Website	237	-	-	237
	<u>\$ 493,260</u>	<u>\$ 168,182</u>	<u>\$ 34,971</u>	<u>\$ 696,413</u>

The accompanying notes are an integral part of this statement.

COLLEGE BOUND OPPORTUNITIES**STATEMENT OF CASH FLOWS****YEAR ENDED JUNE 30, 2014****CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 125,053
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	328
Changes in assets and liabilities	
Contributions receivable	48,365
Other current assets	5,929
Accounts payable and accrued expenses	606
Scholarships payable	<u>16,175</u>
Net Cash Provided By Operating Activities	196,456
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>870,529</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,066,985</u></u>

The accompanying notes are an integral part of this statement.

COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities. College Bound Opportunities (the “Organization”) is a nonprofit organization incorporated on April 25, 2006, to provide assistance to public high school students of limited means, and those whose cultural backgrounds may pose barriers, to gain entry into a college or university. The Organization assists in identifying scholarship opportunities for these students and guides them toward successful experiences in higher education. Substantially all of the Organization’s assets are designated for scholarships.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other assets and liabilities. The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets as of June 30, 2014.

Management Estimates and Assumptions. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates and assumptions are used for, but not limited to: (1) recognition of contributions receivable and related support; (2) classification of contributions as unrestricted or restricted and (3) recognition of scholarships payable. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is required, as additional information is obtained and the operating environment changes.

Cash and Cash Equivalents. Cash and cash equivalents consist of monies held in checking, savings, and certificate of deposit accounts. The Organization maintains cash in bank deposit accounts that, at times, may exceed Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses in such accounts.

Contributions Receivable. Contributions receivable represent unconditional promises to give and are stated at the amounts that management expects to collect from balances outstanding at year-end. Management believes that all contributions receivable as of June 30, 2014 are fully collectible. As a result, the Organization does not consider a valuation allowance necessary.

Property and Equipment. Property and equipment are stated at cost. Depreciation is computed on a straight line basis over the estimated useful lives of the assets which are typically five years. The Organization capitalizes all acquisitions of property and equipment in excess of \$500. Expenditures that extend the useful lives of the assets are generally capitalized. Expenses for maintenance and repairs are charged to expense as incurred.

Contributions. Contributions are recognized as support when they are received or upon receipt of a promise to give by the donor and are recorded as unrestricted or restricted support depending on the existence or nature of any time imposed or purpose imposed restrictions on the use of the funds. Contributions received with donor imposed conditions are not recognized as revenue until donor-imposed conditions have been substantially met.

Contributions reported as temporarily restricted support are released to unrestricted net assets when the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished. Amounts released from restrictions are reported as such on the statement of activities.

In-kind Contributions. In-kind contributions consist of donated goods and services. The estimated fair value of these donations was approximately \$2,000 for the year ended June 30, 2014 and is reflected in the accompanying statement of activities. Donated personal services of volunteers are not reflected in the accompanying financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

Scholarship Expense. Scholarships are accounted for as conditional promises to give that are renewable each year if specified academic performance criteria are met. The Organization considers that conditions are satisfied when recipients are enrolled in classes for the upcoming academic year and an expense is accordingly recognized for that commitment in the current year. Projected scholarships for subsequent years are disclosed as commitments.

(Continued)

COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Functional Allocation of Expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services on the basis of management estimates.

Income Taxes. The Organization is a non-profit organization as described in Section 501(C) (3) of the Internal Revenue Code and is exempt from federal and state income taxes excluding any income not related to its tax exempt purpose. Accordingly, no provision for income taxes has been recorded in the financial statements.

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other tax authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2014 and 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by the Internal Revenue Service or other tax authorities, generally for three years after the tax returns are filed; however, there are currently no audits for any tax periods in progress.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

As of June 30, 2014, contributions receivable consisted of the following:

Expected to be collected in less than one year	\$ 65,997
Expected to be collected in one to five years	<u>35,550</u>
	<u>\$ 101,547</u>

NOTE 3 – NET ASSETS

Temporarily restricted net assets arise from contributions and other inflows of assets, the use of which by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be removed by action of the Organization pursuant to those stipulations. Substantially all temporarily restricted net assets are expected to satisfy restrictions and be utilized during the next fiscal year.

As of June 30, 2014 temporarily restricted net assets consisted of the following:

Time Restriction	\$ 101,547
Purpose Restriction	<u>253,181</u>
	<u>\$ 354,728</u>

Unrestricted net assets have been designated for scholarship payments by the Board of Directors to the extent of scholarship commitments made.

COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – SCHOLARSHIP COMMITMENTS

The Organization commits to providing qualifying students up to \$4,000 each school year towards tuition. In exchange for its commitment, each student executes a contract with the Organization that delineates the students obligations related to participating in the program. Scholarships payable during the year ended June 30, 2015 are recorded as a current year expense and a liability as of and for the year ended June 30, 2014, respectively. Unrecorded commitments for future years are disclosed below.

Scholarships payable during the year ending June 30, 2016 and subsequent years, subject to satisfaction of underlying conditions are estimated as follows as of June 30, 2014:

Year Ending June 30	Amount
2016	\$ 306,000
2017	217,500
2018	97,000
	\$ 620,500

NOTE 5 – LEASES

The Organization leases its office space under an operating lease that expires May 31, 2015. Future minimum lease payments total \$5,520. Rent expense was \$6,514 for the year ending June 30, 2014.

NOTE 6 – PRIOR PERIOD ADJUSTMENT

Unrestricted net assets as of June 30, 2013 have been adjusted for an understatement in scholarship liabilities and expense identified by management subsequent to the issuance of fiscal 2013 financial statements. Accordingly, an adjustment of \$87,912 was made to reduce current year scholarship expense and previously reported unrestricted net assets as of the beginning of the current year.

NOTE 7 – SUBSEQUENT EVENTS

The Organization's management has evaluated all known subsequent events from June 30, 2014 through November 3, 2014, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.