



Financial Statements and
Independent Auditor's Report

June 30, 2017 and 2016



COLLEGE BOUND OPPORTUNITIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
College Bound Opportunities

We have audited the accompanying financial statements of College Bound Opportunities ("CBO") (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 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, 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.

FGMK, LLC

Bannockburn, Illinois
November 13, 2017

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,165,989	\$ 499,510
Investments	285,349	865,395
Contributions receivable	275,546	163,296
Other current assets	17,805	13,692
	1,744,689	1,541,893
OTHER ASSETS		
Property and equipment, net	773	531
Contributions receivable	32,900	97,996
	33,673	98,527
	\$ 1,778,362	\$ 1,640,420
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 13,039	\$ 21,747
Deferred revenue	37,200	23,450
Student financial assistance payable	355,249	321,323
	405,488	366,520
LONG-TERM LIABILITIES		
Student financial assistance payable, net of current portion	1,065,751	993,068
	1,471,239	1,359,588
NET ASSETS		
Unrestricted	(129,610)	(166,698)
Temporarily restricted	336,733	347,530
Permanently restricted	100,000	100,000
	307,123	280,832
	\$ 1,778,362	\$ 1,640,420

The accompanying notes are an integral part of these statements.

COLLEGE BOUND OPPORTUNITIES

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Contributions	\$ 527,098	\$ 201,943	\$ -	\$ 729,041	\$ 676,083	\$ 10,625	\$ 100,000	\$ 786,708
Special events	292,452	-	-	292,452	262,705	-	-	262,705
Investment return, net	39,678	110	-	39,788	8,171	-	-	8,171
Net assets released from restrictions	212,850	(212,850)	-	-	148,834	(148,834)	-	-
	<u>1,072,078</u>	<u>(10,797)</u>	<u>-</u>	<u>1,061,281</u>	<u>1,095,793</u>	<u>(138,209)</u>	<u>100,000</u>	<u>1,057,584</u>
EXPENSES								
Program services	812,360	-	-	812,360	686,306	-	-	686,306
Fundraising	175,805	-	-	175,805	210,280	-	-	210,280
General and administrative	46,825	-	-	46,825	42,841	-	-	42,841
	<u>1,034,990</u>	<u>-</u>	<u>-</u>	<u>1,034,990</u>	<u>939,427</u>	<u>-</u>	<u>-</u>	<u>939,427</u>
CHANGE IN NET ASSETS	37,088	(10,797)	-	26,291	156,366	(138,209)	100,000	118,157
NET ASSETS - BEGINNING OF YEAR	(166,698)	347,530	100,000	280,832	(323,064)	485,739	-	162,675
NET ASSETS - END OF YEAR	<u>\$(129,610)</u>	<u>\$ 336,733</u>	<u>\$ 100,000</u>	<u>\$ 307,123</u>	<u>\$(166,698)</u>	<u>\$ 347,530</u>	<u>\$ 100,000</u>	<u>\$ 280,832</u>

The accompanying notes are an integral part of these statements.

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Student financial assistance	\$ 427,933	\$ -	\$ -	\$ 427,933	\$ 394,971	\$ -	\$ -	\$ 394,971
Compensation and benefits	236,183	71,734	21,632	329,549	171,863	86,090	21,043	278,996
Fundraising	-	102,499	-	102,499	-	121,150	-	121,150
Student computers	50,301	-	-	50,301	40,880	-	-	40,880
Training and student support	49,800	-	-	49,800	38,287	-	-	38,287
Office expense and supplies	33,738	261	-	33,999	28,467	862	-	29,329
Professional fees	-	-	12,399	12,399	-	-	10,265	10,265
Insurance	-	-	7,932	7,932	-	-	8,137	8,137
Student functions	7,509	-	-	7,509	5,071	-	-	5,071
Bank charges	-	1,311	30	1,341	-	2,178	55	2,233
Mentor support	4,942	-	-	4,942	3,237	-	-	3,237
Miscellaneous	-	-	4,832	4,832	-	-	3,341	3,341
Website	1,613	-	-	1,613	3,191	-	-	3,191
Depreciation	341	-	-	341	339	-	-	339
	<u>\$ 812,360</u>	<u>\$ 175,805</u>	<u>\$ 46,825</u>	<u>\$ 1,034,990</u>	<u>\$ 686,306</u>	<u>\$ 210,280</u>	<u>\$ 42,841</u>	<u>\$ 939,427</u>

The accompanying notes are an integral part of these statements.

COLLEGE BOUND OPPORTUNITIES

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 26,291	\$ 118,157
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	341	339
Loss on disposal of property and equipment	108	-
Investment (gains) losses	(26,539)	11,395
Changes in operating assets and liabilities		
Contributions receivable	(47,154)	62,430
Other current assets	(4,113)	13,993
Accounts payable and accrued expenses	(8,708)	14,632
Deferred revenue	13,750	(30,715)
Student financial assistance payable	106,609	88,841
	<u>60,585</u>	<u>279,072</u>
Net Cash Provided By Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments, net	606,585	(119,229)
Purchases of property and equipment	(691)	-
	<u>605,894</u>	<u>(119,229)</u>
Net Cash Provided By (Used In) Investing Activities		
NET CHANGE IN CASH	666,479	159,843
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>499,510</u>	<u>339,667</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,165,989</u>	<u>\$ 499,510</u>

The accompanying notes are an integral part of these statements.

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 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 financial support opportunities for these students and guides them toward successful experiences in higher education.

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.

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. 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 assets held in checking and short term savings accounts and exclude cash held for investment purposes. 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 reported as of June 30, 2017 and 2016 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. Expenditures that extend the useful lives of the assets are generally capitalized. Expenses for maintenance and repairs are charged to expense as incurred.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities for the year. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

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 or purpose restrictions imposed by donors 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 related to special events are recognized as support in the fiscal year the event occurs. Amounts received in advance of the event are reported as deferred revenue at fiscal year-end.

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. Restricted contributions expended for their restricted purposes in the year received are generally reported as unrestricted contributions.

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COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

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

In-kind Contributions. In-kind contributions consist of donated goods and services. The Organization did not receive significant amounts of in-kind contributions for the fiscal years ended June 30, 2017 and 2016. Donated personal services of volunteers are not reflected in the accompanying financial statements because they do not meet the criteria for recognition under generally accepted accounting principles.

Student Financial Assistance Expense. Financial assistance awards for students participating in the Organization's educational program are considered to be conditional contributions made. As the likelihood of significant non-compliance by students with program requirements is considered remote in the aggregate, the Organization recognizes the expense and obligation for total anticipated assistance in the fiscal year prior to students' first academic year in college. Any unspent funds are credited to expense when program participants are no longer eligible to receive financial assistance. The amount of financial assistance expected to be paid within 12 months is estimated by management and reported as a short-term liability on the statement of financial position.

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.

Reclassification. Certain amounts in the 2016 financial statements have been reclassified in order to conform to the 2017 presentation. The current portion of student financial assistance payable was decreased and the long-term portion increased by \$202,068.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

Amounts expected to be collected in:	2017	2016
Less than one year	\$ 275,546	\$ 163,296
One to five years	32,900	97,996
	\$ 308,446	\$ 261,292

NOTE 3 – INVESTMENTS

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (Concluded)

Level 2. Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments are stated at fair value based on closing prices reported on the active market on which the individual securities are traded or the net value of shares held in the case of mutual funds. There have been no changes in the methodologies used as of June 30, 2017 and 2016. Management has determined that all investments held by the Organization are level 1 assets within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

Investments consisted of the following as of June 30:

	2017	2016
Common stock	\$ 159,195	\$ 143,641
Mutual funds	116,180	611,037
Certificate of Deposit	-	100,050
Other	9,974	10,667
	<u>\$ 285,349</u>	<u>\$ 865,395</u>

Investment return consisted of the following for the years ended June 30:

	2017	2016
Interest and dividends	\$ 13,249	\$ 19,566
Net gain (losses)	26,539	(11,395)
	<u>\$ 39,788</u>	<u>\$ 8,171</u>

COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets arise from contributions that were restricted by donors for the following purposes:

	2017	2016
Student financial assistance	\$ 318,663	\$ 305,906
Funding of office lease expense	18,070	41,624
	\$ 336,733	\$ 347,530

Net assets of \$212,850 and \$148,834 were used for their restricted purposes during the years ended June 30, 2017 and 2016, respectively, and are reported as released from restrictions on the statements of activities.

NOTE 5 – PERMANENTLY RESTRICTED NET ASSETS

The Organization received a contribution of \$100,000 during the year ended June 30, 2016 to establish an endowment fund. Under the terms of the award, neither the endowment principal nor any appreciation of the principal may be withdrawn and only the earnings of the endowment may be used for expenditures that are consistent with the exempt status and purposes of the Organization. Endowment funds were held in interest bearing bank accounts through June 30, 2017.

NOTE 6 – LEASES

The Organization leases its office space under an operating lease that expires April 30, 2018. The remaining commitment under the lease is \$18,070 as of June 30, 2017. Rent expense was \$23,488 and \$17,727 for the years ending June 30, 2017 and 2016, respectively.

NOTE 7 – SUBSEQUENT EVENTS

The Organization's management has evaluated all known subsequent events from June 30, 2017 through November 13, 2017, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.