



Financial Statements and  
Independent Auditor's Report

June 30, 2019 and 2018



**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 not-for-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 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, 2019 and 2018 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  
September 24, 2019

**COLLEGE BOUND OPPORTUNITIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,093,801	\$ 1,049,674
Investments	445,771	410,457
Contributions receivable	242,850	226,400
Other current assets	19,652	20,269
	1,802,074	1,706,800
<b>NONCURRENT ASSETS</b>		
Contributions receivable - Long-term	68,750	150,000
	<u>\$ 1,870,824</u>	<u>\$ 1,856,800</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 14,746	\$ 9,856
Deferred revenue	43,300	15,499
Student financial assistance payable	437,555	404,228
	495,601	429,583
<b>LONG-TERM LIABILITIES</b>		
Student financial assistance payable, net of current portion	1,312,663	1,212,685
	1,808,264	1,642,268
<b>NET ASSETS</b>		
Without donor restrictions	( 340,415)	( 238,231)
With donor restrictions	402,975	452,763
	62,560	214,532
	<u>\$ 1,870,824</u>	<u>\$ 1,856,800</u>

The accompanying notes are an integral part of these statements.

## COLLEGE BOUND OPPORTUNITIES

## STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 531,856	\$ 191,600	\$ 723,456	\$ 595,718	\$ 236,100	\$ 831,818
Special events	388,440	-	388,440	343,063	-	343,063
Investment return, net	50,053	-	50,053	35,761	-	35,761
Net assets released from restrictions	241,388	( 241,388)	-	220,070	( 220,070)	-
	<u>1,211,737</u>	<u>( 49,788)</u>	<u>1,161,949</u>	<u>1,194,612</u>	<u>16,030</u>	<u>1,210,642</u>
<b>EXPENSES</b>						
Program services	986,710	-	986,710	1,024,183	-	1,024,183
General and administrative	48,329	-	48,329	49,568	-	49,568
Fundraising	278,882	-	278,882	229,482	-	229,482
	<u>1,313,921</u>	<u>-</u>	<u>1,313,921</u>	<u>1,303,233</u>	<u>-</u>	<u>1,303,233</u>
<b>CHANGE IN NET ASSETS</b>	( 102,184)	( 49,788)	( 151,972)	( 108,621)	16,030	( 92,591)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>( 238,231)</u>	<u>452,763</u>	<u>214,532</u>	<u>( 129,610)</u>	<u>436,733</u>	<u>307,123</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$( 340,415)</u></u>	<u><u>\$ 402,975</u></u>	<u><u>\$ 62,560</u></u>	<u><u>\$( 238,231)</u></u>	<u><u>\$ 452,763</u></u>	<u><u>\$ 214,532</u></u>

The accompanying notes are an integral part of these statements.

**COLLEGE BOUND OPPORTUNITIES**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019 AND 2018**

	2019				2018			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Student financial assistance	\$ 492,925	\$ -	\$ -	\$ 492,925	\$ 530,974	\$ -	\$ -	\$ 530,974
Compensation and benefits	319,338	22,330	116,259	457,927	320,891	26,564	116,171	463,626
Fundraising	-	-	159,763	159,763	-	-	111,436	111,436
Student computers	60,772	-	-	60,772	60,057	-	-	60,057
Office expense and supplies	53,127	-	329	53,456	47,899	-	548	48,447
Training and student support	40,578	-	-	40,578	49,969	-	-	49,969
Student functions	13,193	-	-	13,193	6,566	-	-	6,566
Professional fees	-	12,402	-	12,402	-	12,178	-	12,178
Insurance	-	8,163	-	8,163	-	1,221	-	1,221
Miscellaneous	-	5,434	-	5,434	-	9,522	-	9,522
Mentor support	4,115	-	-	4,115	4,487	-	-	4,487
Website	2,662	-	-	2,662	1,857	-	-	1,857
Bank charges	-	-	2,531	2,531	-	83	1,327	1,410
Depreciation	-	-	-	-	1,483	-	-	1,483
	<u>\$ 986,710</u>	<u>\$ 48,329</u>	<u>\$ 278,882</u>	<u>\$ 1,313,921</u>	<u>\$ 1,024,183</u>	<u>\$ 49,568</u>	<u>\$ 229,482</u>	<u>\$ 1,303,233</u>

The accompanying notes are an integral part of these statements.

## COLLEGE BOUND OPPORTUNITIES

## STATEMENTS OF CASH FLOWS

## YEAR ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$( 151,972)	\$( 92,591)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	1,483
Net investment gains	( 14,468)	( 12,117)
Changes in operating assets and liabilities		
Contributions receivable	64,800	( 67,954)
Other current assets	617	( 2,464)
Accounts payable and accrued expenses	4,890	( 3,183)
Deferred revenue	27,801	( 21,701)
Student financial assistance payable	<u>133,305</u>	<u>195,913</u>
Net Cash Provided By (Used In) Operating Activities	<u>64,973</u>	<u>( 2,614)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments, net	-	301,188
Purchases of investments	( 20,846)	( 414,179)
Purchases of property and equipment	<u>-</u>	<u>( 710)</u>
Net Cash Used In Investing Activities	<u>( 20,846)</u>	<u>( 113,701)</u>
<b>NET CHANGE IN CASH</b>	44,127	( 116,315)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,049,674</u>	<u>1,165,989</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,093,801</u>	<u>\$ 1,049,674</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 not-for-profit 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**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, 2019 and 2018 are fully collectible. As a result, the Organization does not consider a valuation allowance necessary.

**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 support with or without donor restrictions depending on the existence or nature of any time or purpose restrictions imposed by donors. 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 events are reported as deferred revenue at fiscal year-end.

When the donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Amounts released from restrictions are reported as such on the statement of activities. Contributions with donor restrictions expended for their restricted purposes in the year received are generally reported as contributions without donor restrictions.

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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, 2019 and 2018. 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 not-for-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.

***Liquidity and Availability.*** The Organization has approximately \$1,540,000 of financial assets available within one year of June 30, 2019 to meet cash needs for general expenditures consisting of cash of approximately \$1,904,000 and investments of approximately \$446,000. Approximately \$253,000 of the financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year. The Organization generally funds its operations from current revenue.

***Adoption of New Accounting Pronouncement.*** In 2019, the Organization adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profits*. The ASU amends the reporting model for not-for-profit organizations and enhances the required disclosures. Major changes include requiring presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor imposed restrictions", new disclosures regarding liquidity and the availability of resources, a requirement for a statement of expenses by both nature and classification, and disclosures related to the functional allocation of expenses were expanded.

Net assets that were previously reported as unrestricted are now reported as net assets without donor restrictions. Net assets that were previously reported as either temporarily or permanently restricted are now reported as net assets with donor restrictions.

***Recent Accounting Pronouncements.*** In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating this standard.

***Reclassifications.*** Certain amounts in the 2018 financial statements have been reclassified in order to conform with the 2019 presentation.

## COLLEGE BOUND OPPORTUNITIES

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

Amounts expected to be collected in:	2019	2018
Less than one year	\$ 242,850	\$ 226,400
One to five years	68,750	150,000
	\$ 311,600	\$ 376,400

## NOTE 3 – INVESTMENTS

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.

**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, 2019 and 2018. 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.

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## COLLEGE BOUND OPPORTUNITIES

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 – INVESTMENTS** (Concluded)

Investments consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Mutual funds	<u>\$ 445,771</u>	<u>\$ 410,457</u>

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 35,585	\$ 23,644
Net investment gains	<u>14,468</u>	<u>12,117</u>
	<u>\$ 50,053</u>	<u>\$ 35,761</u>

**NOTE 4 – NET ASSETS**

Net assets consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Without donor restrictions	<u>\$( 340,415)</u>	<u>\$( 238,231)</u>
With donor restrictions		
Purpose and time restricted-		
Student financial assistance	201,375	335,863
Time restriction	<u>101,600</u>	<u>16,900</u>
	302,975	352,763
Perpetual in nature		
Endowment fund*	<u>100,000</u>	<u>100,000</u>
	<u>402,975</u>	<u>452,763</u>
	<u>\$ 62,560</u>	<u>\$ 214,532</u>

\* 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 a separate mutual fund as of June 30, 2019.

## COLLEGE BOUND OPPORTUNITIES

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5 – LEASES**

The Organization leases its office space under an operating lease that expires April 30, 2021.

Future minimum lease payments under the lease as of June 30, 2019 are as follows:

<u>Years Ended June 30</u>	<u>Amount</u>
2020	\$ 37,400
2021	<u>31,950</u>
	<u>\$ 69,350</u>

Rent expense was \$36,312 and \$32,387 for the years ending June 30, 2019 and 2018, respectively.

**NOTE 6 – SUBSEQUENT EVENTS**

The Organization's management has evaluated all known subsequent events from June 30, 2019 through September 24, 2019, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.