



Financial Statements and
Independent Auditor's Report

June 30, 2020 and 2019



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, 2020 and 2019, 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, 2020 and 2019 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
October 30, 2020

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,125,740	\$ 1,093,801
Investments	482,491	445,771
Contributions receivable	145,483	242,850
Other current assets	20,394	19,652
	1,774,108	1,802,074
NONCURRENT ASSETS		
Contributions receivable - Long-term	105,000	68,750
	\$ 1,879,108	\$ 1,870,824
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,794	\$ 14,746
Deferred revenue	10,900	43,300
Paycheck protection program loan	82,040	-
Student financial assistance payable	461,173	437,555
	556,907	495,601
LONG-TERM LIABILITIES		
Student financial assistance payable, net of current portion	1,382,005	1,312,663
	1,938,912	1,808,264
NET ASSETS (DEFICIT)		
Without donor restrictions	(436,662)	(340,415)
With donor restrictions	376,858	402,975
	(59,804)	62,560
	\$ 1,879,108	\$ 1,870,824

The accompanying notes are an integral part of these statements.

COLLEGE BOUND OPPORTUNITIES

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 485,734	\$ 210,483	\$ 696,217	\$ 531,856	\$ 191,600	\$ 723,456
Special events	372,680	-	372,680	388,440	-	388,440
Investment return, net	53,768	-	53,768	50,053	-	50,053
Net assets released from restrictions	236,600	(236,600)	-	241,388	(241,388)	-
	<u>1,148,782</u>	<u>(26,117)</u>	<u>1,122,665</u>	<u>1,211,737</u>	<u>(49,788)</u>	<u>1,161,949</u>
EXPENSES						
Program services	936,088	-	936,088	986,710	-	986,710
General and administrative	72,327	-	72,327	48,329	-	48,329
Fundraising	236,614	-	236,614	278,882	-	278,882
	<u>1,245,029</u>	<u>-</u>	<u>1,245,029</u>	<u>1,313,921</u>	<u>-</u>	<u>1,313,921</u>
CHANGE IN NET DEFICIT	(96,247)	(26,117)	(122,364)	(102,184)	(49,788)	(151,972)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	(340,415)	402,975	62,560	(238,231)	452,763	214,532
NET ASSETS (DEFICIT) - END OF YEAR	<u><u>\$ (436,662)</u></u>	<u><u>\$ 376,858</u></u>	<u><u>\$ (59,804)</u></u>	<u><u>\$ (340,415)</u></u>	<u><u>\$ 402,975</u></u>	<u><u>\$ 62,560</u></u>

The accompanying notes are an integral part of these statements.

COLLEGE BOUND OPPORTUNITIES
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Compensation and benefits	\$ 339,975	\$ 25,540	\$ 140,970	\$ 506,485	\$ 319,338	\$ 22,330	\$ 116,259	\$ 457,927
Student financial assistance	498,836	-	-	498,836	492,925	-	-	492,925
Fundraising	-	-	93,910	93,910	-	-	159,763	159,763
Office expense and supplies	53,167	-	352	53,519	53,127	-	329	53,456
Training and student support	29,440	-	-	29,440	40,578	-	-	40,578
Insurance	-	18,342	-	18,342	-	8,163	-	8,163
Food pantry	-	12,739	-	12,739	-	-	-	-
Professional fees	-	12,661	-	12,661	-	12,402	-	12,402
Student functions	9,474	-	-	9,474	13,193	-	-	13,193
Miscellaneous	-	3,045	-	3,045	-	5,434	-	5,434
Mentor support	2,928	-	-	2,928	4,115	-	-	4,115
Website	2,100	-	-	2,100	2,662	-	-	2,662
Bank charges	-	-	1,382	1,382	-	-	2,531	2,531
Student computers	168	-	-	168	60,772	-	-	60,772
	<u>\$ 936,088</u>	<u>\$ 72,327</u>	<u>\$ 236,614</u>	<u>\$ 1,245,029</u>	<u>\$ 986,710</u>	<u>\$ 48,329</u>	<u>\$ 278,882</u>	<u>\$ 1,313,921</u>

The accompanying notes are an integral part of these statements.

COLLEGE BOUND OPPORTUNITIES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net deficit	\$(122,364)	\$(151,972)
Adjustments to reconcile change in net deficit to net cash provided by (used in) operating activities:		
Net investment gains	(25,473)	(14,468)
Changes in operating assets and liabilities		
Contributions receivable	61,117	64,800
Other current assets	(742)	617
Accounts payable and accrued expenses	(11,952)	4,890
Deferred revenue	(32,400)	27,801
Student financial assistance payable	<u>92,960</u>	<u>133,305</u>
Net Cash Provided By (Used In) Operating Activities	(38,854)	64,973
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(11,247)	(20,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from paycheck protection program loan	<u>82,040</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,939	44,127
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,093,801</u>	<u>1,049,674</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,125,740</u></u>	<u><u>\$ 1,093,801</u></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, 2020 and 2019 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 statement 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 (Continued)

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, 2020 and 2019. 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 Payable and Related Expenses. 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. Unspent funds are credited to expense when 1) program participants are no longer eligible to receive financial assistance, or 2) after three years following the expected graduation date. The Organization credited unspent funds of \$74,552 and \$76,530 to student financial assistance expense for the years ended June 30, 2020 and 2019, respectively. 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 \$1,753,000 of financial assets available within one year of June 30, 2020 to meet cash needs for general expenditures consisting of cash of approximately \$1,126,000, investments of approximately \$482,000 and contributions receivable of approximately \$145,000. The Organization generally funds its operations from current revenue.

Recent Accounting Pronouncements. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Deferral of the Effective Dates for Certain Entities*, deferred the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating this standard.

Economic Conditions. In March 2020, government agencies announced warnings related to the Coronavirus ("COVID-19"). Any potential decline in economic activity in the U.S. and other regions of the world as a result of the virus may have an adverse impact on the Organization.

Paycheck Protection Program. The Organization has applied for and received funding of \$82,040 from a Paycheck Protection Program ("PPP") loan through the Small Business Administration ("SBA") that was made available under the CARES Act passed by Congress in response to the COVID-19 pandemic. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, forgiveness relief, in whole or in part, depends on future events which cannot be predicted with certainty.

COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – RELATED PARTY TRANSACTIONS

The Organization received aggregate contributions from the Executive Director and board members of the Organization of \$84,811 and \$42,264 during the years ended June 30, 2020 and 2019, respectively.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

Amounts expected to be collected in:	2020	2019
Less than one year	\$ 145,483	\$ 242,850
One to five years	105,000	68,750
	\$ 250,483	\$ 311,600

NOTE 4 – 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, 2020 and 2019. 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 4 – INVESTMENTS (Concluded)

Investments consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Mutual funds	<u>\$ 482,491</u>	<u>\$ 445,771</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 28,295	\$ 35,585
Net investment gains	<u>25,473</u>	<u>14,468</u>
	<u>\$ 53,768</u>	<u>\$ 50,053</u>

NOTE 5 – NET ASSETS (DEFICIT)

Net assets (deficit) consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	<u>\$(420,662)</u>	<u>\$(340,415)</u>
With donor restrictions		
Purpose and time restricted-		
Student financial assistance	61,375	201,375
Time restriction	<u>215,483</u>	<u>101,600</u>
	276,858	302,975
Perpetual in nature		
Endowment fund*	<u>100,000</u>	<u>100,000</u>
	<u>376,858</u>	<u>402,975</u>
	<u>\$(43,804)</u>	<u>\$ 62,560</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, 2020.

COLLEGE BOUND OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – LEASES

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

Future minimum lease payments under the lease were as follows as of June 30, 2020:

<u>Years Ending June 30</u>	<u>Amount</u>
2021	<u>\$ 31,950</u>
	<u>\$ 31,950</u>

Rent expense was \$39,730 and \$36,312 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 – SUBSEQUENT EVENTS

The Organization's management has evaluated all known subsequent events from June 30, 2020 through October 30, 2020, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period that have not been disclosed in the notes to the financial statements.