



Financial Statements and  
Independent Auditor's Report

June 30, 2018 and 2017



# 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, 2018 and 2017, 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, 2018 and 2017 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 28, 2018

**COLLEGE BOUND OPPORTUNITIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,049,674	\$ 1,165,989
Investments	410,457	285,349
Contributions receivable	334,500	275,546
Other current assets	20,269	17,805
	1,814,900	1,744,689
<b>NONCURRENT ASSETS</b>		
Property and equipment, net	-	773
Contributions receivable- Long-term	41,900	32,900
	41,900	33,673
	\$ 1,856,800	\$ 1,778,362
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 9,856	\$ 13,039
Deferred revenue	15,499	37,200
Student financial assistance payable	404,228	355,249
	429,583	405,488
<b>LONG-TERM LIABILITIES</b>		
Student financial assistance payable, net of current portion	1,212,685	1,065,751
	1,642,268	1,471,239
<b>NET ASSETS</b>		
Unrestricted	( 238,231)	( 129,610)
Temporarily restricted	352,763	336,733
Permanently restricted	100,000	100,000
	214,532	307,123
	\$ 1,856,800	\$ 1,778,362

The accompanying notes are an integral part of these statements.

## COLLEGE BOUND OPPORTUNITIES

## STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>								
Contributions	\$ 595,718	\$ 236,100	\$ -	\$ 831,818	\$ 527,098	\$ 201,943	\$ -	\$ 729,041
Special events	343,063	-	-	343,063	292,452	-	-	292,452
Investment return, net	35,761	-	-	35,761	39,678	110	-	39,788
Net assets released from restrictions	220,070	( 220,070)	-	-	212,850	( 212,850)	-	-
	<u>1,194,612</u>	<u>16,030</u>	<u>-</u>	<u>1,210,642</u>	<u>1,072,078</u>	<u>( 10,797)</u>	<u>-</u>	<u>1,061,281</u>
<b>EXPENSES</b>								
Program services	1,024,183	-	-	1,024,183	812,360	-	-	812,360
General and administrative	47,568	-	-	47,568	46,825	-	-	46,825
Fundraising	231,482	-	-	231,482	175,805	-	-	175,805
	<u>1,303,233</u>	<u>-</u>	<u>-</u>	<u>1,303,233</u>	<u>1,034,990</u>	<u>-</u>	<u>-</u>	<u>1,034,990</u>
<b>CHANGE IN NET ASSETS</b>	( 108,621)	16,030	-	( 92,591)	37,088	( 10,797)	-	26,291
<b>NET ASSETS - BEGINNING OF YEAR</b>	( 129,610)	336,733	100,000	307,123	( 166,698)	347,530	100,000	280,832
<b>NET ASSETS - END OF YEAR</b>	<u>\$( 238,231)</u>	<u>\$ 352,763</u>	<u>\$ 100,000</u>	<u>\$ 214,532</u>	<u>\$( 129,610)</u>	<u>\$ 336,733</u>	<u>\$ 100,000</u>	<u>\$ 307,123</u>

The accompanying notes are an integral part of these statements.

**COLLEGE BOUND OPPORTUNITIES**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>				<b>2017</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Student financial assistance	\$ 530,974	\$ -	\$ -	\$ 530,974	\$ 427,933	\$ -	\$ -	\$ 427,933
Compensation and benefits	320,891	26,564	116,171	463,626	236,183	21,632	71,734	329,549
Fundraising	-	-	111,436	111,436	-	-	102,499	102,499
Student computers	60,057	-	-	60,057	50,301	-	-	50,301
Training and student support	49,969	-	-	49,969	49,800	-	-	49,800
Office expense and supplies	47,899	-	2,548	50,447	33,738	-	261	33,999
Professional fees	-	12,178	-	12,178	-	12,399	-	12,399
Insurance	-	1,221	-	1,221	-	7,932	-	7,932
Student functions	6,566	-	-	6,566	7,509	-	-	7,509
Bank charges	-	83	1,327	1,410	-	30	1,311	1,341
Mentor support	4,487	-	-	4,487	4,942	-	-	4,942
Miscellaneous	-	7,522	-	7,522	-	4,832	-	4,832
Website	1,857	-	-	1,857	1,613	-	-	1,613
Depreciation	1,483	-	-	1,483	341	-	-	341
	<u>\$ 1,024,183</u>	<u>\$ 47,568</u>	<u>\$ 231,482</u>	<u>\$ 1,303,233</u>	<u>\$ 812,360</u>	<u>\$ 46,825</u>	<u>\$ 175,805</u>	<u>\$ 1,034,990</u>

The accompanying notes are an integral part of these statements.

## COLLEGE BOUND OPPORTUNITIES

## STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$( 92,591)	\$ 26,291
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,483	341
Loss on disposal of property and equipment	-	108
Net investment gains	( 12,117)	( 26,539)
Changes in operating assets and liabilities		
Contributions receivable	( 67,954)	( 47,154)
Other current assets	( 2,464)	( 4,113)
Accounts payable and accrued expenses	( 3,183)	( 8,708)
Deferred revenue	( 21,701)	13,750
Student financial assistance payable	<u>195,913</u>	<u>106,609</u>
Net Cash Provided By (Used In) Operating Activities	<u>( 2,614)</u>	<u>60,585</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments, net	301,188	606,585
Purchases of investments	( 414,179)	-
Purchases of property and equipment	<u>( 710)</u>	<u>( 691)</u>
Net Cash Provided By (Used In) Investing Activities	<u>( 113,701)</u>	<u>605,894</u>
<b>NET CHANGE IN CASH</b>	( 116,315)	666,479
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,165,989</u>	<u>499,510</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,049,674</u>	<u>\$ 1,165,989</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, 2018 and 2017 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, 2018 and 2017. 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.

***Recent Accounting Pronouncements.*** In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The new guidance is effective for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Earlier adoption is permitted. Management is currently evaluating this standard.

In February 2016, 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.

## 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:	2018	2017
Less than one year	\$ 334,500	\$ 275,546
One to five years	41,900	32,900
	\$ 376,400	\$ 308,446

## 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.

**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, 2018 and 2017. 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>2018</u>	<u>2017</u>
Common stock	\$ -	\$ 159,195
Mutual funds	410,457	116,180
Other	-	9,974
	<u>\$ 410,457</u>	<u>\$ 285,349</u>

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 23,644	\$ 13,249
Net investment gains	12,117	26,539
	<u>\$ 35,761</u>	<u>\$ 39,788</u>

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
Student financial assistance	\$ 352,763	\$ 318,663
Funding of office lease expense	-	18,070
	<u>\$ 352,763</u>	<u>\$ 336,733</u>

Net assets of \$220,070 and \$212,850 were used for their restricted purposes during the years ended June 30, 2018 and 2017, 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 a separate mutual fund as of June 30, 2018.

## 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 as of June 30, 2018 are as follows:

<u>Years Ended June 30</u>	<u>Amount</u>
2019	\$ 36,312
2020	37,400
2021	<u>31,950</u>
	<u>\$ 105,662</u>

Rent expense was \$32,387 and \$23,488 for the years ending June 30, 2018 and 2017, respectively.

**NOTE 7 – SUBSEQUENT EVENTS**

The Organization's management has evaluated all known subsequent events from June 30, 2018 through September 28, 2018, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.