

GEORGIA PARTNERSHIP FOR  
EXCELLENCE IN EDUCATION, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT ON THE  
FINANCIAL STATEMENTS

To the Board of Directors  
Georgia Partnership for Excellence in Education, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Georgia Partnership for Excellence in Education, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 audit. We conducted our audit 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 Georgia Partnership for Excellence in Education, Inc. as of December 31, 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.

*Howard, Moore & McDuffie, P.C.*

Macon, Georgia  
September 2, 2020

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents (NOTE 3)	\$ 972,826	\$ 920,425
Unconditional promises to give, net (NOTE 4)	316,317	115,608
Other receivables	35,827	42,284
Prepaid expenses	20,468	20,727
Investments - designated for operating reserves (NOTE 6)	1,768,533	1,817,426
Property and equipment, net (NOTE 5)	<u>15,928</u>	<u>21,744</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,129,899</u></b>	<b><u>\$ 2,938,214</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 41,858	\$ 50,466
Deferred revenue	21,111	47,667
Accrued expenses	<u>22,012</u>	<u>20,937</u>
<b>TOTAL LIABILITIES</b>	<b><u>84,981</u></b>	<b><u>119,070</u></b>
<b>NET ASSETS</b>		
Without donor restrictions (NOTE 7)		
Undesignated	599,060	507,063
Designated	<u>2,064,905</u>	<u>2,125,238</u>
	2,663,965	2,632,301
With donor restrictions (NOTE 8)	<u>380,953</u>	<u>186,843</u>
<b>TOTAL NET ASSETS</b>	<b><u>3,044,918</u></b>	<b><u>2,819,144</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,129,899</u></b>	<b><u>\$ 2,938,214</u></b>

The accompanying notes are an integral part of these financial statements.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Totals
<b>SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Contributions	\$ 908,360	\$ 597,900	\$ 1,506,260
Grants	-	32,000	32,000
Meeting, registration, and consulting fees	82,156	-	82,156
Program sponsors and publications	1,299	-	1,299
Interest income	50,467	-	50,467
Unrealized gain (loss) on investments	16,107	-	16,107
Other income	25,108	-	25,108
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,083,497</b>	<b>629,900</b>	<b>1,713,397</b>
Net assets released from restrictions and transfers			
Restrictions satisfied by passage of time	75,000	(75,000)	-
Restrictions satisfied by payments	360,790	(360,790)	-
<b>Total net assets released from restrictions</b>	<b>435,790</b>	<b>(435,790)</b>	<b>-</b>
<b>TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>1,519,287</b>	<b>194,110</b>	<b>1,713,397</b>
<b>OPERATING EXPENSES</b>			
Program services	1,183,230	-	1,183,230
General and administrative	174,004	-	174,004
Fundraising	129,382	-	129,382
<b>TOTAL EXPENSES</b>	<b>1,486,616</b>	<b>-</b>	<b>1,486,616</b>
<b>OTHER EXPENSES AND LOSSES</b>			
Loss on disposal of assets	1,007	-	1,007
<b>TOTAL EXPENSES AND LOSSES</b>	<b>1,487,623</b>	<b>-</b>	<b>1,487,623</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>31,664</b>	<b>194,110</b>	<b>225,774</b>
<b>NET ASSETS, beginning</b>	<b>2,632,301</b>	<b>186,843</b>	<b>2,819,144</b>
<b>NET ASSETS, ending</b>	<b>\$ 2,663,965</b>	<b>\$ 380,953</b>	<b>\$ 3,044,918</b>

The accompanying notes are an integral part of these financial statements.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Year Ended December 31, 2018

	Without donor restrictions	With donor restrictions	Totals
<b>SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Contributions	\$ 915,342	\$ 200,000	\$ 1,115,342
Grants	-	50,000	50,000
Meeting, registration, and consulting fees	145,411	-	145,411
Program sponsors and publications	1,335	-	1,335
Interest income	45,558	-	45,558
Unrealized gain (loss) on investments	(2,442)	-	(2,442)
Other income	25,215	-	25,215
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,130,419</b>	<b>250,000</b>	<b>1,380,419</b>
Net assets released from restrictions and transfers			
Restrictions satisfied by passage of time	75,000	(75,000)	-
Restrictions satisfied by payments	400,218	(400,218)	-
<b>Total net assets released from restrictions</b>	<b>475,218</b>	<b>(475,218)</b>	<b>-</b>
<b>TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>1,605,637</b>	<b>(225,218)</b>	<b>1,380,419</b>
<b>OPERATING EXPENSES</b>			
Program services	1,319,242	-	1,319,242
General and administrative	161,660	-	161,660
Fundraising	132,502	-	132,502
<b>TOTAL EXPENSES</b>	<b>1,613,404</b>	<b>-</b>	<b>1,613,404</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(7,767)</b>	<b>(225,218)</b>	<b>(232,985)</b>
<b>NET ASSETS, beginning</b>	<b>2,658,957</b>	<b>412,061</b>	<b>3,071,018</b>
Prior period adjustment	(18,889)	-	(18,889)
<b>NET ASSETS, ending</b>	<b>\$ 2,632,301</b>	<b>\$ 186,843</b>	<b>\$ 2,819,144</b>

The accompanying notes are an integral part of these financial statements.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2019 and 2018

	Program Services	General & Administrative	Fundraising	2019 Totals	Program Services	General & Administrative	Fundraising	2018 Totals
Consultants	\$ 7,800	\$ -	\$ -	\$ 7,800	\$ 56,175	\$ -	\$ -	\$ 56,175
Depreciation	-	4,809	-	4,809	-	4,454	-	4,454
Dues and subscriptions	2,939	-	-	2,939	2,007	-	-	2,007
Grants	19,500	-	-	19,500	35,300	-	-	35,300
Insurance	-	18,718	-	18,718	-	18,034	-	18,034
Payroll taxes	44,382	4,928	2,507	51,817	44,081	4,441	2,303	50,825
Postage	1,276	-	-	1,276	1,740	-	-	1,740
Printing and publications	35,485	-	-	35,485	66,241	-	-	66,241
Professional services	-	29,842	65,810	95,652	-	20,586	65,799	86,385
Rent - office	54,569	13,739	2,550	70,858	49,500	12,918	7,961	70,379
Repairs and maintenance	-	-	-	-	-	4,140	-	4,140
Salaries and wages	741,393	80,898	49,517	871,808	741,772	75,998	47,641	865,411
Employee benefits	145,789	17,525	6,673	169,987	131,042	14,666	5,787	151,495
Supplies	13,346	890	593	14,829	12,459	1,915	554	14,928
Taxes and licensing	-	252	-	252	-	2,078	-	2,078
Telephone	6,880	460	306	7,646	12,389	827	550	13,766
Travel and meetings	104,529	1,943	1,426	107,898	156,164	1,603	1,907	159,674
Website	5,342	-	-	5,342	10,372	-	-	10,372
	<u>\$ 1,183,230</u>	<u>\$ 174,004</u>	<u>\$ 129,382</u>	<u>\$ 1,486,616</u>	<u>\$ 1,319,242</u>	<u>\$ 161,660</u>	<u>\$ 132,502</u>	<u>\$ 1,613,404</u>

The accompanying notes are an integral part of these financial statements.



GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET CASH FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 225,774	\$ (232,985)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,809	4,454
Loss on disposal of property	1,007	-
Unrealized (gain) loss on investments	(16,107)	2,442
(Increase) decrease in:		
Unconditional promises to give	(200,709)	20,790
Other receivables	6,457	(36,766)
Prepaid expenses	259	(8,896)
Increase (decrease) in:		
Accounts payable	(8,608)	3,227
Deferred revenue	(26,556)	5,778
Accrued expenses	1,075	5,855
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(12,599)</u>	<u>(236,101)</u>
NET CASH FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(5,481)
Proceeds from sale of investments	925,000	1,375,000
Purchase of investments	(860,000)	(900,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>65,000</u>	<u>469,519</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	52,401	233,418
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	<u>920,425</u>	<u>687,007</u>
End of year	<u>\$ 972,826</u>	<u>\$ 920,425</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	<u>\$ 3,891</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION

The Georgia Partnership for Excellence in Education, Inc. (the “Organization”) is a nonprofit, nonpartisan organization that partners with businesses, schools, state government and local communities that share a vision of improved education in the state of Georgia. The Organization’s mission is to inform and influence Georgia leaders through research and nonpartisan advocacy to impact education policies and practices for the improvement of student achievement. The Organization is supported primarily through grants and contributions from large corporations and foundations. The Organization is located in Atlanta, Georgia.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and funding succession planning of upper management. Net assets with donor restrictions are subject to donor-imposed restrictions. The Organization’s donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization’s unspent contributions are reported in net assets with donor restrictions if the donor limited their use, or has promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service or time restrictions have been met.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization classifies as cash equivalents any highly liquid investments which can be readily converted to cash and have an original maturity of less than three months. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered operating cash and cash equivalents for the purpose of the statement of cash flows.

Compensated Absences

Employees of the Organization are entitled to paid vacation and sick leave. It is the Organization's policy not to carry unused vacation and sick hours to the next year, and accordingly, no liability has been recorded in the accompanying financial statements for unused benefits. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Deferred Revenue

Income from program service fees are deferred and recognized over the periods in which the fees relate.

Donated Services

The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to one or more programs and supporting functions of the Organizations. Those expenses include salaries and wages, payroll taxes, and employee benefits. These expenses are allocated to programs and supporting services on the basis of approximate time spent toward each function. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization had no income from unrelated business activities for the year ended December 31, 2019. The entity was subject to unrelated business income tax for employer provided parking expenses for the year ended December 31, 2018 and paid \$3,891 in income taxes in 2019. Passage of the Consolidated Appropriations Act on December 20, 2019 retroactively reversed taxation on employer provided parking expenses for tax-exempt organizations. The Organization has filed for a refund of taxes paid.

Investments

Investments are carried at their fair values on the statements of financial position.

Promises-to-Give, Grants, and Other Receivables

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off as bad debt expense.

Property and Equipment

Property and equipment with a useful life greater than one year are capitalized. Purchased property and equipment are stated at cost. Donated property and equipment are stated at estimated purchase cost, which approximates fair value, on the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from five to twenty years.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. The Organization is not obligated to refund program service fees. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions with and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Subsequent Events

According to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 855-10-50-1, management is required to disclose the date through which subsequent events have been reviewed. Accordingly, management has reviewed subsequent events up through September 2, 2020, the date in which the financial statements were available to be issued.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 567,491	\$ 508,054
Cash and cash equivalents - designated for operating reserves	83,482	11,528
Cash and cash equivalents - designated for succession planning	199,900	289,000
Cash and cash equivalents - with donor restrictions	<u>121,953</u>	<u>111,843</u>
	<u>\$ 972,826</u>	<u>\$ 920,425</u>

Restricted cash represents cash received with a donor-imposed restriction that limits the use of that cash for the intended purpose. Designated cash represents cash earmarked by the Board of Directors for specific purposes.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PROMISES TO GIVE

The Organization's unconditional promises to give consist of amounts that will be received subsequent to the date of the statement of financial position. The Organization uses a discount rate similar to its rate of return on its risk-free investments. Unconditional promises to give at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 214,325	\$ 115,608
Receivable in one to five years	<u>104,500</u>	<u>-</u>
Total unconditional promises to give	318,825	115,608
Less net present value discounts (1.5% rate)	<u>(2,508)</u>	<u>-</u>
Net unconditional promises to give	<u><u>\$ 316,317</u></u>	<u><u>\$ 115,608</u></u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>Method</u>	<u>2019</u>	<u>2018</u>
Furniture and equipment	5-7 yrs	SL	\$ 40,983	\$ 45,370
Leasehold improvements	20 yrs	SL	<u>4,442</u>	<u>4,442</u>
			45,425	49,812
Accumulated depreciation			<u>(29,497)</u>	<u>(28,068)</u>
Total			<u><u>\$ 15,928</u></u>	<u><u>\$ 21,744</u></u>

Depreciation expense was \$4,809 and \$4,454 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6. INVESTMENTS

Investments consisted of the following as of December 31:

	<u>Quoted Market value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Cost</u>
<u>2019</u>			
Certificates of deposit	<u>\$ 1,768,533</u>	<u>\$ 8,533</u>	<u>\$ 1,760,000</u>
<u>2018</u>			
Certificates of deposit	<u>\$ 1,817,426</u>	<u>\$ (7,574)</u>	<u>\$ 1,825,000</u>

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INVESTMENTS (Continued)

The certificates bear interest at rates ranging from 1.85% to 3.00% with \$904,910 of certificates maturing in 2020. The certificates are brokered and valued based upon the present value of earnings. Investment income from certificates of deposits for the years ended December 31, 2019 and 2018 was \$48,568 and \$43,773, respectively. No fees were charged by the financial institution.

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2019 and 2018, the Organization's governing board designated net assets without donor restrictions were as follows:

	<u>2019</u>	<u>2018</u>
Liquidity reserves	\$ 1,864,915	\$ 1,836,238
Succession costs for retiring management personnel	199,990	289,000
Total designated net assets without donor restrictions	<u>\$ 2,064,905</u>	<u>\$ 2,125,238</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Post Secondary/College Success Initiative	\$ 296,067	\$ -
Strengthen rural Georgia schools project	-	111,843
Assessment Inventory Project	34,886	-
	<u>330,953</u>	<u>111,843</u>
Subject to passage of time:		
For periods after December 31, 2019 and 2018, respectively	<u>50,000</u>	<u>75,000</u>
Total net assets with donor restrictions	380,953	186,843
Less: receivables for restricted contributions and grants	<u>(259,000)</u>	<u>(75,000)</u>
Restricted cash	<u>\$ 121,953</u>	<u>\$ 111,843</u>

NOTE 9. BENEFIT PLAN

The Organization contributes 10% of gross salaries to a Simplified Employee Plan (SEP) for all employees. Employees are immediately 100% vested in employer contributions. The Organization's contributions under the SEP plan during the years ended December 31, 2019 and 2018, totaled \$86,046 and \$79,795, respectively.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OPERATING LEASES

The Organization leases office facilities from the Georgia Chamber of Commerce, Inc. (an affiliate), under non-cancellable operating lease agreements expiring on July 31, 2024. Total rental expense plus common area maintenance under this lease for the years ended December 31, 2019 and 2018, were \$70,859 and \$70,379, respectively.

The Organization also leases vehicles for its top executives and office equipment under non-cancellable operating leases agreements expiring on various dates through 2022. Total rental expenses under these leases for the years ended December 31, 2019 and 2018 were \$25,892 and \$20,511, respectively. Future minimum annual payments for all leases are as follows:

<u>December 31,</u>	
2020	\$ 89,016
2021	80,278
2022	79,725
2023	75,769
2024	77,412
Thereafter	<u>45,922</u>
Total	<u>\$ 448,122</u>

NOTE 11. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of December 31, 2019 and 2018 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 972,826	\$ 920,425
Unconditional promises to give	316,317	115,608
Other receivables	35,827	42,284
Investments	<u>1,768,533</u>	<u>1,817,426</u>
Total financial assets	3,093,503	2,895,743
Less amounts not available to be used within one year due to:		
Cash restricted for a specific purpose	121,953	111,843
Promises to give restricted for specific purpose	259,000	75,000
Board designated funds for management succession	<u>199,990</u>	<u>289,000</u>
	<u>580,943</u>	<u>475,843</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,512,560</u>	<u>\$ 2,419,900</u>



GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (Continued)

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was \$1,864,915 and \$1,836,238 as of December 31, 2019 and 2018, respectively. These funds established by the governing board may be drawn down upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 12. FAIR VALUE MEASUREMENT

FASB Codification Topic No. 820, Fair Value Measurements, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1- inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2- inputs to the valuation methodology include quoted prices for similar assets and 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; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The asset's and 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 consist of brokered certificate of deposits (CDs). The CDs are valued based on fluctuating interest rates and penalty rates for early withdrawal. Based on these observations, the market prices for the CDs are based on inputs from similar assets with comparable terms in active markets. As such, management has classified the CDs as Level 1 assets under the fair value hierarchy.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash equivalents and unconditional promises to give. The Organization has not experienced any losses on its cash equivalents or unconditional promises to give. The Federal Deposit Insurance Corporation (FDIC) insures cash balances on deposit up to \$250,000 per member financial institution. Uninsured cash totaled \$727,250 and \$669,991 for years ended December 31, 2019 and 2018, respectively.

The Organization's funding is mostly made of large donations from few donors. Less than five (5) donors make up more than 95% of promises to give at December 31, 2019 and 2018. More than 50% of the Organization's contributions were provided by two donors for the years ended December 31, 2019 and 2018.

NOTE 14. RELATED PARTY TRANSACTIONS

The Organization is affiliated with the Georgia Chamber of Commerce, Inc. Some board members of the Georgia Chamber of Commerce, Inc. are members of the Organization's board of directors. As disclosed in NOTE 10, the Organization leases office space from the Georgia Chamber of Commerce, Inc. The Organization maintains a conflict of interest policy pertaining to board and committee members. Transactions between the Organization and board members typically are limited to contributions. Contributions received by board members totaled \$14,300 and \$11,925 for the years ended December 31, 2019 and 2018, respectively. Amounts due to the Georgia Chamber of Commerce, Inc. as of December 31, 2019 and 2018, totaled \$8,440 and \$19,869, respectively.

NOTE 15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment is reflected in the 2018 statement of activities to correct a minor error related to the recognition of revenue under the Education Policy Fellowship Program. This program begins in August and lasts through April. The program requires participants to pay a nonrefundable fee prior to the start of each class. Due to the nonrefundable nature of the fee, management had recognized the revenue at the start of each class. Management has decided that this revenue should be recognized ratably over the course of the program. As a result of this change, a portion of the revenue received each year is deferred for recognition to the following year. Therefore, beginning net assets without donor restrictions were overstated by \$18,889, deferred income was understated by \$24,667, and meeting revenue was overstated by \$5,778 from previously reported amounts for the year ended December 31, 2018.

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NOTE 16. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. To help mitigate the financial effects from the outbreak, the Organization received \$148,137 under the Small Business Administration's Paycheck Protection loan program. This program allows up to 100% of the loan to be forgiven if the loan funds are used for qualifying expenditures. The Organization fully expects that the loan will be forgiven in its entirety.