

GEORGIA PARTNERSHIP FOR
EXCELLENCE IN EDUCATION, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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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, 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 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, 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.

Howard, Moore & McDuffie, P.C.

Macon, Georgia
October 5, 2021

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (NOTE 3)	\$ 876,637	\$ 972,826
Unconditional promises to give, net (NOTE 4)	119,450	316,317
Other receivables	17,955	35,827
Prepaid expenses	21,926	20,468
Investments (NOTE 6)	1,967,848	1,768,533
Property and equipment, net (NOTE 5)	<u>8,822</u>	<u>15,928</u>
TOTAL ASSETS	<u>\$ 3,012,638</u>	<u>\$ 3,129,899</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 44,266	\$ 41,858
Deferred revenue	22,222	21,111
Accrued expenses	<u>27,550</u>	<u>22,012</u>
TOTAL LIABILITIES	<u>94,038</u>	<u>84,981</u>
NET ASSETS		
Without donor restrictions (NOTE 7)		
Undesignated	676,823	599,060
Designated	<u>1,985,193</u>	<u>2,064,905</u>
	2,662,016	2,663,965
With donor restrictions (NOTE 8)	<u>256,584</u>	<u>380,953</u>
TOTAL NET ASSETS	<u>2,918,600</u>	<u>3,044,918</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,012,638</u>	<u>\$ 3,129,899</u>

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, 2020

	Without donor restrictions	With donor restrictions	Totals
SUPPORT, REVENUES AND RECLASSIFICATIONS			
Contributions	\$ 933,366	\$ 207,500	\$ 1,140,866
Grants	-	24,000	24,000
Education Policy Fellowship Program	48,890	-	48,890
Program sponsors and publications	7,825	-	7,825
Interest income	36,488	-	36,488
Unrealized gain (loss) on investments	10,308	-	10,308
Paycheck Protection Program grant	148,137	-	148,137
TOTAL SUPPORT AND REVENUES	1,185,014	231,500	1,416,514
Net assets released from restrictions and transfers			
Restrictions satisfied by passage of time	50,000	(50,000)	-
Restrictions satisfied by payments	305,869	(305,869)	-
Total net assets released from restrictions	355,869	(355,869)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,540,883	(124,369)	1,416,514
OPERATING EXPENSES			
Program services	1,144,243	-	1,144,243
General and administrative	263,788	-	263,788
Fundraising	132,749	-	132,749
TOTAL EXPENSES	1,540,780	-	1,540,780
OTHER EXPENSES AND LOSSES			
Loss on disposal of assets	2,052	-	2,052
TOTAL EXPENSES AND LOSSES	1,542,832	-	1,542,832
INCREASE (DECREASE) IN NET ASSETS	(1,949)	(124,369)	(126,318)
NET ASSETS, beginning	2,663,965	380,953	3,044,918
NET ASSETS, ending	\$ 2,662,016	\$ 256,584	\$ 2,918,600

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, 2019

	Without donor restrictions	With donor restrictions	Totals
SUPPORT, REVENUES AND RECLASSIFICATIONS			
Contributions	\$ 908,360	\$ 597,900	\$ 1,506,260
Grants	31,000	32,000	63,000
Education Policy Fellowship Program	51,156	-	51,156
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
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUES	1,083,497	629,900	1,713,397
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)	-
	<hr/>	<hr/>	<hr/>
Total net assets released from restrictions	435,790	(435,790)	-
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,519,287	194,110	1,713,397
OPERATING EXPENSES			
Program services	1,183,230	-	1,183,230
General and administrative	174,004	-	174,004
Fundraising	129,382	-	129,382
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	1,486,616	-	1,486,616
OTHER EXPENSES AND LOSSES			
Loss on disposal of assets	1,007	-	1,007
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES AND LOSSES	1,487,623	-	1,487,623
	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	31,664	194,110	225,774
NET ASSETS, beginning	2,632,301	186,843	2,819,144
	<hr/>	<hr/>	<hr/>
NET ASSETS, ending	<u>\$ 2,663,965</u>	<u>\$ 380,953</u>	<u>\$ 3,044,918</u>

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, 2020 and 2019

	Program Services	General & Administrative	Fundraising	2020 Totals	Program Services	General & Administrative	Fundraising	2019 Totals
Consultants	\$ 19,170	\$ -	\$ -	\$ 19,170	\$ 7,800	\$ -	\$ -	\$ 7,800
Depreciation	-	4,039	-	4,039	-	4,809	-	4,809
Dues and subscriptions	3,096	-	-	3,096	2,939	-	-	2,939
Grants	23,902	-	-	23,902	19,500	-	-	19,500
Insurance	-	19,681	-	19,681	-	18,718	-	18,718
Payroll taxes	47,386	4,938	2,673	54,997	44,382	4,928	2,507	51,817
Postage	1,567	-	-	1,567	1,276	-	-	1,276
Printing and publications	37,934	-	-	37,934	35,485	-	-	35,485
Professional services	-	114,314	68,450	182,764	-	29,842	65,810	95,652
Rent - office	56,669	12,534	2,326	71,529	54,569	13,739	2,550	70,858
Repairs and maintenance	-	930	-	930	-	-	-	-
Salaries and wages	756,467	77,196	50,850	884,513	741,393	80,898	49,517	871,808
Employee benefits	130,365	14,204	6,192	150,761	145,789	17,525	6,673	169,987
Supplies	8,626	11,891	360	20,877	13,346	890	593	14,829
Taxes and licensing	-	93	-	93	-	252	-	252
Telephone	8,282	1,992	345	10,619	6,880	460	306	7,646
Travel and meetings	45,432	1,976	1,553	48,961	104,529	1,943	1,426	107,898
Website	5,347	-	-	5,347	5,342	-	-	5,342
	<u>\$ 1,144,243</u>	<u>\$ 263,788</u>	<u>\$ 132,749</u>	<u>\$ 1,540,780</u>	<u>\$ 1,183,230</u>	<u>\$ 174,004</u>	<u>\$ 129,382</u>	<u>\$ 1,486,616</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
NET CASH FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (126,318)	\$ 225,774
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,039	4,809
Loss on disposal of property	2,052	1,007
Unrealized (gain) loss on investments	(10,308)	(16,107)
(Increase) decrease in:		
Unconditional promises to give	196,867	(200,709)
Other receivables	17,872	6,457
Prepaid expenses	(1,458)	259
Increase (decrease) in:		
Accounts payable	2,408	(8,608)
Deferred revenue	1,111	(26,556)
Accrued expenses	5,538	1,075
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>91,803</u>	<u>(12,599)</u>
NET CASH FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	1,015	-
Proceeds from sale of investments	1,125,000	925,000
Purchase of investments	<u>(1,314,007)</u>	<u>(860,000)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(187,992)</u>	<u>65,000</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(96,189)	52,401
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	<u>972,826</u>	<u>920,425</u>
End of year	<u>\$ 876,637</u>	<u>\$ 972,826</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	<u>\$ -</u>	<u>\$ 3,891</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, employee benefits and occupancy expenses. These expenses are allocated to programs and supporting services on the basis of approximate staff 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 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 an initial cost of \$2,500 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.

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

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 October 5, 2021, the date in which the financial statements were available to be issued.

New Accounting Standard

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue *from Contracts with Customers* (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Organization adopted the new standard retroactively to January 1, 2019, as amended, as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of various provisions of the standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue has been enhanced in accordance with the standard.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Unrestricted	\$ 698,529	\$ 567,491
Designated for operating reserves	-	83,482
Designated for succession planning	26,024	199,900
With donor restrictions	<u>152,084</u>	<u>121,953</u>
	<u>\$ 876,637</u>	<u>\$ 972,826</u>

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>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 119,450	\$ 214,325
Receivable in one to five years	-	104,500
Total unconditional promises to give	119,450	318,825
Less net present value discounts (1.5% rate)	-	(2,508)
Net unconditional promises to give	<u>\$ 119,450</u>	<u>\$ 316,317</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>Method</u>	<u>2020</u>	<u>2019</u>
Furniture and equipment	5-7 yrs	SL	\$ 31,065	\$ 40,983
Leasehold improvements	20 yrs	SL	4,442	4,442
			35,507	45,425
Accumulated depreciation			<u>(26,685)</u>	<u>(29,497)</u>
Total			<u>\$ 8,822</u>	<u>\$ 15,928</u>

Depreciation expense was \$4,039 and \$4,809 for the years ended December 31, 2020 and 2019, 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>2020</u>			
Certificates of deposit	<u>\$ 1,967,848</u>	<u>\$ 18,848</u>	<u>\$ 1,949,000</u>
<u>2019</u>			
Certificates of deposit	<u>\$ 1,768,533</u>	<u>\$ 8,533</u>	<u>1,760,000</u>

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INVESTMENTS (Continued)

The certificates bear interest at rates ranging from 0.15% to 2.40% with \$641,554 of certificates maturing in 2021. 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, 2020 and 2019 was \$35,517 and \$48,568, respectively. No fees were charged by the financial institution.

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2020 and 2019, the Organization's governing board designated net assets without donor restrictions were as follows:

	2020	2019
Liquidity reserves	\$ 1,959,169	\$ 1,864,915
Succession costs for retiring management personnel	26,024	199,990
Total designated net assets without donor restrictions	<u>\$ 1,985,193</u>	<u>\$ 2,064,905</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to expenditure for specified purpose:		
Post Secondary/College Success Initiative	\$ 191,584	\$ 296,067
Assessment Inventory Project	-	34,886
	<u>191,584</u>	<u>330,953</u>
Subject to passage of time:		
EdQuest funding for 2021	15,000	-
Operational funding for 2021 and 2020, respectively	50,000	50,000
	<u>65,000</u>	<u>50,000</u>
Total net assets with donor restrictions	256,584	380,953
Less: receivables for restricted contributions and grants	<u>(104,500)</u>	<u>(259,000)</u>
Restricted cash	<u>\$ 152,084</u>	<u>\$ 121,953</u>

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization hosts an Education Policy Fellowship Program for potential leaders with the knowledge and networks to advance the core issues of education policy. Fees for the program are due in advance of the program’s commencement and recognized as revenue ratably over the nine month duration of the program (over time) in return for providing venues and instructors for program participants. The Organization has no obligation to refund program fees in whole or in part due to an individual’s inability to complete the program. Any fees received but not yet recognized as revenue is reported as deferred revenue on the statement of financial position.

The following table provides information about changes in the contract liabilities for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred EPFP dues, beginning of year	\$ 21,111	\$ 24,667
Revenue recognized that was included in deferred EPFP dues at the beginning of year	(21,111)	(24,667)
Increase in deferred revenue due to cash received during the year	<u>22,222</u>	<u>\$ 21,111</u>
Deferred EPFP dues, end of year	<u><u>\$ 22,222</u></u>	<u><u>\$ 21,111</u></u>

NOTE 10. 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, 2020 and 2019, totaled \$88,296 and \$86,046, respectively.

NOTE 11. 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, 2020 and 2019, were \$71,529 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 2024. Total rental expenses under these leases for the years ended December 31, 2020 and 2019 were \$19,642 and \$25,892, respectively.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OPERATING LEASES (Continued)

Future minimum annual payments for all leases are as follows:

<u>December 31,</u>	
2021	\$ 87,906
2022	87,375
2023	83,880
2024	<u>51,312</u>
Total	<u>\$ 310,473</u>

NOTE 12. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of December 31, 2020 and 2019 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>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 876,637	\$ 972,826
Unconditional promises to give	119,450	316,317
Other receivables	17,955	35,827
Investments	<u>1,967,848</u>	<u>1,768,533</u>
Total financial assets	2,981,890	3,093,503
Less amounts not available to be used within one year due to:		
Cash restricted for a specific purpose	152,084	121,953
Promises to give restricted for specific purpose	104,500	259,000
Board designated funds for management succession	<u>26,024</u>	<u>199,990</u>
	<u>282,608</u>	<u>580,943</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,699,282</u>	<u>\$ 2,512,560</u>

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 \$1,959,169 and \$1,864,915 as of December 31, 2020 and 2019, respectively. These funds established by the governing board may be drawn down upon in the event of financial distress or an immediate liquidity need

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (Continued)

resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 13. PAYCHECK PROTECTION PROGRAM GRANT

In response to the COVID-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Stability Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. On June 30, 2020, the Organization was granted a PPP loan for \$148,137. The PPP loan contained conditions to maintain employment levels and use the funds for certain payroll, rent and utility expenses. The Organization had initially recorded the loan as a refundable advance. The Organization believes that it used all of the loan proceeds for qualifying expenses as of December 31, 2020 and therefore has recognized all of the loan as revenue in 2020. The Organization was granted loan forgiveness on September 3, 2021.

NOTE 14. 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.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. FAIR VALUE MEASUREMENT (Continued)

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.

NOTE 15. RISKS, UNCERTAINTIES AND CONCENTRATIONS

The Organization is exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with vendors and donors, it is at least reasonably possible that changes in the value of assets and liabilities will occur in the near term and that such changes could materially affect account balances and amounts reported in the statements of financial position.

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 \$645,395 and \$727,250 for years ended December 31, 2020 and 2019, respectively.

The Organization's funding is mostly made of large donations from few donors. Less than five (5) donors make up more than 80% of promises to give at December 31, 2020 and 2019. More than 70% of the Organization's contributions were provided by two donors for the years ended December 31, 2020 and 2019.

NOTE 16. 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 11, 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 \$16,200 and \$14,300 for the years ended December 31, 2020 and 2019, respectively. Amounts due to the Georgia Chamber of Commerce, Inc. as of December 31, 2020 and 2019, totaled \$10,840 and \$8,440, respectively.

GEORGIA PARTNERSHIP FOR EXCELLENCE IN EDUCATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. 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 a second PPP loan in the amount of \$148,137 on March 6, 2021. The Organization fully expects that the loan proceeds will be used for qualifying expenses and be forgiven in its entirety at a later date.