

GEORGIA PUBLIC POLICY FOUNDATION, INC.

Financial Statements
and
Independent Auditors' Report

December 31, 2021 and 2020

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7-13

INDEPENDENT AUDITORS' REPORT

Board of Directors
Georgia Public Policy Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Georgia Public Policy Foundation, Inc. (“the Foundation”), which comprise the Statement of Financial Position as of December 31, 2021, and the related Statements of Activities, Functional Expenses, and Statements of Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation, as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor’s Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

The financial statements of Georgia Public Policy Foundation, Inc., for the year ended December 31, 2020, were audited by other auditors who expressed an unmodified opinion on those statements on July 14, 2021.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marshall Jones

Atlanta, Georgia
October 4, 2022

GEORGIA PUBLIC POLICY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 526,143	\$ 477,785
Pledges receivable	100,000	5,000
Prepaid expenses	10,589	9,082
Security deposits	4,312	4,312
Total Current Assets	641,044	496,179
Property and Equipment		
Furniture	14,969	14,969
Equipment and computers	2,103	2,103
Less: Accumulated depreciation	(16,565)	(16,375)
Property and Equipment, net	507	697
Other Assets		
Investments	3,519	2,737
Total Other Assets	3,519	2,737
TOTAL ASSETS	\$ 645,070	\$ 499,613
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,807	\$ 10,712
Total Current Liabilities	5,807	10,712
Net Assets		
Net assets without donor restriction	464,506	458,901
Net assets with donor restriction	174,757	30,000
Total Net Assets	639,263	488,901
TOTAL LIABILITIES AND NET ASSETS	\$ 645,070	\$ 499,613

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

GEORGIA PUBLIC POLICY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	Net assets without donor restriction	Net assets with donor restriction	2021 Total	2020 Total
Revenue				
Education and research	\$ 650,833	\$ 386,900	\$1,037,733	\$ 727,718
Special events	54,210	-	54,210	62,409
In-kind donations	3,899	-	3,899	34,250
Investment gains	826	-	826	602
Other income	1,605	-	1,605	362
Net assets released from restrictions	242,143	(242,143)	-	-
Total Revenue	953,516	144,757	1,098,273	825,341
Expenses				
Education and research	683,914	-	683,914	525,670
Fundraising	155,989	-	155,989	127,261
General and administration	108,008	-	108,008	45,065
Total Expenses	947,911	-	947,911	697,996
Change in Net Assets	5,605	144,757	150,362	127,345
Net Assets - Beginning of Year	458,901	30,000	488,901	361,556
Net Assets – End of year	\$ 464,506	\$ 174,757	\$ 639,263	\$ 488,901

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

GEORGIA PUBLIC POLICY FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2021 and 2020

	Education and Research	Fundraising	General and Administration	2021 Total	2020 Total
Bank fees	\$ 1,642	\$ 205	\$ 205	\$ 2,052	\$ 2,070
Computer software	5,100	638	638	6,376	5,843
Continuing education	-	-	2,600	2,600	1,668
Depreciation expense	152	19	19	190	50
Dues & memberships	4,175	1,799	2,762	8,736	7,959
Employee benefits	21,889	10,859	3,360	36,108	21,233
Event expense	25,860	-	-	25,860	54,402
Food & beverage	44,257	899	-	45,156	1,514
Insurance	25,864	9,154	9,685	44,703	66,773
Interns	-	-	-	-	1,000
Miscellaneous	1,096	-	-	1,096	527
Office supplies	-	-	3,682	3,682	2,074
Payroll service	-	-	1,655	1,655	819
Payroll taxes	26,110	9,060	3,300	38,470	29,129
Postage & printing	40,238	954	907	42,099	16,228
Professional fees	6,902	-	1,063	7,965	31,141
Professional services	103,202	597	29,784	133,583	41,852
Rent & utilities	29,740	3,718	3,718	37,176	37,124
Repairs & maintenance	-	-	1,161	1,161	541
Salaries	326,851	115,663	41,892	484,406	367,619
Telephone	2,415	302	302	3,019	3,153
Travel	18,421	2,122	1,275	21,818	5,277
Total Expenses	\$ 683,914	\$ 155,989	\$ 108,008	\$ 947,911	\$ 697,996
Percentage of Total	72%	17%	11%	100%	

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

GEORGIA PUBLIC POLICY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
<hr/>		
Cash Flows From Operating Activities		
Change in net assets	\$ 150,362	\$ 127,345
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	190	50
Investment gains, net	(782)	(565)
(Increase) decrease in assets:		
Pledges receivable	(95,000)	(5,000)
Prepaid expenses	(1,507)	20,364
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,905)	(12,324)
<hr/>		
Net Cash Provided by Operating Activities	48,358	129,870
<hr/>		
Cash Flows From Investing Activities		
Purchases of property and equipment	-	(747)
<hr/>		
Net Cash Used In Investing Activities	-	(747)
<hr/>		
Net Increase in Cash and Cash Equivalents	48,358	129,123
Cash and Cash Equivalents- Beginning of Year	477,785	348,662
<hr/>		
Cash and Cash Equivalents - End of Year	\$ 526,143	\$ 477,785
<hr/>		

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Georgia Public Policy Foundation, Inc., (“the Foundation”) is an independent, nonpartisan, public policy research group committed to furthering the goals of economic growth and individual opportunity. The Foundation seeks to generate new ideas based on the principles of free enterprise, limited government, and individual liberty by providing a forum for the exchange of ideas and a laboratory for the development of these ideas into practical public policy.

Basis of Presentation

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions - represents net assets that are not restricted by donor imposed stipulations and are available for support of operations and other expenditures.

Net assets with donor restrictions - represents net assets whose use by the Foundation is subject to stipulations imposed by donor. Some donor restrictions are temporary in nature; that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Other donor restrictions are perpetual in nature that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purpose of the Statements of Cash Flows, the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

(Continued)

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP includes the use of estimates that may affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions

The Foundation recognizes revenues in accordance with Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (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 Statements of Activities as net assets released from restriction.

Donated Gifts

In the accompanying financial statements, donated services are reflected as in-kind donations at their estimated fair values on the date of receipt.

Investments

Under Financial Accounting Standards Board Accounting Standards Codification 958-320, *Not-for-Profit Entities – Investments – Debt & Equity Securities*, investments in marketable securities with readily determinable market values are reported at their market values in the Statements of Financial Position. Unrealized gains and losses are included in the Statements of Activities as changes in net assets without donor restrictions. Investment income and gains are reported in the Statements of Activities as increases in net assets without donor restrictions in the reporting period in which the income and gains are recognized.

(Continued)
GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation qualifies as a tax-exempt Foundation as described in Internal Revenue Code Section 501(c)(3). The Foundation only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Foundation operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Foundation's financial condition, results of activities or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties, for uncertain income tax positions at December 31, 2021.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Foundation believes it is no longer subject to income tax examinations for fiscal years prior to December 31, 2018.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain expenses have been allocated among the programs and supporting services receiving benefit. The allocation has been made based on management's best estimate of the actual resources used in those areas, based on time and effort. The expenses allocated on a square foot basis include rent and depreciation.

Pledges Receivable

Pledges receivable at December 31, 2021, totaled \$100,000, and are expected to be collected during the year ended December 31, 2022. The Foundation has determined that all amounts recorded as contributions receivable are collectible; accordingly, no allowance for doubtful accounts has been established.

Subsequent Events

The Foundation has evaluated subsequent events through the filing date of this report. Any significant events that have occurred through that date are included in these notes.

(Continued)

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of Financial Instruments

The book values of accounts receivable, accounts payable, and other financial instruments approximate the fair values, principally because of the short-term maturities of these instruments.

Property and Equipment

Property and equipment assets are recorded at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated lives principally using straight-line methods. The estimated useful lives of the various classes of assets are as follows

<u>Classification</u>	<u>Estimated Lives</u>
Furniture	5 years
Computers and equipment	5 years

Commitments

The Foundation may receive grants, which require the fulfillment of certain conditions as set forth in the instrument of the grant. The failure to fulfill the conditions could result in the return of the funds to the grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants, the Foundation has agreed to comply with the provisions thereof.

Concentrations of Credit Risk

The Foundation depends heavily on contributions and grants for its support and revenue. The ability of certain contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Board of Directors believes the Foundation has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

The Foundation maintains cash deposits in a bank deposit account which at times may exceed FDIC limits.

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation is substantially supported by contributions with and without donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. The Foundation’s liquidity management is designed to ensure financial assets are available as its general expenditures and other liabilities come due.

The following represents the financial assets available to meet cash needs within one year as of December 31:

	2021	2020
Cash	\$ 526,143	\$ 477,785
Pledges receivable	100,000	5,000
Total liquid assets	626,143	482,785
Net assets with donor restrictions	(174,757)	(30,000)
Financial assets available to meet cash needs within one year	\$ 451,386	\$ 452,785

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following various purposes and time periods as of December 31:

	2021	2020
Education and research	\$ 66,667	\$30,000
Housing affordability project	28,690	-
Direct mail and digital fundraising	40,000	-
Research and development impact fees	39,400	-
Total	\$ 174,757	\$30,000

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 – OPERATING LEASES

In September 2017, the Foundation signed an extended lease agreement for its current office location. That lease agreement was scheduled to expire in December 2022, and was amended in April 2022 to extend the lease for a period of 65 months. This extension included an allowance approximately \$28,000 to be used by December 31, 2022, which was controlled by the landlord. During the year ended December 31, 2021, rent expenses was \$37,176. The annual minimum base rent lease payments through the term of the leases are as follows:

2022	\$ 39,099
2023	36,641
2024	34,310
2025	35,339
2026	43,679
Thereafter	64,297
	<hr/> \$ 253,365

NOTE 6 - RETIREMENT PLAN

Effective January 1, 2021, the Foundation has a 401(k) Plan (“the Plan”) that covers substantially all employees who have reached age 21 and completed at least six months of service. Each year, participants may contribute amounts up to the maximum IRS allowable amount in the form of pre-tax or post-tax ROTH contribution. Under this Plan, the Foundation will contribute 3% of compensation to all eligible active participants. In addition to Safe Harbor Non-elective Contribution, the Foundation has the option to make a profit-sharing contribution. All participants are 100% vested in both employer contributions. The Foundation contributed \$13,033 to the plan for the year ended December 31, 2021.

NOTE 7 - CONTINGENCIES

The Foundation depends on contributions to support its operations. The ability of contributors to continue giving may depend on current and future economic conditions. The Foundation has continued its COVID-19 response program during this crisis. Currently the Foundation is in a strong cash position and the Board of Directors is assessing current and future needs and will adjust the budget and spending as needed to ensure the continued success of the Foundation.

(Continued)

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7 – CONTINGENCIES (Continued)

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak may have an impact on the operations of the Foundation. The extent of the impact to the financial performance of the Foundation will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of the Foundation is impacted because of these things for an extended period, the Foundation's financial results may be adversely affected. Final results of the relief measures are not currently known.

These notes should be read only in connection with the
accompanying financial statements and independent auditors' report.