

GEORGIA PUBLIC POLICY FOUNDATION, INC.

Financial Statements
and
Independent Auditors' Report

December 31, 2022 and 2021

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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 Statements of Financial Position as of December 31, 2022 and 2021, and the related Statements of Activities, Functional Expenses, and Statements of Cash Flows for the years 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Auditors' 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 auditors' 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

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Atlanta, Georgia
July 14, 2023

GEORGIA PUBLIC POLICY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
Current Assets		
Cash and cash equivalents	\$ 477,455	\$ 526,143
Pledges receivable	222,185	100,000
Prepaid expenses	7,593	10,589
Security deposits	4,312	4,312
Total Current Assets	711,545	641,044
Non-Current Assets		
Property and equipment, net	5,091	507
Investments	2,745	3,519
Right-of-use lease asset – operating, net	206,042	-
Total Non-Current Assets	213,878	4,026
TOTAL ASSETS	\$ 925,423	\$ 645,070
Current Liabilities		
Accounts payable and accrued expenses	\$ 20,298	\$ 5,807
Operating lease liability – current	34,049	-
Total Current Liabilities	54,347	5,807
Non-Current Liabilities		
Operating lease liability, net of current	170,219	-
Total Non-Current Liabilities	170,219	-
Total Liabilities	224,566	5,807
Net Assets		
Net assets without donor restriction	415,463	464,506
Net assets with donor restriction	285,394	174,757
Total Net Assets	700,857	639,263
TOTAL LIABILITIES AND NET ASSETS	\$ 925,423	\$ 645,070

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, 2022 and 2021

	Net assets without donor restriction	Net assets with donor restriction	2022 Total	2021 Total
Revenue				
Education and research	\$ 545,260	\$ 455,000	\$1,000,260	\$1,037,733
Special events	11,105	-	11,105	54,210
In-kind donations	3,712	-	3,712	3,899
Investment (loss)/gains	(710)	-	(710)	826
Other income	1,632	-	1,632	1,605
Net assets released from restrictions	344,363	(344,363)	-	-
Total Revenue	905,362	110,637	1,015,999	1,098,273
Expenses				
Education and research	657,884	-	657,884	683,914
Fundraising	177,394	-	177,394	155,989
General and administration	119,127	-	119,127	108,008
Total Expenses	954,405	-	954,405	947,911
Change in Net Assets	(49,043)	110,637	61,594	150,362
Net Assets - Beginning of Year	464,506	174,757	639,263	488,901
Net Assets – End of year	\$ 415,463	\$ 285,394	\$ 700,857	\$ 639,263

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, 2022 and 2021

	Education and Research	Fundraising	General and Administration	2022 Total	2021 Total
Salaries	\$ 335,427	\$ 132,610	\$ 52,004	\$ 520,041	\$ 484,406
Professional services	78,498	454	22,655	101,607	133,583
Insurance	30,770	10,890	11,522	53,182	44,703
Employee benefits	27,780	11,286	4,341	43,407	36,108
Payroll taxes	26,790	10,591	4,154	41,535	38,470
Rent & utilities	32,725	4,091	4,091	40,907	37,176
Postage & printing	35,836	850	808	37,494	42,099
Travel	22,362	3,589	1,656	27,607	21,818
Event expense	26,510	-	-	26,510	25,860
Food & beverage	25,642	521	-	26,163	45,156
Office supplies	-	-	8,116	8,116	3,682
Computer software	5,864	734	734	7,332	6,376
Dues & memberships	2,568	1,107	1,699	5,374	8,736
Telephone	3,658	458	458	4,574	3,019
Continuing education	-	-	2,500	2,500	2,600
Repairs & maintenance	-	-	2,297	2,297	1,161
Payroll service	-	-	1,857	1,857	1,655
Bank fees	1,044	130	130	1,304	2,052
Depreciation expense	665	83	83	831	190
Miscellaneous	1,745	-	22	1,767	9,061
Total Expenses	\$ 657,884	\$ 177,394	\$ 119,127	\$ 954,405	\$ 947,911
Percentage of Total	68.93%	18.59%	12.48%	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, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ 61,594	\$ 150,362
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	831	190
Investment gains, net	774	(782)
(Increase) decrease in assets:		
Pledges receivable	(122,185)	(95,000)
Prepaid expenses	2,996	(1,507)
Right of use lease asset and liability– operating, net	(1,774)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	14,491	(4,905)
Net Cash (Used In) Provided by Operating Activities	(43,273)	48,358
Cash Flows From Investing Activities		
Purchases of property and equipment	(5,415)	-
Net Cash Used In Investing Activities	(5,415)	-
Net (Decrease) Increase in Cash and Cash Equivalents	(48,688)	48,358
Cash and Cash Equivalents- Beginning of Year	526,143	477,785
Cash and Cash Equivalents - End of Year	\$ 477,455	\$ 526,143

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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

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, 2022.

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, 2019.

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, 2022, totaled \$222,185, and are expected to be collected during the year ended December 31, 2023. 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, 2022 and 2021

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, 2022 and 2021

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:

	2022	2021
Cash	\$ 477,455	\$ 526,143
Pledges receivable	222,185	100,000
Total liquid assets	699,640	626,143
Net assets with donor restrictions	(285,394)	(174,757)
Financial assets available to meet cash needs within one year	\$ 414,246	\$ 451,386

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:

	2022	2021
Certificate of Need in Georgia videos	\$ 150,000	\$ -
Research on lot and home size	50,000	-
Message Polling Surveys	44,750	-
Housing policy reform	25,000	-
Housing affordability project	15,644	28,690
Education and research	-	66,667
Direct mail and digital fundraising	-	40,000
Research and development impact fees	-	39,400
Total	\$ 285,394	\$ 174,757

GEORGIA PUBLIC POLICY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 – OPERATING LEASE COMMITMENT

Effective as of January 1, 2022, Foundation adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update 2016-02, Leases. This new standard requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The FASB decided that lessees will classify a lease as either a financing lease or an operating lease, based on whether the arrangement is effectively a purchase of the underlying asset. Leases that transfer control of the underlying asset to a lessee are classified as finance leases; lessees will classify all other leases as operating leases. In an operating lease, a lessee obtains control of only the use of the underlying asset, but not the underlying asset itself.

Foundation leases office under a long-term non-cancelable operating lease agreement, which 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. Foundation includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for various increases and decreases in future minimum annual rental payments, from \$1,666 in January 2023 to \$3,862 in May 2028.

The Foundation has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Risk-free rate of 1.4% was utilized at date of implementation on January 1, 2022.

Foundation has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. Total lease costs for the years ended December 31, 2022 and 2021, were \$40,907 and \$37,176 respectively.

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 \$11,114 and \$13,033 to the plan for the years ended December 31, 2022 and 2021 respectively.

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