GEORGIA GOAL SCHOLARSHIP PROGRAM, INC.

Financial Statements

December 31, 2019 and 2018

Georgia GOAL Scholarship Program, Inc.

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December 31, 2019 and 2018

Independent Auditor's Report

To the Board of Directors of
Georgia GOAL Scholarship Program, Inc.

We have audited the accompanying financial statements of Georgia GOAL Scholarship Program, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Organization'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 Organization'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 GOAL Scholarship Program, 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.

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Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 19 is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the rules of the Department of Revenue Income Tax Division of Georgia under chapter 560-7-8-.47(4). Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bennett Thrasher LLP

April 22, 2020

Georgia GOAL Scholarship Program, Inc.

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Assets obligated for scholarships:		
Investments	$ 36,524,937	$ 22,799,002
Restricted cash and cash equivalents - scholarship account	800,812	4,033,785
Contributions receivable	64,007	-
Cash and cash equivalents - operating account	1,068,658	566,470
Due from HEART (Note 9)	3,092	-
Other assets	41,227	22,516
Leasehold improvements, less accumulated amortization	135,857	26,553
Website development costs, less accumulated amortization	40,592	24,992
Total assets	$ 38,679,182	$ 27,473,318
Liabilities and Net Assets		
Accounts payable	$ 53,379	$ 34,981
Due to GCF (Note 9)	45,681	17,689
Deferred rent	123,232	37,231
Total liabilities	222,292	89,901
Net assets:		
Without donor restrictions		
Undesignated	1,067,134	564,039
Board designated	741,293	673,679
	1,808,427	1,237,718
With donor restrictions	36,648,463	26,145,699
Total net assets	38,456,890	27,383,417
Total liabilities and net assets	$ 38,679,182	$ 27,473,318

See accompanying notes to financial statements.

Georgia GOAL Scholarship Program, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019

	Without Donor Restrictions			
	Undesignated	Board Designated	With Donor Restrictions	Total
Revenue and support:				
Contributions	$ -	$ -	$ 38,243,742	$ 38,243,742
Administrative fees	982,683	500,000	(1,482,683)	-
Net investment income (Note 4)	407,819	-	2,605,013	3,012,832
Donated services and facilities	15,000	-	-	15,000
Other income	20,192	-	-	20,192
Net assets released from restrictions	29,295,694	(432,386)	(28,863,308)	-
Total revenue and support	30,721,388	67,614	10,502,764	41,291,766
Expenses:				
Program expense	29,732,451	-	-	29,732,451
Fundraising expense	108,856	-	-	108,856
Management and general expense	376,986	-	-	376,986
Total expenses	30,218,293	-	-	30,218,293
Increase in net assets	503,095	67,614	10,502,764	11,073,473
Net assets, beginning of year	564,039	673,679	26,145,699	27,383,417
Net assets, end of year	$ 1,067,134	$ 741,293	$ 36,648,463	$ 38,456,890

See accompanying notes to financial statements.

Georgia GOAL Scholarship Program, Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	Without Donor Restrictions			
	Undesignated	**Board Designated**	**With Donor Restrictions**	**Total**
Revenue and support:				
Contributions	$ 8,000	$ -	$ 21,168,420	$ 21,176,420
Administrative fees	746,441	400,000	(1,146,441)	-
Net investment income (loss) (Note 4)	172,537	-	(574,180)	(401,643)
Donated services and facilities	24,000	-	-	24,000
Net assets released from restrictions	19,389,205	(161,494)	(19,227,711)	-
Total revenue and support	20,340,183	238,506	220,088	20,798,777
Expenses:				
Program expense	19,770,976	-	-	19,770,976
Fundraising expense	102,849	-	-	102,849
Management and general expense	373,891	-	-	373,891
Total expenses	20,247,716	-	-	20,247,716
Increase in net assets	92,467	238,506	220,088	551,061
Net assets, beginning of year	471,572	435,173	25,925,611	26,832,356
Net assets, end of year	$ 564,039	$ 673,679	$ 26,145,699	$ 27,383,417

See accompanying notes to financial statements.

Georgia GOAL Scholarship Program, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	$ 11,073,473	$ 551,061
Reconciliation of net assets to net		
cash provided by operating activities:		
Net unrealized (gain) loss on investments	(2,106,574)	1,149,252
Net realized gain (loss) on investments	44,117	(119,058)
Amortization expense	38,912	29,183
Noncash rent expense	(17,394)	(13,483)
Changes in assets and liabilities:		
Contributions receivable	(64,007)	-
Other assets	(18,711)	(14,035)
Accounts payable	18,398	(8,076)
Due to/from related parties	24,900	2,693
Net cash provided by operating activities	8,993,114	1,577,537
Cash flows from investing activities:		
Purchases of investments	(11,947,242)	(1,622,833)
Proceeds on sales of investments	283,763	1,375,880
Purchases of web development costs and leasehold improvements	(60,420)	(16,900)
Net cash used in investing activities	(11,723,899)	(263,853)
Net (decrease) increase in cash and cash equivalents	(2,730,785)	1,313,684
Cash and cash equivalents and restricted cash and cash equivalents, at beginning of year	4,600,255	3,286,571
Cash and cash equivalents and restricted cash and cash equivalents, at end of year	$ 1,869,470	$ 4,600,255

Supplemental Disclosure of Cash Flow Information

Leasehold improvements purchased with tenant improvement allowance	$ 103,895	$ -

See accompanying notes to financial statements.

Note 1: Description of Organization and Summary of Significant Accounting Policies

Description of Organization

Georgia GOAL Scholarship Program, Inc. (the Organization) is a nonprofit Georgia corporation that provides students from low and middle income families with scholarships to attend private pre-k4-12 schools of their parents' choice in the State of Georgia. The Organization is a Student Scholarship Organization (SSO) as defined by the State of Georgia. The Organization operates in a manner that enables Georgia taxpayers to secure the Qualified Education Expense Credit available under Official Code of Georgia Annotated (O.C.G.A) § 48-7-29.16 for their charitable contributions to the Organization.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from assets without donor restrictions, funds obligated to provide additional scholarships. Since this is not a donor-imposed restriction, the board designated net assets are classified and reported as part of net assets without donor restrictions. However, the board designated net assets are reported separately for financial statement purposes as they are not available for general operating purposes without board actions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Assets Obligated for Scholarships

At December 31, 2019, the Organization held $303,222 in a non-interest bearing bank account, $64,007 in contributions receivable, $497,590 in interest-bearing money market accounts, and $36,524,937 in investment accounts. At December 31, 2018, the Organization held $766,552 in a non-interest bearing bank account, $3,267,233 held in interest-bearing bank accounts and $22,799,002 in investment accounts.

These funds are obligated under the provisions of Georgia law relating to the operation of an SSO under O.C.G.A. § 20-2A. In addition, under O.C.G.A. § 20-2A, the Organization is required to maintain separate accounts for operating and scholarship funds.

Investments

Investments consist of marketable securities and are stated at fair value. Fair value of investments is calculated based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Net investment income (loss), as reported on the accompanying statements of activities and changes in net assets, consists of unrealized gains and losses on investments held at year end, realized gains and losses on investments sold during the year and investment income earned from interest and dividends. Investment income (loss) is reported net of external and direct internal investment expenses incurred.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit with financial institutions and highly liquid investments with maturities of three months or less at the date of purchase. These investments are carried at cost, which approximates fair value. At times, cash and cash equivalents may exceed federally insured amounts. The Organization believes it mitigates any risks by depositing cash and investing in cash equivalents with major financial institutions.

Contributions Receivable

Contributions are recorded in the year they are received or pledged, with allowances provided for receivables estimated to be uncollectible. The contributions are reported as contributions with donor restrictions if they are received with donor stipulations or time restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Leasehold Improvements

Leasehold improvements are stated at cost less accumulated amortization. Amortization expense is recorded using the straight-line method over the lesser of the term of the lease, without consideration of renewal options, or the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. Amortization expense related to leasehold improvements totaled $20,012 and $11,801 in 2019 and 2018, respectively.

Web Development Costs

The Organization capitalizes costs associated with developing the Organization's website and associated custom software solutions upon the point at which the website and software are ready for intended use. Costs associated with web development are expensed until the point at which the project has reached the development stage. Subsequent additions, modifications or upgrades to the Organization's website and software are capitalized only to the extent that they allow the website to perform a task it previously did not perform. Website and software maintenance and content development are expensed in the period in which they are incurred. Web development costs primarily include external direct costs for related development services. The Organization amortizes these costs over the estimated useful life of three years. Amortization expense related to software costs totaled $18,900 and $17,381 in 2019 and 2018, respectively.

Leases

The Organization recognizes rent expense on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as deferred rent. Within the provisions of certain leases, there are rent holidays and fixed escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and escalations have been reflected in general and administrative expense on the accompanying statements of activities and changes in net assets on a straight-line basis over the expected lease term.

Contributions

Contributions are recorded when cash has been received. Contributions are recorded as without donor restrictions or with donor restrictions depending on the absence or existence of any donor-imposed restrictions on the use of the contributions to provide scholarships at the Organization's discretion at participating eligible schools.

The Organization reports contributions of cash as support with donor restrictions to the extent that the donor obligates such contributions for the provision of scholarships or tuition grants. Effective January 1, 2019, with respect to the first $1.5 million received from contributions for scholarships or tuition grants, the Organization must obligate at least 92% of such contributions; with respect to contributions in excess of $1.5 million and up to and including $10 million, must obligate at least 94% of such contributions; with respect to contributions received in excess of $10 million and up to and including $20 million, must obligate at least 95% of such contributions; and with respect to contributions in excess of $20 million, must obligate at least 96% of such contributions for scholarships. The Organization obligated approximately 97% and 96% of contributions for scholarships in 2019 and 2018, respectively, which is more than the amount required by law. When a scholarship or tuition grant is paid, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Donated Services

Although the Organization does not rely extensively on volunteers who directly provide services to the Organization in promoting the state income tax credit opportunity and scholarship opportunities provided through the program, the Organization indirectly benefits from the development, admissions and financial aid services rendered by staff at the private schools participating with the Organization. If donated services received require specialized skills, which would need to be purchased, if not donated, the value of those donated services are recognized as contributions based on their estimated fair market value on the date of contribution (see Note 6).

Administrative Fees

The Organization is allowed an administrative fee on all current-year contributions. In connection with the Organization's policy to allocate to the provision of scholarships all administrative fees not needed to fund operations, for the years ending December 31, 2019 and 2018, the Board of Directors of the Organization has approved administrative fees of approximately 4% and 5.5%, respectively, which is below the allowable legal limit. Administrative fees are recognized in the same manner and period as the related contributions.

Scholarship Expenses

In the course of fulfilling its mission and purpose, each year the Organization authorizes distribution of certain program funds for student scholarships at participating schools. The authorized distributions are recorded as program expenses in the financial statements of the Organization when the scholarships are approved (see Note 7).

Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated, on a reasonable basis that is consistently applied among the program, fundraising and management and general expenses. The expenses that are allocated include payroll and benefits, depreciation and amortization, travel and meetings and other, which are allocated on the basis of line item analysis and estimates of time and effort. The allocation of functional expenses is detailed in Note 7.

Income Taxes

The Organization has been granted tax-exempt status under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Organization had no significant unrelated taxable income during 2019 or 2018. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying financial statements.

The Organization applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any material uncertain tax positions. The Organization is no longer subject to federal or state income tax examination by tax authorities for years prior to 2016.

Recently Adopted Accounting Pronouncements

In September 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the current revenue recognition guidance, including industry-specific guidance. The guidance introduces a five-step model to achieve its core principal of the entity in recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updated guidance is effective for annual periods beginning after December 15, 2018. Management has evaluated the Organization's revenue streams and has determined that there was no impact on the financial statements given the Organization's revenue consists entirely of contributions, which are considered nonreciprocal transactions, for which FASB Subtopic 958-605, Not-for-Profit Entities – Revenue Recognition, still applies.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional, which affects the timing of revenue recognition. The guidance is effective for annual periods beginning after December 15, 2018. There was no impact to the financial statements as a result of applying the new standard.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The revised standard is effective for all entities beginning after December 15, 2018. The Organization adopted the provisions of ASU 2016-18 using the retrospective transition method as of January 1, 2019.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires that lease arrangements longer than 12 months result in the entity recognizing an asset and a liability. The updated guidance is in effect for annual periods beginning after December 15, 2020, and early adoption is permitted. The Organization is currently evaluating the impact of this standard on its financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications had no effect on previously reported results of operations or net assets.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are cash and cash equivalents – operating account, which total $1,068,658 at December 31, 2019.

The Organization is supported primarily by the administrative fee retained on contributions (see Note 1). The Organization's liquidity management allows its financial assets to be available as its general expenditures, liabilities and other obligations come due.

In keeping with the Organization's policy of maximizing the funds used for scholarships, during 2019 and 2018 the Organization's Board of Directors recommended allocating $500,000 and $400,000, respectively, to provide additional scholarships, and accordingly, the amounts were transferred from the Organization's operating account to its scholarship account prior to December 31, 2019 and 2018. If the Organization determined the amount was needed based on subsequent year contribution results, the board designated net asset balance of $741,293 as of December 31, 2019, which consists of cash in the scholarship account, could be transferred back to the operating account, per board resolution.

Note 3: Fair Value Measurement

The accounting standard for fair value measurements provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels are described below:

Level 1 - Unadjusted quoted prices in an active market for the identical assets or liabilities at the measurement date.

Level 2 - Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in nonactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that reflect the use of significant management judgment. These values are generally determined using pricing models for which assumptions utilize management's estimates of market participant assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodologies used at December 31, 2019 and 2018.

Mutual funds and exchange traded funds - valued at the closing prices reported on the active market on which the individual securities are traded.

Certificates of deposit - valued at cost which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2019 and 2018.

December 31, 2019:

	Level 1	Level 2	Level 3	Total
Cash	$ 349,951	$ -	$ -	$ 349,951
Certificates of deposit	-	12,735,000	-	12,735,000
Exchange traded funds	6,404,928	-	-	6,404,928
Mutual funds	17,035,058	-	-	17,035,058
Total assets at fair value	$ 23,789,937	$ 12,735,000	$ -	$ 36,524,937

December 31, 2018:

	Level 1	Level 2	Level 3	Total
Cash	$ 394,948	$ -	$ -	$ 394,948
Certificates of deposit	-	4,545,000	-	4,545,000
Exchange traded funds	5,885,471	-	-	5,885,471
Mutual funds	11,973,583	-	-	11,973,583
Total assets at fair value	$ 18,254,002	$ 4,545,000	$ -	$ 22,799,002

Note 4: Investments

At December 31, 2019 and 2018, investments consist of the following:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Cash	$ 349,951	$ 349,951	$ 394,948	$ 394,948
Certificates of deposit	12,735,000	12,735,000	4,545,000	4,545,000
Mutual funds	16,464,643	17,035,058	12,311,496	11,973,583
Exchange traded funds	4,658,221	6,404,928	5,288,662	5,885,471
Total	$ 34,207,815	$ 36,524,937	$ 22,540,106	$ 22,799,002

The components of net investment income (loss) for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Net investment income (loss):		
Interest and dividend income	$ 950,375	$ 628,551
Net realized (loss) gain on the sale of investments	(44,117)	119,058
Net unrealized gain (loss) on investments	2,106,574	(1,149,252)
	$ 3,012,832	$ (401,643)

Note 5: Commitments and Contingencies

Operating Leases

The Organization leases its office facilities under a non-cancellable agreement accounted for as an operating lease through March 2025. Future minimum payments under the term of the lease at December 31, 2019 are as follows:

Year ending December 31,	
2020	$ 111,102
2021	114,438
2022	117,868
2023	121,392
2024	125,013
Thereafter	32,113
	$ 621,926

The difference between recording rent expense based on fixed minimum payments pursuant to the terms of the lease, and based on a straight-line rent calculation reflects a cumulative deferred rent balance of $123,232 and $37,231 at December 31, 2019 and 2018, respectively. Rent expense under the operating lease totaled $72,580 and $46,091 in 2019 and 2018, respectively, net of reimbursable expenses of $44,648 and $19,856, respectively, (see Note 9) and is included in general and administrative expense on the accompanying statements of activities and changes in net assets.

Litigation

As of December 31, 2019 and 2018, the Organization was not aware of any pending or foreseen litigation. The Organization, from time to time, may become involved in litigation arising in the ordinary course of business. For any such litigation that may arise, management will consult with legal counsel. Should management estimate any material adverse effect on the Organization's financial position, changes in net assets or cash flows, such effect will be disclosed.

Note 6: Donated Services

Donated services for legal services totaled $15,000 and $24,000 for the years ended December 31, 2019 and 2018, respectively.

Note 7: Functional Expenses

Expenses are categorized in the following natural classifications for the year ended December 31, 2019:

	Program	Fundraising	Management and General	Total
Scholarships	$ 28,456,330	$ -	$ -	$ 28,456,330
Payroll and benefits	321,768	90,191	173,515	585,474
Credit card processing fees	424,510	-	-	424,510
SSO transfers	414,038	-	-	414,038
Professional fees	-	-	90,569	90,569
Other expenses	2,819	-	60,289	63,108
Legislative advocacy	60,179	-	-	60,179
Depreciation and amortization	18,900	-	20,012	38,912
Web development	27,990	-	-	27,990
Occupancy	-	-	27,932	27,932
Marketing	-	16,036	-	16,036
Travel and meetings	5,917	2,629	647	9,193
Insurance	-	-	4,022	4,022
Total	$ 29,732,451	$ 108,856	$ 376,986	$ 30,218,293

Expenses are categorized in the following natural classifications for the year ended December 31, 2018:

	Program	Fundraising	Management and General	Total
Scholarships	$ 18,880,487	$ -	$ -	$ 18,880,487
Payroll and benefits	275,354	74,134	180,039	529,527
SSO transfers	308,025	-	-	308,025
Credit card processing fees	198,545	-	-	198,545
Professional fees	-	-	70,407	70,407
Other expenses	3,885	-	60,863	64,748
Legislative advocacy	61,128	-	-	61,128
Depreciation and amortization	16,926	-	12,256	29,182
Occupancy	-	-	26,235	26,235
Insurance	-	-	23,615	23,615
Marketing	-	23,240	-	23,240
Web development	20,675	-	-	20,675
Travel and meetings	5,951	5,475	476	11,902
Total	$ 19,770,976	$ 102,849	$ 373,891	$ 20,247,716

Note 8: Contributions

Under Georgia law, each SSO must report to the Georgia Department of Revenue (DOR) the total number and dollar value of contributions received and tax credits approved. The reconciliation between the amounts reported to the Georgia DOR and the financial statements is as follows:

	2019	2018
Georgia IT-QEE-SS02	$ 36,433,210	$ 20,123,569
Contributions and transfers from other SSOs	1,667,235	970,742
Contributions with no corresponding tax credits	143,297	74,109
Total	$ 38,243,742	$ 21,168,420

In 2019 and 2018, transfers were made from other SSOs due to contributions received by those SSOs which were designated for schools that are working with the Organization under the program. The Organization transferred $414,038 and $308,025 in 2019 and 2018, respectively, to other SSOs. These transfers were made due to contributions received by the Organization that were designated for schools that are working with other SSOs.

Note 9: Related Party Transactions

Originally, Georgia Community Foundation, Inc. (GCF), a 501(c)(3) tax exempt organization, planned to operate the scholarship program, which is the subject of the Organization's activities. However, because Georgia law requires SSOs to obligate at least 92% of their annual revenues for scholarships or tuition grants, GCF, which has other sources of revenue that are not dedicated to the provision of scholarships, could not operate the program. As a result, the Board of Directors and staff of GCF facilitated the Organization's qualification as an SSO under Georgia law and all but one of the members of the GCF Board were appointed as board members of the Organization.

GCF owns a subsidiary which operates another tax credit program for the benefit of rural hospital organizations in Georgia, named Georgia HEART Hospital Program, LLC (HEART). HEART operates out of the same offices as that of the Organization and uses some of the same employees. Accordingly, HEART reimburses the Organization for associated expenses, including rent, health insurance, supplies and telephone. For the year ended December 31, 2019 the reimbursable expenses totaled $108,302, of which $88,110 are netted against expenses and $20,192 are included in other income in the accompanying statements of activities and changes in net assets. For the year ended December 31, 2018, the reimbursable expenses totaled $45,047, which are netted against expenses in the accompanying statements of activities and changes in net assets. As of December 31, 2019, $3,092 was due from HEART and reported as due from HEART on the accompanying statements of financial position. No such amounts were due from the HEART as of December 31, 2018.

GCF also processes payroll for the Organization, which reimburses GCF for all costs associated with payroll. The Organization incurred $567,546 and $543,383 for payroll and related costs in 2019 and 2018, respectively. As of December 31, 2019 and 2018, $45,681 and $17,689, respectively, is due to GCF under this arrangement and included in due to GCF in the accompanying statements of financial position.

Note 10: Subsequent Events

COVID-19 Disruption

In March 2020, the World Health Organization officially designated COVID-19 as a pandemic, and as a result, businesses across the country and the world have had to take steps to protect their employees, and employees of companies with whom they do business. The associated business disruption has ranged from limited to significant, depending on the nature of the business being impacted. Management is presently unable to predict what short-term and long-term impact this level of disruption will have on the Organization, and there can be no assurances that a significant impact to the business will not take place. There have been no adjustments to these financial statements as a result of this uncertainty.

The Organization has evaluated events and transactions occurring subsequent to December 31, 2019, through the report date, which is the date these financial statements were available for issuance. All subsequent events requiring recognition or disclosure as of December 31, 2019, have been incorporated into these financial statements.

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Supplemental Information

Georgia GOAL Scholarship Program, Inc.

Supplemental Information
For the Year Ended December 31, 2019

The following supplemental information is provided as required by O.C.G.A. 20-2A-2:

1) Revenues and Allocation - The SSO must obligate 92% to 96%, on a sliding scale, of its annual revenue for scholarship or tuition grants; however, up to 25% of this amount may be carried forward.

Annual revenue for scholarships for the year ended December 31, 2019	$ 38,243,742
Required obligated amount	$ 36,383,992
Actual amount obligated	37,261,059
Excess amount obligated in 2019	$ 877,067

2) Funds - The SSO must maintain separate accounts for scholarship funds and operating funds.

Accounts for scholarship funds at December 31, 2019	
Investments	$ 36,524,937
Cash and cash equivalents	800,812
Accounts for operating funds at December 31, 2019	
Cash and cash equivalents	1,068,658
Total	$ 38,394,407

3) Audit Report

Date of the audit report	April 22, 2020
120 days following year end (December 31, 2019)	April 29, 2020

4) The Georgia Department of Education lists the Organization as an approved SSO regarding their intent to participate.

5) Report to Department of Revenue

Amount of contributions recorded for 2019 calendar year	$ 38,243,742
Other SSO Contributions transferred to the Organization	(1,667,235)
Contributions with no corresponding tax credits	(143,297)
Amount of contributions reported to the DOR	$ 36,433,210