

GEORGIA RADIO READING SERVICE, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019 AND 2018

GEORGIA RADIO READING SERVICE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Georgia Radio Reading Service, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Georgia Radio Reading Service, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Radio Reading Service, Inc. as of June 30, 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.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
November 15, 2019

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GEORGIA RADIO READING SERVICE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 130,604	\$ 131,217
Grant receivable	59,564	25,848
Prepaid expenses	1,684	2,102
Property and equipment, net	42,234	58,824
Total assets	\$ 234,086	\$ 217,991
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 4,400	\$ 3,830
Accrued payroll expenses	5,206	5,011
Total liabilities	9,606	8,841
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	217,480	209,150
Net assets with donor restrictions	7,000	-
Total net assets	224,480	209,150
Total liabilities and net assets	\$ 234,086	\$ 217,991

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

GEORGIA RADIO READING SERVICE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenues, gains and support:		
Grants - state and local	\$ 351,000	\$ 356,010
Grants - foundations	14,480	18,040
General donations	904	12,235
Annual giving campaign	8,780	8,222
Donated facilities and services	79,647	69,901
Other income (loss)	(33)	123
Net assets released from restrictions	29,013	19,210
Total revenues, gains and support without donor restrictions	483,791	483,741
Expenses:		
Program services	425,903	376,794
Supporting services:		
Management and general	39,551	39,547
Fundraising	10,007	9,017
Total supporting services	49,558	48,564
Total expenses	475,461	425,358
Increase in net assets without donor restrictions	8,330	58,383
Changes in net assets with donor restrictions		
Contributions with donor restrictions	29,013	19,210
Donor contributions for endowment fund	7,000	-
Release of donor restrictions	(29,013)	(19,210)
Increase in net assets with donor restrictions	7,000	-
Increase in net assets	15,330	58,383
Net assets at beginning of year	209,150	150,767
Net assets at end of year	\$ 224,480	\$ 209,150

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

GEORGIA RADIO READING SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 228,387	\$ 11,309	\$ 6,146	\$ 245,842
Payroll taxes	17,551	869	472	18,892
Donated facilities and services	74,020	3,665	1,992	79,677
Space and parking rent	17,458	538	292	18,288
Professional fees	8,000	12,090	-	20,090
Sub-channel use fee - radio	8,000	-	-	8,000
Printing	6,594	-	347	6,941
Office supplies	-	7,828	-	7,828
Insurance	6,472	320	174	6,966
Program books and magazines	10,354	-	-	10,354
Technical support	8,491	-	-	8,491
Volunteer appreciation	7,288	-	-	7,288
Broadcast radios	8,897	-	-	8,897
Telephone	786	39	21	846
Payroll processing	-	1,696	-	1,696
Postage/Copier	1,732	-	91	1,823
Repairs and maintenance	697	35	19	751
Dues and subscriptions	514	-	-	514
Depreciation	14,995	741	404	16,140
Broadcasting supplies	2,552	-	-	2,552
Travel	1,297	-	-	1,297
Other	1,818	90	49	1,957
Bank charges	-	331	-	331
	<u>\$ 425,903</u>	<u>\$ 39,551</u>	<u>\$ 10,007</u>	<u>\$ 475,461</u>
Total expenses				
Percentages	<u>90%</u>	<u>8%</u>	<u>2%</u>	<u>100%</u>

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

GEORGIA RADIO READING SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 206,245	\$ 10,212	\$ 5,550	\$ 222,007
Payroll taxes	16,108	798	433	17,339
Donated facilities and services	65,007	3,219	1,749	69,975
Space and parking rent	18,473	588	319	19,380
Professional fees	8,000	17,481	-	25,481
Sub-channel use fee - radio	8,000	-	-	8,000
Printing	4,734	-	249	4,983
Office supplies	-	4,141	-	4,141
Insurance	4,198	208	113	4,519
Program books and magazines	8,398	-	-	8,398
Technical support	4,062	-	-	4,062
Volunteer appreciation	2,200	-	-	2,200
Broadcast radios	7,740	-	-	7,740
Telephone	1,942	96	52	2,090
Payroll processing	-	1,660	-	1,660
Postage/Copier	1,633	-	86	1,719
Repairs and maintenance	3,289	162	88	3,539
Dues and subscriptions	624	-	-	624
Depreciation	8,087	400	219	8,706
Broadcasting supplies	1,922	-	-	1,922
Travel	257	74	-	331
Other	5,875	292	159	6,326
Bank charges	-	216	-	216
	<u>\$ 376,794</u>	<u>\$ 39,547</u>	<u>\$ 9,017</u>	<u>\$ 425,358</u>
Total expenses				
Percentages	<u>89%</u>	<u>9%</u>	<u>2%</u>	<u>100%</u>

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

GEORGIA RADIO READING SERVICE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ <u>15,330</u>	\$ <u>58,383</u>
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	16,140	8,706
Contributions for endowment fund	(7,000)	-
(Gain) loss on disposal of assets	450	(80)
Change in assets and liabilities:		
(Increase) decrease in grants receivable	(33,716)	(2,150)
(Increase) decrease in prepaid expenses	418	(130)
Increase (decrease) in accounts payable	570	385
Increase (decrease) in accrued payroll expenses	195	598
Total adjustments	<u>(22,943)</u>	<u>7,329</u>
Net cash provided by (used in)	<u>(7,613)</u>	<u>65,712</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>-</u>	<u>(42,256)</u>
Net cash used in investing activities	<u>-</u>	<u>(42,256)</u>
Cash flows from financing activities:		
Contributions for endowment fund	<u>7,000</u>	<u>-</u>
Net cash provided by financing activities	<u>7,000</u>	<u>-</u>
Net increase in cash and cash equivalents	(613)	23,456
Cash and cash equivalents, beginning of year	<u>131,217</u>	<u>107,761</u>
Cash and cash equivalents, end of year	<u>\$ <u>130,604</u></u>	<u>\$ <u>131,217</u></u>

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

GEORGIA INNOCENCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies

Organization

The accompanying financial statements include the accounts of Georgia Radio Reading Services, Inc. (the Organization). The Organization is a nonprofit Georgia corporation that provides radio reading services for blind and print-handicapped individuals via closed-circuit radio and several cable television systems in Georgia.

Method of Reporting and Financial Statements Presentation

The Organization's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on stipulations made by the donor.

Contributions

The Organization records unconditional promises to give and contributions received as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized as contributions or grants without donor restrictions once the conditions of the promise or grant have been substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions.

The Organization records gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

GEORGIA RADIO READING SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions – Continued

All non-cash gifts are recorded at their estimated fair value at date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers have donated significant amounts of their time to the Organization's program and supporting services. No amounts have been recognized in the financial statements for general volunteer services, since these services do not meet the criteria.

Property and Equipment

It is the policy of the Organization to capitalize property and equipment in excess of \$500. The cost of the property, or fair market value as of the date of receipt if donated, is depreciated over the estimated useful lives of the related assets using the straight-line method. Organization property is depreciated over lives ranging from 3 to 7 years.

Advertising Expenses

It is the policy of the Organization to expense advertising costs as incurred.

Functional Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities, equipment maintenance, and depreciation which are allocated on a square footage basis, as well as salaries and wages, benefits, office expenses, insurance, and other which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GEORGIA RADIO READING SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains bank accounts with a single financial institution. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2019 and 2018. The balances at June 30, 2019 and 2018 were within the insured limits.

Tax Exempt Status

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2019 and 2018, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax. The Organization believes it has appropriate support for any tax positions taken, that are material to the financial statements. The applicable federal and state tax forms are subject to examination by the appropriate regulatory authorities, and the returns are typically open for the last three years.

New Accounting Policies

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-For-Profit Entities*, which improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The Organization early adopted this guidance for the year ended June 30, 2019. Accordingly, the financial statements for the year ended June 30, 2018 have been restated to conform to this new guidance. The adoption of this guidance had no effect on net assets for the years ended June 30, 2019 and 2018.

Subsequent Events

Subsequent events have been evaluated through November 15, 2019, which is the date the financial statements were available to be issued, and there were no significant subsequent events requiring recognition or disclosure in the financial statements.

2. Liquidity and Availability of Financial Assets

The Organization is substantially supported by contributions without donor restrictions. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers cash that is not donor-restricted, or board designated for long term purposes available for general expenditures. General expenditures may be incurred for program, fundraising, or administrative purposes.

GEORGIA RADIO READING SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. Liquidity and Availability of Financial Assets (Continued)

The Organization's financial assets available within one year after June 30, 2019 (less amounts donor-restricted or board-designated for long term purposes) to satisfy liabilities as of June 30, 2019 and for general expenditure are as follows:

		2019	
Cash and cash equivalents	\$	130,604	
Grants receivable		59,564	
Total financial assets		190,168	
Less Endowment Fund:			
Board designated for endowment		(25,000)	
Donor-restricted in perpetuity		(7,000)	
Financial assets available for general expenditure within one year	\$	190,168	

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

3. Property and Equipment, Net

Property and equipment consist of the following as of June 30:

		2019		2018
Broadcast equipment	\$	43,974	\$	192,760
Computer software		19,500		51,458
Furniture and equipment		5,440		7,366
		68,914		251,584
Less accumulated depreciation		(26,680)		(192,759)
Total property and equipment, net	\$	42,234	\$	58,825

Depreciation expense for the years ended June 30, 2019 and 2018 was \$16,140 and \$8,706, respectively. During the year ended June 30, 2019 the Organization moved its offices into a renovated space in the same building. As part of this move, the organization disposed of approximately \$166,000 in fully depreciated equipment, computers, and furniture.

GEORGIA RADIO READING SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4 Donated Services and Equipment

A public broadcasting organization donates the use of space, equipment, and audio cable channels to the Organization at below-market rental rate. The difference between the fair rental rate and the rate charged for the use of these resources is recorded as donated use of facilities. The Organization also records the estimated fair market rental value for this space as donated use of facilities. For the years ended June 30, 2019 and 2018, \$79,647 and \$69,901, respectively is recorded for donated use of facilities.

In each of the years ended June 30, 2019 and 2018, volunteers donated approximately 12,000 volunteer hours, respectively, to the Organization. These hours are not recorded in the financial statements because they do not meet the criteria for recognition under generally accepted accounting principles. However, the Organization considers these hours as a valuable contribution, as the work could not be accomplished without the volunteers.

5. Endowment Funds

The Organization follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the "Act"). The Organization is required to evaluate the gift instrument and related information to determine the directions and intentions of the donor. The Organization classifies gifts that are not immediately expendable as net assets with donor restrictions, depending on the restrictions that the donor has imposed. As a result, the Organization classifies amounts to be maintained in perpetuity net assets for which the (a) the original value of gifts donated to a permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Unless otherwise stated in the donor agreement, earnings on these amounts are classified as accumulated investment gains and restricted for the purpose specified by the donor until those funds are approved to be spent.

Funds held by the Organization's Endowment Fund were established by Board-designated amounts or donor-restricted gifts to provide a source of future income generally for specific purposes. Amounts designated by the Board to be held in the endowment fund are considered endowment funds for financial reporting purposes. From time to time, the fair value of invested assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. As of June 30, 2019 and 2018, there were no deficiencies of this nature.

GEORGIA RADIO READING SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5. Endowment Funds – Continued

The Endowment fund was established during the year ended June 30, 2019. As of June 30, 2019, the Endowment funds were comprised of money market funds held at Vanguard. Endowment funds by net asset category consisted of the following as of June 30, 2019:

Endowment funds:	
Board designated	\$ 25,000
Donor restricted in perpetuity	7,000
Accumulated earnings on money market funds	373
Total endowment funds	\$ 32,373

6. Operating Lease Commitments

The Organization leases air time on a radio sub-channel pursuant to an initial two-year agreement in 1978, which is informally renewed automatically every year. The agreement requires quarterly payments of \$2,000. The agreement is cancelable by either party with ninety days' notice.

The Organization leased its facilities under a five-year rent agreement terminating June 2023. The operating lease expense for the Atlanta facility was \$18,288 and \$19,380 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments related to the operating lease for the Atlanta facility are as follows:

For the year ending June 30:	
2020	\$ 16,443
2021	16,665
2022	16,665
2023	16,665
Total minimum future payments	\$ 66,438

GEORGIA RADIO READING SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. Net Assets Released from Restrictions

The following net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended June 30:

	2019	2018
Program restriction accomplished:		
Website	\$ -	\$ 14,000
Radios	6,020	5,210
Books	6,010	-
Production costs	16,983	-
Total net assets released from restrictions	\$ 29,013	\$ 19,210

8. Concentration of Support

The Organization receives a significant portion of its support from the Georgia Vocational Rehabilitation Agency (the Agency). Revenue received from this provider was approximately seventy-four percent (74%) and sixty-two percent (62%) of total revenue and support for each of the years ended June 30, 2019 and 2018, respectively. This revenue is recognized as without donor restrictions; however, the Organization must report to the Agency how it uses the funds according to an approved budget.

GEORGIA RADIO READING SERVICE, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2019



INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION

To the Board of Directors
Georgia Radio Reading Services, Inc.:

We have audited the accompanying financial statements of Georgia Radio Reading Service, Inc. (a nonprofit organization) as of and for the year ended June 30, 2019, and have issued our report thereon dated November 15, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The Supplemental Schedule of State Awards Expended for the year ended June 30, 2019 is presented for the purposes of additional analysis and is not a required part of the financial statements. 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 audit 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. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

Atlanta, Georgia
November 15, 2019

Brooks, McGinnis & Company, LLC

GEORGIA RADIO READING SERVICE, INC.
 SCHEDULE OF STATE AWARDS EXPENDED
 FOR THE YEAR ENDED JUNE 30, 2019

<u>Grantor/Program</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenses</u>	<u>Revenue Receivable at June 30, 2019</u>
Georgia Vocational Rehabilitation Agency						
Vocational Rehabilitation Program	42700-610-0000023754	7/1/18-6/30/19	\$ <u>300,000</u>	\$ <u>300,000</u>	\$ <u>300,000</u>	\$ <u>59,564</u>

The amount receivable as of June 30, 2019 was fully reimbursed/collected as of August 31, 2019.