

GEORGIA ASSOCIATION FOR CAREER
& TECHNICAL EDUCATION, INC

Financial Statements
and
Independent Auditors' Report

June 30, 2020 and 2019

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statement of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8-13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Georgia Association for Career & Technical Education, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Georgia Association for Career & Technical Education, Inc., which comprise the Statements of Financial Position as of June 30, 2020 and 2019, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Association for Career & Technical Education, Inc., as of June 30, 2020 and 2019, and the changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Marshall Jones

Atlanta, Georgia
January 6, 2021

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 433,242	\$ 850,495
Investments in certificates of deposit	221,710	196,222
Prepaid assets	230,276	34,928
TOTAL ASSETS	\$ 885,228	\$ 1,081,645
LIABILITIES AND NET ASSETS		
Deferred revenue	\$ 200,245	\$ 404,605
Net Assets, without donor restriction	684,983	677,040
TOTAL LIABILITIES AND NET ASSETS	\$ 885,228	\$ 1,081,645

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

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2020 and 2019

	2020	2019
Unrestricted Revenue		
Membership	\$ 102,467	\$ 101,420
Exhibit	61,825	91,480
Registration	540,780	851,973
Sponsorships	77,000	211,000
Miscellaneous	-	3,650
Interest	8,651	150
Total Unrestricted Revenue	790,723	1,259,673
Operating Expenses		
Program service expenses	672,853	562,543
Management and general expenses	109,927	140,454
Total Operating Expenses	782,780	702,997
Change in Net Assets	7,943	556,676
Net Assets at Beginning of Year	677,040	120,364
Net Assets at End of Year	\$ 684,983	\$ 677,040

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

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services	Management and General	Total
Functional Expenses			
Bank fees	\$ -	\$ 4,085	\$ 4,085
Contract labor	2,839	-	2,389
Conference expenses	477,337	-	477,377
Dues and subscriptions	35,490	-	35,490
Event expenses	958	-	958
Insurance	2,714	-	2,714
Legal and professional fees	93,834	93,834	187,668
Marketing and development	7,124	-	7,124
Miscellaneous expenses	-	8,405	8,405
Supplies	795	3,603	4,398
Telephone	2,671	-	2,671
Travel	45,627	-	45,627
Website	3,464	-	3,464
Total Functional Expenses	\$ 672,853	\$ 109,927	\$ 782,780

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

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services	Management and General	Total
Functional Expenses			
Bank fees	\$ -	\$ 4,684	\$ 4,684
Contract labor	3,721	-	3,721
Conference expenses	353,633	-	353,633
Dues and subscriptions	32,220	-	32,220
Event expenses	1,073	-	1,073
Insurance	504	-	504
Legal and professional fees	109,855	109,855	219,710
Marketing and development	5,267	-	5,267
Miscellaneous expenses	-	23,708	23,708
Supplies	-	2,207	2,207
Telephone	1,258	-	1,258
Travel	50,998	-	50,998
Website	4,014	-	4,014
Total Functional Expenses	\$ 562,543	\$ 140,454	\$ 702,997

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

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 7,943	\$ 556,676
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Prior period adjustment	-	(824,383)
(Gain) on investment	(25,488)	-
(Increase) in assets:		
Prepaid expenses	(195,348)	(1,224)
(Decrease) Increase in liabilities:		
Deferred revenue	(204,360)	404,605
Net Cash (Used) Provided By Operating Activities	(417,253)	135,674
(Decrease) Increase in cash and cash equivalents	(417,253)	135,674
Cash and cash equivalents at Beginning of Year	850,495	714,821
Cash and cash equivalents at End of Year	\$ 433,242	\$ 850,495

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

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Georgia Association for Career and Technical Education, Inc. (“the Association”), a non-profit corporation located in Atlanta, Georgia, was incorporated in 1978 in Fulton County in the State of Georgia. The mission of the Association is to provide educational leadership in developing a competitive workforce by providing a wide range career, technical, and agricultural education opportunities for teachers and students.

Basis of Presentation

The Association 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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 effective January 1, 2018.

Under the provisions of the Guide, 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 Organization 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 Association 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 Association 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 Association.

Basis of Accounting

The Association prepares its financial statements in accordance with GAAP, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with 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 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 and changes in net assets as net assets released from restrictions.

Income Taxes

The Association qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(6). The Association 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 Association 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 Association's financial condition, results of activities or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties, for uncertain income tax positions at June 30, 2020. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Association believes it is no longer subject to income tax examinations for fiscal years prior to June 30, 2016.

The Association is subject to unrelated business income tax on certain income not directly related to the Association's tax-exempt purpose. In the opinion of management, the Association did not have unrelated business income tax liabilities at June 30, 2020.

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GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expense

Advertising is expensed as incurred.

Recent Accounting Pronouncements

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

For the year ending June 30, 2020, The Association adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The Association recognizes contributions and membership income in the accompanying statements of activities and changes in net assets, in accordance with ASC Topic 958. The adoption of ASU 2018-08 did not have an impact on the timing of the revenue recognition of the contributions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers demand deposits and all unrestricted highly liquid investments with an original maturity of three months or less which can be readily converted to cash on demand, without penalty, to be cash equivalents. Cash and cash equivalents may, from time to time, exceed federally insured limits.

Investments

The Association purchases investments of certificate of deposits. Although these investments have a fluctuating market price, by definition they are short-term, highly liquid investments that are readily convertible into known amounts of cash. As such, these amounts are recorded at their fair market value and any unrealized gains or losses are recognized in the financial statements.

Revenue

The Association's revenue is derived primarily from registration fees, sponsorships, exhibit fees, and membership dues. The Georgia Department of Education also gives a sponsorship that is generally for specific purposes and is recognized as income when the related expenditures are incurred.

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GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue represents cash received that is to be earned in future periods. These cash receipts represent payments made for future membership costs. The membership income will be earned in accordance with the revenue recognition of ASU 2014-09.

NOTE 3 – FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework 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 and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' or liabilities' 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.

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements). This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

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GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth, by level within the fair value hierarchy, the Association's assets at fair value as of June 30:

	Level 1	Level 2	Level 3	Total 2020	Total 2019
Certificates of Deposit	\$221,710	\$ -	\$ -	\$221,710	\$196,222
Total Assets at Fair Value	\$221,710	\$ -	\$ -	\$221,710	\$196,222

NOTE 4 – RELATED PARTY TRANSACTIONS

The Association is responsible for collecting membership dues for the national Association for Career & Technical Education (“ACTE”) pursuant to a dues transmittal agreement when registering for membership during a conference. ACTE dues collected from members in fiscal year 2020 and 2019 were \$41,470 and \$35,620. Dues remitted to the ACTE in the fiscal year 2020 and 2019 were \$41,470 and \$35,620. No amounts were considered payable to the ACTE as of June 30, 2020 or 2019.

NOTE 5 – SUBSEQUENT EVENTS

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred subsequent to year end may have an impact on the operations of the Association. The extent of the impact to the financial performance of the Association 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 Association is impacted because of these things for an extended period, the Association's financial results may be adversely affected. Final results of the relief measures are not currently known.

In order to reduce the possible impact as described above, the Association has updated operations to include online Association programs, employees' ability to work from home, and added safety precautions to staff and/or visitors who enter the building.

The Association 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.

GEORGIA ASSOCIATION FOR CAREER & TECHNICAL EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association has \$671,893 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$450,183 and investments in certificates of deposit of \$221,710. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Association has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expense, which are, on average, approximately \$130,463. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following represents the financial assets available to meet cash needs within one year as of June 30:

	2020	2019
Cash and cash equivalents	\$450,183	\$ 850,495
Investments in certificates of deposit	221,710	196,222
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Financial assets available for general operations	\$671,893	\$1,046,717

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