



# Atlanta University Center Consortium

Financial Statements  
Years Ended June 30, 2014 and 2013

# Atlanta University Center Consortium

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Financial Statements  
Years Ended June 30, 2014 and 2013

# Atlanta University Center Consortium

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## Independent Auditor's Report

The Board of Trustees  
Atlanta University Center Consortium

We have audited the accompanying financial statements of Atlanta University Center Consortium (the "Consortium"), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 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 the Consortium as of June 30, 2014 and 2013, 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.

*BDO USA, LLP*

December 16, 2014

## Financial Statements

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# Atlanta University Center Consortium

## Statements of Financial Position

<i>June 30,</i>	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 763,220	\$ 478,658
Investments	1,330,519	1,358,292
Accounts receivable	121,737	130,033
Other assets	9,274	767
Property and equipment, net of accumulated depreciation	21,888	34,458
<b>Total Assets</b>	<b>\$2,246,638</b>	<b>\$ 2,002,208</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable, accrued expenses and other liabilities	\$ 83,693	\$ 61,109
Deferred revenue	4,900	3,500
Capital lease obligations	1,412	13,311
<b>Total Liabilities</b>	<b>90,005</b>	<b>77,920</b>
<b>Net Assets</b>		
Unrestricted	1,067,451	866,712
Temporarily restricted	839,182	807,576
Permanently restricted	250,000	250,000
<b>Total Net Assets</b>	<b>2,156,633</b>	<b>1,924,288</b>
<b>Total Liabilities and Net Assets</b>	<b>\$2,246,638</b>	<b>\$ 2,002,208</b>

*See accompanying notes to financial statements.*

# Atlanta University Center Consortium

## Statement of Activities

Year ended June 30,	2014			Total
	Unrestricted	Restricted		
		Temporarily	Permanently	
<b>Revenues and Other Support</b>				
Affiliated institutional support	\$ 751,018	\$ -	\$ -	\$ 751,018
Private gifts and grants	39,000	210,950	-	249,950
Sponsorship income	120	14,140	-	14,260
Registration fees	186,100	-	-	186,100
Investment income	1,702	7,516	-	9,218
Other income	-	-	-	-
<b>Total</b>	<b>977,940</b>	<b>232,606</b>	<b>-</b>	<b>1,210,546</b>
<b>Net Assets Released from Restrictions</b>	<b>201,000</b>	<b>(201,000)</b>	<b>-</b>	<b>-</b>
<b>Total Revenues and Other Support</b>	<b>1,178,940</b>	<b>31,606</b>	<b>-</b>	<b>1,210,546</b>
<b>Expenses</b>				
Program Services:				
Dual Degree Engineering Program	389,055	-	-	389,055
Civic Engagement and Community Learning Program	203,267	-	-	203,267
Career Planning Program	191,128	-	-	191,128
<b>Total program services</b>	<b>783,450</b>	<b>-</b>	<b>-</b>	<b>783,450</b>
Administrative Services:				
Operating expenses	194,751	-	-	194,751
<b>Total Expenses</b>	<b>978,201</b>	<b>-</b>	<b>-</b>	<b>978,201</b>
<b>Change in Net Assets</b>	<b>200,739</b>	<b>31,606</b>	<b>-</b>	<b>232,345</b>
<b>Net Assets, beginning of year</b>	<b>866,712</b>	<b>807,576</b>	<b>250,000</b>	<b>1,924,288</b>
<b>Net Assets, end of year</b>	<b>\$ 1,067,451</b>	<b>\$ 839,182</b>	<b>\$ 250,000</b>	<b>\$ 2,156,633</b>

*See accompanying notes to financial statements.*



# Atlanta University Center Consortium

## Statement of Activities

Year ended June 30,	2013			Total
	Unrestricted	Restricted		
		Temporarily	Permanently	
<b>Revenues and Other Support</b>				
Affiliated institutional support	\$ 716,018	\$ -	\$ -	\$ 716,018
Private gifts and grants	5,050	218,550	-	223,600
Sponsorship income	-	19,000	-	19,000
Registration fees	184,730	3,947	-	188,677
Investment income	1,988	7,826	-	9,814
Other income	25,988	-	-	25,988
<b>Total</b>	<b>933,774</b>	<b>249,323</b>	<b>-</b>	<b>1,183,097</b>
<b>Net Assets Released from Restrictions</b>	<b>395,848</b>	<b>(395,848)</b>	<b>-</b>	<b>-</b>
<b>Total Revenues and Other Support</b>	<b>1,329,622</b>	<b>(146,525)</b>	<b>-</b>	<b>1,183,097</b>
<b>Expenses</b>				
Program Services:				
Dual Degree Engineering Program	612,717	-	-	612,717
Civic Engagement and Community Learning Program	189,527	-	-	189,527
Career Planning Program	197,554	-	-	197,554
<b>Total program services</b>	<b>999,798</b>	<b>-</b>	<b>-</b>	<b>999,798</b>
Administrative Services:				
Operating expenses	252,873	-	-	252,873
<b>Total Expenses</b>	<b>1,252,671</b>	<b>-</b>	<b>-</b>	<b>1,252,671</b>
<b>Change in Net Assets</b>	<b>76,951</b>	<b>(146,525)</b>	<b>-</b>	<b>(69,574)</b>
<b>Net Assets, beginning of year</b>	<b>789,761</b>	<b>954,101</b>	<b>250,000</b>	<b>1,993,862</b>
<b>Net Assets, end of year</b>	<b>\$ 866,712</b>	<b>\$ 807,576</b>	<b>\$ 250,000</b>	<b>\$ 1,924,288</b>

*See accompanying notes to financial statements.*

# Atlanta University Center Consortium

## Statement of Functional Expenses

Year ended June 30,

2014

	Program Services				Administrative Services	
	Dual Degree Engineering Program	Civic and Community Learning Program	Career Planning Program	Total Program Expenses	Operating Expenses	Total Expenses
<b>Expenses</b>						
Personnel costs	\$ 144,971	\$ 153,552	\$ 92,360	\$ 390,883	103,505	\$ 494,388
Scholarships	139,394	-	-	139,394	-	139,394
Professional fees	42,892	17,322	5,800	66,014	58,102	124,116
Professional dues memberships	481	210	239	930	495	1,425
Advertising	548	340	371	1,259	432	1,691
Event management fees	-	-	16,005	16,005	-	16,005
Registration fees	-	380	-	380	465	845
Postage and supplies	8,990	3,500	4,808	17,298	1,398	18,696
Occupancy	34,157	21,491	11,248	66,896	24,766	91,662
Licenses and permits	-	-	2,000	2,000	405	2,405
Venue rental	875	-	7,500	8,375	-	8,375
Equipment rental	5,163	1,151	26,655	32,969	814	33,783
Printing and publications	190	43	172	405	217	622
Travel	1,253	630	2,954	4,837	1,360	6,197
Professional meeting expense	479	802	363	1,644	1,040	2,684
Food and refreshments	6,400	417	15,680	22,497	403	22,900
Sponsorships	-	2,500	-	2,500	-	2,500
Gifts and prizes	2,403	277	136	2,816	199	3,015
Bank, credit card, and payroll fees	859	652	4,837	6,348	1,150	7,498
<b>Total Expenses</b>	<b>\$ 389,055</b>	<b>\$ 203,267</b>	<b>\$ 191,128</b>	<b>\$ 783,450</b>	<b>\$ 194,751</b>	<b>\$ 978,201</b>

*See accompanying notes to financial statements.*

# Atlanta University Center Consortium

## Statement of Functional Expenses

Year ended June 30,

2013

	Program Services				Administrative Services	
	Dual Degree	Civic and	Career	Total	Operating	Total
	Engineering Program	Community Learning Program	Planning Program	Program Expenses		
<b>Expenses</b>						
Personnel costs	\$ 249,188	\$ 154,920	\$ 85,396	\$ 489,504	\$ 100,036	\$ 589,540
Scholarships	213,618	-	-	213,618	-	213,618
Professional fees	52,862	11,775	6,347	70,984	126,753	197,737
Professional dues memberships	684	188	120	992	512	1,504
Advertising	-	216	-	216	195	411
Event management fees	-	-	14,682	14,682	-	14,682
Registration fees	220	200	-	420	-	420
Postage and supplies	16,590	2,300	8,237	27,127	1,575	28,702
Occupancy	44,444	16,377	11,725	72,546	17,909	90,455
Licenses and permits	-	375	-	375	40	415
Venue rental	1,750	-	32,877	34,627	-	34,627
Equipment rental	9,702	948	22,449	33,099	1,009	34,108
Printing and publications	384	-	384	768	279	1,047
Travel	2,290	337	1,999	4,626	1,432	6,058
Professional meeting expense	99	609	-	708	450	1,158
Food and refreshments	16,694	830	8,139	25,663	1,043	26,706
Gifts and prizes	3,102	10	54	3,166	207	3,373
Bank, credit card, and payroll fees	1,090	442	5,145	6,677	1,433	8,110
<b>Total Expenses</b>	<b>\$ 612,717</b>	<b>\$ 189,527</b>	<b>\$ 197,554</b>	<b>\$ 999,798</b>	<b>\$ 252,873</b>	<b>\$ 1,252,671</b>

*See accompanying notes to financial statements.*

# Atlanta University Center Consortium

## Statements of Cash Flows

<i>Year ended June 30,</i>	2014	2013
<b>Operating Activities</b>		
Change in net assets	\$ 232,345	\$ (69,574)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Investment income	(9,218)	(9,814)
Depreciation expense	16,133	14,234
Change in:		
Accounts receivable	8,296	(17,560)
Other assets	(8,507)	(767)
Accounts payable, accrued expenses and other liabilities	22,584	3,662
Deferred revenue	1,400	3,500
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>263,033</b>	<b>(76,319)</b>
<b>Investing Activities</b>		
Sale and maturities of investments	1,099,300	564,584
Purchases of investments	(1,062,309)	(550,000)
Purchase of property and equipment	(3,563)	(4,196)
Payments of capital lease obligations	(11,899)	(19,558)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>21,529</b>	<b>(9,170)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>284,562</b>	<b>(85,489)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>478,658</b>	<b>564,147</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 763,220</b>	<b>\$ 478,658</b>
<b>Supplemental Disclosures</b>		
Capital lease additions	\$ -	\$ 4,706

*See accompanying notes to financial statements.*

# Atlanta University Center Consortium

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Description of the Organization*

The Atlanta University Center, Inc. (the "Center") became affiliated in 1929 as the world's largest consortium of African American private institutions of higher education. Over the years, several reorganizations occurred with the most recent taking place in February 2004. At that time, the Atlanta University Center Consortium, Inc. (the "Consortium"), a Georgia nonprofit corporation, was formed to manage and coordinate collaborated efforts and administer shared programs and services for its member institutions. The members of the Consortium are Clark Atlanta University, Morehouse College, Morehouse School of Medicine and Spelman College (collectively, the "Affiliated Institutions").

The shared programs and services include:

*Dual Degree Engineering Program* - Provides scholarship support and extensive student services designed to promote successful completion of the program and prepare students for success in the workplace.

*Civic Engagement and Community Learning Program* - Seeks to promote collaboration and involvement among member institutions, residents and other stakeholders in enhancing the quality of life within the neighboring community.

*Career Planning Program* - A centralized effort providing the student body of member institutions with access to accurate and current information and resources to facilitate their education, career and job search.

#### *Basis of Accounting*

The financial statements of the Consortium have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The Consortium's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net asset changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations and are fully available at the discretion of management and the Board of Trustees.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Consortium and/or the passage of time. At such time, these assets will be reclassified as unrestricted net assets. Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

# Atlanta University Center Consortium

## Notes to Financial Statements

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*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Consortium. Generally, the donors of these assets permit the University to use all, or part of, the return on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contributions and nature of fund-raising activity.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### *Income Tax Status*

The Consortium is recognized as an organization exempt from Federal income tax 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.

Management evaluates any uncertain tax positions or unrecognized tax benefits or liabilities that may exist. Management does not believe that any material uncertain tax positions or unrecognized tax benefits or liabilities exist for the years ended June 30, 2014 and 2013.

### *Cash and Cash Equivalents*

Cash and cash equivalents include highly liquid instruments with original maturities of three months or less from the date of purchase. The Consortium maintains cash balances with various financial institutions, which at times may exceed the Federal Deposit Insurance Corporation limits. Beginning in 2014, insurance coverage will revert to \$250,000 per depositor at each financial institution, and the Consortium's non-interest bearing cash balances may again exceed federally insured limits.

# Atlanta University Center Consortium

## Notes to Financial Statements

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### *Accounts Receivable*

Accounts receivables are recorded at the amounts due and do not bear interest. The allowance for doubtful accounts is the Consortium's best estimate of the amount of probable credit losses in the Consortium's existing accounts receivable. The Consortium determines the allowance based on the composition of the receivable balances, historical collections, and loss experience. Account balances are charged-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

### *Investments and Investment Income*

Investments in marketable securities are carried at fair value as determined by quoted market prices. The Consortium's investments at June 30, 2014 consisted entirely certificates of deposits and related interest income earned. The investment income for the year ended June 30, 2014 consisted of interest income earned on the certificate of deposits during this period.

### *Property and Equipment*

The Consortium capitalizes individual assets of \$500 or greater. Contributed property and equipment is recorded at fair value at the date of restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Property and equipment purchased are stated at cost less accumulated depreciation.

Depreciation is computed on a straight-line method over the estimated useful lives as follows:

Furniture and fixtures	5 years
Equipment	3-5 years
Equipment under capital lease	3 years

The carrying value of property and equipment is evaluated on an on-going basis, based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised or the assets are written down to their estimated fair values.

### *Functional Expenses*

The expenses of the Consortium's programs and supporting services have been grouped and reported on a functional basis as disclosed in the statements of functional expenses. Expenses are charged to each program based on direct expenses incurred.

### *Revenues*

The Consortium receives contributions from the Affiliated Institutions for support of operations and program services. These funds are recorded as unrestricted affiliated institutional support in the accompanying statements of activities.

Private gifts and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

# Atlanta University Center Consortium

## Notes to Financial Statements

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### *Recent Accounting Pronouncements*

There were no accounting pronouncements that became effective during the year ended June 30, 2014 that had a material impact to the financial statements of the Consortium.

## 2. Fair Value Measurements

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value.

ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

*Level 1* - inputs utilize quoted prices in active markets for identical assets or liabilities.

*Level 2* - inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for the asset or liability;
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

*Level 3* - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The following table represents the Consortium's financial instruments carried at fair value at:

<i>June 30,</i>	2014			
	Assets at Fair Value			Total
Description	Level 1	Level 2	Level 3	
Certificates of deposits	\$ -	\$ 1,330,519	\$ -	\$ 1,330,519
<b>Total investments</b>	<b>\$ -</b>	<b>\$ 1,330,519</b>	<b>\$ -</b>	<b>\$ 1,330,519</b>



# Atlanta University Center Consortium

## Notes to Financial Statements

<i>June 30,</i>	2013			
Description	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Certificates of deposits	\$ -	\$ 1,358,292	\$ -	\$ 1,358,292
<b>Total investments</b>	<b>\$ -</b>	<b>\$ 1,358,292</b>	<b>\$ -</b>	<b>\$ 1,358,292</b>

The carrying amounts of cash and cash equivalents approximate fair value due to the relative terms and short maturity of these financial instruments. For investments in certificates of deposits fair value is based quoted prices for similar assets in markets that are not active.

### 3. Accounts Receivable

Accounts receivable consisted of the following at:

<i>June 30,</i>	2014		2013
Due from Affiliated Institutions	\$ 51,087	\$	64,383
Pledges receivable	70,650		65,650
<b>Total</b>	<b>\$ 121,737</b>	<b>\$</b>	<b>130,033</b>

Based on the historical collections on amounts due from Affiliated Institutions and the credit worthiness of the donor with outstanding pledges receivable, as well as the amounts having been subsequently collected in full, the Consortium's allowance for doubtful accounts at June 30, 2014 and 2013 was \$0.

### 4. Investments

Investments consisted of the following at:

<i>June 30,</i>	2014	
Description	Cost	Fair Value
Certificates of deposits	\$ 1,330,519	\$ 1,330,519
<b>Total investments</b>	<b>\$ 1,330,519</b>	<b>\$ 1,330,519</b>

# Atlanta University Center Consortium

## Notes to Financial Statements

<i>June 30,</i>	2013	
Description	Cost	Fair Value
Certificates of deposits	\$ 1,358,292	\$ 1,358,292
<b>Total investments</b>	<b>\$ 1,358,292</b>	<b>\$ 1,358,292</b>

### 5. Property and Equipment, Net

Property and equipment, net is comprised of the following at:

<i>June 30,</i>	2014	2013
Furniture and fixtures	\$ 20,803	\$ 20,803
Equipment	23,536	19,973
Equipment under capital lease	32,869	32,869
Total property and equipment	77,208	73,645
Less accumulated depreciation	(55,320)	(39,187)
<b>Property and equipment, net</b>	<b>\$ 21,888</b>	<b>\$ 34,458</b>

Depreciation expense recognized during the years ended June 30, 2014 and 2013 was \$16,133 and \$14,234, respectively.

### 6. Capital Lease Obligations

During fiscal 2012, the Consortium executed two lease agreements for certain computer equipment. One of the leases was for a 36 month term commencing in January 2013 and the other lease was for a 34 month term commencing in July 2013. Based on the terms of the contract agreements, both leases qualified for capital lease accounting. The Consortium's future capital lease obligations are as follows:

<i>June 30,</i>	2014	2013
Capital lease obligation for computer equipment, due in annual installments, expiring in January 2015, with an implicit interest rate of 8.58%	\$ -	\$ 10,681
Capital lease obligation for computer equipment, due in annual installments, expiring in May 2015, with an implicit interest rate of 4.34%	1,445	3,242
Total capital lease obligations	1,445	13,923
Less amount representing interest	(33)	(612)
<b>Present value of future minimum payments</b>	<b>\$ 1,412</b>	<b>\$ 13,311</b>

# Atlanta University Center Consortium

## Notes to Financial Statements

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The minimum future lease payments at June 30, 2014, for the above capital leases are as follows:

*Year ending June 30,*

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2015	\$	1,445
<hr/>		
Total minimum lease payments		1,445
Less amount representing interest		(33)
<hr/>		
Present value of minimum lease payments	\$	1,412

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### 7. Operating Leases

In November 2008, the Consortium entered into a 3 year lease agreement with Clark Atlanta University to rent office space for \$3,100 per month. This agreement expired and was renewed during 2014, extending the lease through June 30, 2015. Lease payments under this agreement for the years ended June 30, 2014 and 2013 totaled \$37,200 and \$37,200, respectfully.

In July 2011, the Consortium entered into a 3 year lease agreement which expires on June 30, 2014, with Spelman College to rent office space for \$7,163 per year. This agreement expired and was renewed during 2014, extending the lease through June 30, 2015. Lease payments under this agreement for the years ended June 30, 2014 and 2013 totaled \$7,163 and \$7,163, respectfully.

The minimum operating lease payments at June 30, 2014 for the above leases are as follows:

*Year ending June 30,*

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2015	\$	44,363
<hr/>		
Total	\$	44,363

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### 8. Net Assets

Temporarily restricted net assets are available for the following purpose:

<i>June 30,</i>	2014	2013
<hr/>		
Contributions and other unexpended revenues available for:		
Private sponsored programs	\$ 839,182	\$ 807,576

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Permanently restricted net assets consist of the following:

<i>June 30,</i>	2014	2013
<hr/>		
Endowment funds	\$ 250,000	\$ 250,000

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# Atlanta University Center Consortium

## Notes to Financial Statements

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Earnings on permanently restricted net assets are available for the Consortium's private sponsored programs. There were no changes to the endowment funds balance during the years ended June 30, 2014 and 2013.

Temporarily restricted and permanently restricted net assets consisted of the following:

<i>June 30,</i>	2014	2013
Temporarily restricted net assets:		
Cash and cash equivalents	\$ 218,304	\$ 232,415
Accounts receivable	70,650	-
Investments	550,229	575,161
<b>Total temporarily restricted net assets</b>	<b>\$ 839,183</b>	<b>\$ 807,576</b>

<i>June 30,</i>	2014	2013
Permanently restricted net assets:		
Investments	\$ 250,000	\$ 250,000
<b>Total permanently restricted net assets</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>

### 9. Endowment

The State of Georgia has enacted the State Prudent Management of Institutional Funds Act ("SPMIFA"). The Council of Presidents of the Consortium has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with SPMIFA, the Consortium considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Consortium and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Consortium.
- The investment policies of the Consortium.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Consortium to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, there were no such deficiencies at June 30, 2014 and 2013. Additionally, there was no change to endowed net assets during the year ended June 30, 2014 and 2013.

# Atlanta University Center Consortium

## Notes to Financial Statements

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The Consortium has adopted investment and spending policies for endowment assets that attempt to maximize return within reasonable and prudent levels of risk. The Consortium seeks preservation of capital with a consistent, positive return on assets overtime. The overall investment strategy is to maintain a diversified, liquid portfolio as to quality, issuers and maturity. Flexibility must be maintained so those funds are available to meet anticipated cash needs, as determined by the cash flow forecast. Average maturity of the portfolio will be kept short to provide liquidity.

Individual investments will be selected to achieve the following objectives in priority order:

- Safety of principal
- Liquidity for operating needs
- Maximization of yield
- Diversification of risk

To satisfy its rate-of-return objectives, the Consortium relies on the following:

- Investment objectives that will use a total return approach while exercising the degree of prudence and fiduciary care required for endowment funds.
- An asset allocation based on the funds anticipated cash flow needs for the next year and the anticipated additions to and withdrawals from the fund for the current year.

The Consortium's policy is to appropriate all investment income earned on its investments. This policy is reviewed by the Council of Presidents quarterly or whenever significant change is anticipated in the Consortium's cash requirements. During the years ended June 30, 2014 and 2013, the Consortium did not withdrawal any amounts for spending in accordance with the donor restrictions.

### **10. Employee Benefit Plan**

The Consortium offers its employees a deferred compensation plan qualified under Internal Revenue Code 403(b). The plan, available to all full-time Consortium employees, permits them to defer a portion of their gross salaries up to the maximum amount allowed by the Internal Revenue Code. The plan is managed by Teacher Insurance Annuity Association. The Consortium contributes to the plan by matching 100% of each employee's contribution, up to 7% of each employee's total annual salary. Matching contributions for the years ended June 30, 2014 and 2013 totaled \$13,328 and \$14,736, respectfully.

### **11. Related Party Transactions**

The Affiliated Institutions receive multiple services and benefits. Each member contributes funds based upon an agreed budget amount for support of the Consortium.

# Atlanta University Center Consortium

## Notes to Financial Statements

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The following table summarizes related party revenues recognized by the Consortium:

<i>Year ended June 30,</i>	2014	2013
Clark Atlanta University	\$ 201,323	\$ 162,700
Morehouse College	236,551	287,191
Morehouse School of Medicine	108,098	94,831
Spelman College	205,046	171,296
<b>Total related party revenue</b>	<b>\$ 751,018</b>	<b>\$ 716,018</b>

The following table summarizes amounts due from Affiliated Institutions at:

<i>June 30,</i>	2014	2013
Clark Atlanta University	\$ 8,750	\$ 40,675
Morehouse School of Medicine	33,587	23,708
Spelman College	8,750	-
<b>Total due from Affiliated Institutions</b>	<b>\$ 51,087</b>	<b>\$ 64,383</b>

Additionally, as discussed in the operating leases note to the financial statements above, Clark Atlanta University and Spelman College rented office space to the Consortium during the years ended June 30, 2014 and 2013.

## 12. Commitments and Contingencies

The Consortium has received grants for special purposes, which are subject to review and audit by the grantor agencies. Such audits could result in claims against the resources of the Consortium. Since the Consortium does not expect claims to arise as a result of such audits, no provision for liabilities has been provided in the financial statements.

## 13. Subsequent Events

The Consortium has evaluated subsequent events from June 30, 2014 (the date of the most current statement of financial position presented) through December 16, 2014 (the date of the audit report and the date the financial statements were available to be issued). During this period, no material recognizable events were identified.