Atlanta University Center Consortium

Financial Statements
Years Ended June 30, 2019 and 2018

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO
International Limited, a UK company limited by guarantee.

Atlanta University Center Consortium

Financial Statements
Years Ended June 30, 2019 and 2018

Atlanta University Center Consortium

Contents

Tel: 919-754-9370
Fax: 919-754-9369
www.bdo.com

421 Fayetteville Street
Suite 300
Raleigh, NC 27601

Independent Auditor's Report

The Board of Trustees
Atlanta University Center Consortium

Report on the Financial Statements

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, 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 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the year ended June 30, 2019, the Consortium adopted new accounting guidance, Financial Accounting Standards Board Accounting Standard Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the World Health Organization has declared COVID-19 a global pandemic leading to broader global economic uncertainties. Our opinion is not modified with respect to this matter.

BDO USA, LLP

April 29, 2020

Financial Statements

Atlanta University Center Consortium

Statements of Financial Position

June 30,	**2019**	2018
Assets		
Cash and cash equivalents	**$ 823,318**	$ 953,483
Investments	**1,372,969**	1,449,344
Accounts receivable	**507,376**	91,906
Other assets	**65,893**	31,047
Property and equipment, net	**74,684**	54,960
Total Assets	**$ 2,844,240**	$ 2,580,740
Liabilities and Net Assets		
Liabilities		
Accounts payable, accrued expenses and other liabilities	**$ 338,018**	$ 125,706
Deferred revenue	**1,550**	-
Capital lease obligations	**2,889**	8,362
Total Liabilities	**342,457**	134,068
Net Assets		
Without donor restrictions	**1,798,105**	1,687,036
With donor restrictions	**703,678**	759,636
Total Net Assets	**2,501,783**	2,446,672
Total Liabilities and Net Assets	**$ 2,844,240**	$ 2,580,740

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Activities

Year ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Affiliated institutional support and contributions	$ 1,100,185	$ -	$ 1,100,185
Private gifts and grants	21,591	105,000	126,591
Sponsorship income	2,500	28,550	31,050
Registration fees	326,238	-	326,238
Net investment income	41,089	7,840	48,929
Contribution income	7,107	-	7,107
Other income	1,099	-	1,099
Total	1,499,809	141,390	1,641,199
Net Assets Released from Restrictions	197,348	(197,348)	-
Total Revenues and Other Support	1,697,157	(55,958)	1,641,199
Expenses			
Program Services:			
Dual Degree Engineering Program	418,162	-	418,162
Civic Engagement and Community Learning Program	216,743	-	216,743
Career Planning Program	254,184	-	254,184
Total program services	889,089	-	889,089
Administrative Services:			
Operating Expenses	696,999	-	696,999
Total Expenses	1,586,088	-	1,586,088
Change in Net Assets	111,069	(55,958)	55,111
Net Assets, beginning of year	1,687,036	759,636	2,446,672
Net Assets, end of year	$ 1,798,105	$ 703,678	$ 2,501,783

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Activities

Year ended June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Affiliated institutional support and contributions	$ 760,816	$ -	$ 760,816
Private gifts and grants	7,020	70,500	77,520
Sponsorship income	-	26,500	26,500
Registration fees	290,098	-	290,098
Net investment income	53,423	17,240	70,663
Contribution income	3,052	-	3,052
Other income	599	-	599
Total	1,115,008	114,240	1,229,248
Net Assets Released from Restrictions	257,449	(257,449)	-
Total Revenues and Other Support	1,372,457	(143,209)	1,229,248
Expenses			
Program Services:			
Dual Degree Engineering Program	481,360	-	481,360
Civic Engagement and Community Learning Program	233,705	-	233,705
Career Planning Program	217,202	-	217,202
Total program services	932,267	-	932,267
Administrative Services:			
Operating Expenses	223,557	-	223,557
Total Expenses	1,155,824	-	1,155,824
Change in Net Assets	216,633	(143,209)	73,424
Net Assets, beginning of year	1,470,403	902,845	2,373,248
Net Assets, end of year	$ 1,687,036	$ 759,636	$ 2,446,672

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Functional Expenses

Year ended June 30, 2019	Program Services: Dual Degree Engineering Program	Program Services: Civic Engagement and Community Learning Program	Program Services: Career Planning Program	Program Services: Total Program Expenses	Administrative Services: Operating Expenses	Total Expenses
Expenses						
Personnel costs	$ 160,669	$ 175,851	$ 91,130	$ 427,650	$ 483,153	$ 910,803
Scholarships	133,580	-	-	133,580	-	133,580
Professional fees	45,000	11,014	4,872	60,886	45,993	106,879
Professional dues memberships	818	302	598	1,718	2,387	4,105
Advertising	-	826	2,546	3,372	16,200	19,572
Registration fees	-	1,175	945	2,120	8,416	10,536
Postage and supplies	10,995	1,248	8,017	20,260	17,067	37,327
Occupancy	38,224	19,437	11,589	69,250	48,229	117,479
Licenses and permits	2,452	403	2,568	5,423	2,238	7,661
Reception expense	17,806	-	38,057	55,863	-	55,863
Venue rental	1,500	400	21,810	23,710	-	23,710
Equipment rental	-	150	32,620	32,770	-	32,770
Printing and publications	432	171	3,827	4,430	1,751	6,181
Travel	1,389	1,748	14,466	17,603	33,936	51,539
Professional meeting expense	-	-	75	75	690	765
Food and refreshments	2,344	3,180	7,057	12,581	11,920	24,501
Gifts and prizes	1,562	103	-	1,665	20,461	22,126
Bank, credit card, and payroll fees	1,391	735	14,007	16,133	1,558	17,691
Grant expense	-	-	-	-	3,000	3,000
Total Expenses	**$ 418,162**	**$ 216,743**	**$ 254,184**	**$ 889,089**	**$ 696,999**	**$ 1,586,088**

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Functional Expenses

Year ended June 30, 2018	Program Services: Dual Degree Engineering Program	Program Services: Civic Engagement and Community Learning Program	Program Services: Career Planning Program	Program Services: Total Program Expenses	Administrative Services: Operating Expenses	Total Expenses
Expenses						
Personnel costs	$ 151,489	$ 177,777	$ 88,710	$ 417,976	$ 133,252	$ 551,228
Scholarships	224,465	-	-	224,465	-	224,465
Professional fees	40,595	18,100	5,059	63,754	45,872	109,626
Professional dues memberships	750	636	584	1,970	2,153	4,123
Advertising	1,304	6,054	1,304	8,662	5,989	14,651
Registration fees	150	25	945	1,120	30	1,150
Postage and supplies	6,611	2,306	7,829	16,746	4,057	20,803
Occupancy	32,690	22,901	11,648	67,239	25,271	92,510
Licenses and permits	211	707	2,364	3,282	19	3,301
Reception expense	15,418	-	33,609	49,027	-	49,027
Venue rental	1,500	250	13,603	15,353	-	15,353
Equipment rental	53	13	26,757	26,823	312	27,135
Printing and publications	-	406	1,662	2,068	13	2,081
Travel	1,233	1,896	10,412	13,541	1,739	15,280
Professional meeting expense	205	25	25	255	709	964
Food and refreshments	3,534	1,756	484	5,774	993	6,767
Gifts and prizes	75	112	-	187	274	461
Bank, credit card, and payroll fees	1,077	741	12,207	14,025	2,874	16,899
Total Expenses	$ 481,360	$ 233,705	$ 217,202	$ 932,267	$ 223,557	$ 1,155,824

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statements of Cash Flows

Year ended June 30,	2019	2018
Operating Activities		
Change in net assets	$ 55,111	$ 73,424
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Net investment income	(48,929)	(70,663)
Depreciation expense	23,441	16,261
Loss on disposal of property and equipment	1,494	-
Change in operating assets and liabilities:		
Accounts receivable	(415,470)	68,952
Other assets	(34,846)	(9,631)
Accounts payable, accrued expenses and other liabilities	212,312	19,012
Deferred revenue	1,550	(20,000)
Net Cash (Used In) Provided by Operating Activities	(205,337)	77,355
Investing Activities		
Sale and maturities of investments	1,488,885	36,143
Purchase of investments	(1,363,581)	-
Purchase of property and equipment	(44,659)	(29,642)
Payments of capital lease obligations	(5,473)	(4,681)
Net Cash Provided by Investing Activities	75,172	1,820
Net (Decrease) Increase in Cash and Cash Equivalents	(130,165)	79,175
Cash and Cash Equivalents, beginning of year	953,483	874,308
Cash and Cash Equivalents, end of year	$ 823,318	$ 953,483

See accompanying notes to financial statements.

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 ("US GAAP").

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:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are fully available at the discretion of management and the Board of Trustees.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Consortium to use all, or part of, the return on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 which 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 US GAAP 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, 2019 and 2018.

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.

Accounts Receivable

Accounts receivable 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, 2019 and 2018 consisted of cash, marketable securities, and mutual funds. The investment income for the years ended June 30, 2019 and 2018 consisted of interest income, realized and unrealized gains and losses and dividend income earned 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	lesser of lease term or 3 years
Vehicles	3 years

The carrying value of property and equipment is evaluated on an on-going basis and 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 and/or temporarily restricted affiliated institutional support as indicated 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 net assets with donor restrictions.

Recently Adopted Authoritative Guidance

During the year ended June 30, 2019, the Consortium adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. Net assets previously classified as unrestricted as of and for the year ended June 30, 2018 were reclassified as net assets without donor restrictions. In addition, net assets previously classified as temporarily or permanently restricted as of and for the year ended June 30, 2019 were reclassified as net assets with donor restrictions. The Consortium held no underwater endowment funds as of June 30, 2018.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 follows:

	ASU 2016-14 Classifications		
Net Assets Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented:			
Unrestricted	$ 1,687,036	$ -	$ 1,687,036
Temporarily restricted	-	509,636	509,636
Permanently restricted	-	250,000	250,000
Net assets, as reclassified	$ 1,687,036	$ 759,636	$ 2,446,672

2. Liquidity and Availability of Resources

As of June 30, 2019, financial assets available within one year for general expenditures are as follows:

June 30,		**2019**
Financial assets		
Cash and cash equivalents	$	**823,318**
Investments		**1,372,969**
Accounts receivable		**507,376**
Total financial assets, at year end		**2,703,663**
Less those unavailable for general expenditures within one year, due to:		
Endowment funds to be maintained in perpetuity		**(250,000)**
Net assets with donor restrictions subject to expenditure for specified purpose and passage of time		**(453,678)**
Financial assets available to meet cash needs for general expenditures within one year	**$**	**1,999,985**

The Consortium's financial assets have been reduced by amounts not available for general use due to donor-imposed restrictions within one year of the balance sheet date, and amounts set aside for long-term investing in endowments.

The Consortium's endowment funds consist of donor-restricted endowments as well as funds specified by donors as restricted for various times and purposes. Therefore, these funds are not available for general expenditures. Approximately $10,000 of appropriations from the endowment fund will be available within the next 12 months.

As part of the Consortium's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. 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; and
- 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:

June 30,		**2019**		
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 274,763**	**$ -**	**$ -**	**$ 274,763**
Marketable securities	**1,098,206**	**-**	**-**	**1,098,206**
Total investments	**$ 1,372,969**	**$ -**	**$ -**	**$ 1,372,969**

June 30,		2018		
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 10,477	$ -	$ -	$ 10,477
Mutual funds	924,403	-	-	924,403
Marketable securities	514,464	-	-	514,464
Total investments	$ 1,449,344	$ -	$ -	$ 1,449,344

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 mutual funds, fair value is based upon quoted prices for similar assets in markets that are not active. The marketable securities include equity investments in large and medium cap entities with sufficient trading volume to adequately access fair value.

4. Accounts Receivable

Accounts receivable consisted of the following at:

June 30,		**2019**		2018
Due from Affiliated Institutions	$	300,929	$	86,406
Pledges receivable		4,650		5,500
Other receivables		201,797		-
Total	$	507,376	$	91,906

Based on the historical collections on amounts due from Affiliated Institutions as well as the credit worthiness of the donors and third parties with outstanding receivable balances, the Consortium's allowance for doubtful accounts at June 30, 2019 and 2018 was $0.

5. Investments

Investments consisted of the following at:

June 30,		**2019**		
Description		**Cost**		**Fair Value**
Cash and cash equivalents	$	274,763	$	274,763
Marketable securities		1,042,984		1,098,206
Total investments	$	1,317,747	$	1,372,969

June 30,		2018		
Description		**Cost**		**Fair Value**
Cash and cash equivalents	$	10,477	$	10,477
Mutual funds		937,668		924,403
Marketable securities		463,391		514,464
Total investments	$	1,411,536	$	1,449,344

Net investment income during the years ended June 30, 2019 and 2018 was $48,929 and $70,663, respectively, net of investment fees.

6. Property and Equipment, Net

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

June 30,		**2019**		2018
Furniture and fixtures	**$**	**36,745**	$	25,508
Equipment		**117,135**		84,598
Equipment under capital lease		**64,755**		64,755
Vehicles		**-**		5,500
Total property and equipment		**218,635**		180,361
Less accumulated depreciation		**(143,951)**		(125,401)
Property and equipment, net	**$**	**74,684**	$	54,960

Depreciation expense recognized during the years ended June 30, 2019 and 2018 was $23,441 and $16,261, respectively.

7. Capital Lease Obligations

The Consortium leases office equipment under several agreements, which are classified as capital leases. The Consortium's future capital lease obligations are as follows:

June 30,		**2019**		2018
Capital lease obligation for telephone equipment, due in monthly installments, expiring in January 2020, with an implicit interest rate of 7.25%	**$**	**3,442**	$	9,342
Total capital lease obligations		**3,442**		9,342
Less amount representing interest		**(553)**		(980)
Present value of future minimum payments	**$**	**2,889**	$	8,362

The minimum future lease payments at June 30, 2019, for the above capital leases are as follows:

Year ending June 30,		**Amount**
2020	**$**	**3,442**
Total minimum lease payments		**3,442**
Less amount representing interest		**(553)**
Present value of minimum lease payments	**$**	**2,889**

8. Operating Leases

In November 2008, the Consortium entered into a 3 year lease agreement with Clark Atlanta University, a related party, to rent office space for $3,100 per month. This agreement expired and was renewed during 2016, extending the lease through June 30, 2019. Lease payments under this agreement for the years ended June 30, 2019 and 2018 totaled $37,200 and $37,200, respectfully.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at:

June 30,	**2019**	2018
Contributions and other unexpended revenues available for:		
Private sponsored programs	**$ 403,678**	$ 459,636
Consortium relocation	**50,000**	50,000
Net assets with donor restrictions subject to expenditure for specified purpose and passage of time	**$ 453,678**	$ 509,636

Net assets with donor restrictions to be maintained in perpetuity consist of the following at:

June 30,	**2019**	2018
Endowment funds	**$ 250,000**	$ 250,000

Earnings on net assets with donor restrictions are available for the Consortium's private sponsored programs.

Net assets with donor restrictions were released by incurring expenses or acquiring assets satisfying the restricted purpose or by the occurrence of other events specified by the donors as follows:

Year ended June 30,	**2019**	2018
Program restrictions accomplished:		
Dual degree engineering program	**$ 166,783**	$ 247,389
Civic engagement and community learning program	**-**	10,060
Career planning program	**7,100**	-
Data Science Initiative	**23,465**	-
Total net assets with donor restrictions released from restrictions	**$ 197,348**	$ 257,449

10. 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, 2019 and 2018.

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, 2019 and 2018, the Consortium withdrew approximately $0 and $36,000, respectively, for spending.

11. 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, 2019 and 2018 totaled $10,539 and $10,475, respectfully.

12. 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.

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

Year ended June 30,	**2019**	2018
Clark Atlanta University	**$ 301,312**	$ 212,400
Morehouse College	**314,983**	248,258
Morehouse School of Medicine	**186,066**	97,364
Spelman College	**297,824**	202,794
Total related party revenue	**$ 1,100,185**	$ 760,816

The following table summarizes amounts due from Affiliated Institutions at:

June 30,	**2019**	2018
Clark Atlanta University	**$ 15,000**	$ -
Morehouse College	**87,224**	62,065
Morehouse School of Medicine	**122,686**	24,341
Spelman College	**76,019**	-
Total Due from Affiliated Institutions	**$ 300,929**	$ 86,406

Additionally, as discussed in the operating leases note to the financial statements above, Clark Atlanta University rented office space to the Consortium during the years ended June 30, 2019 and 2018.

13. 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.

14. Subsequent Events

The Consortium has evaluated subsequent events from June 30, 2019 (the date of the most current statement of financial position presented) through April 29, 2020, (the date of the audit report and the date the financial statements were available to be issued).

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Consortium's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Consortium is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020 and beyond. Although the Consortium cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Consortium's results of future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance the Consortium is eligible for these funds or will be able to obtain them. The Consortium will continue to examine the impact that the CARES Act may have on its business. Currently, the Consortium is unable to determine the impact that the CARES Act will have on its financial condition, results of operation or liquidity.

There were no additional activities, transactions or events identified that would require disclosure or recognition.