



Atlanta University Center Consortium

Financial Statements
Years Ended June 30, 2020 and 2019

Atlanta University Center Consortium

Financial Statements
Years Ended June 30, 2020 and 2019

Atlanta University Center Consortium

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	6
Statements of Activities	7-8
Statements of Functional Expenses	9-10
Statements of Cash Flows	11
Notes to Financial Statements	12-23



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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, 2020 and 2019, 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.

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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, 2020 and 2019, 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

March 29, 2021

Financial Statements

Atlanta University Center Consortium

Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Cash and cash equivalents	\$ 1,417,171	\$ 823,318
Investments	2,383,025	1,372,969
Accounts receivable	161,385	507,376
Other assets	31,067	65,893
Property and equipment, net	53,908	74,684
Total Assets	\$ 4,046,556	\$ 2,844,240
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 99,998	\$ 188,078
Accrued expenses and other liabilities	127,406	149,940
Deferred revenue	-	1,550
Capital lease obligations	-	2,889
Note payable	127,400	-
Total Liabilities	354,804	342,457
Net Assets		
Without donor restrictions	1,696,515	1,798,105
With donor restrictions	1,995,237	703,678
Total Net Assets	3,691,752	2,501,783
Total Liabilities and Net Assets	\$ 4,046,556	\$ 2,844,240

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Activities

<i>Year ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Affiliated institutional support and contributions	\$ 870,123	\$ -	\$ 870,123
Private gifts and grants	103	2,154,000	2,154,103
Sponsorship income	-	9,275	9,275
Registration fees	331,430	-	331,430
Net investment income	5,657	5,111	10,768
Total	1,207,313	2,168,386	3,375,699
Net Assets Released from Restrictions	876,827	(876,827)	-
Total Revenues and Other Support	2,084,140	1,291,559	3,375,699
Expenses			
Program Services:			
Dual Degree Engineering Program	317,652	-	317,652
Civic Engagement and Community Learning Program	131,462	-	131,462
Career Planning Program	279,751	-	279,751
Data Sciences Initiative	715,336	-	715,336
Total program services	1,444,201	-	1,444,201
Administrative Services:			
Operating expenses	741,529	-	741,529
Total Expenses	2,185,730	-	2,185,730
Change in Net Assets	(101,590)	1,291,559	1,189,969
Net Assets, beginning of year	1,798,105	703,678	2,501,783
Net Assets, end of year	\$ 1,696,515	\$ 1,995,237	\$ 3,691,752

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Activities

<i>Year ended June 30, 2019</i>	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 Functional Expenses

Year ended June 30, 2020	Program Services					Administrative Services		
	Dual Degree Engineering Program	Civic		Career Planning Program	Data Sciences Initiative	Total Program Expenses	Operating Expenses	Total Expenses
		Engagement and Community Learning Program	-					
Expenses								
Personnel costs	\$ 88,679	\$ 44,572	\$ 80,262	\$ 261,138	\$ 474,651	\$ 569,385	\$ 1,044,036	
Scholarships	106,093	-	-	-	106,093	48,722	154,815	
Professional fees	78,527	76,019	17,004	206,450	378,000	224,433	602,433	
Professional dues memberships	481	83	297	-	861	3,471	4,332	
Advertising	725	-	725	-	1,450	5,862	7,312	
Registration fees	111	24	51	3,890	4,076	6,046	10,122	
Postage and supplies	4,466	257	13,607	333	18,663	8,507	27,170	
Occupancy	30,579	8,617	13,007	16,797	69,000	43,339	112,339	
Licenses and permits	1,192	118	2,479	-	3,789	2,067	5,856	
Reception expense	1,253	-	47,347	-	48,600	120	48,720	
Venue rental	-	-	52,476	-	52,476	-	52,476	
Equipment rental	-	-	11,669	-	11,669	-	11,669	
Printing and publications	1,905	-	657	1,041	3,603	2,047	5,650	
Travel	1,193	848	24,527	2,380	28,948	7,865	36,813	
Professional meeting expense	303	113	85	6,694	7,195	2,231	9,426	
Food and refreshments	327	-	1,371	1,812	3,510	6,745	10,255	
Gifts and prizes	1,372	700	210	3,245	5,527	6,681	12,208	
Bank, credit card, and payroll fees	446	111	13,977	18	14,552	1,476	16,028	
Grant expense	-	-	-	14,070	14,070	-	14,070	
Indirect cost allocation	-	-	-	197,468	197,468	(197,468)	-	
Total Expenses	\$ 317,652	\$ 131,462	\$ 279,751	\$ 715,336	\$ 1,444,201	\$ 741,529	\$ 2,185,730	

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Functional Expenses

Year ended June 30, 2019	Program Services				Administrative Services		
	Dual Degree Engineering Program	Civic		Career Planning Program	Total Program Expenses	Operating Expenses	Total Expenses
		Engagement and Community Learning Program	-				
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

Statements of Cash Flows

Year ended June 30,	2020	2019
Operating Activities		
Change in net assets	\$ 1,189,969	\$ 55,111
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Net investment income	(10,768)	(48,929)
Depreciation expense	24,312	23,441
Loss on disposal of property and equipment	-	1,494
Change in operating assets and liabilities:		
Accounts receivable	345,991	(415,470)
Other assets	34,826	(34,846)
Accounts payable	(88,080)	158,763
Accrued expenses and other liabilities	(22,534)	53,549
Deferred revenue	(1,550)	1,550
Net Cash Provided by (Used in) Operating Activities	1,472,166	(205,337)
Investing Activities		
Sale and maturities of investments	664,129	1,488,885
Purchase of investments	(1,663,417)	(1,363,581)
Purchase of property and equipment	(3,536)	(44,659)
Payments of capital lease obligations	(2,889)	(5,473)
Net Cash (Used in) Provided by Investing Activities	(1,005,713)	75,172
Financing Activities		
Proceeds from note payable	127,400	-
Net Cash Provided by Financing Activities	127,400	-
Net Increase (Decrease) in Cash and Cash Equivalents	593,853	(130,165)
Cash and Cash Equivalents, beginning of year	823,318	953,483
Cash and Cash Equivalents, end of year	\$ 1,417,171	\$ 823,318

See accompanying notes to financial statements.

Atlanta University Center Consortium

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 Affiliated Institutions with access to accurate and current information and resources to facilitate their education, career and job search.

Data Sciences Initiative - Advances data science by supporting students and faculty in preparation to engage with external stakeholders to develop innovations in research, best practices, and educational activities within the data science field.

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 net assets without donor restrictions. Contributions received with donor-imposed

Atlanta University Center Consortium

Notes to Financial Statements

restrictions that are met in the same year as received are reported as revenues within net assets without donor restrictions. 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, 2020 and 2019.

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.

At June 30, 2020 and 2019, the Consortium had approximately \$161,000 and \$90,000, respectively, in restricted cash and cash equivalents in accordance with donor-imposed restrictions as well as other managed cash accounts for student organizations at the Affiliated Institutions.

Atlanta University Center Consortium

Notes to Financial Statements

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, 2020 and 2019 consisted of cash, marketable securities, and mutual funds. The investment income for the years ended June 30, 2020 and 2019 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 support without donor restrictions. 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

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 revenues and other support without donor restrictions and/or temporarily restricted affiliated institutional support as indicated in the accompanying statements of activities.

Atlanta University Center Consortium

Notes to Financial Statements

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.

2. Liquidity and Availability of Resources

Financial assets available within one year for general expenditures are as follows as of:

<i>June 30,</i>	2020	2019
Financial assets		
Cash and cash equivalents	\$ 1,417,171	\$ 823,318
Investments	2,383,025	1,372,969
Accounts receivable	161,385	507,376
Total financial assets, at year end	3,961,581	2,703,663
Less those unavailable for general expenditures within one year:		
Endowment funds to be maintained in perpetuity	(250,000)	(250,000)
Net assets with donor restrictions subject to expenditure for purpose and passage of time specified	(1,745,237)	(453,678)
Financial assets available to meet cash needs for general expenditures within one year	\$1,966,344	\$ 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.

Atlanta University Center Consortium

Notes to Financial Statements

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:

<i>June 30,</i>	2020			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,159,598	\$ -	\$ -	\$ 1,159,598
Marketable securities	1,223,427	-	-	1,223,427
Total investments	\$ 2,383,025	\$ -	\$ -	\$ 2,383,025

<i>June 30,</i>	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

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.

Atlanta University Center Consortium

Notes to Financial Statements

4. Accounts Receivable

Accounts receivable consisted of the following at:

<i>June 30,</i>	2020		2019	
<i>Description</i>	<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
Due from Affiliated Institutions	\$ 131,747	\$ 300,929		
Due from University Community Development Corporation	17,318	-		
Contributions receivable	10,100	4,650		
Other receivables	2,219	201,797		
Total	\$ 161,385	\$ 507,376		

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, 2020 and 2019 was \$0.

5. Investments

Investments consisted of the following at:

<i>June 30,</i>	2020	
<i>Description</i>	<i>Cost</i>	<i>Fair Value</i>
Cash and cash equivalents	\$ 1,159,598	\$ 1,159,598
Marketable securities	1,220,626	1,223,427
Total investments	\$ 2,380,224	\$ 2,383,025

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

Net investment income during the years ended June 30, 2020 and 2019 was \$10,768 and \$48,929, respectively, net of investment fees.

Atlanta University Center Consortium

Notes to Financial Statements

6. Property and Equipment, Net

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

<i>June 30,</i>	2020	2019
Furniture and fixtures	\$ 36,745	\$ 36,745
Equipment	120,671	117,135
Total property and equipment	157,416	153,880
Less accumulated depreciation	(103,508)	(79,196)
Property and equipment, net	\$ 53,908	\$ 74,684

Depreciation expense recognized during the years ended June 30, 2020 and 2019 was \$24,312 and \$23,441, respectively. During the year ended June 30, 2020, equipment under capital lease was fully depreciated.

7. Note Payable

In April 2020, the Consortium was granted a loan from the Small Business Administration (“SBA”) associated with the Payroll Protection Program (“PPP”) under the Cares Act. The net borrowing under this loan totaled \$127,400. The PPP loan has a maturity of 2 years and the initial loan has a 24-month amortization schedule. The outstanding balance of the PPP loan is presented as note payable on the statements of financial position. Loan payments are deferred for sixteen months as a result of the PPP Forgiveness Flexibility Act. From the date the loan is received and until it is forgiven, or repayment begins, interest will accrue at an annual interest rate of 1%. Interest is recorded monthly during this deferral period. If a timely loan forgiveness application is submitted, the Consortium is not required to make any payments until the forgiveness amount is remitted to the lender by the SBA. If the loan is fully forgiven, the Consortium is not responsible for any payments. If a portion of the loan is forgiven, or if the application is denied, any remaining balance due on the loan must be repaid by the Consortium on or before the maturity date of the loan. The Consortium is responsible for paying the accrued interest on any amount that is not forgiven. The lender is responsible for notifying the Consortium of loan forgiveness status. The lender will notify the Consortium if remittance of the forgiven portion is received from the SBA or if the application for forgiveness is denied. At that time, the lender will advise of the date on which the first payment is due from the Consortium. The Consortium expects to be granted forgiveness of the full amount of the loan, however, any forgiveness is not certain.

At June 30, 2020, principal payments are as follows for the PPP loan associated with the SBA, if not forgiven:

<i>Years ending June 30,</i>	Amount
2021	\$ -
2022	127,400
Total bonds payable	\$ 127,400

Atlanta University Center Consortium

Notes to Financial Statements

8. Operating Leases

In November 2008, the Consortium entered into a lease agreement with Clark Atlanta University, a related party, to rent office space for \$3,100 per month. The original agreement has been amended and extended multiple times, most recently through June 30, 2020. Annual lease payments under this agreement totaled \$37,200 for the years ended June 30, 2020 and 2019.

9. Net Assets With Donor Restrictions

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

<i>June 30,</i>	2020	2019
Contributions and other unexpended revenues available for:		
Private sponsored programs	\$ 1,695,237	\$ 403,678
Consortium relocation	50,000	50,000
<hr/>		
Net assets with donor restrictions subject to expenditure for specified purpose and passage of time	\$ 1,745,237	\$ 453,678

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

<i>June 30,</i>	2020	2019
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:

<i>Year ended June 30,</i>	2020	2019
Program restrictions accomplished:		
Dual degree engineering program	\$ 109,988	\$ 166,783
Career planning program	-	7,100
Data Science Initiative	715,336	23,465
Administrative services	51,503	-
<hr/>		
Total net assets with donor restrictions released from restrictions	\$ 876,827	\$ 197,348

Atlanta University Center Consortium

Notes to Financial Statements

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, 2020 and 2019.

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. The Consortium did not withdraw any funds for spending during the years ended June 30, 2020 and 2019.

Atlanta University Center Consortium

Notes to Financial Statements

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 Teachers Insurance and 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, 2020 and 2019 totaled \$19,952 and \$10,539, 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:

<i>Year ended June 30,</i>	2020	2019
Clark Atlanta University	\$ 248,964	\$ 301,312
Morehouse College	287,529	314,983
Morehouse School of Medicine	114,428	186,066
Spelman College	219,202	297,824
Total related party revenue	\$ 870,123	\$ 1,100,185

The following table summarizes amounts due from Affiliated Institutions at:

<i>June 30,</i>	2020	2019
Clark Atlanta University	\$ 2,000	\$ 15,000
Morehouse College	2,000	87,224
Morehouse School of Medicine	125,747	122,686
Spelman College	2,000	76,019
Total Due from Affiliated Institutions	\$ 131,747	\$ 300,929

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, 2020 and 2019.

During the year ended June 30, 2020, the Consortium began assisting with the management and accounting for the University Community Development Corporation ("UCDC"), a nonprofit organization assisting with affordable housing for moderate to low income residents in and around the Affiliated Institutions. As of June 30, 2020, the Consortium had an outstanding accounts receivable balance of \$17,318 due from UCDC.

Atlanta University Center Consortium

Notes to Financial Statements

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. COVID-19 and CARES Act

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. On March 11, 2020, the WHO declared the novel coronavirus (“COVID-19”) a global pandemic. As of the date of issuance of these financial statements, this public health emergency stands to continue to substantially impact the global economy, including significant volatility in the financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries, including higher education. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact from the COVID-19.

As a result of the pandemic, the Consortium experienced an increased need for its services during the year ended June 30, 2020. In particular, the Consortium assisted the Affiliated Institutions by setting up additional online learning resources; obtaining wireless hot spots for students; and purchasing computers for students to be able to participate in remote learning. The Consortium has worked to obtain donations on behalf of students for a portion of these resources.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer share of 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.

The Consortium applied for and received funds under the SBA Paycheck Protection Program during the year ended June 30, 2020 in the amount of \$127,400. The application for these funds requires the Consortium to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Consortium. This certification further requires the Consortium to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the organization. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Consortium having initially qualified for the loan and qualifying for the forgiveness of such loan based on future adherence to the forgiveness criteria.

Atlanta University Center Consortium

Notes to Financial Statements

15. Subsequent Events

The Consortium has evaluated subsequent events from June 30, 2020 (the date of the most current statement of financial position presented) through March 29, 2021 (the date of the audit report and the date the accompanying financial statements were available to be issued) and determined that there are no additional items to disclose other than additional discussion related to the potential future impacts of COVID-19 noted below.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, the Consortium is uncertain as to the full magnitude that the pandemic will have on the Consortium's financial condition, liquidity, and future results of operations. The Consortium is actively monitoring the impact of 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 2021.

As of the date of issuance of these financial statements, the Consortium is in the process of applying for forgiveness of the SBA Paycheck Protection Program loan.