



Atlanta University Center Consortium

Financial Statements
Years Ended June 30, 2022 and 2021

Atlanta University Center Consortium

Financial Statements
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Atlanta University Center Consortium

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

421 Fayetteville Street
Suite 300
Raleigh, NC 27601

Independent Auditor's Report

Council of Presidents
Atlanta University Center Consortium
Atlanta, GA

Opinion

We have audited the financial statements of Atlanta University Center Consortium (the "Consortium"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Consortium as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

May 10, 2023

Financial Statements

Atlanta University Center Consortium

Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$3,988,835	\$ 2,872,087
Investments	2,417,860	2,645,920
Accounts receivable	263,123	115,917
Contributions receivable	297,100	600
Other assets	156,346	146,127
Property and equipment, net	71,648	55,303
Total Assets	\$7,194,912	\$ 5,835,954
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 262,834	\$ 61,420
Accrued expenses and other liabilities	278,208	197,167
Total Liabilities	541,042	258,587
Net Assets		
Without donor restrictions	3,165,228	2,866,408
With donor restrictions	3,488,642	2,710,959
Total Net Assets	6,653,870	5,577,367
Total Liabilities and Net Assets	\$7,194,912	\$ 5,835,954

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Activities

<i>Year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Affiliated institutional support	\$ 1,151,464	\$ -	\$ 1,151,464
Private gifts and grants	137,965	3,249,896	3,387,861
Registration fees	293,646	-	293,646
Other income	23,057	-	23,057
Total	1,606,132	3,249,896	4,856,028
Net Assets Released from Restrictions	2,430,834	(2,430,834)	-
Total Revenues and Other Support	4,036,966	819,062	4,856,028
Expenses			
Program Services:			
Dual Degree Engineering Program	500,191	-	500,191
Civic Engagement and Community Learning Program	234,776	-	234,776
Career Planning Program	256,496	-	256,496
Data Sciences Initiative	1,713,837	-	1,713,837
Total program services	2,705,300	-	2,705,300
Administrative Services:			
Operating expenses	846,642	-	846,642
Total Expenses	3,551,942	-	3,551,942
Non-Operating Loss			
Net investment loss	(186,204)	(41,379)	(227,583)
Total Non-Operating Loss	(186,204)	(41,379)	(227,583)
Change in Net Assets	298,820	777,683	1,076,503
Net Assets, beginning of year	2,866,408	2,710,959	5,577,367
Net Assets, end of year	\$ 3,165,228	\$ 3,488,642	\$ 6,653,870

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Activities

<i>Year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Affiliated institutional support	\$ 1,159,480	\$ -	\$ 1,159,480
Private gifts and grants	150,673	2,279,110	2,429,783
Registration fees	287,750	-	287,750
Other income	2,558	-	2,558
Total	1,600,461	2,279,110	3,879,571
Net Assets Released from Restrictions	1,632,274	(1,632,274)	-
Total Revenues and Other Support	3,232,735	646,836	3,879,571
Expenses			
Program Services:			
Dual Degree Engineering Program	292,706	-	292,706
Civic Engagement and Community Learning Program	165,995	-	165,995
Career Planning Program	214,608	-	214,608
Data Sciences Initiative	1,064,487	-	1,064,487
Total program services	1,737,796	-	1,737,796
Administrative Services:			
Operating expenses	706,791	-	706,791
Total Expenses	2,444,587	-	2,444,587
Non-Operating Income			
Net investment income	254,345	68,886	323,231
Gain on forgiveness of debt	127,400	-	127,400
Total Non-Operating Income	381,745	68,886	450,631
Change in Net Assets	1,169,893	715,722	1,885,615
Net Assets, beginning of year	1,696,515	1,995,237	3,691,752
Net Assets, end of year	\$ 2,866,408	\$ 2,710,959	\$ 5,577,367

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Functional Expenses

Year ended June 30, 2022	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	\$ 192,052	\$ 178,743	\$ 188,150	\$ 764,168	\$ 1,323,113	\$ 336,733	\$ 1,659,846		
Scholarships	150,526	-	-	-	150,526	23,238	173,764		
Professional fees	71,172	44,409	17,606	516,725	649,912	306,922	956,834		
Professional dues memberships	-	-	-	2,997	2,997	2,243	5,240		
Advertising	1,864	-	-	3,803	5,667	528	6,195		
Registration fees	-	-	-	3,165	3,165	825	3,990		
Postage and supplies	27,419	76	2,818	18,724	49,037	36,182	85,219		
Occupancy	29,493	10,477	13,608	21,013	74,591	54,945	129,536		
Licenses and permits	2,999	243	3,739	101,169	108,150	10,744	118,894		
Special events expense	10,910	-	-	14,364	25,274	3,612	28,886		
Venue rental	-	-	13,000	4,129	17,129	-	17,129		
Printing and publications	1,686	3	882	25,991	28,562	6,426	34,988		
Travel	4,901	-	1,250	14,308	20,459	10,061	30,520		
Professional meeting expense	-	-	-	23,656	23,656	43,054	66,710		
Food and refreshments	4,125	-	286	13,409	17,820	5,291	23,111		
Gifts and prizes	902	-	-	5,056	5,958	2,325	8,283		
Bank, credit card, and payroll fees	999	547	14,622	617	16,785	2,331	19,116		
Loss on disposal of fixed assets	1,143	278	535	918	2,874	1,182	4,056		
Grant expense	-	-	-	179,625	179,625	-	179,625		
Total Expenses	\$ 500,191	\$ 234,776	\$ 256,496	\$ 1,713,837	\$ 2,705,300	\$ 846,642	\$ 3,551,942		

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statement of Functional Expenses

Year ended June 30, 2021	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	\$ 159,026	\$ 150,648	\$ 158,578	\$ 549,754	\$ 1,018,006	\$ 262,190	\$ 1,280,196	
Scholarships	53,649	-	-	5,000	58,649	-	58,649	
Professional fees	22,558	4,800	25,713	289,059	342,130	370,290	712,420	
Professional dues memberships	341	167	-	1,708	2,216	1,780	3,996	
Advertising	-	-	-	4,684	4,684	954	5,638	
Registration fees	5,773	455	500	1,590	8,318	2,402	10,720	
Postage and supplies	15,013	63	111	41,318	56,505	6,569	63,074	
Occupancy	26,427	9,362	11,702	12,277	59,768	41,330	101,098	
Licenses and permits	1,899	215	2,942	32,230	37,286	7,233	44,519	
Special events expense	2,500	-	516	-	3,016	1,592	4,608	
Printing and publications	4,714	3	6	13,721	18,444	4,015	22,459	
Travel	-	-	8	-	8	1,567	1,575	
Professional meeting expense	-	-	405	3,402	3,807	5,407	9,214	
Bank, credit card, and payroll fees	806	282	14,127	137	15,352	1,462	16,814	
Grant expense	-	-	-	109,607	109,607	-	109,607	
Total Expenses	\$ 292,706	\$ 165,995	\$ 214,608	\$ 1,064,487	\$ 1,737,796	\$ 706,791	\$ 2,444,587	

See accompanying notes to financial statements.

Atlanta University Center Consortium

Statements of Cash Flows

Year ended June 30,	2022	2021
Operating Activities		
Change in net assets	\$ 1,076,503	\$ 1,885,615
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Net investment loss (income)	227,583	(323,231)
Depreciation expense	27,311	20,386
Loss on disposal of fixed assets	4,056	-
Gain on forgiveness of debt	-	(127,400)
Change in operating assets and liabilities:		
Accounts receivable	(147,206)	35,368
Contributions receivable	(296,500)	9,500
Other assets	(10,219)	(115,060)
Accounts payable	201,414	(38,578)
Accrued expenses and other liabilities	81,041	69,761
Net Cash Provided by Operating Activities	1,163,983	1,416,361
Investing Activities		
Sale and maturities of investments	511,972	916,189
Purchase of investments	(511,495)	(855,853)
Purchase of property and equipment	(47,712)	(21,781)
Net Cash (Used in) Provided by Investing Activities	(47,235)	38,555
Net Increase in Cash and Cash Equivalents	1,116,748	1,454,916
Cash and Cash Equivalents, beginning of year	2,872,087	1,417,171
Cash and Cash Equivalents, end of year	\$ 3,988,835	\$ 2,872,087

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 (collectively, 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 Council of Presidents.

Atlanta University Center Consortium

Notes to Financial Statements

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 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.

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, 2022 and 2021.

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, 2022 and 2021, the Consortium had approximately \$1,419,000 and \$347,000, 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

Contract Assets, Accounts Receivable and Contract Liabilities

Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* (“ASC 606”) defines a contract asset as an entity’s right to consideration in exchange for goods or services that the entity has transferred to a customer. It arises when an entity has performed part or all of a performance obligation but does not yet have the right to bill the customer. As the Consortium has a contractual right to bill for the services (both the membership services of the Affiliated Institutions and events services hosted by the Consortium) before the start of each contract, no material contract assets overlap from one fiscal year to another.

Accounts receivable primarily consist of receivables from Affiliated Institutions which are recognized when the Consortium has the right to bill each of the four members. 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.

ASC 606 defines a contract liability as an entity’s obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. The Consortium’s annual performance obligations to the Affiliated Institutions were fully met at each fiscal year end, and thus there is no contract liability related these contracts as of June 30, 2022 and 2021. Additionally, the Consortium’s performance obligations to event registrants were fully met at each fiscal year end, and thus there is no contract liability related to these contracts as of June 30, 2022 and 2021.

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, 2022 and 2021 consisted of cash, cash equivalents, and marketable securities. The investment income for the years ended June 30, 2022 and 2021 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 donation. 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

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Notes to Financial Statements

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.

Recognition of Revenue from Exchange Transactions

In accordance with ASC 606 for exchange transactions, the Consortium recognizes revenue when, or as, performance obligations are satisfied under a contract. A performance obligation is the unit of account for revenue recognition and refers to a promise in a contract to transfer a distinct service or good to the customer.

The Consortium evaluates whether it has an enforceable contract with a customer with rights of the parties and payment terms identified, and collectability is probable. The Consortium also evaluates if a contract has multiple promises and if each promise should be accounted for as separate performance obligations or as a single performance obligation.

The transaction price is the amount of consideration defined to be received for performance under the Consortium's contracts. Contract terms define the consideration to be received or the formula for calculating the consideration to be received. The Consortium has no material variable consideration in its contracts.

The Consortium has the following revenue streams that are recognized in accordance with ASC 606:

Affiliated Institutional Support

The Consortium combines multiple promises of the shared Programs and Services that it provides to the Affiliated Institutions into a single performance obligation due to the multiple promises being either highly interrelated or through providing a significant integration of services that represent a combined output. The Consortium receives annual consideration for providing the shared Programs and Services to the Affiliated Institutions. The Consortium bills the Affiliated Institutions in four equal and quarterly installments (generally at the beginning of each quarter) for the annual shared Programs and Services with the total annual amounts being based on the annual operating budget of the Consortium that is approved by the Council of Presidents in the preceding year. The Consortium recognizes the annual consideration into revenue over time as the services are being provided to the Affiliated Institutions. As the Consortium's fiscal year coincides with the annual term of the contracts with the Affiliated Institutions, the full amounts of the annual consideration are earned and recognized during each of the Consortium's fiscal years.

Atlanta University Center Consortium

Notes to Financial Statements

Registration Fees

The Consortium hosts various events (career days, employment recruiting events, etc.) throughout each year and charges registration and recruiting fees to attendees and third-party organizations (collectively, the “Registrants”). The Consortium combines multiple promises of the events it hosts for the Registrants into a single performance obligation due to the multiple promises being either highly interrelated or through providing a significant integration of services that represent a combined output. Each of the Registrants pay for the event in advance at the time they register for each event. The Consortium recognizes the registration fees into revenue over time which is during the course of each event. As these events do not overlap with the Consortium’s fiscal year and as all performance obligations are fully satisfied by the end of each event, the revenue from each event is fully recognized in the same reporting period as when the event occurred.

Recognition of Revenue from Contributions and Contributions Receivable

Private Gifts and Grants

The Consortium’s private gifts and grants revenue is considered a contribution in accordance with the guidance under Accounting Standards Codification 958-605, *Not-for-Profit Entities - Revenue Recognition* (“ASC 958-605”). 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. 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.

An allowance for uncollectible contributions receivable is provided based upon management’s judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the most significant change from the previous guidance is the requirement to recognize the right-of-use assets and lease liabilities on the statements of financial position for leases classified as operating leases. The standard also requires disclosures to meet the objectives of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for private companies and nonprofit organizations annual reporting periods beginning after December 15, 2021. The Consortium is evaluating the impact this ASU will have on its financial statements.

In August 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”). ASU 2020-07 was issued to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. Under the standard, contributed nonfinancial assets will be presented as a separate line in the statement of activities apart from contributions of cash and other financial assets and specific disclosures will be required regarding the contributed nonfinancial assets. The effective date for this standard is for fiscal years beginning after June 15,

Atlanta University Center Consortium

Notes to Financial Statements

2021. There was no material impact to the financial statements in the adoption of ASU 2020-07 during the year ended June 30, 2022.

2. Liquidity and Availability of Resources

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

<i>June 30,</i>	2022	2021
Financial assets		
Cash and cash equivalents	\$ 3,988,835	\$ 2,872,087
Investments	2,417,860	2,645,920
Accounts receivable	263,123	115,917
Contributions receivable	297,100	600
Total financial assets, at year end	6,966,918	5,634,524
Less those unavailable for general expenditures within one year:		
Restricted cash and cash equivalents	(1,419,000)	(347,000)
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	(3,238,642)	(2,460,959)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,059,276	\$ 2,576,565

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>	2022			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,084,984	\$ -	\$ -	\$ 1,084,984
Marketable securities	1,332,876	-	-	1,332,876
Total investments	\$ 2,417,860	\$ -	\$ -	\$ 2,417,860

<i>June 30,</i>	2021			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,065,379	\$ -	\$ -	\$ 1,065,379
Marketable securities	1,580,541	-	-	1,580,541
Total investments	\$ 2,645,920	\$ -	\$ -	\$ 2,645,920

The carrying amounts of cash and cash equivalents approximate fair value due to the relative terms and short maturity of these financial instruments. 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>	2022		2021	
Due from Affiliated Institutions	\$	253,164	\$	111,550
Other receivables		9,959		4,367
Total	\$	263,123	\$	115,917

Based on the historical collections on amounts due from Affiliated Institutions as well as the credit worthiness of third parties with outstanding receivable balances, the Consortium's allowance for doubtful accounts at June 30, 2022 and 2021 was \$0.

5. Contributions Receivable

Contributions receivable totaled \$297,100 and \$600 as of June 30, 2022 and 2021, respectively. The Consortium expects to collect on all contributions receivable balances within one year and as such, no discount is applied to the contributions receivable balances at year-end.

As of June 30, 2022, \$200,000 of the contributions receivable balance represented amounts due from two separate entities, each receivable representing more than 10% of total contributions receivable. As of June 30, 2021, \$600 of the contributions receivable balance represented amounts due from one separate entity, representing more than 10% of total contributions receivable. Based on the credit worthiness of the donors with outstanding receivable balances, the Consortium's allowance for doubtful accounts at June 30, 2022 and 2021 was \$0.

6. Investments

Investments consisted of the following at:

<i>June 30,</i>	2022	
Description	Cost	Fair Value
Cash and cash equivalents	\$ 1,084,984	\$ 1,084,984
Marketable securities	1,311,526	1,332,876
Total investments	\$ 2,396,510	\$ 2,417,860

Atlanta University Center Consortium

Notes to Financial Statements

<i>June 30,</i> Description	2021	
	Cost	Fair Value
Cash and cash equivalents	\$ 1,065,379	\$ 1,065,379
Marketable securities	1,359,661	1,580,541
Total investments	\$ 2,425,040	\$ 2,645,920

Net investment loss during the year ended June 30, 2022 was \$227,583 and net investment income during the year ended June 30, 2021 was \$323,231, net of investment fees.

7. Property and Equipment, Net

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

<i>June 30,</i>	2022	2021
Furniture and fixtures	\$ 11,237	\$ 36,745
Equipment	157,293	142,452
Total property and equipment	168,530	179,197
Less accumulated depreciation	(96,882)	(123,894)
Property and equipment, net	\$ 71,648	\$ 55,303

Depreciation expense recognized during the years ended June 30, 2022 and 2021 was \$27,311 and \$20,386, respectively.

8. COVID-19 Related Funds

On March 27, 2020, former President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” 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 “PPP Loan”). During the fiscal year ended June 30, 2020, the Consortium’s net borrowing under the PPP Loan totaled \$127,400. The PPP Loan had a maturity of two years and the initial loan had a 24-month amortization schedule.

During the fiscal year ended June 30, 2021, the Consortium applied for and received forgiveness of the entire PPP Loan balance, and as such, the balance is included in gain on forgiveness of debt within the statement of activities for the year ended June 30, 2021. The PPP Loan was forgiven in accordance with the terms of the CARES Act for eligible payroll costs, rent and mortgage obligations, and utility payments incurred by the Consortium during the applicable period beginning on the date the funds were received. Additional reviews and/or audits by the SBA of the application and supporting documentation may occur for a period of up to six years following initial approval of forgiveness by the SBA.

Atlanta University Center Consortium

Notes to Financial Statements

9. 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, 2022. Annual lease payments under this agreement totaled \$37,200 for each of the years ended June 30, 2022 and 2021.

10. Net Assets With Donor Restrictions

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

<i>June 30,</i>	2022	2021
Contributions and other unexpended revenues available for:		
Private sponsored programs	\$ 3,188,642	\$ 2,410,959
Consortium relocation	50,000	50,000
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Net assets with donor restrictions subject to expenditure for specified purpose and passage of time	\$ 3,238,642	\$ 2,460,959

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

<i>June 30,</i>	2022	2021
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>	2022	2021
Program restrictions accomplished:		
Dual Degree Engineering Program	\$ 242,475	\$ 126,113
Data Sciences Initiative	2,153,377	1,506,161
Career Planning Program	11,114	-
Civic Engagement and Community Learning Program	1,934	-
Administrative Services	21,934	-
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Total net assets with donor restrictions released from restrictions	\$ 2,430,834	\$ 1,632,274

Atlanta University Center Consortium

Notes to Financial Statements

11. 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, 2022 and 2021.

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, 2022 and 2021.

Atlanta University Center Consortium

Notes to Financial Statements

12. 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, 2022 and 2021 totaled \$41,126 and \$18,940, respectively.

13. Related Party Transactions

The following table summarizes related party revenues recognized by the Consortium that is included in affiliated institutional support on the accompanying statements of activities:

<i>Year ended June 30,</i>	2022	2021
Clark Atlanta University	\$ 310,835	\$ 327,063
Morehouse College	334,107	376,137
Morehouse School of Medicine	224,043	167,167
Spelman College	282,479	289,113
Total related party revenue	\$ 1,151,464	\$ 1,159,480

The following table summarizes amounts due from Affiliated Institutions that are included in accounts receivable on the accompanying statements of financial position at:

<i>June 30,</i>	2022	2021
Clark Atlanta University	\$ 95,646	\$ 2,508
Morehouse College	157,010	108,534
Morehouse School of Medicine	508	508
Total Due from Affiliated Institutions	\$ 253,164	\$ 111,550

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, 2022 and 2021.

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, 2022 and 2021, the Consortium had restricted cash in a managed account for UCDC totaling approximately \$25,000, and this amount is presented within cash and cash equivalents in the statements of financial position. In addition, the Consortium had a net liability to UCDC totaling approximately \$136,000 and \$72,000 at June 30, 2022 and 2021, respectively, which is presented within accrued expenses and other liabilities in the statements of financial position.

Atlanta University Center Consortium

Notes to Financial Statements

14. 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.

15. Subsequent Events

The Consortium has evaluated subsequent events from June 30, 2022 (the date of the most current statement of financial position presented) through May 10, 2023 (the date of the audit report and the date the accompanying financial statements were available to be issued). No material matters requiring disclosure were identified.