

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**  
**TABLE OF CONTENTS**

<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-19

# CLEVELANDGROUP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Augusta Technical College Foundation, Inc.  
Augusta, Georgia

### Opinion

We have audited the accompanying financial statements of Augusta Technical College Foundation, Inc., (a nonprofit Foundation), which comprise the statements of financial position as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of Augusta Technical College Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets 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. 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Foundation'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 Foundation'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.

The Cleveland Group, CPAs



Martinez, GA  
June 19, 2023

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2022 AND 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Current assets		
Cash and cash equivalents	\$ 98,047	\$ 228,259
Accounts receivable	37,868	3,831
Pledge receivables, net	728,553	-
Prepaid items	2,984	2,984
Investments, at fair value	3,403,628	4,929,028
Total current assets	4,271,080	5,164,102
Non-current assets		
Land	2,247,836	579,886
Building	4,023,630	-
Less: Accumulated depreciation	(5,088)	-
Total non-current assets	6,266,378	579,886
<b>Total Assets</b>	<b>\$ 10,537,458</b>	<b>\$ 5,743,988</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 35,113	\$ 23,764
Note payable	200,000	-
Total current liabilities	235,113	23,764
Non-current liabilities		
Notes payable, less current	1,600,000	-
<b>Total Liabilities</b>	1,835,113	23,764
Net assets		
Without donor restrictions	6,279,292	3,254,910
With donor restrictions	2,423,053	2,465,314
<b>Total Net Assets</b>	8,702,345	5,720,224
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,537,458</b>	<b>\$ 5,743,988</b>

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without donor restriction	With donor restrictions	Total	Without donor restriction	With donor restrictions	Total
Revenue and Other Support						
Contributions	\$ 723,245	\$ 1,893,462	\$ 2,616,707	\$ 61,581	\$ 245,990	\$ 307,571
Contributions of non-financial assets	1,605,630	-	1,605,630	-	-	-
Donated personnel costs and employee benefits	116,449	-	116,449	111,531	-	111,531
Total Revenue and Other Support	2,445,324	1,893,462	4,338,786	173,112	245,990	419,102
Net assets released from restrictions	1,887,708	(1,887,708)	-	211,781	(211,781)	-
	4,333,032	5,754	4,338,786	384,893	34,209	419,102
Expenses						
Program services	632,641	-	632,641	80,647	-	80,647
Management and general	150,711	-	150,711	201,021	-	201,021
Fundraising	52,464	-	52,464	61,020	-	61,020
Total Expenses	835,816	-	835,816	342,688	-	342,688
Other income (expense)						
Interest income	259,071	-	259,071	280,818	-	280,818
Net unrealized and realized gains (losses) in investments	(739,729)	(48,015)	(787,744)	311,020	(139,863)	171,157
Other income	7,824	-	7,824	5,640	-	5,640
Total other income (expense)	(472,834)	(48,015)	(520,849)	597,478	(139,863)	457,615
<b>Change in Net Assets</b>	3,024,382	(42,261)	2,982,121	639,683	(105,654)	534,029
<b>Net Assets, beginning of year</b>	3,254,910	2,465,314	5,720,224	2,615,227	2,570,968	5,186,195
<b>Net Assets, end of year</b>	\$ 6,279,292	\$ 2,423,053	\$ 8,702,345	\$ 3,254,910	\$ 2,465,314	\$ 5,720,224

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Personnel costs and employee benefits	\$ 23,290	\$ 58,225	\$ 34,935	\$ 116,450
Scholarships and awards	108,684	-	-	108,684
Gifts to the college	500,667	-	-	500,667
General and administrative	-	92,027	17,529	109,556
Supplies and equipment	-	459	-	459
	<b>\$ 632,641</b>	<b>\$ 150,711</b>	<b>\$ 52,464</b>	<b>\$ 835,816</b>

	<b>2021</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Personnel costs and employee benefits	\$ 22,306	\$ 55,766	\$ 33,459	\$ 111,531
Scholarships and awards	57,793	-	-	57,793
Gifts to the college	548	-	-	548
General and administrative	-	144,698	27,561	172,259
Supplies and equipment	-	557	-	557
	<b>\$ 80,647</b>	<b>\$ 201,021</b>	<b>\$ 61,020</b>	<b>\$ 342,688</b>

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>Cash flows from Operating Activities:</b>		
Cash received from contributors	\$ 2,616,707	\$ 307,571
Depreciation	5,088	-
Contribution of non-financial assets	1,605,630	-
Accounts receivable	(34,037)	(3,831)
Pledge receivables	(728,553)	-
Prepays	-	(1,359)
Accounts payable	11,349	23,764
Interest income received	259,071	280,818
Other income	7,824	5,641
Scholarships and awards paid to recipients	(108,684)	(57,793)
Gifts paid to the college	(500,667)	(548)
Cash paid to vendors	(110,016)	(172,817)
Net cash provided by Operating Activities	3,023,712	381,446
<b>Cash flows from Investing Activities:</b>		
Purchase of property	(5,691,580)	(122,006)
Net unrealized and realized gains (losses) on investments	(787,744)	171,157
Net (purchases) sales of investments	1,525,400	(308,530)
Net cash used by Investing Activities	(4,953,924)	(259,379)
<b>Cash flows from Financing Activities:</b>		
Proceeds from note payable	1,800,000	-
Net cash provided by Financing Activities	1,800,000	-
<b>Net change in cash</b>	(130,212)	122,067
<b>Cash, beginning of year</b>	228,259	106,192
<b>Cash, end of year</b>	\$ 98,047	\$ 228,259
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 2,982,121	\$ 534,029
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,088	-
Net unrealized and realized (gain) losses on investments	787,744	(171,157)
Accounts receivable	(34,037)	(3,831)
Pledge receivables	(728,553)	-
Prepays	-	(1,359)
Accounts payable	11,349	23,764
Net cash provided by Operating Activities	\$ 3,023,712	\$ 381,446

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### **Note 1 – Summary of significant accounting policies**

*Nature of activities and foundation* – Augusta Technical College Foundation, Inc. (the "Foundation") is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. As an educational foundation affiliated with and serving only Augusta Technical College, the trustees seek to aid, strengthen, and further the mission, programs, and services offered by the institution to the residents of its five-county service area, which includes Richmond, Columbia, Burke, McDuffie, and Lincoln Counties.

The Foundation's mission is to raise and appropriate resources that will support Augusta Technical College (the "College") in carrying out its mission of excellence in workforce education that leads to the career advancement of its studies.

The Foundation emphasizes funding for three major areas of the College:

- Scholarships for students in need
- Purchase of equipment or technology where state funding falls short
- Matching grants that become available and require an investment on the part of the Foundation to secure additional funding for the College

Augusta Technical College operates under the supervision of the State Board of the Technical College System of Georgia, serving the needs of business, industry, and the public in a five-county area in East Central Georgia. Augusta Technical College is a unit of the Technical College System of Georgia.

*Basis of accounting* - The Foundation's policy is to prepare its financial statements on an accrual basis of accounting. Revenues are recognized when earned and expenses are recorded as incurred.

*Adoption of new accounting principle* – During the year 2022, the Foundation adopted ASU 2016-02, Leases (Topic 842). Topic 842 requires lessees to recognize substantially all leases on their balance sheet as a right-of-use (ROU) asset and a lease liability. The Foundation elected the practical expedient package which allows the Foundation to not reassess whether a contract is or contains a lease, not reassess the lease classification for any expired or existing leases nor any initial direct costs of existing leases. The Foundation also made an accounting policy selection for short-term leases with initial terms of 12 months or less. Short-term leases will be recorded on the income statement on a straight-line basis over the lease term. The adoption of ASC 842 did not have a material net effect on the financial statements.

The Foundation enters into various noncancelable lease agreements used in the normal course of business. The Foundation determines if an arrangement is a lease at inception and begins recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use the risk-free rate to determine the present value of future lease payments unless the implicit rate in a lease is readily determinable. The risk-free rate is based on the then treasury rate over a similar term at an amount equal to the lease payments in a similar economic environment. This rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities. Any rent escalation clauses, or other incentives are recorded appropriately in the ROU asset and reduction of the liability. Any lease expenses that are clearly immaterial to the financial statements are expensed as incurred.

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### **Note 1 – Summary of significant accounting policies (continued)**

In September of 2020, FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard improves transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. *ASU 2020-07* is applied retrospectively. Management adopted *ASU 2020-07* effective January 1, 2022.

*Financial statement presentation* - The financial statements of the Foundation have been prepared on the accrual basis of accounting and follow accounting principles generally accepted in the United States of America as applied to nonprofit foundations. Revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity are classified into two net asset categories:

*Net assets without donor restrictions* - Net assets available for use in general operations and are not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Foundation's management and the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when either the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled or both.

*Revenue recognition* – Contributions and grants are recognized as revenue when a non-exchange and unconditional promise is received. Contribution and grant amounts received that are non-exchange and conditional, that is, designated for a future period or specific purpose are reported as net assets with donor restrictions. When a donor or grantor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions. If the restrictions are met in the same period as received net assets with donor restrictions are reported as net assets without donor restrictions.

Consequently, at December 31, 2022 and 2021, there were no contributions that had not been recognized in the accompanying Statements of Activities because the conditions on which they depend had not yet been met.

*Use of estimates* - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and cash equivalents* - For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### **Note 1 – Summary of significant accounting policies (continued)**

*Concentrations of credit risk* - The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. Management believes the Foundation is not exposed to any significant credit risk on its cash. For the years ended December 31, 2022 and 2021, no funds were over the FDIC limits, respectively.

*Functional expenses* - The Foundation allocates its expenses on a functional basis between program services and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Supporting services are those related to the operation and management of the Foundation and its programs on a day-to-day basis.

*Availability of funds for general expenditures* – The Foundation has certain net assets that are available for general expenditures within one year of December 31, 2022 and 2021 based on conducting the normal activities of its program in the coming year. Accordingly, the related resources have been included in the quantitative information in Note 2 detailing the financial assets available to meet general expenditures within one year.

*Pledge receivables* - The Foundation records promises to give that are expected to be collected within one year at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Promises to give are presented net of an allowance for uncollectible accounts based upon prior years' experience, management's analysis of subsequent collections, and other relevant factors. Promises to give are written off if reasonable collection efforts prove unsuccessful. As of December 31, 2022 and 2021, no allowance for uncollectible accounts was deemed necessary. See Note 3 - Pledge receivables.

*Property and equipment* - Purchases of property and equipment are stated at cost. Donated property and equipment is recorded at fair value on the date of donation. The Organization capitalizes all expenditures for property and equipment over \$1,000 and an estimated useful life extending beyond one year. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which is generally between five and seven years. Depreciation expense for the years ended December 31, 2022 and 2021 was \$5,088 and \$0, respectively.

*Investments* – The Foundation's investments consist of investments in publicly traded common stocks, preferred stocks, municipal bonds, corporate bonds, mutual funds, money market funds, and unit investment trusts. All investments are reported at their fair value in the Statements of Financial Position.

Investment income, including interest and realized and unrealized gains and losses, is separately presented in the accompanying Statements of Activities.

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 1 – Summary of significant accounting policies (continued)

*Support and expenses* – Contributions received and, when applicable, unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulation about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

*Donated personal services* - Donated personnel services are recognized as contributions if the services are provided by an affiliate at no charge as a direct benefit to the Foundation. The personnel costs and related employee benefits of the Foundation's Executive Director meet the criteria to be recorded as donated personnel services in the accompanying financial statements. Donated personnel services are recognized as revenue and expense at their estimated fair market value. See Note - 9 Related Party Transactions.

*Expense allocation* - The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of the Foundation include:

**Program expenses** - Program expenses include the direct costs associated with supporting the College such as scholarships and gifts to the college.

**Management and general expenses** - Management and general expenses include the general, administrative, and operating costs of the Foundation.

**Fundraising expenses** - Fundraising expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated and the method of allocation include:

**Expense Type**

Personnel costs and employee benefits  
General and administrative

**Method of Allocation**

Time and effort  
Time and effort

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 2 – Liquidity and availability

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date, are comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ 10,537,458	\$ 5,720,224
Less amounts not available to be used within one year due to illiquidity:		
Land	(2,247,836)	(579,886)
Building	<u>(4,023,630)</u>	<u>-</u>
	4,265,992	5,140,338
Less amounts not available to be used within one year due to donor designations:		
Portion of donor restricted endowment fund held in perpetuity	<u>(900,524)</u>	<u>(877,316)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,365,468</u>	<u>\$ 4,263,022</u>

As part of its liquidity plan, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

### Note 3 – Pledge receivables

Unconditional promises to give are included in the financial statements as pledge receivables to give and revenue in the appropriate net asset category. The long-term promises to give are discounted to present value using a rate of 3.85% for the year ended December 31, 2022.

Unconditional promises to give at December 31, 2022 are expected to be realized in the following periods:

2023	\$ 200,000
2024	200,000
2025	200,000
2026	<u>200,000</u>
	\$ 800,000
Less discount	<u>(71,447)</u>
Net pledges	<u>\$ 728,553</u>

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 4 – Investments

Investments at fair value consist of the following at December 31:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Common stocks	\$ 1,554,531	\$ 1,491,234	\$ 1,899,386	\$ 1,176,313
Preferred stocks	84,026	100,130	123,700	123,140
Municipal bonds	4,541	4,931	26,069	24,639
Corporate bonds	1,339,216	1,416,674	1,135,677	1,123,650
Mutual funds	283,553	300,138	1,526,145	1,524,355
Money market funds	70,373	57,339	90,628	90,628
Unit investment trusts	67,388	73,511	127,423	132,709
	<u>\$ 3,403,628</u>	<u>\$ 3,443,957</u>	<u>\$ 4,929,028</u>	<u>\$ 4,195,434</u>

The return on investments for the years ended December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Interest income	\$ 259,071	\$ 280,818
Unrealized gain (loss)	(871,732)	34,726
Realized gain	83,988	136,431
	<u>\$ (528,673)</u>	<u>\$ 451,975</u>

The following table shows the gross unrealized losses and fair value of the Foundation's investments with unrealized losses that are deemed to be temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31:

	2022			
	12 Months or Longer		12 Months or Less	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Common stocks	\$ 25,397	\$ 1,895	\$ 623,717	\$ 43,988
Preferred stocks	43,558	15,845	11,833	510
Municipal bonds	-	-	4,541	390
Corporate bonds	141,812	33,256	1,119,528	47,786
Mutual funds	164,079	14,441	59,751	2,143
Unit investment trusts	-	-	67,388	6,124
	<u>\$ 374,846</u>	<u>\$ 65,437</u>	<u>\$ 1,886,758</u>	<u>\$ 100,941</u>

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022 AND 2021

**Note 4 – Investments (continued)**

	2021			
	12 Months or Longer		12 Months or Less	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Common stocks	\$ 55,756	\$ 5,779	\$ 26,761	\$ 4,648
Preferred stocks	27,207	6,950	24,800	502
Municipal bonds	-	-	-	-
Corporate bonds	172,576	6,973	194,296	6,577
Mutual funds	716,931	29,216	566,947	9,069
Unit investment trusts	49,833	1,828	77,591	3,458
	<u>\$ 1,022,303</u>	<u>\$ 50,746</u>	<u>\$ 890,395</u>	<u>\$ 24,254</u>

The Foundation has the ability and the intent to hold these investments until such time as the value recovers. The Foundation believes, based on industry analyst reports and credit ratings, that the deterioration in value is attributable to changes in market rates and is not in the credit quality of the issuer and, therefore, these losses are not considered other-than-temporary.

Substantially all of the Foundation’s investments are held by the same brokerage and investment-banking firm, which constitutes a concentration of credit risk.

**Note 5 – Note payable**

During the year ended December 31, 2022 the Foundation entered into a note payable arrangement with a unrelated corporation for the purchase of a facility to be renovated and utilized for student automotive academic programs. The note payable is for \$1,800,000 due annually with interest of \$56,250 due in year four.

Future minimum annual payments are as follows:

2023	\$ 700,000
2024	200,000
2025	200,000
2026	700,000
	<u>\$ 1,800,000</u>

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 6 – Net Assets With Donor Restrictions

Amounts are restricted by donors for the following purposes at December 31, follows:

	<u>2022</u>	<u>2021</u>
Satellite campuses, scholarships, and economic development	\$ 1,280,944	\$ 1,284,153
Endowment (see Note 10) - net assets held in perpetuity	900,524	877,316
Endowment (see Note 10) - net assets held with temporary restrictions	241,585	303,845
	<u>\$ 2,423,053</u>	<u>\$ 2,465,314</u>

### Note 7 – Income Taxes

*Income taxes* - The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Foundation other than a private foundation under Section 509(a)(2). Therefore, no provision for income taxes is recorded by the Foundation. The Foundation is not aware of any uncertain tax positions as of December 31, 2022.

### Note 8 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described as follows:

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. As required by the Fair Value Measurement Topic, the Foundation does not adjust the quoted prices for these investments even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.
- Level 2:** Inputs other than quoted prices with Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- Level 3:** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgement or estimation. Investments that are included in this category are investments where fair value is not based on a net asset value ("NAV") practical expedient. There were no Level 3 inputs for any assets or liabilities held by the Foundation at December 31, 2022 and 2021.

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 8 – Fair Value Measurements (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used as of December 31, 2022 and 2021.

**Common stocks:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Preferred stocks:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Municipal bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities.

**Corporate bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

**Mutual funds:** Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

**Unit investment trusts:** Valued at the daily closing price as reported by the fund. Unit investment trusts held by the Foundation are open-end unit investment trusts that are registered with the Securities and Exchange Commission. These trusts are required to publish their daily NAV and to transact at that price.

**Money market funds:** The money market funds are invested in the insured bank program. The Foundation invests in money market funds to provide daily liquidity. Fair values are based on the NAV that can be validated with a sufficient level of observable activity (i.e. purchases and sales at NAV).

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022 AND 2021**

**Note 8 – Fair Value Measurements (continued)**

The following summarizes the valuation of the Foundation’s assets at fair value by the above categories as of December 31, 2022 and 2021:

	<b>Fair Value December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common stocks	\$ 1,554,531	\$ 1,554,531	\$ -	\$ -
Preferred stocks	84,026	-	84,026	-
Municipal bonds	4,541	-	4,541	-
Corporate bonds	1,339,216	-	1,339,216	-
Mutual funds	283,553	283,553	-	-
Money market funds	70,373	70,373	-	-
Unit investment trusts	67,388	-	67,388	-
	<u>\$ 3,403,628</u>	<u>\$ 1,908,457</u>	<u>\$ 1,495,171</u>	<u>\$ -</u>

	<b>Fair Value December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common stocks	\$ 1,899,386	\$ 1,899,386	\$ -	\$ -
Preferred stocks	123,700	-	123,700	-
Municipal bonds	26,069	-	26,069	-
Corporate bonds	1,135,677	-	1,135,677	-
Mutual funds	1,526,145	1,526,145	-	-
Money market funds	90,628	90,628	-	-
Unit investment trusts	127,423	-	127,423	-
	<u>\$ 4,929,028</u>	<u>\$ 3,516,159</u>	<u>\$ 1,412,869</u>	<u>\$ -</u>

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 9 – Related Party Transactions

During 2022 and 2021, personnel costs and related benefits for the Foundation’s Executive Director were paid by the College, which totaled \$116,449 and \$111,531, respectively. The College also provides office space for the Foundation’s Executive Director.

### Note 10 – Endowment Net Assets

*Endowment* - The endowment funds were established to provide permanent funding opportunities for scholarships for students. Apart from the Thomas Brooks Endowment, which is an equipment endowment not yet fully funded, the other endowments are all for scholarships. The intent of the funds is to use the interest earned from the funds to award scholarships to students. The minimum to establish an endowment fund is \$10,000.

Changes in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at January 1, 2021</b>	\$ -	\$ 1,280,944	\$ 1,280,944
Investment loss	-	(139,863)	(139,863)
Contributions	-	45,830	45,830
Endowment distribution	-	(5,750)	(5,750)
<b>Endowment net assets at December 31, 2021</b>	-	1,181,161	1,181,161
Investment Income	-	(48,015)	(48,015)
Contributions	-	11,813	11,813
Endowment distribution	-	(2,850)	(2,850)
<b>Endowment net assets at December 31, 2022</b>	<u>\$ -</u>	<u>\$ 1,142,109</u>	<u>\$ 1,142,109</u>

*Interpretation of relevant law* - The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring preservation of the fund value of the original gift. As a result of this interpretation, the Board of Directors classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts and other additions, including investment earnings, to the temporary endowment, and (c) accumulations to the temporary endowment.

# AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 AND 2021

### Note 10 – Endowment Net Assets (continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

*Return objectives and risk parameters* - The Foundation has adopted investment and spending policies for endowment assets that attempt to maximize returns within reasonable and prudent levels of risk while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index or similar established broad market measures of return on investments.

*Strategies employed for achieving objectives* - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on common stocks, bonds and mutual funds to achieve its long-term return objectives within prudent risk constraints. The Board of Trustees will from time to time evaluate and determine the asset allocation mix of the Foundation's investment portfolio. Because market changes are inevitable, the Trustees are charged with the prudent management of those funds.

*Spending policy and how the investment objectives relate to spending policy* - The Foundation determines spending each year. The current year earnings, the needs of the Foundation and the spending requirements, if any, of each individual endowment are considered. The Foundation considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022 AND 2021

**Note 11– Non-financial assets (in-kind contributions)**

The Foundation received in-kind donations for building space and personnel cost. Fair value for these contributions are estimated for like-kind items in the current market and estimated by the provider.

The foundation was deeded property which the college utilizes for academic classes. The fair value of the building was approximately \$1,605,000.

The foundation also receives donated personnel cost and related benefits from the college in the amount of \$116,449.

**Note 12 – Subsequent events**

The COVID-19 pandemic has adversely affected economic conditions locally, nationally and globally. Management continues to evaluate the fluid situation and make necessary adjustments to operations to mitigate any adverse effects. The Foundation has not experienced any severe revenue impacts.

Management has evaluated subsequent events through June 19, 2023, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.