

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.
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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) (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022 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, 2023 and 2022, 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
July 9, 2024

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2023 AND 2022

Assets	2023	2022
Current assets		
Cash and cash equivalents	\$ 77,499	\$ 98,047
Accounts receivable	-	37,868
Pledge and contributions receivables, net	482,799	728,553
Prepaid items	18,914	2,984
Investments, at fair value	3,586,081	3,403,628
Total current assets	<u>4,165,293</u>	<u>4,271,080</u>
Non-current assets		
Pledge and contributions receivables, net	1,152,616	-
Property, plant and equipment		
Land	2,247,836	2,247,836
Building	4,023,630	4,023,630
Less: Accumulated depreciation	(105,679)	(5,088)
Total property, plant and equipment	<u>6,165,787</u>	<u>6,266,378</u>
Total non-current assets	<u>7,318,403</u>	<u>6,266,378</u>
Total Assets	<u><u>\$ 11,483,696</u></u>	<u><u>\$ 10,537,458</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 53,095	\$ 35,113
Note payable	200,000	200,000
Total current liabilities	<u>253,095</u>	<u>235,113</u>
Non-current liabilities		
Notes payable, less current	<u>900,000</u>	<u>1,600,000</u>
Total Liabilities	<u>1,153,095</u>	<u>1,835,113</u>
Net assets		
Without donor restrictions	6,618,329	6,279,292
With donor restrictions	<u>3,712,272</u>	<u>2,423,053</u>
Total Net Assets	<u>10,330,601</u>	<u>8,702,345</u>
Total Liabilities and Net Assets	<u><u>\$ 11,483,696</u></u>	<u><u>\$ 10,537,458</u></u>

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without donor restriction	With donor restrictions	Total	Without donor restriction	With donor restrictions	Total
Revenue and Other Support						
Contributions	\$ 102,471	\$ 1,983,129	\$ 2,085,600	\$ 723,245	\$ 1,893,462	\$ 2,616,707
Contributions of non-financial assets	-	-	-	1,605,630	-	1,605,630
Donated personnel costs and employee benefits	181,333	-	181,333	116,449	-	116,449
Net assets released from restrictions	693,910	(693,910)	-	1,887,708	(1,887,708)	-
Total Revenue and Other Support	977,714	1,289,219	2,266,933	4,333,032	5,754	4,338,786
Expenses						
Program services	479,989	-	479,989	632,641	-	632,641
Management and general	283,981	-	283,981	150,711	-	150,711
Fundraising	127,102	-	127,102	52,464	-	52,464
Total Expenses	891,072	-	891,072	835,816	-	835,816
Other income (expense)						
Interest income	163,606	-	163,606	259,071	-	259,071
Net unrealized and realized gains (losses) in investments	87,455	-	87,455	(739,729)	(48,015)	(787,744)
Other income	1,334	-	1,334	7,824	-	7,824
Total other income (expense)	252,395	-	252,395	(472,834)	(48,015)	(520,849)
Change in Net Assets	339,037	1,289,219	1,628,256	3,024,382	(42,261)	2,982,121
Net Assets, beginning of year	6,279,292	2,423,053	8,702,345	3,254,910	2,465,314	5,720,224
Net Assets, end of year	\$ 6,618,329	\$ 3,712,272	\$ 10,330,601	\$ 6,279,292	\$ 2,423,053	\$ 8,702,345

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023			
	Program Services	Management and General	Fundraising	Total
Personnel costs and employee benefits	\$ 86,266	\$ 90,667	\$ 54,400	\$ 231,333
Scholarships and awards	184,672	-	-	184,672
Gifts to the college	69,774	-	-	69,774
General and administrative	38,686	192,409	72,702	303,797
Supplies and equipment	-	905	-	905
Total functional expenses before depreciation	<u>379,398</u>	<u>283,981</u>	<u>127,102</u>	<u>790,481</u>
Depreciation	100,591	-	-	100,591
Total	<u><u>\$ 479,989</u></u>	<u><u>\$ 283,981</u></u>	<u><u>\$ 127,102</u></u>	<u><u>\$ 891,072</u></u>

	2022			
	Program Services	Management and General	Fundraising	Total
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	-	86,939	17,529	104,468
Supplies and equipment	-	459	-	459
Total functional expenses before depreciation	<u>632,641</u>	<u>145,623</u>	<u>52,464</u>	<u>830,728</u>
Depreciation	5,088	-	-	5,088
Total	<u><u>\$ 637,729</u></u>	<u><u>\$ 145,623</u></u>	<u><u>\$ 52,464</u></u>	<u><u>\$ 835,816</u></u>

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from Operating Activities:		
Cash received from contributors	\$ 2,085,600	\$ 2,616,707
Depreciation	100,591	5,088
Contribution of non-financial assets	181,333	1,605,630
Accounts receivable	37,868	(34,037)
Pledge receivables	(906,862)	(728,553)
Prepays	(15,930)	-
Accounts payable	17,982	11,349
Interest income received	163,606	259,071
Other income	1,334	7,824
Scholarships and awards paid to recipients	(184,672)	(108,684)
Gifts paid to the college	(69,774)	(500,667)
Cash paid to vendors	(636,626)	(110,016)
Net cash provided by Operating Activities	774,450	3,023,712
Cash flows from Investing Activities:		
Purchase of property	-	(5,691,580)
Net unrealized and realized gains (losses) on investments	87,455	(787,744)
Net (purchases) sales of investments	(182,453)	1,525,400
Net cash used by Investing Activities	(94,998)	(4,953,924)
Cash flows from Financing Activities:		
Proceeds from note payable	-	1,800,000
Payments on notes	(700,000)	-
Net cash provided by Financing Activities	(700,000)	1,800,000
Net change in cash	(20,548)	(130,212)
Cash, beginning of year	98,047	228,259
Cash, end of year	\$ 77,499	\$ 98,047
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,628,256	\$ 2,982,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	100,591	5,088
Net unrealized and realized (gain) losses on investments	(87,455)	787,744
Accounts receivable	37,868	(34,037)
Pledge receivables	(906,862)	(728,553)
Prepays	(15,930)	-
Accounts payable	17,982	11,349
Net cash provided by Operating Activities	\$ 774,450	\$ 3,023,712

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

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

The 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 – In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326) to replace the incurred loss impairment methodology under U.S. GAAP. This ASU introduces a new accounting model, the Current Expected Credit Losses model (CECL), which could result in earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model will require the entity to use a forward-looking expected credit loss impairment methodology for the recognition of credit losses for financial instruments at the time the financial asset is originated or acquired, and require a loss be incurred before it is recognized. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The new standard will apply to accounts receivable, notes, and other financial instruments. The Foundation adopted the new guidance as of January 1, 2023. Pledges, contributions and related receivables do not fall within the scope of this new standard. The Foundations receivables primarily consist of pledges and have been recorded under the applicable accounting standards. The new standard did not have a material impact on the financial statements.

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2023 and 2022, 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, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022, 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 Foundation 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, 2023 and 2022 was \$100,591 and \$5,088, 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, 2023 AND 2022

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:

<u>Expense Type</u>	<u>Method of Allocation</u>
Personnel costs and employee benefits	Time and effort
General and administrative	Time and effort

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

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>2023</u>	<u>2022</u>
Financial assets at year end	\$ 11,483,696	\$ 10,537,458
Less amounts not available to be used within one year due to illiquidity:		
Long term portion of pledges receivables	(1,152,616)	-
Land	(2,247,836)	(2,247,836)
Building	<u>(4,023,630)</u>	<u>(4,023,630)</u>
	4,059,614	4,265,992
Less amounts not available to be used within one year due to donor designations:		
Portion of donor restricted endowment fund held in perpetuity	<u>(983,674)</u>	<u>(900,524)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,075,940</u>	<u>\$ 3,365,468</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 and Contributions Receivables

Unconditional promises to give at December 31, 2023 are expected to be realized in the following periods:

2024	\$ 504,139
2025	477,000
2026	472,000
2027	272,000
2028	<u>62,000</u>
	\$ 1,787,139
Less discount	(162,980)
Contributions receivable	<u>11,256</u>
Net pledges and contributions	<u>\$ 1,635,415</u>

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

Note 4 – Investments

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

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Common stocks	\$ 1,148,797	\$ 998,589	\$ 1,554,531	\$ 1,491,234
Preferred stocks	74,230	84,332	84,026	100,130
Municipal bonds	4,715	4,931	4,541	4,931
Corporate bonds	1,923,394	1,999,852	1,339,216	1,416,674
Mutual funds	339,887	360,853	283,553	300,138
Money market funds	57,676	57,677	70,373	57,339
Unit investment trusts	37,382	36,699	67,388	73,511
	<u>\$ 3,586,081</u>	<u>\$ 3,542,933</u>	<u>\$ 3,403,628</u>	<u>\$ 3,443,957</u>

The return on investments for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Interest income	\$ 163,606	\$ 259,071
Unrealized gain (loss)	50,283	(871,732)
Realized gain	37,172	83,988
	<u>\$ 251,061</u>	<u>\$ (528,673)</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:

	2023			
	12 Months or Longer		12 Months or Less	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Common stocks	\$ 53,505	\$ 6,206	\$ 198,482	\$ 14,400
Preferred stocks	29,116	9,193	45,114	909
Municipal bonds	4,715	216	-	-
Corporate bonds	836,525	78,442	558,489	3,458
Mutual funds	308,838	20,967	-	-
Unit investment trusts	-	-	-	-
	<u>\$ 1,232,698</u>	<u>\$ 115,024</u>	<u>\$ 802,085</u>	<u>\$ 18,767</u>

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Note 4 – Investments (continued)

	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>

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:

2024	\$ 200,000
2025	200,000
2026	700,000
	<u>\$ 1,100,000</u>

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND 2022

Note 6 – Net Assets With Donor Restrictions

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

	2023	2022
Satellite campuses, scholarships, and economic development	\$ 2,426,149	\$ 1,280,944
Endowment (see Note 10) - net assets held in perpetuity	983,674	900,524
Endowment (see Note 10) - net assets held with temporary restrictions	302,449	241,585
	\$ 3,712,272	\$ 2,423,053

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 a 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, 2023 and 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, 2023 and 2022.

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022.

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, 2023 AND 2022

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, 2023 and 2022:

	Fair Value December 31, 2023	Level 1	Level 2	Level 3
Common stocks	\$ 1,148,797	\$ 1,148,797	\$ -	\$ -
Preferred stocks	74,230	-	74,230	-
Municipal bonds	4,715	-	4,715	-
Corporate bonds	1,923,394	-	1,923,394	-
Mutual funds	339,887	339,887	-	-
Money market funds	57,676	57,676	-	-
Unit investment trusts	37,382	-	37,382	-
	<u>\$ 3,586,081</u>	<u>\$ 1,546,360</u>	<u>\$ 2,039,721</u>	<u>\$ -</u>

	Fair Value December 31, 2022	Level 1	Level 2	Level 3
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>

AUGUSTA TECHNICAL COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 AND 2022

Note 9 – Related Party Transactions

Personnel costs and related benefits for the Foundation’s staff members were paid by the College, which totaled \$181,333 and \$116,449, for the years ended December 31, 2023, and 2022, respectively. The College also provides office space for the Foundation’s staff members for its operations.

Note 10 – Endowment Net Assets

Endowment - The endowment funds were established to provide permanent funding opportunities for scholarships for students. Two funds are 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, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at January 1, 2022	\$ -	\$ 1,181,161	\$ 1,181,161
Investment loss	-	(48,015)	(48,015)
Contributions	-	11,813	11,813
Endowment distribution	-	(2,850)	(2,850)
Endowment net assets at December 31, 2022	-	1,142,109	1,142,109
Investment Income	-	113,747	113,747
Contributions	-	58,460	58,460
Endowment distribution	-	(28,193)	(28,193)
Endowment net assets at December 31, 2023	<u>\$ -</u>	<u>\$ 1,286,123</u>	<u>\$ 1,286,123</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, 2023 AND 2022

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, 2023 AND 2022

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 during 2022 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 \$181,333.

Note 12 – Subsequent Events

Management has evaluated subsequent events through July 9, 2024, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.