



Georgia Tech Alumni Association

FINANCIAL STATEMENTS

June 30, 2023 and 2022



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FINANCIAL STATEMENTS





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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
Georgia Tech Alumni Association

Opinion

We have audited the accompanying financial statements of Georgia Tech Alumni Association (the Association) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Tech Alumni Association as of June 30, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 Association'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 Association'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
September 1, 2023



SUPPLEMENTAL SCHEDULES



**Georgia Tech Alumni Association
Statements of Financial Position**

<i>June 30,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,270,581	\$ 1,113,001
Accounts receivable, net	324,182	174,851
Prepaid expenses	66,969	11,355
Inventory	2,867	7,007
Total current assets	1,664,599	1,306,214
Non-current assets		
Investments in marketable securities	1,741,066	1,788,391
Property and equipment, net	227,247	203,279
Antique Ramblin' Wreck	12,500	12,500
Total non-current assets	1,980,813	2,004,170
Total assets	\$ 3,645,412	\$ 3,310,384
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 274,129	\$ 235,895
Amounts due to affiliated organizations	338,850	70,710
Accrued expenses	403,256	371,939
Other liabilities	25,097	6,866
Performance obligation liabilities	123,996	120,307
Current portion of note payable	15,064	-
Total current liabilities	1,180,392	805,717
Non-current liabilities		
Note payable, less current portion	40,638	-
Total long-term liabilities	40,638	-
Total liabilities	1,221,030	805,717
Net assets		
Without donor restrictions	1,064,432	1,110,866
With donor restrictions	1,359,950	1,393,801
Total net assets	2,424,382	2,504,667
Total liabilities and net assets	\$ 3,645,412	\$ 3,310,384

The accompanying notes are an integral part of these financial statements.

Georgia Tech Alumni Association
Statements of Activities

<i>For the year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Georgia Tech Foundation support	\$ 5,578,650	\$ -	\$ 5,578,650
Georgia Institute of Technology support	522,422	-	522,422
Contributions	574,946	-	574,946
Royalties	266,486	-	266,486
Advertising and sponsorships	178,790	-	178,790
Events	262,529	-	262,529
Tours	217,378	-	217,378
Merchandise sales	5,366	-	5,366
Investment income	7,594	11,375	18,969
Other income (loss)	41,065	-	41,065
Net assets released from restrictions	45,226	(45,226)	-
Total revenue and other support	7,700,452	(33,851)	7,666,601
Expenses			
<i>Program services</i>			
Publications	970,936	-	970,936
Strategic communications	510,494	-	510,494
Events	1,665,741	-	1,665,741
Alumni engagement	1,358,344	-	1,358,344
Career services	557,305	-	557,305
Roll Call	1,710,701	-	1,710,701
Campus engagement	712,152	-	712,152
Total program services	7,485,673	-	7,485,673
<i>Supporting services</i>			
General and administrative	261,213	-	261,213
Total supporting services	261,213	-	261,213
Total expenses	7,746,886	-	7,746,886
Change in net assets	(46,434)	(33,851)	(80,285)
Net assets at beginning of year	1,110,866	1,393,801	2,504,667
Net assets at end of year	\$ 1,064,432	\$ 1,359,950	\$ 2,424,382

The accompanying notes are an integral part of these financial statements.

**Georgia Tech Alumni Association
Statements of Activities (Continued)**

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Georgia Tech Foundation support	\$ 5,423,000	\$ -	\$ 5,423,000
Georgia Institute of Technology support	437,421	-	437,421
Contributions	398,750	17,148	415,898
Royalties	221,524	-	221,524
Advertising and sponsorships	143,753	-	143,753
Events	294,458	-	294,458
Tours	119,093	-	119,093
Merchandise sales	4,257	-	4,257
Investment income	11,264	36,214	47,478
Other income (loss)	(1,433)	-	(1,433)
Net assets released from restrictions	41,474	(41,474)	-
Total revenue and other support	7,093,561	11,888	7,105,449
Expenses			
<i>Program services</i>			
Publications	868,323	-	868,323
Strategic communications	291,339	-	291,339
Events	1,441,792	-	1,441,792
Alumni engagement	1,287,567	-	1,287,567
Career services	541,862	-	541,862
Roll Call	1,872,683	-	1,872,683
Campus engagement	679,742	-	679,742
Total program services	6,983,308	-	6,983,308
<i>Supporting services</i>			
General and administrative	247,007	-	247,007
Total supporting services	247,007	-	247,007
Total expenses	7,230,315	-	7,230,315
Change in net assets	(136,754)	11,888	(124,866)
Net assets at beginning of year	1,247,620	1,381,913	2,629,533
Net assets at end of year	\$ 1,110,866	\$ 1,393,801	\$ 2,504,667

The accompanying notes are an integral part of these financial statements.

**Georgia Tech Alumni Association
Statements of Functional Expenses**

For the year ended June 30, 2023

	Program Services							Supporting Services		Total
	Publications	Strategic Communications	Events	Alumni Engagement	Career Services	Roll Call	Campus Engagement	Programs Subtotal	General and Administrative	
Salaries and wages	\$ 374,761	\$ 336,171	\$ 403,774	\$ 821,904	\$ 403,214	\$ 996,164	\$ 417,357	\$ 3,753,345	\$ 141,510	\$ 3,894,855
Payroll taxes	26,005	23,327	28,019	57,033	27,980	69,126	28,961	260,451	9,820	270,271
Other employee benefits	57,847	51,890	62,325	127,266	77,739	153,965	64,591	595,623	25,261	620,884
Other labor costs	-	20,369	131,600	7,129	2,928	5,712	12,168	179,906	3,381	183,287
Professional services	-	-	-	-	-	-	-	-	18,000	18,000
Postage and shipping	80,897	4,503	5,171	8,853	234	136,798	499	236,955	468	237,423
Printing and publications	369,993	11,603	20,342	5,772	530	153,221	9,224	570,685	398	571,083
Travel and entertainment	9,676	9,948	99,879	88,504	13,630	19,270	12,641	253,548	9,635	263,183
Food and beverage	1,957	3,000	602,338	82,564	1,453	5,115	38,885	735,312	1,957	737,269
Information technology	20,767	20,767	31,150	41,534	10,383	41,534	20,767	186,902	20,767	207,669
Office expenses	15,006	14,866	21,918	34,229	8,090	97,633	16,406	208,148	14,525	222,673
Advertising and promotion	1,171	1,194	62,115	29,113	4,694	6,449	27,466	132,202	1,172	133,374
Consulting expenses	-	-	-	-	-	-	-	-	1,463	1,463
Scholarships and donations	-	-	-	-	-	-	50,226	50,226	-	50,226
Rentals, repairs, and maintenance	2,619	2,619	181,753	33,968	1,310	5,239	2,724	230,232	2,619	232,851
Automobile expense	3,085	3,085	4,628	6,170	1,543	6,170	3,085	27,766	3,085	30,851
Cost of sales	414	414	621	828	207	828	414	3,726	414	4,140
Interest expense	341	341	512	683	171	683	341	3,072	342	3,414
Depreciation	6,397	6,397	9,596	12,794	3,199	12,794	6,397	57,574	6,396	63,970
Total expenses	\$ 970,936	\$ 510,494	\$ 1,665,741	\$ 1,358,344	\$ 557,305	\$ 1,710,701	\$ 712,152	\$ 7,485,673	\$ 261,213	\$ 7,746,886

The accompanying notes are an integral part of these financial statements.

Georgia Tech Alumni Association
Statements of Functional Expenses (Continued)

For the year ended June 30, 2022

	Program Services								Supporting	Total
	Publications	Strategic Communications	Events	Alumni Engagement	Career Services	Roll Call	Campus Engagement	Programs Subtotal	General and Administrative	
Salaries and wages	\$ 340,939	\$ 155,074	\$ 345,161	\$ 771,758	\$ 378,191	\$ 1,122,560	\$ 397,545	\$ 3,511,228	\$ 125,855	\$ 3,637,083
Payroll taxes	24,154	10,986	24,454	54,677	26,794	79,530	28,165	248,760	8,916	257,676
Other employee benefits	58,870	26,777	59,599	133,260	82,482	193,833	70,221	625,042	23,633	648,675
Other labor costs	462	22,005	90,314	1,943	14,000	10,220	3,579	142,523	3,058	145,581
Professional services	-	-	-	-	-	-	-	-	19,900	19,900
Postage and shipping	83,377	495	1,957	4,892	246	137,653	655	229,275	493	229,768
Printing and publications	295,331	7,521	6,441	1,242	336	183,481	5,000	499,352	234	499,586
Travel and entertainment	8,440	8,462	67,444	41,399	4,732	18,195	12,106	160,778	8,441	169,219
Food and beverage	1,959	2,714	460,389	37,284	1,112	5,582	27,458	536,498	1,959	538,457
Information technology	23,582	23,582	35,372	47,163	11,791	47,163	23,582	212,235	23,582	235,817
Office expenses	18,552	21,016	27,229	106,296	11,433	45,213	18,309	248,048	18,072	266,120
Advertising and promotion	849	899	103,642	44,217	4,842	5,637	28,585	188,671	849	189,520
Consulting expenses	-	-	-	-	-	-	-	-	207	207
Scholarships and donations	-	-	-	2,500	-	-	51,974	54,474	-	54,474
Rentals, repairs, and maintenance	2,028	2,028	205,121	21,376	1,014	4,056	2,783	238,406	2,028	240,434
Automobile expense	2,260	2,260	3,390	4,520	1,130	4,520	2,260	20,340	2,260	22,600
Cost of sales	569	569	853	1,138	284	1,138	569	5,120	569	5,689
Depreciation	6,951	6,951	10,426	13,902	3,475	13,902	6,951	62,558	6,951	69,509
Total expenses	\$ 868,323	\$ 291,339	\$ 1,441,792	\$ 1,287,567	\$ 541,862	\$ 1,872,683	\$ 679,742	\$ 6,983,308	\$ 247,007	\$ 7,230,315

The accompanying notes are an integral part of these financial statements.

Georgia Tech Alumni Association Statements of Cash Flows

<i>For the years ended June 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ (80,285)	\$ (124,866)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	63,970	69,509
Loss on disposal of equipment	3,508	1,541
Net realized and unrealized loss (gain) on investments	(22,311)	(50,484)
Changes in operating assets and liabilities		
Accounts receivable, net	(149,331)	(23,839)
Prepaid expenses	(55,614)	56,556
Inventory	4,140	5,687
Accounts payable	38,234	116,167
Amounts due to affiliated organizations	268,140	52,657
Accrued expenses	31,317	65,426
Performance obligation liabilities	3,689	23,687
Other liabilities	18,231	(13,359)
Net cash provided by (used in) operating activities	123,688	178,682
Investing Activities		
Purchase of property and equipment	(91,446)	(18,572)
Proceeds from sale of investments	84,343	83,199
Purchases of investments	(14,707)	(36,867)
Net cash provided by (used in) investing activities	(21,810)	27,760
Financing Activities		
Payments on note payable	(9,415)	-
Proceeds from note payable	65,117	-
Net cash provided by (used in) financing activities	55,702	-
Net change in cash and cash equivalents	157,580	206,442
Cash and cash equivalents at beginning of year	1,113,001	906,559
Cash and cash equivalents at end of year	\$ 1,270,581	\$ 1,113,001
Schedule of Certain Cash Flow Information		
Cash paid for interest	\$ 3,414	\$ -

The accompanying notes are an integral part of these financial statements.

Georgia Tech Alumni Association Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Georgia Tech Alumni Association (the Association) is a nonprofit organization formed in 1908 to assist the Georgia Institute of Technology (the Institute) with alumni engagement and to promote education. The Association is dedicated to the interests and welfare of the Georgia Institute of Technology. Among its many programs and activities, and in accordance with an operating agreement with the Institute, the Association maintains a database of alumni and other friends of the Institute. Under the agreement, the Association acts as a fundraising arm of the Institute through the Georgia Tech Foundation (the Foundation) by the solicitation of contributions from both alumni and friends. The Institute provides funding as well as building facilities and related improvements in which the Association operates. The Association also receives funding from the Foundation. In addition, the Association generates income through royalties, advertising, sponsorships, events, tours, merchandise sales and direct contributions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts receivable, depreciation of property and equipment, fair value of investments in marketable securities and allocations used in the statement of functional expenses.

Program Services

The Association's program services consist of the following:

Strategic communications – Conducts promotional efforts to engage alumni and invite them to participate in the Association's programs. Also manages the alumni Association's website and all social media.

Communications – Communications produces alumni publications that include the alumni magazine with a total annual circulation of 352,000 and an electronic newsletter with circulation of 3,400,000.

Events – Plans and stages alumni events to bring alumni together in social and learning environments. Manages the Association events calendar.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (continued)

Alumni engagement – Manages alumni constituency groups. The Association’s 80 networks provide opportunities for alumni to socialize, connect with students, raise funds, network and impact their community. Additionally, it oversees the alumni history department, which records and shares the personal memories of the Institute family. The alumni tours offer educational trips for alumni to travel, learn about the world, and build community with each other.

Careers services – Provides job opportunities and networking programs for the Association. Also provides access to professional development webinars, job postings and other resources to assist alumni in building skills and uncovering opportunities to grow careers.

Roll Call – The Association serves as a fundraising arm of the Institute. This department manages the annual fund and performs all solicitations that raise funds from approximately 25,000 alumni and friends. The fundraising program promotes education at the Institute by providing unrestricted funds for student scholarships, financial aid, recruitment, and retention of top faculty and support of academic programs. In conjunction with this, the Association maintains all current contact records for the alumni and friends for this fundraising and supports the Association’s work in Alumni engagement.

Business development – Manages the affinity programs, advertising and merchandising for the Association.

Campus engagement – Responsible for activities facilitating and promoting interaction among students, alumni, parents and friends of the Institute through three student-led groups. The team also works with approximately 50 organizations on campus to provide connections with alumni.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Association provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statements of activities in the period in which it occurs.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Association reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Net Assets

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Revenue from royalties, advertising, sponsorship revenue, events, tours and merchandise sales are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and wages, payroll taxes, and other employee benefits are allocated based on actual percentages of time spent in each functional area. General and administrative expenses are allocated based on variety of factors, including the Association's strategic priorities for each year.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs totaled \$10,509 and \$7,796, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Association is exempt from taxes on income other than unrelated business income. Unrelated business income results from advertising income. Historically, the costs associated with the unrelated business income have exceeded the revenue generated. Accordingly, no provision for federal and state income taxes is required.

The Association utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Association has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 1, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Association adopted the standard effective January 1, 2022. The implementation of this guidance had no effect on the financial statements.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed services. This change in accounting principal had no effect on the financial statements.

Georgia Tech Alumni Association Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Association maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Association's expenditures come due. The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2023	2022
Total assets at year end	\$ 3,645,412	\$ 3,310,384
Less non-financial assets		
Prepaid expenses	(66,969)	(11,355)
Inventory	(2,867)	(7,007)
Property and equipment, net	(227,247)	(203,279)
Antique Ramblin' Wreck	(12,500)	(12,500)
Financial assets at year end	3,335,829	3,076,243
Less those assets not available for general expenditure within one year, due to contractual or donor-imposed restrictions		
Donor restricted investments - for scholarships	(1,359,950)	(1,393,801)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,975,879	\$ 1,682,442

The Association is principally supported by the Georgia Tech Foundation, the Georgia Institute of Technology, contributions with and without donor restrictions, and revenue generated from royalties, advertising, sponsorships, events, and tours.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2023	2022
Advertising	\$ 67,132	\$ 42,138
Sponsorships	94,000	40,000
Tours	32,713	18,460
Gold & White	20,500	40,000
President's Summer Tour	49,681	3,910
Other	63,156	33,343
Total accounts receivable	327,182	177,851
Less allowance for doubtful accounts	(3,000)	(3,000)
Accounts receivable, net	\$ 324,182	\$ 174,851

**Georgia Tech Alumni Association
Notes to Financial Statements**

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

<i>June 30,</i>	2023	2022
Pooled investments held by Georgia Tech Foundation	\$ 1,741,066	\$ 1,788,391
Total investment in marketable securities	\$ 1,741,066	\$ 1,788,391

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2023 and 2022:

	Estimated Useful Lives (in years)	2023	2022
Leasehold improvements	15	\$ 160,447	\$ 160,447
Equipment	3 - 5	266,907	283,568
Furniture and fixtures	7	209,117	209,117
Software	5	4,500	-
Vehicles	5	112,388	69,847
Total depreciable property and equipment		753,359	722,979
Less accumulated depreciation		(526,112)	(519,700)
Total property and equipment, net		\$ 227,247	\$ 203,279

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$63,970 and \$69,509, respectively.

Note 7: ACCRUED EXPENSES

The components of accrued expenses consist of the following at June 30, 2023 and 2022:

<i>June 30,</i>	2023	2022
Accrued vacation	\$ 313,183	\$ 294,230
Accrued 401 (k) plan expense	90,073	77,709
Total accrued expenses	\$ 403,256	\$ 371,939

The Association allows employees to roll over any unused vacation time earned in one calendar year to the next calendar year. The maximum number of unused vacation hours allowed to be carried forward is 360 hours.

Georgia Tech Alumni Association
Notes to Financial Statements

Note 8: NOTE PAYABLE

Note payable consists of the following:

<i>June 30,</i>	2023	2022
Note payable to a financial institution, monthly payments of \$1,612 including interest of 8.54% per annum, maturity of 2027, collateralized by vehicle.	\$ 55,702	\$ -
Less current portion	(15,064)	-
Note payable	\$ 40,638	\$ -

Interest expense related to the note payable was \$3,414 for the year ended June 30, 2023.

Maturities of note payable subsequent to June 30, 2023, consist of the following:

<i>For the years ending June 30,</i>		
2024	\$	15,064
2025		16,402
2026		17,858
2027		6,378
Total	\$	55,702

Note 9: NET ASSETS

A summary of net assets with donor restrictions consists of the following:

<i>June 30,</i>	2023	2022
Purpose restricted Scholarship endowment	\$ 1,359,950	\$ 1,393,801
Total net assets with donor restrictions	\$ 1,359,950	\$ 1,393,801

A summary of the release of donor restrictions consists of the following:

<i>For the year ended June 30,</i>	2023	2022
Purpose restricted Scholarships	\$ 45,226	\$ 41,474
Total net assets released from donor restrictions	\$ 45,226	\$ 41,474

Georgia Tech Alumni Association Notes to Financial Statements

Note 10: REVENUE

The Association recognizes revenue at a point in time for its royalty revenue, career services revenue, advertising and sponsorship revenue, event fees and tour commissions. Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied. As of June 30, 2023 and 2022, there are performance obligations to be satisfied of \$123,996 and \$120,307, respectively. At June 30, 2023, management expects to recognize \$123,996 as revenue during the year ended June 30, 2024. All performance obligations at June 30, 2022, were recognized during the year ended June 30, 2023.

Contract Balances

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>June 30,</i>	2023	2022
Accounts receivable, beginning of year	\$ 174,851	\$ 151,012
Accounts receivable, end of year	\$ 324,182	\$ 174,851
Performance obligation liabilities, beginning of year	\$ 120,307	\$ 96,620
Performance obligation liabilities, end of year	\$ 123,996	\$ 120,307

Note 11: ENDOWMENTS

The Association's quasi endowment consists of one individual fund established for scholarships. Its endowment includes only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Association has interpreted the State of Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Association retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Association, and (7) the Association's investment policies.

Georgia Tech Alumni Association Notes to Financial Statements

Note 11: ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The Association has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are managed by the Foundation and combined in the Foundation's investment pool, which is a broadly diversified fund consisting primarily of stocks, bonds, hedge funds, real estate and limited partnerships. The Association expects its endowment assets to achieve a target rate of return of 5% over the consumer price index over a five-year horizon and to outperform the investment policy benchmark over the rolling five-year periods.

Spending Policy. The Association has a policy of appropriating for distribution each year up to 4% of its endowment fund's average fair value of the prior 12 quarters. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies at June 30, 2023 or 2022.

Endowment net asset composition by type of fund consists of the following:

<u>June 30,</u>	<u>2023</u>	<u>2022</u>
Endowment funds with donor restrictions	\$ 1,359,950	\$ 1,393,801
Total endowment funds	\$ 1,359,950	\$ 1,393,801

Changes in endowment net assets consists of the following for the years ended June 30, 2023 and 2022:

<u>June 30,</u>	<u>2023</u>	<u>2022</u>
Endowment net assets - July 1	\$ 1,393,801	\$ 1,381,913
Contributions	-	17,148
Investment income (loss)	(5,590)	(2,322)
Net appreciation (depreciation)	16,965	38,536
Amounts appropriated for expenditure	(45,226)	(41,474)
Endowment net assets - June 30	\$ 1,359,950	\$ 1,393,801

Note 12: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Pooled Investments: Valued based on net asset value (NAV) per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities are measured at fair value on a recurring basis. All investments at June 30, 2023 and 2022 are measured at fair value using the NAV per share and have been excluded from the fair value hierarchy leveling.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Georgia Tech Alumni Association Notes to Financial Statements

Note 12: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels (continued)

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes information related to the pooled investments measured at fair value based on NAV per share as of June 30, 2023 and 2022, respectively. The pooled investments are maintained by Georgia Tech Foundation and hold investments in accordance with a stated set of fund objectives.

Year-end	Fair Value	Unfunded Commitments	Redemption Frequency (if eligible)	Redemption Notice Period
June 30, 2023	\$ 1,741,066	\$ -	Daily	None
June 30, 2022	\$ 1,788,391	\$ -	Daily	None

Note 13: ECONOMIC DEPENDENCY

The Association depends heavily on support from the Foundation. The ability of the Foundation to continue its support is indeterminate due to the uncertainty of future resources. Should this support be discontinued, the Association would have to replace this funding from other sources or discontinue certain of its programs. For the years ended, June 30, 2023 and 2022, the Association received approximately 73% and 78%, respectively, of its total revenue and support from the Foundation.

Note 14: CONCENTRATIONS OF CREDIT RISK

The Association maintains cash deposits with financial institutions at June 30, 2023 and 2022, in excess of federally insured limits of \$943,754 and \$888,133 respectively.

Note 15: RELATED PARTIES

The Association is an affiliate of the Foundation and the Institute. During the years ended June 30, 2023 and 2022, the Association paid the Foundation \$131,592 and \$501,169, respectively. During the years ended June 30, 2023 and 2022, the Association paid the Institute and the Institute's auxiliary affiliates \$426,948 and \$148,609, respectively. At June 30, 2023 and 2022, the amounts due to affiliated organizations totaled \$338,850 and \$70,710, respectively.

Georgia Tech Alumni Association Notes to Financial Statements

Note 15: RELATED PARTIES (Continued)

The Association receives support from the Foundation and the Institute. During the years ended June 30, 2023 and 2022, the Association received \$5,578,650 and \$5,423,000, respectively, in unrestricted contributions from the Foundation. The Association received \$675,509 and \$638,491 during the years ended June 30, 2023 and 2022, respectively, in unrestricted contributions from the Institute and the Institute's auxiliary affiliates. At June 30, 2023 and 2022, the amounts due from affiliated organizations totaled \$148,047 and \$46,238, respectively.

Note 16: COMMITMENTS

Previously, the Foundation entered into a service agreement with a company to purchase the rights to new marketing software that includes website management, e-mail marketing, event management, on-line giving, social networking, and data management. In turn, the Association entered into a commitment with the Foundation to pay a portion of the costs associated with the software agreement. During the year ended June 30, 2023, the Foundation renewed the agreement and the commitment was extended through October 31, 2025. The expense incurred by the Association during the years ended June 30, 2023 and 2022 totaled \$55,647 and \$104,537, respectively. The remaining future minimum payments required to be paid by the Association are \$126,415 as of June 30, 2023.

Previously, the Association entered into an agreement with another company for software and services related to a virtual engagement platform. During the year ended June 30, 2023, the Association renewed the agreement. The effective dates of this agreement are June 7, 2023 through May 7, 2024. The expense incurred by the Association totaled \$59,040 during each of the years ended June 30, 2023 and June 30, 2022. Under the terms of this agreement, the remaining future minimum payments required to be paid by the Association are \$73,500 as of June 30, 2023.

Note 17: DEFINED CONTRIBUTION PLAN

The Association sponsors a 401(k) defined contribution plan (the Plan) that allows eligible participants to contribute a portion of their annual compensation. The Association matches participants' contributions to the Plan up to the first 5% of the individual participant's compensation. In addition, the Association operates under a Safe Harbor plan where the Association contributes an additional 3% of each eligible employee's salary at the end of each calendar year. Total expense for the years ended June 30, 2023 and 2022 was \$254,713 and \$236,571, respectively.