



Georgia Tech Alumni Association

FINANCIAL STATEMENTS

June 30, 2022 and 2021



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REPORT





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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 statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2021 Financial Statements

The financial statements of Georgia Tech Alumni Association as of June 30, 2021, were audited by other auditors whose report dated September 1, 2021 expressed an unmodified opinion on the financial statements.

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, 2022



FINANCIAL STATEMENTS



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

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,113,001	\$ 906,559
Accounts receivable, net	174,851	151,012
Prepaid expenses	11,355	67,911
Inventory	7,007	12,694
Total current assets	1,306,214	1,138,176
Non-current assets		
Investments	1,788,391	1,784,239
Property and equipment, net	203,279	255,757
Antique Ramblin' Wreck	12,500	12,500
Total non-current assets	2,004,170	2,052,496
Total assets	\$ 3,310,384	\$ 3,190,672
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 235,895	\$ 119,728
Amounts due to affiliated organizations	70,710	18,053
Accrued liabilities	371,939	306,513
Contract liabilities	120,307	96,620
Other liabilities	6,866	20,225
Total current liabilities	805,717	561,139
Net assets		
Without donor restrictions	1,110,866	1,247,620
With donor restrictions	1,393,801	1,381,913
Total net assets	2,504,667	2,629,533
Total liabilities and net assets	\$ 3,310,384	\$ 3,190,672

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, 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 return	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 and business development	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 Activities (Continued)**

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Georgia Tech Foundation support	\$ 5,183,000	\$ -	\$ 5,183,000
Georgia Institute of Technology support	481,721	-	481,721
Contributions	436,230	1,067,901	1,504,131
Royalties	255,537	-	255,537
Advertising and sponsorships	143,475	-	143,475
Events	99,753	-	99,753
Tours	8,950	-	8,950
Merchandise sales	2,179	-	2,179
Investment return	106,055	314,012	420,067
Other income	14,008	-	14,008
Total revenue and other support	6,730,908	1,381,913	8,112,821
Expenses			
<i>Program services</i>			
Publications	919,040	-	919,040
Strategic communications	217,839	-	217,839
Events	1,085,239	-	1,085,239
Alumni engagement	999,633	-	999,633
Career services	617,107	-	617,107
Roll Call and business development	1,713,132	-	1,713,132
Campus engagement	647,969	-	647,969
Total program services	6,199,959	-	6,199,959
<i>Supporting services</i>			
General and administrative	236,865	-	236,865
Total supporting services	236,865	-	236,865
Total expenses	6,436,824	-	6,436,824
Change in net assets	294,084	1,381,913	1,675,997
Net assets at beginning of year	953,536	-	953,536
Net assets at end of year	\$ 1,247,620	\$ 1,381,913	\$ 2,629,533

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, 2022

	Program Services								Supporting Services	Total
	Publications	Strategic Communications	Events	Alumni Engagement	Career Services	Roll Call and Bus. Dev.	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 Functional Expenses (Continued)

For the year ended June 30, 2021

	Program Services								Supporting	Total
	Publications	Strategic Communications	Events	Alumni Engagement	Career Services	Roll Call and Bus. Dev.	Campus Engagement	Programs Subtotal	General and Administrative	
Salaries and wages	\$ 399,925	\$ 115,737	\$ 366,982	\$ 686,013	\$ 435,620	\$ 1,095,521	\$ 403,929	\$ 3,503,727	\$ 110,131	\$ 3,613,858
Payroll taxes	27,768	8,036	25,481	47,632	30,246	76,065	28,046	243,274	7,647	250,921
Other employee benefits	69,019	19,974	63,333	118,391	94,919	189,064	70,678	625,378	19,006	644,384
Other labor costs	2,143	11,872	67,621	2,226	18,581	2,666	7,185	112,294	1,822	114,116
Professional services	-	-	-	-	-	-	-	-	26,700	26,700
Postage and shipping	78,407	594	5,558	2,157	274	83,523	1,270	171,783	456	172,239
Printing and publications	284,923	5,152	32,175	10,203	2,437	110,549	16,200	461,639	3,552	465,191
Travel and entertainment	6,984	6,982	56,886	15,028	4,190	15,385	8,167	113,622	6,985	120,607
Food and beverage	737	592	221,074	2,500	451	1,957	8,289	235,600	572	236,172
Information technology	25,399	25,400	30,480	50,799	15,240	55,879	25,400	228,597	25,399	253,996
Office expenses	10,404	10,003	12,404	28,344	6,104	48,468	10,336	126,063	9,924	135,987
Advertising and promotion	1,238	1,404	48,723	11,885	1,790	7,454	51,378	123,872	1,238	125,110
Consulting expenses	-	-	2,384	-	-	-	-	2,384	11,342	13,726
Scholarships and donations	50	50	1,060	100	30	110	5,050	6,450	50	6,500
Rentals, repairs, and maintenance	1,761	1,761	138,739	3,791	1,056	3,873	1,760	152,741	1,760	154,501
Automobile expense	2,279	2,279	2,735	4,558	1,367	5,013	2,278	20,509	2,279	22,788
Cost of sales	205	205	246	410	123	451	205	1,845	204	2,049
Depreciation	7,798	7,798	9,358	15,596	4,679	17,154	7,798	70,181	7,798	77,979
Total expenses	\$ 919,040	\$ 217,839	\$ 1,085,239	\$ 999,633	\$ 617,107	\$ 1,713,132	\$ 647,969	\$ 6,199,959	\$ 236,865	\$ 6,436,824

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>	2022	2021
Operating Activities		
Change in net assets	\$ (124,866)	\$ 1,675,997
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	69,509	77,979
Loss on disposal of equipment	1,541	925
Net realized and unrealized loss (gain) on investments	(50,484)	(398,784)
Changes in operating assets and liabilities		
Accounts receivable, net	(23,839)	(73,301)
Prepaid expenses	56,556	(43,151)
Inventory	5,687	2,048
Accounts payable	116,167	3,224
Amounts due to affiliated organizations	52,657	(541,286)
Accrued liabilities	65,426	(9,638)
Contract liabilities	23,687	(61,854)
Other liabilities	(13,359)	285
Net cash provided by (used in) operating activities	178,682	632,444
Investing Activities		
Acquisition of property and equipment	(18,572)	(34,598)
Proceeds from sale of investments	83,199	5,070
Purchases of investments	(36,867)	(1,094,253)
Net cash provided by (used in) investing activities	27,760	(1,123,781)
Net change in cash and cash equivalents	206,442	(491,337)
Cash and cash equivalents at beginning of year	906,559	1,397,896
Cash and cash equivalents at end of year	\$ 1,113,001	\$ 906,559

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 and allocations used in the statement of functional expenses.

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.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of activities in the period in which it occurs.

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 statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement 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.

Impairment of Long-Lived Assets

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

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.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

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.

Revenue Recognition

Revenue from royalties, advertising, sponsorship revenue, events, tours and merchandise sales are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Income from program service fees and payments received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance contract liabilities within the statement of financial position.

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 released the restriction. 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, 2022 and 2021, advertising costs totaled \$7,796 and \$7,216, respectively.

Georgia Tech Alumni Association Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 and 2021, the Association has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

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, 2022, 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 ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The Association is currently evaluating the impact of the guidance on its 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. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Association is currently evaluating the full effect that the adoption of this standard will have on its 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>	2022	2021
Total assets at year end	\$ 3,310,384	\$ 3,190,672
Less non-financial assets		
Prepaid expenses	(11,355)	(67,911)
Inventory	(7,007)	(12,694)
Property and equipment, net	(203,279)	(255,757)
Antique Ramblin' Wreck	(12,500)	(12,500)
Financial assets at year end	3,076,243	2,841,810
Less those assets not available for general expenditure within one year, due to contractual or donor-imposed restrictions		
Donor restricted investments - for scholarships	(1,393,801)	(1,381,913)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,682,442	\$ 1,459,897

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. The Association operates with a balanced budget and anticipates having sufficient resources to cover general expenditures.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2022	2021
Advertising	\$ 42,138	\$ 8,500
Sponsorships	40,000	39,000
Tours	18,460	-
Other	77,253	106,512
Total accounts receivable	177,851	154,012
Less allowance for doubtful accounts	(3,000)	(3,000)
Accounts receivable, net	\$ 174,851	\$ 151,012

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

Note 5: INVESTMENTS

Investments at market value consist of the following:

<i>June 30,</i>	2022	2021
Pooled investments held by Georgia Tech Foundation		
Money market	\$ 218,898	\$ 103,486
U.S. equities	149,183	228,383
International equities	269,358	351,495
Bonds and bond funds	164	16,058
Hedge funds and derivatives	510,940	520,998
Private equities	509,062	433,570
Real estate and real estate funds	77,359	83,859
Natural resources	53,427	46,390
Total investment in marketable securities	\$ 1,788,391	\$ 1,784,239

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2022 and 2021 are as follows:

	Estimated Useful Lives (in years)	2022	2021
Leasehold improvements	15	\$ 160,447	\$ 157,414
Equipment	3 - 5	283,568	278,092
Furniture and fixtures	7	209,117	217,607
Vehicles	5	69,847	69,847
		722,979	722,960
Less accumulated depreciation		(519,700)	(467,203)
Property and equipment, net		\$ 203,279	\$ 255,757

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$69,509 and \$77,979, respectively.

Georgia Tech Alumni Association
Notes to Financial Statements

Note 7: ACCRUED LIABILITIES

The components of accrued liabilities at June 30, 2022 and 2021 are as follows:

<i>June 30,</i>	2022	2021
Accrued vacation	\$ 294,230	\$ 234,055
Accrued 401 (k) plan expense	77,709	72,458
Total accrued liabilities	\$ 371,939	\$ 306,513

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.

Note 8: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2022	2021
Purpose restricted		
Scholarship endowment	\$ 1,393,801	\$ 1,381,913
Total net assets with donor restrictions	\$ 1,393,801	\$ 1,381,913

A summary of the release of donor restrictions follows:

<i>For the year ended June 30,</i>	2022	2021
Purpose restricted		
Scholarships	\$ 41,474	\$ -
Total net assets released from donor restrictions	\$ 41,474	\$ -

Note 9: REVENUE

The Association is recognizing 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, 2022 and 2021, contract liabilities total \$120,307 and \$96,620, respectively, and accounts receivable total \$174,851 and \$151,012, respectively.

Georgia Tech Alumni Association Notes to Financial Statements

Note 9: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2022	2021
Georgia Tech Foundation support (non-exchange)	\$ 5,423,000	\$ 5,183,000
Georgia Institute of Technology support (non-exchange)	437,421	481,721
Contributions (non-exchange)	415,898	1,504,131
Contracts with customers		
Royalties	221,524	255,537
Advertising and sponsorships	143,753	143,475
Events	294,458	99,753
Tours	119,093	8,950
Merchandise sales	4,257	2,179
Investment return (non-exchange)	47,478	420,067
Other income (loss)	(1,433)	14,008
Total revenue	\$ 7,105,449	\$ 8,112,821

The Association's customers are primarily alumni and friends of Georgia Institute of Technology and are located throughout the United States and abroad.

Contract Balances

<i>June 30,</i>	2022	2021
Contract liabilities, beginning of year	\$ 96,620	\$ 106,258
Contract liabilities, end of year	\$ 120,307	\$ 96,620
Receivable from contracts, beginning of year	\$ 151,012	\$ 77,711
Receivable from contracts, end of year	\$ 174,851	\$ 151,012

Note 10: ENDOWMENTS

The Association's 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.

Georgia Tech Alumni Association Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

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.

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, 2022 or 2021.

Endowment net asset composition by type of fund follows:

<i>June 30,</i>	2022	2021
Endowment funds with donor restrictions	\$ 1,393,801	\$ 1,381,913
Total endowment funds	\$ 1,393,801	\$ 1,381,913

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

Note 10: ENDOWMENTS (Continued)

Changes in endowment net assets follow:

<i>June 30, 2022</i>	With Donor Restrictions
Endowment net assets - July 1	\$ 1,381,913
Contributions	17,148
Investment income (loss)	(2,322)
Net appreciation (depreciation)	38,536
Amounts appropriated for expenditure	(41,474)
Endowment net assets - June 30	\$ 1,393,801
<hr/>	
<i>June 30, 2021</i>	With Donor Restrictions
Endowment net assets - July 1	\$ -
Contributions	1,067,901
Investment income (loss)	17,831
Net appreciation (depreciation)	296,181
Endowment net assets - June 30	\$ 1,381,913

Note 11: 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.

Georgia Tech Alumni Association Notes to Financial Statements

Note 11: 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 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, 2022 and 2021.

The Association holds certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient and have not been categorized within the fair value hierarchy. These investments are part of the pooled investments at Georgia Tech Foundation.

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 measured at net asset value on a recurring basis are summarized for the year ended June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Non-publicly traded funds		
Money market	\$ 218,898	\$ 103,486
U.S. equities	149,183	228,383
International equities	269,358	351,495
Bonds and bond funds	164	16,058
Hedge funds and derivatives	510,940	520,998
Private equities	509,062	433,570
Real estate and real estate funds	77,359	83,859
Natural resources	53,427	46,390
Total investments at fair value	\$ 1,788,391	\$ 1,784,239

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.

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, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

Georgia Tech Alumni Association Notes to Financial Statements

Note 12: 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, 2022 and 2021, the Association received approximately 78% and 66%, respectively, of its total revenue and support from the Foundation.

Note 13: CONCENTRATIONS OF CREDIT RISK

The Association maintains cash deposits with financial institutions at June 30, 2022 and 2021, in excess of federally insured limits of \$888,133 and \$718,526, respectively.

Note 14: COMMITMENTS

The Association leases certain office equipment accounted for as operating leases. The leases expire in various years through 2026.

Minimum lease payments under noncancellable operating leases are as follows:

For the years ending June 30,

2023	\$	3,761
2024		995
2025		995
2026		580
Total future minimum lease payments		\$ 6,331

Rent expense for the years ended June 30, 2022 and 2021 was \$6,075 and \$7,889, respectively.

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, 2020, the Foundation renewed the agreement and the commitment was extended through October 31, 2022. The expense incurred by the Association during the years ended June 30, 2022 and 2021 totaled \$104,537 and \$99,800, respectively. The remaining future minimum payments required to be paid by the Association are \$35,380 as of June 30, 2022.

During the year ended June 30, 2020, the Association entered into an agreement with another company for software and services related to a virtual engagement platform. The effective dates of this agreement are June 10, 2020 through July 9, 2023, and the expense incurred by the Association during the years ended June 30, 2022 and 2021 totaled \$59,040 in each year. Under the terms of this agreement, the remaining future minimum payments required to be paid by the Association are \$59,040 as of June 30, 2022.

Georgia Tech Alumni Association Notes to Financial Statements

Note 15: 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, 2022 and 2021 was \$236,571 and \$217,155, respectively.

Note 16: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Association. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.