



**THE  
CONSORTIUM**

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2015

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## Independent Auditor's Report

Board of Trustees  
The Consortium for Graduate Study in Management  
St. Louis, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of The Consortium for Graduate Study in Management ("The Consortium"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility 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 error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The Consortium's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Consortium's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Consortium for Graduate Study in Management as of June 30, 2015 and 2014, 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.

*Brown Smith Wallace, LLC*

St. Louis, Missouri

October 16, 2015

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Statements of Financial Position

June 30, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 2,056,019	\$ 1,732,867
Corporate sponsorship receivables	462,000	482,500
Accounts receivable	3,358	82,132
Orientation Program receivables	367,200	415,350
Prepaid expenses and other	57,367	56,509
<b>Total Current Assets</b>	<b>2,945,944</b>	<b>2,769,358</b>
<b>Property and Equipment</b>		
Land	223,896	223,896
Building	1,094,827	1,094,827
Furniture and fixtures	656,772	637,060
Less: accumulated depreciation	667,547	606,226
<b>Total Property and Equipment, net</b>	<b>1,307,948</b>	<b>1,349,557</b>
<b>Investments</b>		
Wallace L. Jones Endowment	587,964	575,339
Other	152,895	110,725
<b>Total Investments</b>	<b>740,859</b>	<b>686,064</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,994,751</b>	<b>\$ 4,804,979</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 351,644	\$ 765,588
Accrued expenses	390,611	355,770
Current portion of mortgage note payable	47,200	47,200
Deferred revenue	75,500	90,000
<b>Total Current Liabilities</b>	<b>864,955</b>	<b>1,258,558</b>
<b>Long Term Mortgage Note Payable</b>	<b>778,800</b>	<b>826,000</b>
<b>Net Assets</b>		
Unrestricted	2,852,056	2,258,881
Temporarily Restricted	10,000	-
Permanently Restricted, Wallace L. Jones Endowment	488,940	461,540
<b>Total Net Assets</b>	<b>3,350,996</b>	<b>2,720,421</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,994,751</b>	<b>\$ 4,804,979</b>

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

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Statements of Activities

Years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
Corporation and foundation sponsorships	\$ 1,893,500	\$ 10,000	\$ -	\$ 1,903,500	\$ 1,760,000	\$ -	\$ -	\$ 1,760,000
Alumni and corporate matching	157,733	-	-	157,733	132,720	-	-	132,720
Special Orientation Program gifts	1,131,150	-	-	1,131,150	1,075,400	-	-	1,075,400
Tuition remissions by participating members	27,931,814	-	-	27,931,814	26,088,880	-	-	26,088,880
Wallace L. Jones Fellowship Fund	-	-	27,400	27,400	-	-	12,560	12,560
Investment income, net	8,725	-	-	8,725	58,721	-	-	58,721
Orientation Program registration fees	458,055	-	-	458,055	436,935	-	-	436,935
Application fees	224,370	-	-	224,370	231,405	-	-	231,405
Miscellaneous revenue	91,863	-	-	91,863	27,485	-	-	27,485
<b>TOTAL SUPPORT AND REVENUE</b>	<b>31,897,210</b>	<b>10,000</b>	<b>27,400</b>	<b>31,934,610</b>	<b>29,811,546</b>	<b>-</b>	<b>12,560</b>	<b>29,824,106</b>
<b>EXPENSES</b>								
<b>Program services:</b>								
Student costs	27,959,814	-	-	27,959,814	26,105,880	-	-	26,105,880
Student recruiting	541,315	-	-	541,315	531,851	-	-	531,851
Alumni relations	267,792	-	-	267,792	296,792	-	-	296,792
Orientation Program	1,273,622	-	-	1,273,622	1,517,504	-	-	1,517,504
<b>Total program services</b>	<b>30,042,543</b>	<b>-</b>	<b>-</b>	<b>30,042,543</b>	<b>28,452,027</b>	<b>-</b>	<b>-</b>	<b>28,452,027</b>
<b>Supporting services:</b>								
Fundraising	510,760	-	-	510,760	525,678	-	-	525,678
Management and general	750,732	-	-	750,732	738,785	-	-	738,785
<b>Total supporting services</b>	<b>1,261,492</b>	<b>-</b>	<b>-</b>	<b>1,261,492</b>	<b>1,264,463</b>	<b>-</b>	<b>-</b>	<b>1,264,463</b>
<b>Other expenses:</b>								
Nonrecurring expense (See Note I)	-	-	-	-	92,561	-	-	92,561
<b>Total other expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,561</b>	<b>-</b>	<b>-</b>	<b>92,561</b>
<b>TOTAL EXPENSES</b>	<b>31,304,035</b>	<b>-</b>	<b>-</b>	<b>31,304,035</b>	<b>29,809,051</b>	<b>-</b>	<b>-</b>	<b>29,809,051</b>
<b>CHANGE IN NET ASSETS</b>	<b>593,175</b>	<b>10,000</b>	<b>27,400</b>	<b>630,575</b>	<b>2,494</b>	<b>-</b>	<b>12,560</b>	<b>15,054</b>
Net assets, beginning of year	2,258,881	-	461,540	2,720,421	2,256,387	-	448,980	2,705,367
Net assets, end of year	\$ 2,852,056	\$ 10,000	\$ 488,940	\$ 3,350,996	\$ 2,258,881	\$ -	\$ 461,540	\$ 2,720,421

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

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 630,575	\$ 15,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	61,320	75,988
Bad debt	48,250	37,903
Net realized and unrealized gains and losses on investments	11,130	(42,172)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Corporate sponsorship receivables	20,500	237,000
Accounts receivable	38,774	(26,666)
Orientation Program receivables	39,900	98,000
Prepaid expenses and other	(858)	11,907
Increase (decrease) in liabilities:		
Accounts payable	(413,944)	16,682
Accrued expenses	34,841	27,533
Deferred revenue	(14,500)	(40,000)
<b>Net cash provided by operating activities</b>	<b>455,988</b>	<b>411,229</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	27,000	17,000
Purchases of investments	(92,925)	(80,198)
Purchases of property and equipment	(19,711)	(53,875)
<b>Net cash used in investing activities</b>	<b>(85,636)</b>	<b>(117,073)</b>
<b>Cash flows from financing activities:</b>		
Payments on mortgage note payable	(47,200)	(47,200)
<b>Net cash used in financing activities</b>	<b>(47,200)</b>	<b>(47,200)</b>
<b>NET INCREASE IN CASH</b>	<b>323,152</b>	<b>246,956</b>
<b>Cash, beginning of year</b>	<b>1,732,867</b>	<b>1,485,911</b>
<b>Cash, end of year</b>	<b>\$ 2,056,019</b>	<b>\$ 1,732,867</b>

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

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements

June 30, 2015

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### Note A - Operations and Summary of Significant Accounting Policies

#### Operations

The mission of The Consortium for Graduate Study in Management (“The Consortium”), an alliance of leading American business schools and some of our country’s top corporations, is to enhance diversity in business education and leadership by helping to reduce the serious underrepresentation of African Americans, Hispanic Americans and Native Americans in both our member schools’ enrollments and the ranks of management. We believe this mission can be achieved by recruiting for graduate business education qualified U.S. citizens and U.S. permanent residents who can demonstrate a commitment to The Consortium’s mission and can best assist The Consortium in pursuing this mission.

Since its inception in 1966, The Consortium, working through its member schools, has secured \$328 million to advance its mission of promoting diversity and inclusion in American business. Annually about 800 students are awarded full tuition fellowships and other gift aid. The schools are:

University of California, Berkeley Haas School of Business	Indiana University – Bloomington Kelley School of Business	The University of Texas at Austin McCombs School of Business
University of California, Los Angeles UCLA Anderson School of Management	University of Michigan – Ann Arbor Stephen M. Ross School of Business	University of Virginia Darden School of Business  Washington University in St. Louis Olin Business School
Carnegie Mellon University Tepper School of Business	New York University Leonard N. Stern School of Business	University of Wisconsin – Madison Wisconsin School of Business
Cornell University Johnson School of Business	University of North Carolina at Chapel Hill Kenan-Flagler Business School	Yale University Yale School of Management
Dartmouth College Tuck School of Business	Emory University Goizueta Business School	
Georgetown University McDonough School of Business	University of Rochester Simon Graduate School of Business  University of Southern California Marshall School of Business	



# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note A - Operations and Summary of Significant Accounting Policies (Continued)

#### **Basis of Accounting and Presentation**

The financial statements of The Consortium have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Additionally, the financial statement presentation follows the requirements of *Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05*, which requires The Consortium to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **Unrestricted Net Assets**

These funds represent net assets that are not subject to donor-imposed stipulations.

Under the provision of FASB ASC 958-205-05, net assets, support and revenue, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Consortium and changes therein are classified and reported as follows:

- Support and revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions.
- Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. As permitted by FASB ASC 958-205-05, donor-restricted gifts which are received and either spent or deemed spent in the same year are reported as unrestricted support.
- Gifts specified for the acquisition of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

#### **Temporarily Restricted Net Assets**

These funds represent net assets subject to donor-imposed stipulations that may or will be met either by actions of The Consortium and/or passage of time. The Consortium reported \$10,000 and \$0 of temporarily restricted net assets for the years ended June 30, 2015 and 2014, respectively.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note A - Operations and Summary of Significant Accounting Policies (Continued)

#### Basis of Accounting and Presentation (Continued)

##### Permanently Restricted Net Assets

These funds represent net assets subject to donor-imposed stipulations that will be maintained permanently by The Consortium, such as the Wallace L. Jones Fellowship Fund. Generally, the donors of these assets permit The Consortium to use all of the investment returns on these assets for scholarships.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net public support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash

For purposes of the statement of cash flows, The Consortium considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, including currency, demand deposits, and liquid investments. At times during the years ended June 30, 2015 and 2014, balances on deposit exceeded Federal Deposit Insurance Corporation (FDIC) insured limits.

##### Accounts Receivable

The Consortium records bad debts using the direct write-off method, which is not materially different from the allowance method. Delinquent receivables are written off based upon review of outstanding receivables and historical collection information.

##### Investment Risks

The Consortium invests in investment securities with Fidelity and Vanguard, which are exposed to various risks such as interest rate, credit, and overall market volatility. Therefore, it is reasonably possible that changes in the value will occur in the near term and such changes could affect The Consortium's financial position.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note A - Operations and Summary of Significant Accounting Policies (Continued)

#### **Property and Equipment**

Property and equipment are stated at cost, if purchased, or at fair market value at the date of gift, if donated, less accumulated depreciation. Expenditures over \$1,000, which extend the useful lives of the assets are capitalized, while maintenance and repairs are expensed.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally ten to thirty-nine years for land improvements and buildings, and three to seven years for furniture, fixtures, software and equipment.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss included in the current operations.

The building and land are held as collateral on the mortgage note payable.

#### **Impairment of Long Lived Assets**

The Consortium evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed for the years ended June 30, 2015 and 2014.

#### **Deferred Revenue**

Deferred revenues consist of Orientation Program underwriting and Annual Fund partnerships that will take place in the next fiscal year. The revenue is recognized in the year in which the event occurs.

#### **Functional Expense Allocations**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note A - Operations and Summary of Significant Accounting Policies (Continued)

#### **Contributions and Receivables**

FASB ASC 958-605-25 requires unconditional promises (pledges) be recorded as receivables and support of the appropriate net asset category in the year the pledge is made. The Consortium had no unconditional promises at June 30, 2015 and 2014.

Contributions, such as corporate and foundation gifts, are recorded as made and are available for unrestricted use unless specifically restricted by the donor.

Other contributions, such as alumni, staff, or other individual gifts considered to be intentions to give, are recorded when received. Contributions and promises to give that are conditional are not recognized in the financial statements until the conditions on which they depend are substantially met.

#### **Tuition Remissions**

Tuition remissions by participating member universities and related alumni organizations' contributions are recorded as revenue in tuition remissions by participating members and are included as an expense in student costs.

#### **Income Taxes**

The Consortium constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

The Consortium has addressed the provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, The Consortium has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

#### **Advertising**

The Consortium follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$7,853 and \$7,526 for the years ended June 30, 2015 and 2014, respectively.

#### **Subsequent Events**

The Consortium evaluated all subsequent events through October 16, 2015, the date the financial statements were available to be issued.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note B - Fair Value Measurements

The Consortium follows FASB ASC 820-10 Fair Value Measurements and Disclosures. FASB ASC 820-10 establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

#### **Level 1**

Observable inputs that are derived from quoted prices (unadjusted) for identical assets or liabilities in an active market that The Consortium has the ability to access.

#### **Level 2**

Observable inputs based on quoted prices in non-active markets or in active markets for similar assets or liabilities. Inputs other than quoted prices that are observable, or inputs that are not directly observable, but are corroborated by observable market data.

#### **Level 3**

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

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

Mutual Funds: Valued at the net assets value (NAV) of shares held at year end.

Management determines the fair value measurement valuation policies and procedures, which are subject to Board of Trustees assessment and approval. At least annually, Management determines if the current valuation techniques used in fair value measurements are still appropriate.

The Consortium recognizes transfers, if any between levels in the fair value hierarchy at the end of the reporting period.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

### Note B - Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis are as follows:

<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Mutual funds	\$ 566,171	\$ 566,171	\$ -	\$ -
Stocks	141,573	141,573	-	-
Cash equivalents	<u>33,115</u>	<u>33,115</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>740,859</u></b>	<b>\$ <u>740,859</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

<u>June 30, 2014</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Mutual funds	\$ 492,099	\$ 492,099	\$ -	\$ -
Stocks	128,711	128,711	-	-
Cash equivalents	<u>65,254</u>	<u>65,254</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>686,064</u></b>	<b>\$ <u>686,064</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

During the year, there were no changes in the methods and/or assumptions utilized to derive the fair value of The Consortium's assets.

Investment income consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Interest income	\$ 19,855	\$ 16,549
Realized gains	2,762	1,753
Unrealized gains and losses	<u>(13,892)</u>	<u>40,419</u>
	<b>\$ <u>8,725</u></b>	<b>\$ <u>58,721</u></b>

The investment income described above is included in the endowment fund.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note C - Mortgage Note Payable

The mortgage note payable is due to a financial institution. The note bears interest at a variable rate equal to the BBA LIBOR Daily Floating Rate plus 2.75% (2.93% and 2.89% at June 30, 2015 and 2014, respectively). The principal is payable in equal monthly installments of \$3,933 with the remaining principal balance plus any interest due on December 13, 2022. The Consortium has pledged the property with a carrying amount of \$1,114,440 and \$1,142,513 at June 30, 2015 and 2014 respectively, as collateral for the loan.

Maturities of the long term mortgage note payable for the next five years are as follows:

Year Ending June 30,	Amount
2016	\$ 47,200
2017	47,200
2018	47,200
2019	47,200
2020	47,200
Thereafter	<u>590,000</u>
	<u>\$ 826,000</u>

Interest paid was \$25,173 and \$26,507 for the years ended June 30, 2015 and 2014, respectively.

### Note D - In-Kind Donations

The Consortium received various in-kind donations of goods and services including tuition remissions from member schools, corporations and individuals to be used in various programs, during the years ended June 30, 2015 and 2014. These amounts have been reflected in The Consortium's applicable contribution and expense categories. These contributions amounted to \$27,991,814 and \$26,103,880 as of June 30, 2015 and 2014, respectively.

### Note E - Bad Debts

Bad debt expense was \$48,250 and \$37,903 for the years ended June 30, 2015 and 2014, respectively.

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note F - Commitments

#### Fellowships

Each year, The Consortium awards two-year fellowships for graduate study in management to students who demonstrate commitment to diversity as described in Note A. These awards represent a commitment to pay tuition and required fees for students' two-year graduate business studies. The awards are contingent upon the students continued enrollment and progress in their graduate program. In conjunction with the awarding of fellowships, the member universities commit to funding for certain fellowship awards through the remission of tuition and fees of the member students.

A summary for fiscal year 2015 of the award commitments and committee member university funding is as follows:

Fellowship awards	\$27,959,814
Less: tuition remissions by member universities	<u>27,931,814</u>
Commitment by The Consortium	<u>\$ 28,000</u>

#### Conferences

The Consortium has entered into contracts with hotels for future planned conferences in 2016 and 2017. These contracts contain penalty clauses for cancellation which could be material depending upon the date of cancellation. The penalties are based upon rooms reserved, anticipated hotel revenues and other damages. The potential liability for such damages, if incurred, cannot presently be determined. At June 30, 2015, The Consortium does not intend to cancel these commitments.

### Note G - Employee Benefits

The Consortium employees can elect to participate in its defined contribution retirement plan. The plan allows for matching after one year of service. A portion of the match for highly compensated employees are moved to separate 457 plans. During the fiscal years ending June 30, 2015 and 2014, The Consortium contributed \$119,083 and \$115,235, respectively, to both the 403(b) and 457 Plans.

The Consortium offers a dependent tuition benefit. Full-time employees hired prior to August 1, 2014 are eligible to receive tuition assistance for their dependent children. The liability of \$131,477 and \$146,140, respectively, is classified as accrued expense on the statements of financial position for June 30, 2015 and 2014.



# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

### Note H - Wallace L. Jones Endowment

The Consortium established and maintains a fund that functions like an endowment, which was established to honor a former Executive Director. Due to the nature of the solicitation for contributions to this fund, contributions received are restricted in perpetuity. Income generated by these assets is used for stipends to The Consortium students.

<u>June 30, 2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor-designated				
Endowment Net Assets,				
Beginning of Year	\$ 124,022	\$ -	\$ 461,540	\$ 585,562
Gifts Added to Principal	-	-	27,400	27,400
Investment Income	8,725	-	-	8,725
Scholarships Awarded	<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>
Donor-designated				
Endowment Net Assets,				
End of Year	<u>\$ 104,747</u>	<u>\$ -</u>	<u>\$ 488,940</u>	<u>\$ 593,687</u>
<u>June 30, 2014</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor-designated				
Endowment Net Assets,				
Beginning of Year	\$ 82,301	\$ -	\$ 448,980	\$ 531,281
Gifts Added to Principal	-	-	12,560	12,560
Investment Income	58,721	-	-	58,721
Scholarships Awarded	<u>(17,000)</u>	<u>-</u>	<u>-</u>	<u>(17,000)</u>
Donor-designated				
Endowment Net Assets,				
End of Year	<u>\$ 124,022</u>	<u>\$ -</u>	<u>\$ 461,540</u>	<u>\$ 585,562</u>

The Consortium is in the process of developing and implementing policies over The Consortium's endowment fund that are in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

# THE CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

## Notes to Financial Statements - Continued

June 30, 2015

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### Note I - Nonrecurring Item

In the third and fourth quarter of calendar year 2013, The Consortium's payroll service provider withdrew \$92,561 of The Consortium funds and failed to remit the funds to the Internal Revenue Service (IRS) and other revenue authorities for payroll tax liabilities due. Upon disclosure of non-remittance, the Consortium submitted payment to the IRS and other revenue agencies. The payroll service provider pleaded guilty to fraud and money laundering charges in a scheme that began in 2005, affecting approximately 50 St. Louis companies and totaled \$2.7 million. Subsequent to the year ended June 30, 2015, The Consortium received a restitution payment in the amount of \$12,248.