The Consortium for Graduate Study in Management

Financial Statements

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Consortium for Graduate Study in Management
Chesterfield, Missouri

Opinion

We have audited the accompanying financial statements of The Consortium for Graduate Study in Management (a corporation) (the "Consortium"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Consortium for Graduate Study in Management as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Consortium for Graduate Study in Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Consortium for Graduate Study in Management's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Consortium for Graduate Study in Management'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 Consortium for Graduate Study in Management'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.

Armanino LLP

Armanino LLP
St. Louis, Missouri

October 27, 2022

The Consortium for Graduate Study in Management
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash	$ 4,698,563	$ 3,948,081
Accounts and other receivable	1,319,414	700,164
Prepaid expenses and other	166,600	82,375
Total current assets	6,184,577	4,730,620
Property and equipment, net	1,171,854	1,183,442
Investments, at fair value	2,227,454	2,465,027
Total assets	$ 9,583,885	$ 8,379,089
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 28,998	$ 20,807
Accrued expenses	1,034,711	231,647
Current portion of mortgage note payable	52,566	50,867
Deferred revenue	525	525
Total current liabilities	1,116,800	303,846
Long-term liabilities		
Long term mortgage note payable	470,254	522,864
Paycheck Protection Program loans payable	-	266,262
Deferred compensation liability	619,253	646,094
Total long-term liabilities	1,089,507	1,435,220
Total liabilities	2,206,307	1,739,066
Net assets		
Without donor restrictions	5,739,721	4,793,209
With donor restrictions	1,637,857	1,846,814
Total net assets	7,377,578	6,640,023
Total liabilities and net assets	$ 9,583,885	$ 8,379,089

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

The Consortium for Graduate Study in Management
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses), and other support						
Corporation and foundation sponsorships	$ 2,490,500	$ -	$ 2,490,500	$ 2,017,800	$ -	$ 2,017,800
Alumni and Corporate Matching	198,846	-	198,846	215,853	-	215,853
Special Orientation program underwriters	669,500	-	669,500	660,500	-	660,500
Tuition remissions	52,309,382	-	52,309,382	46,260,681	-	46,260,681
Endowment gifts	-	101,775	101,775	-	105,130	105,130
Net investment income	-	(200,232)	(200,232)	-	356,598	356,598
Orientation program registration fee	715,561	-	715,561	295,100	-	295,100
Competitive Advantage Program	115,125	-	115,125	79,600	-	79,600
Application Fees	212,160	-	212,160	290,621	-	290,621
In-kind services	19,591	-	19,591	45,396	-	45,396
Miscellaneous	47,287	-	47,287	23,105	-	23,105
Net assets released from restriction	110,500	(110,500)	-	45,000	(45,000)	-
Total revenues, gains (losses), and other support	56,888,452	(208,957)	56,679,495	49,933,656	416,728	50,350,384
Functional expenses						
Program services						
Student Costs	52,419,882	-	52,419,882	46,362,306	-	46,362,306
Student Recruiting	637,428	-	637,428	715,998	-	715,998
Alumni Relations	280,651	-	280,651	282,335	-	282,335
Orientation Program/CA	1,606,250	-	1,606,250	560,126	-	560,126
Total program services	54,944,211	-	54,944,211	47,920,765	-	47,920,765
Support services						
Management and general	768,393	-	768,393	883,308	-	883,308
Fundraising	495,598	-	495,598	446,213	-	446,213
Total support services	1,263,991	-	1,263,991	1,329,521	-	1,329,521
Total functional expenses	56,208,202	-	56,208,202	49,250,286	-	49,250,286
Change in net assets from operations	680,250	(208,957)	471,293	683,370	416,728	1,100,098
Forgiveness of PPP Loan	266,262	-	266,262	266,262	-	266,262
Change in net assets	946,512	(208,957)	737,555	949,632	416,728	1,366,360
Net assets, beginning of year	4,793,209	1,846,814	6,640,023	3,843,577	1,430,086	5,273,663
Net assets, end of year	$ 5,739,721	$ 1,637,857	$ 7,377,578	$ 4,793,209	$ 1,846,814	$ 6,640,023

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

The Consortium for Graduate Study in Management
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Student Costs	Student Recruiting	Alumni Relations	Orientation Program/CA	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel expenses									
Salaries	$ -	$ 317,957	$ 175,538	$ 334,383	$ 827,878	$ 403,255	$ 308,706	$ 711,961	$ 1,539,839
Temporary workers	-	14,864	8,206	15,631	38,701	18,851	14,431	33,282	71,983
Payroll taxes	-	20,924	11,550	22,002	54,476	26,534	20,313	46,847	101,323
Employee health and retirement benefits	-	77,257	42,076	80,150	199,483	96,658	73,995	170,653	370,136
Total personnel expenses	-	431,002	237,370	452,166	1,120,538	545,298	417,445	962,743	2,083,281
Expenses before depreciation and other expenses									
Supplies	-	256	8	16,489	16,753	5,749	473	6,222	22,975
Travel	-	1,674	2,725	818,506	822,905	4,354	9,579	13,933	836,838
Telephone	-	19,870	10,970	20,896	51,736	25,200	19,292	44,492	96,228
Equipment and repairs	-	6,966	3,846	7,326	18,138	8,835	6,765	15,600	33,738
Rent, occupancy, and utilities	-	14,596	8,058	15,350	38,004	18,511	14,169	32,680	70,684
Postage and freight	-	604	447	61	1,112	1,387	571	1,958	3,070
Printing and publications	-	3,276	3,335	-	6,611	234	2,450	2,684	9,295
Insurance	-	-	-	-	-	8,579	-	8,579	8,579
Professional services	-	-	-	235,660	235,660	83,519	-	83,519	319,179
Advertising, marketing, and communications	-	134,020	-	1,863	135,883	8,080	425	8,505	144,388
Miscellaneous	-	7,549	4,168	19,409	31,126	9,574	7,328	16,902	48,028
Tuition remission	52,419,882	-	-	-	52,419,882	-	-	-	52,419,882
Accounting software maint. agreement	-	-	-	-	-	8,209	-	8,209	8,209
Total expenses before depreciation and other expenses	52,419,882	188,811	33,557	1,135,560	53,777,810	182,231	61,052	243,283	54,021,093
Other expenses									
Depreciation	-	8,991	4,963	9,454	23,408	11,402	8,728	20,130	43,538
Collection fees on bankcards	-	8,624	4,761	9,070	22,455	10,938	8,373	19,311	41,766
Bad debt expense	-	-	-	-	-	250	-	250	250
Interest expense	-	-	-	-	-	18,274	-	18,274	18,274
Total other expenses	-	17,615	9,724	18,524	45,863	40,864	17,101	57,965	103,828
Total functional expenses	$ 52,419,882	$ 637,428	$ 280,651	$ 1,606,250	$ 54,944,211	$ 768,393	$ 495,598	$ 1,263,991	$ 56,208,202

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

The Consortium for Graduate Study in Management
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services					Support Services		
	Student Costs	Student Recruiting	Alumni Relations	Orientation Program/CA	Total Program Services	Management and General	Fundraising	Total
Personnel expenses								
Salaries	$ -	$ 318,662	$ 163,800	$ 368,037	$ 850,499	$ 455,782	$ 303,518	$ 1,609,799
Temporary workers	-	-	42,811	5,037	47,848	-	2,518	50,366
Payroll taxes	-	20,241	10,404	23,377	54,022	28,951	19,279	102,252
Employee health and retirement benefits	-	74,914	38,507	86,522	199,943	107,149	71,354	378,446
Total personnel expenses	-	413,817	255,522	482,973	1,152,312	591,882	396,669	2,140,863
Expenses before depreciation and other expenses								
Supplies	-	453	237	-	690	4,592	614	5,896
Travel	-	2,039	199	67	2,305	11,718	30	14,053
Telephone	-	14,212	7,305	16,414	37,931	20,327	13,536	71,794
Equipment and repairs	-	7,316	3,761	8,450	19,527	10,465	6,969	36,961
Rent, occupancy, and utilities	-	5,241	2,694	6,053	13,988	7,497	4,992	26,477
Postage and freight	-	259	481	-	740	1,938	572	3,250
Printing and publications	-	3,077	-	-	3,077	284	3,729	7,090
Insurance	-	-	-	-	-	7,759	-	7,759
Professional services	56,625	-	-	23,006	79,631	114,444	-	194,075
Advertising, marketing, and communications	-	249,528	1,827	-	251,355	12,610	-	263,965
Miscellaneous	-	-	-	-	-	28,440	-	28,440
Tuition remission	46,305,681	-	-	-	46,305,681	-	-	46,305,681
Accounting software maint. agreement	-	-	-	-	-	6,423	-	6,423
Total expenses before depreciation and other expenses	46,362,306	282,125	16,504	53,990	46,714,925	226,497	30,442	46,971,864
Other expenses								
Depreciation	-	9,144	4,700	10,560	24,404	13,078	8,709	46,191
Collection fees on bankcards	-	10,912	5,609	12,603	29,124	15,608	10,393	55,125
Bad debt expense	-	-	-	-	-	13,925	-	13,925
Interest expense	-	-	-	-	-	22,318	-	22,318
Total other expenses	-	20,056	10,309	23,163	53,528	64,929	19,102	137,559
Total functional expenses	$ 46,362,306	$ 715,998	$ 282,335	$ 560,126	$ 47,920,765	$ 883,308	$ 446,213	$ 49,250,286

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

The Consortium for Graduate Study in Management
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 737,555	$ 1,366,360
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	43,538	46,191
Forgiveness of PPP loan	(266,262)	(266,262)
Bad debt	250	13,925
Net realized and unrealized (gains) losses on investments	346,195	(285,482)
Gifts restricted for permanent endowment	(101,775)	(105,130)
Changes in operating assets and liabilities		
Accounts and other receivables	(619,500)	409,550
Prepaid expenses and other	(84,225)	(23,748)
Investments for deferred compensation	26,841	(164,033)
Accounts payable	8,191	(130,633)
Accrued expenses	803,064	65,691
Deferred compensation liability	(26,841)	164,033
Deferred revenue	-	(67,900)
Other	-	(25,000)
Net cash provided by operating activities	867,031	997,562
Cash flows from investing activities		
Proceeds from sale of investments	110,500	45,000
Purchases of investments	(245,963)	(176,246)
Purchases of property and equipment	(31,950)	(2,384)
Net cash used in investing activities	(167,413)	(133,630)
Cash flows from financing activities		
Cash received from permanent endowment	101,775	105,130
Paycheck protection program loan receipt	-	266,262
Cash received from refinance of loan payable	-	32,900
Payments on mortgage note payable	(50,911)	(49,169)
Net cash provided by financing activities	50,864	355,123
Net increase in cash	750,482	1,219,055
Cash, beginning of year	3,948,081	2,729,026
Cash, end of year	$ 4,698,563	$ 3,948,081

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

1. NATURE OF 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 and inclusion in global business education and leadership by striving to reduce the significant underrepresentation of African Americans, Hispanic Americans, and Native Americans in both our Member Schools' enrollments and the ranks of global management across the following sectors:

- For-profit corporations
- Non-profit corporations
- Government agencies and contractors, and
- Entrepreneurial ventures in both for profit and non-profit environments

The Consortium believes this mission can be achieved by recruiting for graduate business education qualified U.S. citizens and U.S. permanent residents who demonstrate a commitment to the Consortium's mission and who can best assist the Consortium in pursuing this mission.

Since its inception in 1966, The Consortium, working through its member schools, has secured over $600 million to advance its mission of promoting diversity and inclusion in American business. Annually, over 1,000 students are awarded full tuition fellowships and other gift aid.

The Member Schools are:

University of California, Berkeley
Haas Business School

University of California, Los Angeles
UCLA Anderson School of Management

Carnegie Mellon University
Tepper School of Business

Cornell University
Samuel Curtis Johnson
Graduate School of Management

Dartmouth College
Tuck School of Business

Emory University
Goizueta Business School

University of Rochester
Simon Business School

Georgetown University
McDonough School of Business

Indiana University - Bloomington
Kelley School of Business

University of Michigan - Ann Arbor
Michigan Ross School of Business

New York University
Leonard N. Stern School of Business

The University of North Carolina at Chapel Hill
Kenan-Flagler Business School

Rice University
Jones Graduate School of Business

Washington University in St. Louis
Olin Business School

1. NATURE OF OPERATIONS (continued)

University of Southern California
Marshall School of Business

The University of Texas at Austin
McCombs School of Business

University of Virginia
Darden School of Business

Columbia University
Columbia Business School

University of Wisconsin - Madison
Wisconsin School of Business

Yale University
Yale School of Management

University of Washington
Foster School of Business

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 ("GAAP"). As required by GAAP, The Consortium reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions which are either temporary or perpetual in nature.

- *Net assets without donor restrictions* - Net assets without donor restrictions are not restricted by donor–imposed stipulations, either temporary or perpetual in nature. Undesignated amounts are those currently available at the discretion of the Board for use in The Consortium's operations, as follows:

  Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

  Expenses are reported as decreases in net assets without donor restrictions. 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. Donor-restricted gifts which are received and either spent or deemed spent in the same year are reported as support without donor restrictions.

  Gifts specified for the acquisition of long-lived assets are reported as net assets without donor restrictions when the assets are placed in service.

- *Net assets with donor restrictions* - Net assets with donor restrictions that are temporary in nature represent contributions, pledges receivable, and undistributed investment earnings on donor-restricted endowments that are restricted by donors for specific purposes or time periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and presentation (continued)

Net assets with donor restrictions that are perpetual in nature include endowments that will be maintained in perpetuity by The Consortium, such as The Leslie Elise Adkins Endowed Scholarship Fund and 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 and concentrations of credit risk

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 fiscal years ended June 30, 2022 and 2021, and at fiscal year-end, balances on deposit exceeded Federal Deposit Insurance Corporation ("FDIC") insured limits. The Consortium has not incurred any losses as a result of the excess balances.

Accounts receivable and contributions

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.

Under GAAP, unconditional promises (pledges) are recorded as receivables and support of the appropriate net asset category in the year the pledge is made. The Consortium had no unconditional promises on June 30, 2022 and 2021.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable and contributions (continued)

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 are considered conditional when a measurable barrier and right of return exists. The promises to give become unconditional and are recognized as revenue when the barriers upon which they depend are overcome. When the satisfaction of a barrier is accomplished in the same period that the contribution is made, conditional contributions are recorded as unconditional. The Consortium had no conditional promises to give at June 30, 2022 and 2021.

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.

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 $3,000, 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, 2022 and 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue

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

Tuition remissions

Tuition remissions by participating member universities' 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.

Paycheck Protection Program loans and extinguishment of debt

During 2020, The Consortium applied and was awarded a loan under the Paycheck Protection Program ("PPP"). The Consortium has elected to account for the loan using the debt-model under FASB ASC 470. The debt-model requires initial recording of the proceeds received as a financing activity and the loan as a liability until The Consortium is legally released from the obligation to repay the loan. During 2021, The Consortium applied and was awarded a second loan under the PPP. As of June 30, 2022 and 2021, The Consortium was released from all requirements to pay back the first and second loan, respectively, and has recorded the forgiveness as gain on extinguishment of debt.

Support and revenue

The Consortium records revenue as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions and reports expenses as decreases in net assets without donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the support is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and revenue (continued)

Annual Fund and tuition remission amounts are charitable contributions made by corporate partners and member schools in support of The Consortium's mission to increase diversity among the member schools. Annual fund charitable amounts are recorded as revenue as contributions are received.

Orientation Program ("OP") underwriting, registration, and booth fees, along with Competitive Advantage and application fee amounts and their related receivables are recorded as revenue at contractual rates established with customers as performance obligations are completed. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the services provided. Payment is due when invoiced.

Donated goods and services

Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

Donated services are recorded as public support only if they create or enhance non-financial assets, require specialized skill, or represent an integral part of the Consortium's programs. Donated services are reported as in-kind services at their estimated fair value on the date of receipt and reported as expenses when utilized. Donated services are valued based upon estimates of fair market value that would have been received had the Consortium paid for those services.

Tuition remissions are equivalent to the value of the gift aid awarded to Consortium students by Member Schools and are valued based upon their published tuition rates.

Advertising and marketing

The Consortium follows the policy of charging the costs of advertising and marketing to expense as incurred. Advertising and marketing expense was $2,600 and $10,650 for the years ended June 30, 2022 and 2021, respectively.

Expense allocation

The cost of providing various programs and other activities has 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 uses various methods to determine the allocation of expenses to the various functions. Estimates of time and effort are used to allocated employee salaries to various functions, and these percentages provide the basis for allocation of common costs, such as depreciation. Other expenses are directly attributed by their function (e.g. advertising, marketing and communications) or by review of the general ledger spending by department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In fiscal year 2022, the Consortium adopted Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line in the statement of activities, apart from contributions of cash or other financial assets. The standard also increased the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Reclassifications

Certain prior year amounts have been reclassified to conform to the June 30, 2022 financial statement presentation. These reclassifications had no effect on total net assets.

Subsequent events

The Consortium evaluated all subsequent events through October 27, 2022, the date the financial statements were available to be issued. See Note 13.

3. INVESTMENTS AND 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.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying 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 daily closing price as reported by the funds. Mutual funds held by the Consortium are open end mutual funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Consortium are deemed to be actively traded.

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 following table sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Fair Value
Mutual Funds	$ 1,886,388	$ -	$ -	$ 1,886,388
Stocks	210,384	-	-	210,384
	$ 2,096,772	$ -	$ -	2,096,772
Cash equivalents				130,682
				$ 2,227,454

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Mutual Funds	$ 2,117,358	$ -	$ -	$ 2,117,358
Stocks	241,357	-	-	241,357
	$ 2,358,715	$ -	$ -	2,358,715
Cash equivalents				106,312
				$ 2,465,027

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2022	2021
Land	$ 223,896	$ 223,896
Buildings	1,185,992	1,154,042
Property and equipment	765,826	765,826
Less: accumulated depreciation	(1,003,860)	(960,322)
	$ 1,171,854	$ 1,183,442

5. MORTGAGE NOTES PAYABLE

As of June 30, 2020, the mortgage note payable was due to a financial institution and was collateralized by the Consortium's land and building at a fixed interest rate of 3.95%. The principal was payable in equal monthly installments of $3,933 with the remaining principal balance plus any interest due on December 13, 2022. The mortgage note payable was refinanced on March 19, 2021.

Beginning June 30, 2021, the mortgage note payable is collateralized by the Consortium's land and building at a fixed interest rate of 3.29%. The principal and interest is payable in equal monthly installments of $5,765 with the remaining principal balance plus any interest due on March 19, 2031.

5. MORTGAGE NOTES PAYABLE (continued)

The future maturities of the notes payable are as follows:

Year ending June 30,	
2023	$ 52,566
2024	54,321
2025	56,136
2026	58,011
2027	59,972
Thereafter	241,814
	$ 522,820

6. IN-KIND DONATIONS

The Consortium received various in-kind donations of goods and services from corporations and individuals to be used in various programs as well as tuition remissions from member schools, during the fiscal years ended June 30, 2022 and 2021.

The following table represents the disaggregation of in-kind contributions at June 30:

	2022	2021
Tuition remissions by participating members	$ 52,309,382	$ 46,260,681
In-kind services	19,591	45,396
	$ 52,328,973	$ 46,306,077

7. BAD DEBT EXPENSE

Bad debt expense was $250 and $13,925 for the fiscal years ended June 30, 2022 and 2021, respectively.

8. 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 1. 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 academic progress. In conjunction with the awarding of fellowships, the member universities commit to funding for certain fellowship awards through the remission of tuition and fees for the member students.

8. COMMITMENTS (continued)

Fellowships (continued)

A summary for fiscal year 2022 of the award commitments and committee member university funding is as follows:

	2022	2021
Fellowship awards	$ 52,419,882	$ 46,305,681
Less: tuition remissions by member universities	(52,309,382)	(46,260,681)
	$ 110,500	$ 45,000

Conferences

The Consortium has entered into contracts with a hotel for a future planned conference in 2023. This contract contains 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. On June 30, 2022, The Consortium is actively monitoring both the meetings marketplace and local public health regulations to assess the viability of future conferences.

9. EMPLOYEE BENEFITS

The Consortium employees can elect to participate in its defined contribution 403(b) 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 Section 457 deferred compensation plans. During the fiscal years ended June 30, 2022 and 2021 , The Consortium contributed $204,500 and $195,316, 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 $33,793 and $21,192, respectively, is classified as accrued expense on the statements of financial position for June 30, 2022 and 2021.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2022	2021
Restrictions Temporary in Nature		
Endowment earnings	$ 268,019	$ 578,751
Restrictions Perpetual in Nature		
Endowment Funds	1,369,838	1,268,063
	$ 1,637,857	$ 1,846,814

Net assets with donor restrictions released from restriction during the year were as follows:

	2022	2021
Endowment earnings	$ 110,500	$ 45,000

11. ENDOWMENT

The Consortium established and maintains a fund that functions like an endowment, which was established to honor a former Executive Director, Wallace L. Jones. 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.

On June 5, 2016, the family of Leslie Adkins, a Consortium student who passed away while completing her degree, established an endowed fund in her honor to provide financial assistance to candidates embodying Ms. Adkins' commitment to scholarship, volunteerism, and service to humanity. Over time the Adkins family has agreed to contribute a minimum of $1 million. As of June 30, 2021, $600,000 has been received. Consistent with the long-standing policy stated in Note 2, The Consortium is electing to treat the outstanding balance as an intention to give and revenue will be recorded when received.

11. ENDOWMENT (continued)

The Consortium has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), adopted into Missouri law in 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Consortium classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by Consortium in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Consortium 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 Consortium, and (7) Consortium's investment policies.

In the absence of donor restrictions, under the terms of Consortium's governing documents, the Board of Trustees has the ability to distribute so much of the original principal of any trust or separate gift, bequest, or fund as the Board of Trustees in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions without donor restrictions are classified as net assets without donor restrictions for financial statements purposes. On June 30, 2022 and 2021, Consortium had no endowment funds without donor restrictions.

Consortium has investment and spending policies, approved by the Board of Trustees, for endowment assets that 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. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, Consortium relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Consortium targets a diversified asset allocation that places emphasis on fixed income securities and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Consortium has a policy of appropriating for distribution an approved percentage of its endowment fund not to exceed 5%. As of June 30, 2022 and 2021, the Consortium had no underwater endowments.

The endowment policy follows the requirements of the State of Missouri's Uniform Prudent Management of Institutional Funds Act.

11. ENDOWMENT (continued)

The following table represents a rollforward of endowment net assets with donor restrictions as of June 30:

	2022	2021
Balance, beginning of year	$ 1,846,814	$ 1,430,086
Gifts added to principal	101,775	105,130
Investment income (loss), net	(200,232)	356,598
Scholarships awarded	(110,500)	(45,000)
Balance, end of year	$ 1,637,857	$ 1,846,814

Endowment net assets with donor restriction composition by type of funds as of June 30:

	2022	2021
Donor designated gifts	$ 1,369,838	$ 1,268,063
Earnings on donor gifts	268,019	578,751
	$ 1,637,857	$ 1,846,814

12. AVAILABILITY AND LIQUIDITY OF FINANCIAL RESOURCES

Financial assets available for general expenditures over the next twelve months consists of:

	2022	2021
Cash	$ 4,698,563	$ 3,948,081
Corporate sponsorship receivables	832,531	457,106
Accounts receivable	158	158
Orientation Program receivable	486,725	242,900
Investments	1,608,201	1,818,933
Less amounts restricted by donors	(1,637,857)	(1,846,814)
	$ 5,988,321	$ 4,620,364

13. DISAGGREGATION OF REVENUE

The following table presents revenue disaggregated by revenue source recognized over-time as of June 30:

	2022	2021
Special OP Underwriters	$ 669,500	$ 660,500
OP registration fees	715,561	295,100
Competitive advantage	115,125	79,600
Application fee	212,160	290,621
	$ 1,712,346	$ 1,325,821

14. SUBSEQUENT EVENTS

On July 1, 2022, The Consortium added Stanford's Graduate School of Business as its 22nd member school. Consistent with other member school agreements, Stanford agreed to contribute gift aid to Consortium students and participate in recruiting, fundraising and other Consortium business.