



Morris Brown College
643 Martin Luther King Jr. Drive
Atlanta, Georgia 30314

*"Morris Brown College is an exempt organization as described in Section 501(c)(3)
of the Internal Revenue Code; EIN 58-0607083"*

June 8, 2020

Morris Brown College just moved closer to accreditation as we celebrate our accomplishment of completing our three-year financial statement audits (summarized in this document), which is required for our application with the Transnational Association of Christian Colleges and Schools (TRACS). This task could not have happened without the commitment of the fiscal affairs staff, President Dr. Kevin James, and the Board of Trustees. While the numbers presented in the financial statements for the fiscal periods 2017 through 2019 are absolute, we strongly suggest that they are of little value based on our financial position today under the institution's new administration.

As of today, Morris Brown College finances are adequate to support the staffing, facilities, equipment, materials, and support services for the approved programs. Morris Brown is now in a much better fiscal position with the forgiveness of a 4.2-million-dollar debt to the African Methodist Episcopal Church, thereby making the college technically debt-free. Under the leadership of a new Board Chairman, new President, new CFO, and other critical leaders, Morris Brown is now financially stable- meaning the institution has enough funds to cover all bills and then have enough to cover unexpected costs in case of emergencies. Additionally, the institution has set aside funds to start several endowments that will yield dividends. The financial stability committee interviewed and selected an independent investment advisor to manage the endowment funds. The institution felt that this permanent fund (a college fund as well as the restructuring of the Morris Brown College Foundation, a separate non-profit organization) will collect and invest funds given by philanthropic donors. Morris Brown intends to use interest and dividends earned from the funds in the endowment to pay for various student-focused costs, such as student aid programs, financial support, and internships.

A board approved strategic plan to restore the College, and with a current budget that is strictly adhered to that was devised by the President, the Board, and CFO , the College has resulted in the following improvements since this new administration (implemented before the close of this fiscal period due to end 6/30/2020):

1. \$90k paid in full for the first time in 20 years owed to Georgia Power Company
2. Successfully recruited Consultants to assist staff with accreditation application
3. Began a vigorous fundraising campaign that generated contributions of \$3.5+ Million (i.e., Cash, Campus Rentals, Grants, and Bequests) which has enhanced the College's cash reserves more than twofold
4. Increased additional fundraising tools which supplemented more ways to give
5. Consistent collaboration with the CFO in monitoring the organization's cash reserves which allowed it to settle debt obligations and reinvest in the College



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6. Back paid every employee; the college was nine payrolls in arrears as of November 15, 2019- Morris Brown College has been able to continue to pay every employee on time and without delay since and will be able to pay on time moving forward
7. Repaired, Painted, and installed new carpeting in the Administration Building
8. Made Repairs of Roof to Administration Building
9. Started College Radio station
10. Received \$75,000- Grant for restoration of historical Fountain Hall
11. Received two grants totaling \$1,000,000- Grant received from National Park Service to restore Fountain Hall, a National Historic Landmark on Morris Brown's campus. Contractors have been identified restore the clock/bell tower and replace the roof. Work will begin this summer with a ribbon cutting ceremony; we will keep you updated as the project moves forward
12. Successfully awarded more than \$90K through the Paycheck Protection Program
13. Working with Fort Valley State for 1million dollar HIV grant (was received a few years ago- we are confident it will be funded)
14. Enrolled 35 students for Fall 2020
15. Graduated 7 students in Spring 2020
16. Created more streamlined enrollment/payment/registration process
17. Obtained summer paid jobs for three students at Camp Grace, Macon, GA
18. \$72,000 scholarship given by donor to catch students up with tuition. Approximately \$130K has been donated and earmarked for scholarships so far, this fiscal year

Morris Brown College will close out fiscal year ending 6/30/2020 with a brighter outlook for the following reasons:

1. Improved Debt to Equity Ratio because of the forgiveness of its debt to the AME Church and the elimination of the accrued interest of more than \$1M associated with the debt
2. Lower short-term debt due to increased fundraising available to pay
3. Cash Reserves in excess of \$800K
4. Reinstated confidence among the Alumni community as evidenced through their increased giving
5. Galvanized & motivated alumni to give more automatic reoccurring gifts
6. The use of social media/technology to reach alumni and friends of the College
7. Appointment of Dr. Kevin James as the 19th president of Morris Brown College (a permanent position)

Again, we appreciate your continued support for our beloved institution, Morris Brown College.

Sincerely,

Shermanetta T. Carter, CPA

Shermanetta T. Carter, CPA
Chief Financial Officer



MORRIS BROWN COLLEGE
INTERNALLY PREPARED FINANCIAL REPORTS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018 AND JUNE 30, 2017)

PREPARED BY SHERMANETTA CARTER, CPA
CHIEF FINANCIAL OFFICER

Morris Brown College
Statement of Financial Position
For the Years Ended June 30, 2019, 2018, 2017

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:			
Current Assets:			
Cash	\$ 22,976	\$ 24,617	\$ 6,873
Accounts receivable, net	68,425	79,355	85,723
Prepaid expenses and other assets	21,825	21,825	15,312
Total current assets	<u>113,226</u>	<u>125,797</u>	<u>107,908</u>
Non-current Assets:			
Property and equipment, net	2,345,210	2,403,626	2,462,184
Total non-current assets	<u>2,345,210</u>	<u>2,403,626</u>	<u>2,462,184</u>
Total assets	<u>\$ 2,458,436</u>	<u>\$ 2,529,423</u>	<u>\$ 2,570,092</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 374,762	\$ 278,195	\$ 408,190
Grant Payable	73,670	53,459	62,352
Accrued expenses	107,486	961,335	650,985
Total current liabilities	<u>555,918</u>	<u>1,292,989</u>	<u>1,121,527</u>
Longterm Liabilities:			
Notes Payable	-	3,669,697	3,566,681
Total longterm liabilities	<u>-</u>	<u>3,669,697</u>	<u>3,566,681</u>
Total liabilities	<u>555,918</u>	<u>4,962,686</u>	<u>4,688,208</u>
Net Assets:			
Net assets without donor restrictions	1,902,518	(2,433,263)	(2,118,116)
Net assets with donor restrictions	-	-	-
Total net assets	<u>1,902,518</u>	<u>(2,433,263)</u>	<u>(2,118,116)</u>
Total liabilities and net assets	<u>\$ 2,458,436</u>	<u>\$ 2,529,423</u>	<u>\$ 2,570,092</u>

Morris Brown College
Statement of Activities Changes in Net Assets
For the Years Ended June 30, 2019, 2018, 2017

Year Ended June 30, 2019

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenue, Gains, & Other Support			
Tuition and fees	\$ 357,000	\$ -	\$ 357,000
Less: Scholarships and fellowships	(180,500)		(180,500)
Net tuition and fees	<u>176,500</u>	<u>-</u>	<u>176,500</u>
Government grants and contracts	54,789	-	54,789
Gifts and private grants	1,230,150	-	1,230,150
Interest income	228	-	228
Other income	10,863	-	10,863
Sales and services of auxillary enterprises	48,839	-	48,839
Total Revenue, Gains, & Other Support	<u>1,521,369</u>	<u>-</u>	<u>1,521,369</u>
OPERATING EXPENSES:			
Program Services:			
Expenses and Losses			
Instructional	204,184	-	204,184
Academic support	139,168	-	139,168
Student services	74,395	-	74,395
Auxillary enterprises	72,737	-	72,737
Total program services	<u>490,484</u>	<u>-</u>	<u>417,747</u>
Supporting Services:			
Institutional support	988,422	-	988,422
Total operating expenses	<u>988,422</u>	<u>-</u>	<u>988,422</u>
Net operating change in net assets	42,463	-	42,463
NONOPERATING REVENUES AND (EXPENSES):			
Vendor payable forgiveness	-	-	-
Debt forgiveness from the AME Church	4,293,318	-	4,293,318
Net operating change in net assets	<u>4,293,318</u>	<u>-</u>	<u>4,293,318</u>
CHANGE IN NET ASSETS	4,335,781	-	4,335,781
Net Assets, Beginning of Year	(2,433,263)	-	(2,433,263)
Net Assets, End of Year	<u>\$ 1,902,518</u>	<u>\$ -</u>	<u>\$ 1,902,518</u>

Morris Brown College
Statement of Activities Changes in Net Assets
For the Years Ended June 30, 2019, 2018, 2017

Year Ended June 30, 2018

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenue, Gains, & Other Support			
Tuition and fees	\$ 267,750	\$ -	\$ 267,750
Less: Scholarships and fellowships	(133,875)		(133,875)
Net tuition and fees	<u>133,875</u>	<u>-</u>	<u>133,875</u>
Government grants and contracts	270,000	-	270,000
Gifts and private grants	1,037,070	-	1,037,070
Interest income	164	-	164
Other income	138,507	-	138,507
Sales and services of auxillary enterprises	<u>21,682</u>	<u>-</u>	<u>21,682</u>
Total Revenue, Gains, & Other Support	<u>1,601,298</u>	<u>-</u>	<u>1,601,298</u>
OPERATING EXPENSES:			
Program Services:			
Expenses and Losses			
Instructional	184,129	-	184,129
Academic support	104,914	-	104,914
Student services	100,245	-	100,245
Auxillary enterprises	<u>112,778</u>	<u>-</u>	<u>112,778</u>
Total program services	502,066	-	502,066
Supporting Services:			
Vendor payable forgiveness	140,000	-	140,000
Institutional support	<u>1,554,379</u>	<u>-</u>	<u>1,554,379</u>
Total operating expenses	1,554,379	-	1,554,379
Net operating change in net assets	(455,147)	-	(455,147)
NONOPERATING REVENUES AND (EXPENSES):			
Vendor payable forgiveness	140,000	-	140,000
Net operating change in net assets	<u>140,000</u>	<u>-</u>	<u>140,000</u>
CHANGE IN NET ASSETS	(315,147)	-	(315,147)
Net Assets, Beginning of Year	(2,118,116)	-	(2,118,116)
Net Assets, End of Year	<u>\$ (2,433,263)</u>	<u>\$ -</u>	<u>\$ (2,433,263)</u>

Morris Brown College
Statement of Activities Changes in Net Assets
For the Years Ended June 30, 2019, 2018, 2017

Year Ended June 30, 2017

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenue, Gains, & Other Support			
Tuition and fees	\$ 307,312	\$ -	\$ 307,312
Less: Scholarships and fellowships	(157,450)		(157,450)
Net tuition and fees	<u>149,862</u>	<u>-</u>	<u>149,862</u>
Government grants and contracts	395,000	-	395,000
Gifts and private grants	1,050,406	-	1,050,406
Interest income	1,329	-	1,329
Other income	33,262	-	33,262
Sales and services of auxillary enterprises	<u>11,290</u>	<u>-</u>	<u>11,290</u>
Total Revenue, Gains, & Other Support	<u>1,641,149</u>	<u>-</u>	<u>1,641,149</u>
OPERATING EXPENSES:			
Program Services:			
Expenses and Losses			
Instructional	172,316	-	172,316
Academic support	46,920	-	46,920
Student services	48,713	-	48,713
Auxillary enterprises	<u>142,627</u>	<u>-</u>	<u>142,627</u>
Total program services	410,576	-	410,576
Supporting Services:			
Vendor payable forgiveness	-	-	-
Institutional support	<u>1,794,894</u>	<u>-</u>	<u>1,794,894</u>
Total operating expenses	1,794,894	-	1,794,894
Net operating change in net assets	(564,321)	-	(564,321)
CHANGE IN NET ASSETS	(564,321)	-	(564,321)
Net Assets, Beginning of Year	(1,553,975)	-	(1,553,975)
Net Assets, End of Year	<u>\$ (2,118,296)</u>	<u>\$ -</u>	<u>\$ (2,118,296)</u>