



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"*

## **November 4, 2020**

I am so proud that Morris Brown College has accomplished yet another milestone. We have completed our external audit of the institution's financial statements for fiscal year ended June 30, 2020 in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards. The audit shows an unqualified opinion. Excerpts of that report are shared in the following pages.

Because the college has tightened its internal controls and recordkeeping policies and procedures, the June 30, 2020 audit report shows a cash increase of \$886,985. Its net profit of \$1,199,363 is based on actual financial support versus the one-time gain on debt extinguishment of \$4,293,318 for the June 30, 2019 fiscal year. Accounts payable reflects a reduction of \$262,373, which confirms that we are paying our current debt timely.

Morris Brown's Composite score for 2020 is 3.0, the highest score possible. According to <https://studentaid.gov/data-center/school/composite-scores> schools with scores of 1.5 and greater are considered financially responsible.

With the support of the Board of Trustees, President, alumni and friends, MBC has done so much more than anyone thought possible.

Ella Baker, a giant of the civil rights movement, left us with this wisdom: Give people light, and they will find a way. That is what we set out to do, and these exciting results are proof that we are moving in the right direction.

Thank you for trusting and endorsing our efforts.

Sincerely,

***Shermanetta T. Carter***

Shermanetta T. Carter, CPA  
Chief Financial Officer



**MORRIS BROWN**  
**COLLEGE**

**I. INDEPENDENT AUDITOR'S  
REPORT**

**MORRIS BROWN COLLEGE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**



	2020			2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>ASSETS:</b>						
Current Assets:						
Cash and cash equivalents	\$ 909,961	\$ -	\$ 909,961	\$ 22,976	\$ -	\$ 22,976
Accounts receivable, <i>net of allowance for doubtful accounts of \$245,037 for 2020 and \$733,145 for 2019</i>	29,163	-	29,163	68,425	-	68,425
Prepaid expenses and other assets	68,091	-	68,091	21,825	-	21,825
<i>Total current assets</i>	<u>1,007,215</u>	<u>-</u>	<u>1,007,215</u>	<u>113,226</u>	<u>-</u>	<u>113,226</u>
Noncurrent Assets:						
Investment in artwork	252,113	-	252,113	252,113	-	252,113
Property and equipment, at cost, <i>net of accumulated depreciation</i>	2,136,098	-	2,136,098	2,093,097	-	2,093,097
<i>Total noncurrent assets</i>	<u>2,388,211</u>	<u>-</u>	<u>2,388,211</u>	<u>2,345,210</u>	<u>-</u>	<u>2,345,210</u>
<b>Total assets</b>	<b><u>\$ 3,395,426</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,395,426</u></b>	<b><u>\$ 2,458,436</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,458,436</u></b>
<b>LIABILITIES:</b>						
Current Liabilities:						
Accounts payable, deposits and accrued expenses	\$ 204,848	\$ -	\$ 204,848	\$ 374,762	\$ -	\$ 374,762
Grants payable	73,670	-	73,670	73,670	-	73,670
Accrued expenses	15,027	-	15,027	107,486	-	107,486
<i>Total current liabilities</i>	<u>293,545</u>	<u>-</u>	<u>293,545</u>	<u>555,918</u>	<u>-</u>	<u>555,918</u>
<i>Total liabilities</i>	<u>293,545</u>	<u>-</u>	<u>293,545</u>	<u>555,918</u>	<u>-</u>	<u>555,918</u>
<b>NET ASSETS:</b>						
Net assets without donor restrictions	3,101,881	-	3,101,881	1,902,518	-	1,902,518
Net assets with donor restrictions	-	-	-	-	-	-
<i>Total net assets</i>	<u>3,101,881</u>	<u>-</u>	<u>3,101,881</u>	<u>1,902,518</u>	<u>-</u>	<u>1,902,518</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,395,426</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,395,426</u></b>	<b><u>\$ 2,458,436</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,458,436</u></b>

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

MORRIS BROWN COLLEGE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019



	2020			2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>OPERATING REVENUES:</b>						
Tuition and fees	\$ 245,037	\$ -	\$ 245,037	\$ 357,000	\$ -	\$ 357,000
Less: Institutional scholarships	(97,000)	-	(97,000)	(180,500)	-	(180,500)
<i>Net tuition and fees</i>	<u>148,037</u>	<u>-</u>	<u>148,037</u>	<u>176,500</u>	<u>-</u>	<u>176,500</u>
Government grants and contracts						
PPP operating income	90,875	-	90,875	-	-	-
Federal grants	13,753	-	13,753	54,789	-	54,789
Private gifts and grants	1,949,842	-	1,949,842	1,230,150	-	1,230,150
Interest income	300	-	300	228	-	228
Sales and services of auxiliary enterprises	73,835	-	73,835	48,839	-	48,839
Other income	37,833	-	37,833	10,863	-	10,863
<i>Total operating revenues</i>	<u>2,314,475</u>	<u>-</u>	<u>2,314,475</u>	<u>1,521,369</u>	<u>-</u>	<u>1,521,369</u>
<b>OPERATING EXPENSES:</b>						
<b>Programs Services:</b>						
Instruction	118,949	-	118,949	212,589	-	212,589
Academic support	118,041	-	118,041	144,897	-	144,897
Student services	310,788	-	310,788	77,457	-	77,457
Auxiliary enterprises	9,069	-	9,069	75,731	-	75,731
<i>Total program services</i>	<u>556,847</u>	<u>-</u>	<u>556,847</u>	<u>510,674</u>	<u>-</u>	<u>510,674</u>
<b>Supporting Services:</b>						
Institutional support	593,341	-	593,341	968,232	-	968,232
<i>Total supporting services</i>	<u>593,341</u>	<u>-</u>	<u>593,341</u>	<u>968,232</u>	<u>-</u>	<u>968,232</u>
<i>Total operating expenses</i>	<u>1,150,188</u>	<u>-</u>	<u>1,150,188</u>	<u>1,478,906</u>	<u>-</u>	<u>1,478,906</u>
<i>Net operating change in net assets</i>	<u>1,164,287</u>	<u>-</u>	<u>1,164,287</u>	<u>42,463</u>	<u>-</u>	<u>42,463</u>
<b>NONOPERATING REVENUES AND (EXPENSES):</b>						
Vendor payable forgiveness	35,076	-	35,076	-	-	-
Debt forgiveness from the AME Church, net (Note 6)	-	-	-	4,293,318	-	4,293,318
<i>Net nonoperating change in net assets</i>	<u>35,076</u>	<u>-</u>	<u>35,076</u>	<u>4,293,318</u>	<u>-</u>	<u>4,293,318</u>
<b>CHANGE IN NET ASSETS</b>	<b>1,199,363</b>	<b>-</b>	<b>1,199,363</b>	<b>4,335,781</b>	<b>-</b>	<b>4,335,781</b>
<b>NET ASSETS, Beginning of Year</b>	<u>1,902,518</u>	<u>-</u>	<u>1,902,518</u>	<u>(2,433,263)</u>	<u>-</u>	<u>(2,433,263)</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 3,101,881</u>	<u>\$ -</u>	<u>\$ 3,101,881</u>	<u>\$ 1,902,518</u>	<u>\$ -</u>	<u>\$ 1,902,518</u>

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

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020								
	Program Services					Supporting Services			
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Total Program Services	Institutional Support	Operation and Maintenance of Plant	Total Supporting Services	Total Expenses
Salaries and wages	\$ 65,230	\$ 65,216	\$ 28,004	\$ -	\$ 158,450	\$ 147,291	\$ -	\$ 147,291	\$ 305,741
Payroll taxes and fringes	8,101	7,222	3,026	-	18,349	16,890	-	16,890	35,239
Total salaries and related expenses	73,331	72,438	31,030	-	176,799	164,181	-	164,181	340,980
Accreditation costs	-	-	-	-	-	25,152	-	25,152	25,152
Advertising and marketing	-	-	-	-	-	4,696	-	4,696	4,696
Bad debt expense	-	-	-	-	-	14,897	-	14,897	14,897
Bank charges	-	-	291	3,684	3,975	4,119	-	4,119	8,094
Contractors	-	-	-	-	-	-	95,594	95,594	95,594
Dues and memberships	-	-	-	-	-	685	-	685	685
Food services	-	-	-	-	-	1,190	-	1,190	1,190
Fundraising expenses	-	-	-	-	-	27,611	-	27,611	27,611
Insurance	-	-	-	-	-	21,868	-	21,868	21,868
Leases and rentals	-	-	-	1,457	1,457	-	59,719	59,719	61,176
Legal and professional fees	-	-	-	-	-	89,918	42,809	132,727	132,727
Licenses and permits	-	-	-	-	-	143	-	143	143
Office expenses	-	-	15,240	-	15,240	-	-	-	15,240
Other expenses	-	-	1,939	40	1,979	335	673	1,008	2,987
Printing and publications	-	-	837	-	837	2,222	-	2,222	3,059
Property taxes	-	-	-	-	-	1,631	-	1,631	1,631
Repairs and maintenance	-	-	-	-	-	-	47,871	47,871	47,871
Scholarship expenses	-	-	141,251	-	141,251	-	-	-	141,251
Security services	-	-	-	-	-	-	73,841	73,841	73,841
Small equipment	-	-	-	-	-	-	21,118	21,118	21,118
Special events	-	-	-	-	-	-	-	-	-
Supplies	591	919	1,388	455	3,353	-	-	-	3,353
Travel	-	-	1,000	-	1,000	9,087	-	9,087	10,087
Utilities	-	-	-	-	-	1,001	33,633	34,634	34,634
Workshops and seminars	-	-	165	-	165	-	-	-	165
Total expenses before depreciation and amortization and operation and maintenance of plant	73,922	73,357	193,141	5,636	346,056	368,736	375,258	743,994	1,090,050
Depreciation and amortization	6,219	6,172	16,250	474	29,115	31,023	-	31,023	60,138
Operation and maintenance of plant	38,808	38,512	101,397	2,959	181,676	193,582	(375,258)	(181,676)	-
Total expenses	\$ 118,949	\$ 118,041	\$ 310,788	\$ 9,069	\$ 556,847	\$ 593,341	\$ -	\$ 593,341	\$ 1,150,188

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

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019									
	Program Services					Supporting Services Operation and Maintenance of Plant			Total Supporting Services	Total Expenses
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Total Program Services	Institutional Support				
Salaries and wages	\$ 149,714	\$ 101,129	\$ 42,829	\$ -	\$ 293,672	\$ 273,073	\$ 14,490	\$ 287,563	\$ 581,235	
Payroll taxes and fringes	-	-	-	-	-	1,458	-	1,458	1,458	
<b>Total salaries and related expenses</b>	<b>149,714</b>	<b>101,129</b>	<b>42,829</b>	<b>-</b>	<b>293,672</b>	<b>274,531</b>	<b>14,490</b>	<b>289,021</b>	<b>582,693</b>	
Accreditation costs	-	-	-	-	-	16,000	-	16,000	16,000	
Advertising and marketing	-	-	-	-	-	20,245	-	20,245	20,245	
Bad debt expense	-	-	-	-	-	125,803	-	125,803	125,803	
Bank charges	-	-	-	-	-	-	-	-	-	
Contractors	-	-	-	-	-	-	100,049	100,049	100,049	
Dues and memberships	-	-	-	-	-	228	-	228	228	
Food services	-	-	3,027	-	3,027	8,728	-	8,728	11,755	
Insurance	-	-	-	-	-	63,561	-	63,561	63,561	
Leases and rentals	-	-	-	22,111	22,111	-	18,206	18,206	40,317	
Legal and professional fees	-	-	40	23,760	23,800	124,797	24,716	149,513	173,313	
Licenses and permits	-	-	-	-	-	-	-	-	-	
Office expenses	-	-	-	-	-	30,709	-	30,709	30,709	
Other expenses	-	-	3,046	6,602	9,648	7,410	450	7,860	17,508	
Printing and publications	-	-	110	-	110	5,727	-	5,727	5,837	
Property taxes	-	-	-	-	-	314	-	314	314	
Repairs and maintenance	-	-	-	-	-	-	107,543	107,543	107,543	
Small equipment	-	-	-	-	-	-	-	-	-	
Special events	-	-	(2,000)	-	(2,000)	-	-	-	(2,000)	
Supplies	174	1,032	922	922	3,050	1,955	-	1,955	5,005	
Travel	-	-	6,638	-	6,638	1,906	-	1,906	8,544	
Utilities	-	-	-	-	-	-	112,175	112,175	112,175	
Workshops and seminars	-	-	-	-	-	748	-	748	748	
<b>Total expenses before depreciation and amortization and operation and maintenance of plant</b>	<b>149,888</b>	<b>102,161</b>	<b>54,612</b>	<b>53,395</b>	<b>360,056</b>	<b>682,662</b>	<b>377,629</b>	<b>1,060,291</b>	<b>1,420,347</b>	
Depreciation and amortization	8,418	5,737	3,067	2,999	20,221	38,338	-	38,338	58,559	
Operation and maintenance of plant	54,283	36,999	19,778	19,337	130,397	247,232	(377,629)	(130,397)	-	
<b>Total expenses</b>	<b>\$ 212,589</b>	<b>\$ 144,897</b>	<b>\$ 77,457</b>	<b>\$ 75,731</b>	<b>\$ 510,674</b>	<b>\$ 968,232</b>	<b>\$ -</b>	<b>\$ 968,232</b>	<b>\$ 1,478,906</b>	

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