

GEORGIA TECH ALUMNI ASSOCIATION

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2016 AND 2015

GEORGIA TECH ALUMNI ASSOCIATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Georgia Tech Alumni Association:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Georgia Tech Alumni Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, 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 fraud or error.

### 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 entity'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 entity'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 Georgia Tech Alumni Association as of June 30, 2016 and 2015, 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.

Atlanta, Georgia  
August 25, 2016

*Brooks, McGinnis & Company, LLC*

GEORGIA TECH ALUMNI ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 381,414	\$ 52,966
Accounts receivable, net	61,439	132,715
Prepaid expenses	90,534	26,575
Inventory	11,621	2,651
Total current assets	<u>545,008</u>	<u>214,907</u>
Property and equipment, net	258,726	214,039
Antique Ramblin' Wreck	12,500	12,500
Total non-current assets	<u>271,226</u>	<u>226,539</u>
 Total assets	 <u>\$ 816,234</u>	 <u>\$ 441,446</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable - trade	\$ 77,375	\$ 102,605
Amounts due to affiliated organizations	42,166	45,182
Deferred revenue	238,311	96,790
Accrued compensation	391,668	304,352
Total current liabilities	<u>749,520</u>	<u>548,929</u>
Commitments and contingencies		
Unrestricted net assets:		
Expended for property and equipment	271,226	226,539
Deficit from operations	(204,512)	(334,022)
Total unrestricted net assets	<u>66,714</u>	<u>(107,483)</u>
 Total liabilities and net assets	 <u>\$ 816,234</u>	 <u>\$ 441,446</u>

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

GEORGIA TECH ALUMNI ASSOCIATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Changes in unrestricted net assets:		
Operating support and revenues:		
Georgia Tech Foundation support	\$ 4,725,800	\$ 4,544,000
Georgia Institute of Technology support	597,802	629,324
Contribution revenue	551,809	516,600
Royalty revenue	149,145	154,966
JacketNet Jobs and Career Fair income	228,000	266,374
Advertising and Sponsorship revenue	382,500	454,703
Events	158,254	224,345
Tours	142,705	128,499
Merchandise sales	30,144	23,284
Other income	5,675	5,051
Total operating support and revenues	6,971,834	6,947,146
Operating expenses:		
Program expenses:		
Communications	939,199	962,580
Marketing Services	251,282	237,846
Events	1,454,241	1,513,490
Alumni Relations	858,767	958,435
Career Services	639,666	649,524
Roll Call and Business Development	1,566,234	1,574,745
Campus Relations	837,044	804,665
Total program expenses	6,546,433	6,701,285
General and Administrative	251,204	279,039
Total operating expenses	6,797,637	6,980,324
Increase (decrease) in unrestricted net assets	174,197	(33,178)
Net assets at beginning of year	(107,483)	(74,305)
Net assets at end of year	\$ 66,714	\$ (107,483)

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

GEORGIA TECH ALUMNI ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Communications</u>	<u>Marketing Services</u>	<u>Events</u>	<u>Alumni Relations</u>	<u>Career Services</u>	<u>Roll Call and Bus. Dev.</u>	<u>Campus Relations</u>	<u>Total Programs</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 432,430	\$ 109,627	\$ 358,648	\$ 526,884	\$ 449,001	\$ 1,018,669	\$ 419,997	\$ 3,315,256	\$ 146,750	\$ 3,462,006
Payroll taxes	25,486	6,462	21,138	31,053	26,463	60,037	24,753	195,392	8,649	204,041
Other employee benefits	79,285	26,160	67,822	96,970	82,432	185,913	80,135	618,717	31,886	650,603
Other labor costs	-	20,200	61,967	1,916	14,385	640	12,089	111,197	2,036	113,233
Total personnel expenses	<u>537,201</u>	<u>162,449</u>	<u>509,575</u>	<u>656,823</u>	<u>572,281</u>	<u>1,265,259</u>	<u>536,974</u>	<u>4,240,562</u>	<u>189,321</u>	<u>4,429,883</u>
Professional fees	-	-	-	-	-	-	-	-	25,000	25,000
Postage and shipping	83,416	12,678	14,471	11,335	1,199	95,935	1,705	220,739	678	221,417
Printing and publications	267,364	15,397	43,769	6,190	90	89,030	18,511	440,351	55	440,406
Travel and entertainment	8,367	14,145	181,151	31,595	10,978	12,653	17,429	276,318	5,810	282,128
Food and beverage	1,068	2,032	384,687	48,970	1,563	2,854	88,012	529,186	855	530,041
Office expenses	29,663	28,846	37,543	47,389	37,595	62,389	29,130	272,555	19,790	292,345
Advertising and promotion	-	3,615	64,217	23,758	204	9,310	110,855	211,959	-	211,959
Consultant	-	-	6,027	5,463	-	-	-	11,490	-	11,490
Scholarships and donations	55	55	82	6,144	71	8,294	6,555	21,256	44	21,300
Rentals, repairs and maintenance	2,188	2,188	197,904	4,309	2,845	3,720	17,996	231,150	1,750	232,900
Automobile expense	2,620	2,620	3,929	4,453	3,405	4,453	2,620	24,100	2,096	26,196
Cost of sales	734	734	1,101	1,249	955	1,248	734	6,755	587	7,342
Sub-total	<u>932,676</u>	<u>244,759</u>	<u>1,444,456</u>	<u>847,678</u>	<u>631,186</u>	<u>1,555,145</u>	<u>830,521</u>	<u>6,486,421</u>	<u>245,986</u>	<u>6,732,407</u>
Depreciation	<u>6,523</u>	<u>6,523</u>	<u>9,785</u>	<u>11,089</u>	<u>8,480</u>	<u>11,089</u>	<u>6,523</u>	<u>60,012</u>	<u>5,218</u>	<u>65,230</u>
Total expenses	<u>\$ 939,199</u>	<u>\$ 251,282</u>	<u>\$ 1,454,241</u>	<u>\$ 858,767</u>	<u>\$ 639,666</u>	<u>\$ 1,566,234</u>	<u>\$ 837,044</u>	<u>\$ 6,546,433</u>	<u>\$ 251,204</u>	<u>\$ 6,797,637</u>
Percentages	<u>13.8%</u>	<u>3.7%</u>	<u>21.4%</u>	<u>12.6%</u>	<u>9.4%</u>	<u>23.1%</u>	<u>12.3%</u>	<u>96.3%</u>	<u>3.7%</u>	<u>100.0%</u>

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

GEORGIA TECH ALUMNI ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Communications</u>	<u>Marketing Services</u>	<u>Events</u>	<u>Alumni Relations</u>	<u>Career Services</u>	<u>Roll Call and Bus. Dev.</u>	<u>Campus Relations</u>	<u>Total Programs</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 416,372	\$ 104,519	\$ 345,900	\$ 586,316	\$ 449,037	\$ 963,010	\$ 384,428	\$ 3,249,582	\$ 164,521	\$ 3,414,103
Payroll taxes	26,332	6,610	21,876	37,080	28,398	60,903	24,312	205,511	10,405	215,916
Other employee benefits	89,959	30,231	76,933	129,267	96,811	207,412	86,835	717,448	39,173	756,621
Other labor costs	-	23,100	50,339	2,071	15,531	640	12,941	104,622	5,103	109,725
Total personnel expenses	<u>532,663</u>	<u>164,460</u>	<u>495,048</u>	<u>754,734</u>	<u>589,777</u>	<u>1,231,965</u>	<u>508,516</u>	<u>4,277,163</u>	<u>219,202</u>	<u>4,496,365</u>
Professional fees	-	-	-	-	-	-	-	-	24,600	24,600
Postage and shipping	91,658	600	12,568	14,718	713	121,126	1,729	243,112	435	243,547
Printing and publications	288,054	18,988	56,601	12,475	1,630	32,849	15,288	425,885	243	426,128
Travel and entertainment	8,521	9,477	128,032	53,198	10,770	13,362	17,167	240,527	6,181	246,708
Food and beverage	932	1,976	512,429	29,957	1,268	4,316	87,618	638,496	650	639,146
Office expenses	30,259	31,503	40,226	46,935	34,663	93,906	28,192	305,684	21,083	326,767
Advertising and promotion	457	2,252	68,254	30,028	655	57,791	117,245	276,682	362	277,044
Consultant	-	99	4,898	1,200	-	-	-	6,197	99	6,296
Scholarships and donations	13	13	119	1,721	16	6,311	5,513	13,706	10	13,716
Rentals, repairs and maintenance	2,854	1,309	184,560	1,280	711	930	16,228	207,872	438	208,310
Automobile expense	1,710	1,710	2,566	2,908	2,223	2,908	1,710	15,735	1,368	17,103
Cost of sales	121	121	182	206	158	206	121	1,115	97	1,212
Sub-total	<u>957,242</u>	<u>232,508</u>	<u>1,505,483</u>	<u>949,360</u>	<u>642,584</u>	<u>1,565,670</u>	<u>799,327</u>	<u>6,652,174</u>	<u>274,768</u>	<u>6,926,942</u>
Depreciation	<u>5,338</u>	<u>5,338</u>	<u>8,007</u>	<u>9,075</u>	<u>6,940</u>	<u>9,075</u>	<u>5,338</u>	<u>49,111</u>	<u>4,271</u>	<u>53,382</u>
Total expenses	<u>\$ 962,580</u>	<u>\$ 237,846</u>	<u>\$ 1,513,490</u>	<u>\$ 958,435</u>	<u>\$ 649,524</u>	<u>\$ 1,574,745</u>	<u>\$ 804,665</u>	<u>\$ 6,701,285</u>	<u>\$ 279,039</u>	<u>\$ 6,980,324</u>
Percentages	<u>13.8%</u>	<u>3.4%</u>	<u>21.7%</u>	<u>13.7%</u>	<u>9.3%</u>	<u>22.6%</u>	<u>11.5%</u>	<u>96.0%</u>	<u>4.0%</u>	<u>100.0%</u>

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

GEORGIA TECH ALUMNI ASSOCIATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 174,197	\$ (33,178)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operations:		
Depreciation	65,230	53,382
Loss on disposal of asset	-	900
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	71,276	(66,920)
Prepaid expenses	(63,959)	(12,541)
Inventory	(8,970)	1,213
Increase (decrease) in:		
Accounts payable - trade	(12,837)	40,327
Amounts due to affiliated organizations	(3,016)	825
Deferred revenue	141,521	(34,703)
Accrued compensation	74,923	18,338
Total adjustments	264,168	821
Net cash provided by (used in) operating activities	438,365	(32,357)
Cash flows from investing activities:		
Acquisition of property and equipment	(109,917)	(136,442)
Net cash used in investing activities	(109,917)	(136,442)
Net increase (decrease) in cash and cash equivalents	328,448	(168,799)
Cash and cash equivalents, beginning of year	52,966	221,765
Cash and cash equivalents, end of year	\$ 381,414	\$ 52,966

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



GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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1. Nature of Organization and Significant Accounting Policies

Nature and Purpose of Organization

The Georgia Tech Alumni Association (the Association) is a nonprofit organization formed in 1908 to assist the Georgia Institute of Technology (the Institute) with alumni relations and to promote education. The Association is dedicated to the interests and welfare of the Georgia Institute of Technology. Among its many programs and activities, and in accordance with an operating agreement with the Institute, the Association maintains a database of alumni and other friends of the Institute. Under the agreement, the Association acts as a fundraising arm of the Institute through the Georgia Tech Foundation (the Foundation) by the solicitation of contributions from both alumni and friends. The Institute provides funding as well as building facilities and related improvements in which the Association operates. The Association also receives funding from the Foundation. In addition, the Association generates income through advertising, sponsorships, and direct contributions.

Basis of Reporting

The accompanying financial statements present information only as to the transactions of the programs of the Association. The Association is reported as a discretely presented component unit within the Institute's 2016 and 2015 Annual Reports.

Basis of Accounting and Presentation

The Association's accounts are maintained, and these statements are presented, on the accrual basis of accounting to recognize the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

Classification of Net Assets

The Association's net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* are not subject to donor-imposed restrictions. Net assets included in this class include unrestricted gifts and earnings on unrestricted funds.

*Temporarily Restricted Net Assets* are subject to donor-imposed restrictions. Net assets included in this class include gifts for restricted purposes and earnings on restricted endowment funds. The Association does not have any temporarily restricted net assets.

*Permanently Restricted Net Assets* are subject to donor-imposed restrictions requiring that the net assets be maintained permanently by the Association. Realized and unrealized losses on permanently restricted endowment funds first reduce appreciation accumulated in temporarily restricted net assets and then, to the extent necessary, reduce unrestricted net assets. To the extent that losses in an endowment fund reduce temporarily restricted and unrestricted net assets, net assets in these categories will be restored from any future gains of the endowment fund. The Association does not have any permanently restricted net assets.

GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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1. Nature of Organization and Significant Accounting Policies – Continued

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the date of donation.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions in accordance with generally accepted accounting principles if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time to the Association's programs.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid investments with maturities of three months or less to be cash equivalents. Cash equivalents include money market instruments for the years ended June 30, 2016 and 2015.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Association provides for losses on accounts receivable using the allowance method. The allowance is based on a review of the current status of existing receivables, historical collection experience, and management's evaluation of the effect of existing economic conditions. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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1. Nature of Organization and Significant Accounting Policies – Continued

Inventory

Inventory is stated at the lower of cost or market determined by the first-in, first-out method. Inventory includes Ramblin' Wreck replicas and women's watches.

Property and Equipment

It is the policy of the Association to capitalize property and equipment in the amount of \$1,000 or more. Property and equipment is stated at cost and is depreciated over the estimated useful lives of the assets using the straight-line method. The fair value of donated property and equipment is also capitalized. The estimated useful lives are as follows:

Leasehold improvements	15 years
Equipment	3 - 7 years
Furniture and fixtures	7 years
Vehicles	5 years

The Association evaluates its long-lived assets for indicators of possible impairment by comparing the carrying amounts of such assets to future net undiscounted cash flows expected to be generated by such assets when events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. Should an impairment exist, the impairment loss would be measured based on the excess of the asset's carrying value over the asset's estimated fair value, which would normally be determined by discounting estimated future cash flows.

Deferred Revenue

Deferred revenue results from the Association recognizing program revenue in the period in which the related services are performed. Accordingly, the fees received for alumni events scheduled for the next fiscal year are deferred until the event date. As of June 30, 2016 and 2015, the Association reported deferred revenue of \$238,311 and \$96,790, respectively, which is expected to be recognized in the next fiscal year.

Advertising Costs

The Association records advertising costs as incurred under the line item titled *Advertising and promotion* in the statements of functional expenses.

GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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1. Nature of Organization and Significant Accounting Policies – Continued

Income Taxes

The Association qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3). However, the Association also has certain unrelated business income that is subject to unrelated business income tax. Historically, the costs associated with the unrelated business income have exceeded the revenue generated. Accordingly, no provision for federal and state income taxes is required.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association to determine if the Association has taken an uncertain position that “more-likely-than-not” would be sustained upon examination by a taxing authority. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material. The Association’s income tax returns are subject to examination by the appropriate regulatory authorities and remain open for the last three (3) years.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited as required by generally accepted accounting principles.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Cash and cash equivalents include a demand deposit and money market account, each with a different financial institution. The balances in the Association’s bank accounts, as reflected in the banks’ records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. Cash balances exceeded the FDIC coverage as of June 30, 2016 by \$241,701. Cash balances did not exceed the FDIC coverage as of June 30, 2015.

Reclassification of Amounts

Certain amounts previously reported have been reclassified to conform to the current year’s financial statement presentation.

GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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1. Nature of Organization and Significant Accounting Policies – Continued

Subsequent Events

Subsequent events have been evaluated through August 25, 2016, which is the date the financial statements were available to be issued. No additional subsequent events were noted as of this date.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30:

	2016	2015
Petty cash	\$ 50	\$ 50
Operating account	321,303	44,202
Money market	60,061	8,714
Total cash and cash equivalents	\$ 381,414	\$ 52,966

3. Accounts Receivable

Accounts receivable consist of the following as of June 30:

	2016	2015
Advertising	\$ 19,880	\$ 15,275
Sponsorships	15,525	70,000
Tours	20,194	14,235
Other	8,840	36,205
	64,439	135,715
Less: allowance for doubtful accounts	(3,000)	(3,000)
Total accounts receivable, net	\$ 61,439	\$ 132,715

GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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4. Property and Equipment

Property and equipment consists of the following as of June 30:

	2016	2015
Leasehold improvements	\$ 800,728	\$ 819,950
Equipment	209,652	193,659
Furniture and fixtures	164,628	169,859
Vehicles	77,935	139,548
	1,252,943	1,323,016
Less: accumulated depreciation	(994,217)	(1,108,977)
Property and equipment, net	\$ 258,726	\$ 214,039

For the years ended June 30, 2016 and 2015, depreciation expense totaled \$65,230 and \$53,382, respectively.

5. Accrued Compensation

Accrued compensation of \$391,668 consists of accrued vacation of \$189,718, accrued payroll of \$124,482, and accrued 401(k) plan expense of \$77,468 as of June 30, 2016. Accrued compensation of \$304,352 consists of accrued vacation of \$239,277 and accrued 401(k) plan expense of \$65,075 as of June 30, 2015. The Association allows employees to roll over any unused vacation time earned in one calendar year to the next calendar year. The maximum number of unused vacation hours allowed to be carried forward is 360 hours.

6. Lease Commitments

The Association is obligated under operating leases for office equipment and a vehicle that expire in 2021. Rental expense incurred under these leases during the years ended June 30, 2016 and 2015 totaled \$29,565 and \$25,513, respectively.

Future minimum rental payments under these non-cancelable operating leases as of June 30 are as follows:

Year ending June 30:	
2017	\$ 20,259
2018	20,259
2019	14,677
2020	1,212
2021	909
	\$ 57,316

GEORGIA TECH ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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7. Other Commitment

During the year ended June 30, 2014, the Georgia Tech Foundation (the Foundation) entered into a service agreement with a company to purchase the rights to new marketing software that includes website management, e-mail marketing, event management, on-line giving, social networking, and data management.

In turn, the Association entered into a commitment with the Foundation to pay a portion of the costs associated with the software agreement. The effective dates of this commitment are November 1, 2013 through October 31, 2016, and the expense incurred by the Association during the years ended June 30, 2016 and 2015 totaled \$78,622 and \$89,468, respectively.

Under the terms of this commitment, the remaining future minimum payments required to be paid by the Association are \$26,630 for the year ended June 30, 2017.

8. Defined Contribution Plan

The Association offers a 401(k) defined contribution plan that allows eligible participants to contribute a portion of their annual compensation not to exceed \$18,000. The Association matches the participant's contribution up to the first 5% of the participant's annual compensation. In addition, the Association operates under a Safe Harbor plan where the Association contributes an additional 3% of each eligible employee's salary at the end of each calendar year. For the fiscal years ended June 30, 2016 and 2015, the Association's total expense under this plan was \$216,174 and \$188,332, respectively. The Association also continues to offer eligible employees a 403(b) retirement plan that is funded only by participant contributions.