CITY OF GAINESVILLE

Work Session Agenda
Thursday, February 11, 2021, 9:00 AM
Administration Building, Boardroom (3rd Floor)
300 Henry Ward Way, Gainesville, GA 30501
Mayor or Mayor Pro Tem Presides

BUDGET PRESENTATION(S)

	Keep Hall Beautiful	Shanda Sexton
	Elachee Nature Science Center	Andrea Timpone
	Brenau University Business Incubator	Matt Thomas

DEPARTMENT ISSUES

Finance	Resolution: Investment and Cash Management Policy	Jeremy Perry
Finance	Resolution: Raymond James & Associates Inc. Agreement for Investment Advisor Services	Jeremy Perry
Chattahoochee Golf Course	Resolution: Chattahoochee Golf Course Renovations Project - Award of Contract	Rodger Hogan/ Robert Simmons
Public Works	Resolution: Property Acquisition from Rahab's Rope, Inc.	Lisa Poole

CITY MANAGER ISSUES

MAYOR/COUNCIL ISSUES

Ex-Officio Report(s)

CITY ATTORNEY ISSUES

CITY CLERK ISSUES

EXECUTIVE SESSION

ADJOURNMENT

Final: Tuesday, February 9, 2021, 3:00 PM

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/1/2021

Presenter: Shanda Sexton

Item of Business: Keep Hall Beautiful

Meeting Date: 2/11/2021

Purpose of Request:
To present the Keep Hall Beautiful Agency FY2022 Budget Presentation. The City of Gainesville contracts with various Agencies to provide additional services not provided by the City.

History/Background:
Historically, the City of Gainesville has contracted with Keep Hall Beautiful for beautification services on right-of-ways.

Facts & Issues for Consideration:
Historically, the annual agreement with Keep Hall Beautiful was $20,000 for FY2020 and $20,000 for FY2021, with quarterly disbursements. The FY2022 request is $20,000.

Department Recommendation:
A continued agreement with Keep Hall Beautiful is requested by the Agency.

Department Director:
Jeremy Perry

If funding is involved, are funds approved within the current budget?
No

Amount Requested:
$20,000

Source of Funds:
Funding will be considered as the City's FY2022 budget is developed.

Finance Comments:

Administrative Comments:

ATTACHMENTS:

Description	Type
Keep Hall Beautiful-FY2022 Budget Request	Backup Material

FY 2021 - Keep Hall Beautiful's Year In Pictures

FY 2022 City of Gainesville Funding Request and Budget Proposal

Our Mission: "*Working Together for a clean, GREEN, and healthy community.*"

Organization Description: Keep Hall Beautiful is a 501c3 and serves as the local certified affiliate of the national Keep America Beautiful System, as well as the state Keep Georgia Beautiful Foundation. KHB is dedicated to educating citizens about environmental stewardship, providing traditional and non-traditional recycling opportunities, developing, and fostering collaborative relationships with local and surrounding area organizations who support similar goals and missions, as well as providing a much-needed community service program focused on local roadside clean-ups and illegal dumpsite removal. Through our volunteer projects, citizens are involved in community clean-ups, beautification efforts, special events, recycling, and tree plantings.

1. Keep Hall Beautiful is requesting $20,000 from the City of Gainesville

2. Please see attached FY2022 Budget Proposal and Comparison.

3. Please see attached FY2021 Financial Statement and Balance Sheet.

4. This year Keep Hall Beautiful again had several great accomplishments. This year Keep Hall Beautiful won two awards recognizing our organization for our hard work and dedication to our community. This year for the 3rd year in a row, Keep Hall Beautiful was the winner for Keep Georgia Beautiful Governor's Circle Award as well as the nationally recognized award, Keep America Beautiful President's Circle Award! Our organization has facilitated as well as participated in a wide variety of programs, activities, and events throughout the year to achieve these goals, including but not limited to the following:

ANNUAL PROGRAMS & EVENTS:

- America Recycles Day – (Keep America Beautiful Program)
- Earth Day Events – Held virtually this year due to COVID
- Great American Cleanup – (Keep America Beautiful Program)
- Rivers Alive – (partnered with City of Gainesville Water Department)
- Shore Sweep – (partnership with Lake Lanier Association)
- Sweep the Hooch – (partnership with Chattahoochee Riverkeepers)
- National Planting Day – (Keep American Beautiful Program) Performed on Square 2x's a year.
- Arbor Day - (partnership with the Greater Hall Chamber of Commerce)

- ❖ Bring One for the Chipper – (Collaboration with Hall County and City of Gainesville Solid Waste)
- ❖ Pre-K and Kindergarten Special Guest Reader Day at Local Schools
- ❖ Community Partnered Monthly Cleanup Events (LCO, Lanier Federal Credit Union, etc.)
- ❖ Homeschool Environmental/Beautification Workshops (partnered with 3C Tutoring Homeschool)
- ❖ Tire Amnesty Week – (Collaboration with Hall County Landfill)

ONGOING PROGRAMS & EVENTS:

- ❖ Yearly Community Index Reporting
- ❖ Monthly Community Event Clean-ups
- ❖ Daily Community Service Program – (In conjunction with Hall County Court Systems)

Keep Hall Beautiful also participates in several educational and community outreach projects, including but not limited to:

- ❖ **Presentations to Local Education and Civic Organizations**
- ❖ **Expos and Fairs** – i.e. N. GA University System Volunteer Fair, West Hall Middle School Environmental Fair, Chamber Chase, Garden Expo, Chamber Networking Meetings, KHB Code Enforcement Roundtable Meetings, Gainesville Times New Year – New You Expo, Gainesville Times Best of Hall Expo – COVID did limit some of the participation in these events this year.
- ❖ **Active Presence on Local Committees, Boards, and Programs with Local Organizations** – i.e., Lanier Federal Credit Union Board Secretary, Leadership Hall County PAC Team Member, KHB Code Enforcement Roundtable Committee – executive, partner committees as well as the education and outreach, land, water and air/energy workgroups and the Chamber of Commerce Beautification Committee

Keep Hall Beautiful is dedicated to continued internal growth and development therefore participates in numerous professional development opportunities, including but not limited to:

- Annual KGB State Conferences
- Annual KAB National Conferences
- Annual Georgia Recycling Coalition Conference
- Webinars and Conference Calls – (KAB, KGB and GRC)
- Greater Hall Chamber of Commerce Leadership Hall County
- Local community information sessions and roundtables (Code Enforcement, Storm Water, Community Gardens, Chamber Meetings/After-hours & before-hours Events, etc.)

Through our various activities, programs, and events Keep Hall Beautiful has been able to fulfill the following:

Clean-Ups and Volunteer Services in a 12 Month Cycle - (January – December 2020)

- Utilize 28,918 Adult Volunteer/Community Service Hours - (* Total Community Value of **$712,988.82)**
  - 7,229 within Gainesville City Limits – (*Total Community Value of **$178,247.20**)
- Collect 13,000 lbs. of recyclable materials off the roadsides and shorelines
  - 2,250 lbs. within Gainesville City Limits
- Collect 97,516 lbs. of litter and waste off the roadsides and shorelines
  - 16, 283 lbs. within Gainesville City Limits
- Collect 98 tires off the roadsides and shorelines
- 423 Miles Cleaned
  - 181 miles cleaned within Gainesville City Limits
- 11 Illegal dumpsites cleared within Gainesville City Limits
- 9 Code Enforcement Request Completed for City of Gainesville Code Enforcement Division
- Other projects and programs within City of Gainesville
  - Square Litter Pickup - 21x's
  - Square Planting and Beautification – 2x's
  - Arbor Day Program at Atlanta Botanical Gardens – Gainesville
  - Rivers Alive
  - Shore Sweep, held at Longwood Park
  - Sweep the Hooch, held at Longwood Park
- Educate thousands of residents regarding environmental stewardship (litter prevention, recycling benefits and opportunities, water and energy conservation, composting, value of maintaining tree canopy etc.)

Keep Hall Beautiful continues to grow through its projects and programs. With the assistance of KHB's Governing Board Members, we have been able to accomplish many of the objectives set forth as Keep Hall Beautiful's organizational goals and internal aspirations. We now have a much larger participation and support network allowing us the opportunity to grow our programs and services and better utilize our resources.

5. Keep Hall Beautiful is dedicated to expanding educational opportunities and community/volunteer services. Many of our events for last fiscal year were halted due to COVID-19, but the goals we set forth and our tasks are underway, and some have even been completed. The goals for this year's budget were based on the continuing trend of growth in our community, but with COVID in mind, as well as the continued necessity for community outreach and education of what our organization has to offer to our community.
   Please see attached Goals and Objectives FY2021 and FY2022 page comparison

6. Keep Hall Beautiful faces the same budgeting challenges as most local nonprofits. Therefore, proactive measures have been taken to prioritize and maximize the services currently being offered. We manage a three-budget system which allows us to ensure we are operationally sound and can grow our programs and services through our fundraising efforts. We consistently strive to be good stewards of our financial resources and provide a higher rate of return from our contributions. Currently, we are not financially relying on our reserves to balance our budget.

7. Keep Hall Beautiful has taken extensive measures to ensure all goals, objectives, tasks, and efforts are in direct alignment with our mission of "Working together for a clean, green and healthy community." We use any and all opportunities to continue to grow support and awareness around the importance of good environmental stewardship. We have continuously been growing our programs, services, and resources and with the funding from City of Gainesville we continue our mission to grow support and awareness from our efforts of doing and teaching environmental stewardship to our community members.

Thank you so much for your time and consideration!

Keep Hall Beautiful genuinely appreciates the support the City of Gainesville has shown us throughout the years.
We are so proud to be a part of and serve such a beautiful and vibrant community.

	FY2021			FY2022	
	BUDGETED	FY2021 ACTUAL	DIFFERENCE	FY22 BUDGET REQUEST	
INCOME					
OPERATING INCOME					
4000 · Government Contributions					
4010 · Hall County	$ 120,438.00	$ 120,438.00	$ -	$ 120,438.00	
4011 · City of Gainesville	$ 20,000.00	$ 20,000.00	$ -	$ 20,000.00	
4012 · City of Oakwood	$ 5,000.00	$ 5,000.00	$ -	$ 5,000.00	
Total 4000 · Government Contributions	***$ 145,438.00***	***$ 145,438.00***	***$ -***	***$ 145,438.00***	
4100 · Direct Public Support					
4110 · Corporate/Business Contributions	$ 1,500.00	$ 1,350.00	$ (150.00)	$ 2,500.00	
4111 · Individual/Community Contributions	$ 1,000.00	$ 350.00	$ (650.00)	$ 1,500.00	
4112 · Fundraiser	$ 5,000.00	Postponed-COVID	$ -	$ 5,000.00	FY2022 - New Fundraiser
Total 4100 · Direct Public Support	***$ 7,500.00***	***$ 1,700.00***	***$ (5,800.00)***	***$ 9,000.00***	
4200 · Other Income					
4210 · Board Dues	$ 2,250.00	$ 2,250.00	$ -	$ 2,850.00	4 Open Position To Be Filled In FY22
4211 · Recycling ~ Scrap Metal	$ 200.00	$ 140.00	$ (60.00)	$ 200.00	
Total 4200 · Other Income	***$ 2,450.00***	***$ 2,390.00***	***$ 60.00***	***$ 3,050.00***	
TOTAL · OPERATING INCOME	***$ 155,388.00***	***$ 149,528.00***	***$ (5,860.00)***	***$ 157,488.00***	
OPERATING & ADMIN EXPENSES					
5000 · PAYROLL					
5010 · Wages Gross	$ 92,000.00	$ 91,220.00	$ (780.00)	$ 92,000.00	
5011 · Employee(s) Bonus	$ 2,300.00	$ 4,400.00	$ (2,100.00)	$ 4,400.00	
5030 · Payroll Taxes	$ 7,300.00	$ 7,790.00	$ (490.00)	$ 7,800.00	
5040 · Workers Comp & WC Insurance	$ 2,100.00	$ 4,350.00	$ (2,250.00)	$ 4,400.00	Moved Funding to Proper Line Item
5050 · Payroll Processing Fee	$ 600.00	$ 430.00	$ 170.00	$ 500.00	
Total 5000 · PAYROLL	**$ 104,300.00**	**$ 108,190.00**	**$ (3,890.00)**	**$ 109,100.00**	
5100 · BUSINESS EXPENSES					
5110 · Financial					
5111 · Bank Fees	$ -	$ -	$ -	$ -	
Total 5110 · Financial	***$ -***	***$ -***	***$ -***	***$ -***	
5120 · Professional Services					
5121 · Accounting/Consulting	$ 6,000.00	$ 6,352.00	$ (352.00)	$ 6,400.00	
5122 · Professional Services - Other	$ 4,000.00	$ 3,800.00	$ 200.00	$ 4,000.00	
Total 5120 · Professional Services	***$ 10,000.00***	***$ 10,152.00***	***$ (152.00)***	***$ 10,400.00***	
5130 · Dues ~ Memberships ~ Fees					
5131 · Dues & Memberships - Affiliations	$ 1,000.00	$ 580.00	$ 420.00	$ 1,200.00	Dues to KAB, KGB, GHCC, GRC, SGA
Total 5130 · Dues ~ Memberships ~ Fees	***$ 1,000.00***	***$ 580.00***	***$ 420.00***	***$ 1,200.00***	
5140 · Misc. Expenses - Business					
5141 · Liability Insurance	$ 5,200.00	$ 1,525.00	$ 3,675.00	$ 2,000.00	Moved Funding to Proper Line Item
5142 · Donations (Arbor Day)	$ 250.00	$ 250.00	$ -	$ 250.00	
Total 42040 · Misc. Expenses - Business	***$ 5,450.00***	***$ 1,775.00***	***$ 3,675.00***	***$ 2,250.00***	
Total 5100 · BUSINESS EXPENSES	**$ 16,450.00**	**$ 12,507.00**	**$ 3,943.00**	**$ 13,850.00**	

	FY2021			FY2022	
	BUDGETED	FY2021 ACTUAL	DIFFERENCE	FY22 BUDGET REQUEST	
EXPENSES (Con't)					
5200 · OFFICE EXPENSES					
5210 · Office Space					
5211 · Rent	$ 3,240.00	$ 3,240.00	$ -	$ 3,240.00	
Total 5210 · Office Space	***$ 3,240.00***	***$ 3,240.00***	***$ -***	***$ 3,240.00***	
5220 · Telephone~Telecommunications					
5222 · Telephone (Office & Cell Lines)	$ 7,800.00	$ 7,680.00	$ 120.00	$ 7,800.00	
5223 · Internet	$ 1,200.00	$ 1,165.00	$ 35.00	$ 1,200.00	
5224 · Telephone - Repair & Upgrade	$ 300.00	$ 130.00	$ 170.00	$ 150.00	
Total 5220 · Telephone~Telecommunications	***$ 9,300.00***	***$ 8,975.00***	***$ 325.00***	***$ 9,150.00***	
5230 · Computers & Office Equipment					
5231 · Computer/Website - Cost & Services	$ 1,000.00	$ 950.00	$ 50.00	$ 2,000.00	Need to Purchase ED New Laptop FY22
Total 5230 · Computers & Office Equipment	***$ 1,000.00***	***$ 950.00***	***$ 50.00***	***$ 2,000.00***	
5240 · Printing					
5241 · Printing & Publications	$ 650.00	$ 430.00	$ 220.00	$ 850.00	Brochures, Flyers, Advertising
Total 5240 · Printing	***$ 650.00***	***$ 430.00***	***$ 220.00***	***$ 850.00***	
5250 · Office Provisions					
5251 · Supplies - General (Printer Ink, Pens, Etc.)	$ 1,000.00	$ 815.00	$ 185.00	$ 850.00	
5252 · Postage ~ Shipping ~ Box Rental	$ 150.00	$ 120.00	$ 30.00	$ 150.00	Mail Brochures, Standard Mail, Etc.
Total 5250 · Office Provisions	***$ 1,150.00***	***$ 935.00***	***$ 215.00***	***$ 1,000.00***	
Total 5200 · OFFICE EXPENSES	**$ 15,340.00**	**$ 14,530.00**	**$ 810.00**	**$ 16,240.00**	
5300 · STAFF EXPENSES					
5310 · Auto Expense					
5312 · Fuel	$ 2,000.00	$ 850.00	$ 1,150.00	$ 1,000.00	
5313 · Auto Insurance	$ 1,200.00	$ 2,100.00	$ (900.00)	$ 2,200.00	Moved Funding to Proper Line Item
5314 · Auto - Tags/Registration/Tires	$ 1,000.00	$ 2,500.00	$ (1,500.00)	$ 1,800.00	Vehicle Maintenance Costs
Total 5310 · Auto Expense	***$ 4,200.00***	***$ 5,450.00***	***$ (1,250.00)***	***$ 5,000.00***	
5320 · Training & Development					
5321 · Meetings~Conferences~Seminars	$ 1,000.00	$ 570.00	$ 430.00	$ 1,300.00	KGB, KAB, Gainesville Times, GHCC
5322 · Travel Expenses	$ 2,400.00	$ -	$ 2,400.00	$ 1,600.00	KGB, KAB Conferences
Total 5320 · Training & Development	***$ 3,400.00***	***$ 570.00***	***$ 2,830.00***	***$ 2,900.00***	
5330 · Staff Expenses ~ Other					
5331 · Meals & Meetings - Staff	$ 200.00	$ 140.00	$ 60.00	$ 200.00	
Total 5330 · Staff Expenses ~ Other	***$ 200.00***	***$ 140.00***	***$ 60.00***	***$ 200.00***	
Total 5300 · STAFF EXPENSES	**$ 7,800.00**	**$ 6,160.00**	**$ 1,640.00**	**$ 8,100.00**	

	FY2021			FY2022	
	BUDGETED	FY2021 ACTUAL	DIFFERENCE	FY22 BUDGET REQUEST	
EXPENSES (Con't)					
5400 · ADMINISTRATION					
5410 · BOARD					
5412 · Board Expenses - Other					
5412.1 · Board Meetings & Meals	$ 2,400.00	$ 2,350.00	$ 50.00	$ 2,600.00	19 Members @ Approx. $11.40 each x 12 meetings per year = $2,599.20
5412.2 · Gifts & Awards	$ 250.00	$ 250.00	$ -	$ 250.00	
5412.3 · Board Supplies	$ 1,100.00	$ 1,025.00	$ 75.00	$ 1,100.00	Paper, Toner, Books, etc.
5412.4 · D & O Insurance	$ 1,000.00	$ 653.00	$ 347.00	$ 750.00	Insurance Rate Adjustments
Total 5412 · Board Expenses - Other	$ 4,750.00	$ 4,278.00	$ 472.00	$ 4,700.00	
Total 5410 · BOARD	***$ 4,750.00***	***$ 4,278.00***	***$ 472.00***	***$ 4,700.00***	
5420 · COMMUNITY PROGRAMS					
5421 · Supplies (Picker Sticks, Planters, Etc.)	$ 3,000.00	$ 2,200.00	$ 800.00	$ 3,000.00	Fundraiser, Homeschool, Events
5422 · Meeting Facilities	$ 1,550.00	$ -	$ 1,550.00	$ 500.00	Fundraiser, Homeschool, Events
5423 · Printing, Publications, & Giveaways	$ 1,500.00	$ 1,465.00	$ 35.00	$ 2,000.00	Fundraiser, Homeschool, Events
Total 5420 · COMMUNITY PROJECTS & MEETINGS	*$ 6,050.00*	*$ 3,665.00*	*$ 2,385.00*	*$ 5,500.00*	
Total 5400 · ADMINISTRATION	**$ 10,800.00**	**$ 7,943.00**	**$ 2,857.00**	**$ 10,200.00**	
TOTAL · OPERATING & ADMIN EXPENSES	**$ 154,690.00**	**$ 149,330.00**	**$ 5,360.00**	**$ 157,490.00**	

Keep Hall Beautiful

FY2021 & FY2022
Goals, Updates, and Comparison

Goals	2021	2021	2022
Expand Community Visibility	Objectives	Objective Status	Objectives
	1. Continuous improvements are always a must for community visibility. We plan on implement quarterly newsletters.	1. Created & Implemented a new system that we placed on our website for the citizens to register/signup to receive our newsletter.	1. Social Media is a must for community visibility. Our goal is to work & promote our social media avenues harder this fiscal year.
	2. Reach out to additional homeschool programs to grow our educational workshops.	2. Due to COVID-19 this goal was unfortunately not met to our liking, therefore we plan to continue working in FY22 toward this goal.	2. Reach out to additional homeschool programs to grow our educational workshops.
	3. Continue to promote our membership and sponsorship program to gain more community support & involvement.	3. We gained corporate sponsors & individual sponsorships with many new volunteers.	3. Promote our membership & sponsorship program to gain more community support & involvement thru networking opportunities.
Expand Community Service and Litter Reduction Program	Objectives	Objective Status	Objectives
	1. Continue to improve our community service program by working with local organizations who want to volunteer.	1. Partnered with a few new organizations, yes, even during COVID, for community cleanups who were looking to volunteer.	1. Continue to improve our community service program by working with more organizations who want to volunteer.
	2. Continue to expand and grow our "Keep Your Butts Off Our Roads", "Talkin' Trash" & "Team Up 2 Clean Up" campaigns.	2. Due to COVID-19 this goal was unfortunately not met to our liking, therefore we plan to continue working in FY22 toward this goal.	2. Continue to expand and grow our "Keep Your Butts Off Our Roads", "Talkin' Trash" & "Team Up 2 Clean Up" campaigns.
	3. Continue pursuing a plan for an app for citizens to reporting litter & illegal dumpsites.	3. Researched and met with other organizations for us to work together for a properly working app, but still in the works.	3. Continue pursuing a plan for an app or a different options for citizens to report litter as well as illegal dumpsites.
	4. Continue to market membership and sponsorship program to assist in growing community awareness, involvement, and memberships.	4. Promoted membership and sponsorship program, gained new corporate sponsors as well as individual sponsorships, bringing awareness to our organization.	4. Continue to market membership and sponsorship program to assist in growing community awareness, involvement, and memberships available with KHB.

Expand Volunteer Program	Objectives	Objective Status	Objectives
	1. Provide volunteer registration form on new Website.	1. Created new form for volunteer registration and implemented on website.	1. Create a volunteer spotlight - monthly recognition program.
	2. Create new daily volunteer Programs for college and/or Continuing education students.	2. Due to COVID-19 this goal was not met to our liking, therefore we are going to continue working toward this goal in FY22.	2. Create new daily volunteer programs for college and/or continuing education students.
	3. Grow partnership with UNG's Environmental Program.	3. Same as above…Will Continue to work on this in FY22.	3. Grow partnership with UNG's Environmental Program.
	4. Work toward creating new partnerships with local non-profits with a similar mission to KHB's.	4. Partnered with Best Buy, Good News Clinic, Lake Lanier Association, Chattahoochee Riverkeeper, & GHCC to find good project matches.	4. Continue to foster and gain new partnerships that have potential to gain additional volunteer involvement.

Grow Programs & Services	Objectives	Objective Status	Objectives
	1. Develop educational program to teach about recycling, beautification, and other environmental projects.	1. Due to COVID-19 this goal was not met to our liking, therefore we are going to continue working toward this goal in FY22.	1. Develop educational program to teach about recycling, beautification, and other environmental projects.
	2. Explore becoming a Legacy Link worksite to supplement staff and work with UNG for internships.	2. Due to COVID-19 this goal was not met to our liking, therefore we are going to continue working toward this goal in FY22.	2. Explore becoming a Legacy Link worksite to supplement staff and work with UNG for internships.
	3. Implementing a new fundraiser to grow our educational program as well as our community cleanup events. Greens for a GREEN Community Golf Tournament.	3. Still working on a good fit as not to interfere with other community fundraisers/events.	3. Brainstorm & Execute a new organizational fundraising event to grow our educational program as well as our community cleanup events.
	4. Implement a community member & volunteer social for all citizen's and sponsors involved in our program.	4. Due to COVID-19 this goal was not met to our liking, therefore we are going to continue working toward this goal in FY22.	4. Implement a community member & volunteer social for all citizen's and sponsors involved in our program.

Keep Hall Beautiful
(A Nonprofit Organization)

Financial Statements
December 31, 2020 and 2019

BLAIR C. DIAZ, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

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Accountants' Compilation Report

January 19, 2021

Keep Hall Beautiful
117 Jesse Jewell Pkwy, Ste. 201
Gainesville, GA 30501

Management is responsible for the accompanying financial statements of Keep Hall Beautiful (a nonprofit organization) which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2020 and 2019 and the related statements of revenues and expenses – modified cash basis for the periods then ended, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other that accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues and expenses are reported on the cash basis of accounting with the following exceptions: the asset and liability accounts are adjusted annually to match the audited financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's assets, liabilities, net assets, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information appearing on the statement of revenues and expenses – budget to actual – modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

We are not independent with respect to Keep Hall Beautiful, Inc.

Blair C. Diaz, CPA, PC

Blair C. Diaz, CPA, PC

Keep Hall Beautiful
Statements of Assets, Liabilities and Net Assets
Modified Cash Basis - As of December 31, 2020 and 2019

	December 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Checking/Savings		
1000 · Peach State Operating	38,722.10	37,753.87
1020 · Peach State Programs	6,680.87	9,490.11
Total Checking/Savings	45,402.97	47,243.98
Other Current Assets		
Contribution Receivable	3,750.00	3,750.00
Total Other Current Assets	3,750.00	3,750.00
Total Current Assets	49,152.97	50,993.98
Fixed Assets		
Machinery and Equipment	10,840.94	10,840.94
Accumulated Depreciation	(7,929.00)	(7,929.00)
Total Fixed Assets	2,911.94	2,911.94
TOTAL ASSETS	52,064.91	53,905.92
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2400 · PR Liabilities		
2420 · Fed Taxes Payable	2,806.96	1,877.32
2430 · State WH Payable	477.26	318.17
Total 2400 · PR Liabilities	3,284.22	2,195.49
Total Other Current Liabilities	3,284.22	2,195.49
Total Current Liabilities	3,284.22	2,195.49
Total Liabilities	3,284.22	2,195.49
Net Assets		
3000 · Unrestricted Net Assets	66,240.69	59,948.44
Net Income	(17,460.00)	(8,238.01)
Total Net Assets	48,780.69	51,710.43
TOTAL LIABILITIES & NET ASSETS	52,064.91	53,905.92

Keep Hall Beautiful
Statement of Revenues & Expenses - Modified Cash Basis
For the One Month and Six Months Ended December 31, 2020

	Dec 20	Jul - Dec 20
Ordinary Income/Expense		
Income		
OPERATING INCOME		
Government Contributions		
Hall County	30,109.50	60,219.00
City of Gainesville	0.00	5,000.00
Total Government Contributions	30,109.50	65,219.00
Other Income		
CashCard Peach State Program	0.00	9.90
Total Other Income	0.00	9.90
Total OPERATING INCOME	30,109.50	65,228.90
Total Income	30,109.50	65,228.90
Expense		
OPERATING & ADMIN EXPENSES		
PAYROLL		
Wages Gross		
Employee Bonuses	0.00	4,420.80
Wages Gross - Other	10,365.78	48,373.64
Total Wages Gross	10,365.78	52,794.44
Payroll Tax Expense	792.98	4,038.77
Workers Comp	359.00	2,160.00
Payroll Processing Fee	10.50	52.50
Total PAYROLL	11,528.26	59,045.71
BUSINESS EXPENSES		
Professional Services		
Accounting/Consulting	850.00	2,850.00
Audit	1,800.00	3,800.00
Total Professional Services	2,650.00	6,650.00
Dues ~ Memberships ~ Fees		
Dues & Memberships - Affiliates	0.00	12.00
Dues ~ Memberships ~ Fees - O...	124.98	124.98
Total Dues ~ Memberships ~ Fees	124.98	136.98

	Dec 20	Jul - Dec 20
Misc. Expenses - Business		
Liability Insurance	0.00	364.00
Misc. Exp's - Business - Other	116.47	116.47
Total Misc. Expenses - Business	116.47	480.47
Total BUSINESS EXPENSES	2,891.45	7,267.45
OFFICE EXPENSES		
Office Space		
Rent	0.00	1,620.00
Total Office Space	0.00	1,620.00
Telephone/Telecommunications		
Cellular Monthly	720.83	3,687.42
Internet	96.98	581.88
Total Telephone/Telecommunicati...	817.81	4,269.30
Computers & Office Equipment		
Computer		
Computer/Website - Cost & Sr...	90.03	871.38
Total Computer	90.03	871.38
Total Computers & Office Equipment	90.03	871.38
Printing		
Printing/Publications	0.00	349.92
Total Printing	0.00	349.92
Office Provisions		
Supplies	163.71	2,265.73
Postage/Shipping & Box Rental	0.00	106.00
Total Office Provisions	163.71	2,371.73
Total OFFICE EXPENSES	1,071.55	9,482.33
STAFF EXPENSES		
Auto Expense		
Fuel	48.45	406.84
Auto Insurance	362.80	1,814.00
Auto - Tags/Other	0.00	2,205.32
Total Auto Expense	411.25	4,426.16

	Dec 20	Jul - Dec 20
Staff Expenses - Other		
Meals and Meetings	580.97	720.65
Total Staff Expenses - Other	580.97	720.65
Total STAFF EXPENSES	992.22	5,146.81
ADMINISTRATION		
BOARD		
Board Expenses - Other		
Board Meals and Meetings	0.00	817.78
D&O Insurance	0.00	553.00
Total Board Expenses - Other	0.00	1,370.78
Total BOARD	0.00	1,370.78
Total ADMINISTRATION	0.00	1,370.78
Total OPERATING & ADMIN EXPENS...	16,483.48	82,313.08
PROGRAM EXPENSES		
COMMUNITY PROGRAMS		
Program Supplies/Giveaways	165.98	375.82
Total COMMUNITY PROGRAMS	165.98	375.82
Total PROGRAM EXPENSES	165.98	375.82
Total Expense	16,649.46	82,688.90
Net Ordinary Income	13,460.04	(17,460.00)
Net Income	13,460.04	(17,460.00)

Keep Hall Beautiful
Statements of Revenues & Expenses - Modified Cash Basis
For the Six Month Ended December 31, 2020 and 2019

	Jul - Dec 20	Jul - Dec 19
Ordinary Income/Expense		
Income		
OPERATING INCOME		
Government Contributions		
Hall County	60,219.00	60,219.00
City of Gainesville	5,000.00	3,750.00
Total Government Contributions	65,219.00	63,969.00
Direct Public Support		
Corporate/Business	0.00	1,018.80
Individual	0.00	178.80
Total Direct Public Support	0.00	1,197.60
Other Income		
Board Member Dues	0.00	1,350.00
CashCard Peach State Program	9.90	11.17
Total Other Income	9.90	1,361.17
Total OPERATING INCOME	65,228.90	66,527.77
PROGRAM INCOME		
Program & Fundraising Inc		
Recycling	0.00	22.06
Total Program & Fundraising Inc	0.00	22.06
Total PROGRAM INCOME	0.00	22.06
Total Income	65,228.90	66,549.83
Expense		
OPERATING & ADMIN EXPENSES		
PAYROLL		
Wages Gross		
Employee Bonuses	4,420.80	2,065.13
Wages Gross - Other	48,373.64	44,918.38
Total Wages Gross	52,794.44	46,983.51
Payroll Tax Expense	4,038.77	3,594.23
Workers Comp	2,160.00	852.00
Payroll Processing Fee	52.50	52.50
Total PAYROLL	59,045.71	51,482.24

	Jul - Dec 20	Jul - Dec 19
BUSINESS EXPENSES		
Professional Services		
Accounting/Consulting	2,850.00	4,000.00
Audit	3,800.00	2,000.00
Total Professional Services	6,650.00	6,000.00
Dues ~ Memberships ~ Fees		
Dues & Memberships - Affiliates	12.00	330.00
Dues ~ Memberships ~ Fees - Ot...	124.98	154.96
Total Dues ~ Memberships ~ Fees	136.98	484.96
Misc. Expenses - Business		
Liability Insurance	364.00	1,816.00
Misc. Exp's - Business - Other	116.47	0.00
Total Misc. Expenses - Business	480.47	1,816.00
Total BUSINESS EXPENSES	7,267.45	8,300.96
OFFICE EXPENSES		
Office Space		
Rent	1,620.00	1,620.00
Utilities	0.00	0.00
Total Office Space	1,620.00	1,620.00
Telephone/Telecommunications		
Cellular Monthly	3,687.42	3,613.44
Internet	581.88	539.88
Total Telephone/Telecommunicatio...	4,269.30	4,153.32
Computers & Office Equipment		
Computer		
Computer/Website - Cost & Srv...	871.38	889.27
Total Computer	871.38	889.27
Total Computers & Office Equipment	871.38	889.27
Printing		
Printing/Publications	349.92	182.00
Total Printing	349.92	182.00

Keep Hall Beautiful
Statements of Revenues & Expenses - Modified Cash Basis
For the Six Month Ended December 31, 2020 and 2019

	Jul - Dec 20	Jul - Dec 19
Office Provisions		
Supplies	2,265.73	2,556.80
Postage/Shipping & Box Rental	106.00	92.00
Total Office Provisions	2,371.73	2,648.80
Total OFFICE EXPENSES	9,482.33	9,493.39
STAFF EXPENSES		
Auto Expense		
Fuel	406.84	849.48
Auto Insurance	1,814.00	464.80
Auto - Tags/Other	2,205.32	257.77
Total Auto Expense	4,426.16	1,572.05
Training & Development		
Travel/Lodging	0.00	647.68
Total Training & Development	0.00	647.68
Staff Expenses - Other		
Meals and Meetings	720.65	134.40
Total Staff Expenses - Other	720.65	134.40
Total STAFF EXPENSES	5,146.81	2,354.13
ADMINISTRATION		
BOARD		
Board Expenses - Other		
Board Meals and Meetings	817.78	1,614.57
D&O Insurance	553.00	1,116.00
Total Board Expenses - Other	1,370.78	2,730.57
Total BOARD	1,370.78	2,730.57
Total ADMINISTRATION	1,370.78	2,730.57
Total OPERATING & ADMIN EXPENS...	82,313.08	74,361.29

See Accountant's Compilation Report

Keep Hall Beautiful
Statements of Revenues & Expenses - Modified Cash Basis
For the Six Month Ended December 31, 2020 and 2019

	Jul - Dec 20	Jul - Dec 19
PROGRAM EXPENSES		
COMMUNITY PROGRAMS		
Program Supplies/Giveaways	375.82	426.55
Total COMMUNITY PROGRAMS	375.82	426.55
Total PROGRAM EXPENSES	375.82	426.55
Payroll Expenses	0.00	0.00
Total Expense	82,688.90	74,787.84
Net Ordinary Income	-17,460.00	-8,238.01
Net Income	-17,460.00	-8,238.01

See Accountant's Compilation Report

Keep Hall Beautiful

Statement of Revenues & Expenses - Budget vs. Actual

Modified Cash Basis - For the Five Months Ended November 30, 2020

	December '20 YTD	Annual Budget FY21	$ Over Budget
Ordinary Income/Expense			
Income			
OPERATING INCOME			
4000 · Government Contributions			
4010 · Hall County	$ 60,219.00	$ 120,438.00	$ (60,219.00)
4011 · City of Gainesville	5,000.00	20,000.00	(15,000.00)
4012 · City of Oakwood	-	5,000.00	(5,000.00)
Total 4000 · Government Contributions	65,219.00	145,438.00	(80,219.00)
4100 · Direct Public Support			
4110 · Corporate/Business	-	1,500.00	(1,500.00)
4111 · Individual	-	500.00	(500.00)
4112 · Golf Tournament Fundraiser	-	5,000.00	(5,000.00)
Total 4100 · Direct Public Support	-	7,000.00	(7,000.00)
4200 · Other Income			
4210 · Board Member Dues	-	2,250.00	(2,250.00)
4211 · Recycling - Scrap Metal	-	200.00	(200.00)
4212 · CashCard Peach State Program	9.90	-	**9.90**
Total 4200 · Other Income	9.90	2,450.00	(2,440.10)
Total OPERATING INCOME	65,228.90	154,888.00	(89,659.10)
PROGRAM INCOME			
4300 · Program & Fundraising Inc			
4310 · Recycling	-	-	-
Total 4300 · Program & Fundraising Inc	-	-	-
Total PROGRAM INCOME	-	-	-
Total Income	$ 65,228.90	$ 154,888.00	$ (89,659.10)
Expense			
OPERATING & ADMIN EXPENSES			
5000 · PAYROLL			
5010 · Wages			
5010 · Wages Gross	$ 48,373.64	$ 92,000.00	$ (43,626.36)
5011 · Employee Bonuses	4,420.80	2,300.00	**2,120.80**
Total 5010 · Wages	52,794.44	94,300.00	(41,505.56)
5030 · Payroll Tax Expense	4,038.77	7,300.00	(3,261.23)
5040 · Workers Comp	2,160.00	2,100.00	**60.00**
5050 · Payroll Processing Fee	52.50	600.00	(547.50)
Total 5000 · PAYROLL	59,045.71	104,300.00	(45,254.29)
5100 · BUSINESS EXPENSES			
5111 · Bank Fees	-	-	-
Total 5110 · Financial	-	-	-
5120 · Professional Services			
5121 · Accounting/Consulting	2,850.00	6,000.00	(3,150.00)
5122 · Audit	3,800.00	4,000.00	(200.00)
Total 5120 · Professional Services	6,650.00	10,000.00	(3,350.00)

	December '20 YTD	Annual Budget FY21	$ Over Budget
5130 · Dues ~ Memberships ~ Fees	124.98		
5131 · Dues & Memberships - Affiliates	12.00	1,200.00	(1,188.00)
Total 5130 · Dues ~ Memberships ~ Fees	136.98	1,200.00	(1,063.02)
5140 · Misc. Expenses - Business	116.47		
5141 · Liability Insurance	364.00	5,200.00	(4,836.00)
5142 · Donations	-	250.00	(250.00)
Total 5140 · Misc. Expenses - Business	480.47	5,450.00	(4,969.53)
Total 5100 · BUSINESS EXPENSES	7,267.45	16,650.00	(9,382.55)
5200 · OFFICE EXPENSES			
5210 · Office Space			
5211 · Rent	1,620.00	3,240.00	(1,620.00)
Total 5210 · Office Space	1,620.00	3,240.00	(1,620.00)
5220 · Telephone/Telecommunications			
5222 · Cellular Monthly	3,687.42	7,800.00	(4,112.58)
5223 · Internet	581.88	1,200.00	(618.12)
5224 · Telephone - Repairs/Upgrade	-	300.00	(300.00)
Total 5220 · Telephone/Telecommunications	4,269.30	9,300.00	(5,030.70)
5230 · Computers & Office Equipment			
Computer			
5231 · Computer/Website - Cost & Srvcs	871.38	1,000.00	(128.62)
Total Computer	871.38	1,000.00	(128.62)
Total 5230 · Computers & Office Equipment	871.38	1,000.00	(128.62)
5240 · Printing			
5241 · Printing/Publications	349.92	650.00	(300.08)
Total 5240 · Printing	349.92	650.00	(300.08)
5250 · Office Provisions			
5251 · Supplies	2,265.73	1,000.00	**1,265.73**
5252 · Postage/Shipping & Box Rental	106.00	150.00	(44.00)
Total 5250 · Office Provisions	2,371.73	1,150.00	**1,221.73**
Total 5200 · OFFICE EXPENSES	9,482.33	15,340.00	(5,857.67)
5300 · STAFF EXPENSES			
5310 · Auto Expense			
5312 · Fuel	406.84	2,000.00	(1,593.16)
5313 · Auto Insurance	1,814.00	1,200.00	**614.00**
5314 · Auto - Tags/Other	2,205.32	1,000.00	**1,205.32**
Total 5310 · Auto Expense	4,426.16	4,200.00	**226.16**
5320 · Training & Development			
5321 · Meetings~Conferences~Seminars	-	1,000.00	(1,000.00)
5322 · Travel/Lodging	-	2,400.00	(2,400.00)
Total 5320 · Training & Development	-	3,400.00	(3,400.00)

Keep Hall Beautiful

Statement of Revenues & Expenses - Budget vs. Actual

Modified Cash Basis - For the Five Months Ended November 30, 2020

	December '20 YTD	Annual Budget FY21	$ Over Budget
5330 · Staff Expenses - Other			
5331 · Meals and Meetings	720.65	200.00	**520.65**
Total 5330 · Staff Expenses - Other	720.65	200.00	**520.65**
Total 5300 · STAFF EXPENSES	5,146.81	7,800.00	(2,653.19)
5400 · ADMINISTRATION			
5410 · BOARD			
5412 · Board Expenses - Other			
5412.1 · Board Meals and Meetings	817.78	2,400.00	(1,582.22)
5412.2 · Gifts & Awards	-	250.00	(250.00)
5412.3 · Board Book Supplies	-	1,100.00	(1,100.00)
5412.4 · D&O Insurance	553.00	1,000.00	(447.00)
Total 5412 · Board Expenses - Other	1,370.78	4,750.00	(3,379.22)
Total 5410 · BOARD	1,370.78	4,750.00	(3,379.22)
Total 5400 · ADMINISTRATION	1,370.78	4,750.00	(3,379.22)
Total OPERATING & ADMIN EXPENSES	82,313.08	148,840.00	(66,526.92)
PROGRAM EXPENSES			
54200 · COMMUNITY PROGRAMS			
5421 · Program Supplies/Giveaways	375.82	3,000.00	(2,624.18)
5422 · Meeting Facilities ~ Food & Beverages	-	1,550.00	(1,550.00)
5423 · Printing & Publications	-	1,500.00	(1,500.00)
Total 6000 · Program & Fundraising	375.82	6,050.00	(5,674.18)
Total PROGRAM EXPENSES	375.82	6,050.00	(5,674.18)
Total Expense	$ 82,688.90	$ 154,890.00	$ (72,201.10)
Net Ordinary Income	(17,460.00)	(2.00)	(17,458.00)
Net Income	$ (17,460.00)	$ (2.00)	$ (17,458.00)

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/1/2021

Presenter: Andrea Timpone

Item of Business: Elachee Nature Science Center

Meeting Date: 2/11/2021

Purpose of Request:
To present the Elachee Nature Science Center FY2022 Budget Presentation. The City of Gainesville contracts with various Agencies to provide additional services.

History/Background:
Historically, the City of Gainesville has contracted with Elachee Nature Science Center for environmental education and awareness.

Facts & Issues for Consideration:
Historically, the FY2016 Budget was $10,000 and increased in FY2019 to $17,000. For the FY2021 budget year, $20,000 was requested. The budget request for FY2022 is $20,000.

Department Recommendation:
A continued agreement with Elachee Nature Science Center is requested by the Agency.

Department Director:
Jeremy Perry

If funding is involved, are funds approved within the current budget?
No

Amount Requested:
$20,000

Source of Funds:
Funding will be considered as the City's FY2022 budget is developed.

Finance Comments:

Administrative Comments:

ATTACHMENTS:

	Description	Type
🗋	Elachee Nature Center-FY2022 Budget Request	Backup Material

CITY OF GAINESVILLE
AGENCY REQUEST FORM – FY2022 BUDGET

1. What is the amount of funding you are requesting from the City of Gainesville?
   $20,000

2. Attach your financial budget for next year, including a comparative to your current year budget.

3. Attach a copy of your current financial statement, including balance sheet.

4. Please discuss your agency's accomplishments over the past 12 months, focusing primarily on services and programs you provided using funding from the City of Gainesville.
   Please see the attached "2020 Highlights".

5. Explain how you developed your goals for next year's budget. What do you hope to accomplish using the funding from the City of Gainesville? The Board and staff of Elachee Nature Science Center continually assesses the needs and growth opportunities for the organization. As with everyone else, we have adjusted to the past year's pandemic in many ways. Next year's budget is based on continued pandemic limitations for schools and public events for the first half of the fiscal year and a gradual return to a new normal during the last half of our fiscal year. Elachee has weathered this past year by mixing a cautious approach to events and public space openings and staying open with outdoor programs, the Nature Academy and our trails. Trail usage has increased almost 50% this year based on daily parking pass purchase. We are so very pleased to provide exceptional outdoor opportunities to Gainesville residents and many visitors from Atlanta and the north Georgia region. Goals for next year include resuming programs and facility openings as possible and transition work for Elachee's new President and CEO Sarah Bell. Elachee has developed an ambitious strategic plan for the next two years and will be assessing the need for expanding physical facilities and services. The City of Gainesville funding will continue to support the services and programs that Elachee provides for an ever-increasing population and visitor base.

6. What challenges are you facing in developing next year's budget? To what level will you be relying on financial reserves to balance your budget?
   Next year's budget is based on a slow return to a new normal in earned revenue and in donations (75%/25% of total budget). No financial reserves will be used to balance this budget.

7. Did you review programs/services to determine their necessity? How do they tie into your goals? Did you expand, add, decrease or eliminate programs/services? If so, what community and budget impact will the changes have?
   Our programs and services are constantly evaluated for effective progress in fulfilling our mission to "promote environmental understanding through education and conservation." As possible, we will be adding new programs and services to serve a variety of ages and populations. Our family-friendly programs we are planning to include this year are RaptorFest, Trillium Trek and Snake Day. Other public offerings include Master Naturalist, guest Speakers, Science Nights (hopefully returning to downtown Gainesville, currently virtual), astronomy events, and bird walks. The Elachee Visitor Center continues to add outdoor and indoor exhibits on local natural history. Thousands of casual visitors attend every year.

Greetings from Elachee Nature Science Center! In what has been a year fraught with uncertainty, we are pleased to share good news! Who better to tell the unique 2020 Elachee story than individuals who have enjoyed a special connection with nature this year as a result of visiting the Nature Center, hiking in the Chicopee Woods Nature Preserve, volunteering or interacting via ecology and science education programs.

"Our hikes on Elachee's beautiful trails have been, for us, the silver lining in this pandemic cloud. They have provided structure to our weeks. Thank you for making available and keeping up these magnificent trails in the Chicopee Woods." – Olivia and Fred Skey

"Thank you to the Camp Elachee team for providing an amazing experience for my kids and others, and for how wonderfully you handled everything. My son talked nonstop each day about what he did and what he saw. His excitement was contagious! These kids needed this camp this summer more than any other! I was already a fan but even more so now. Job well done!" – Bethany Magnus

"My 4-year-old daughter Ruby wondered how a caterpillar got to the middle of a parking lot with no nearby nature and said, 'I'm coming up with a hypothesis.' Playing in the mud barefoot, squishing her toes in deep she said, 'I'm taking root.' Mostly she is making astute observations, asking questions and learning how to work through ideas. We love it!" – Dawn Marie Bernhard, Elachee Nature Academy Parent

"Our teachers cannot teach what they want to teach without Elachee."
– Teresa Chiofalo, The Museum School (Dekalb County Charter School)

"Most of my students never go outside (non-science majors who are often scared of the outdoors), so Elachee is doing something wonderful by letting us get them outside," [for biology labs to conduct stream sampling]. – Professor Rachel Hughes, University of North Georgia-Gainesville

"Last night's virtual Science Night was a lot of fun! I thought I would be ZOOM'd out from the workday, but environmental education ZOOM is much different from work ZOOM!" – Sarah Kelsey

"I want to sincerely thank you all for a wonderful birthday experience for our little guy! You know it's a great party when the kids go home wet, dirty, tired and all with smiles on their faces! James said on the way home, 'this was the bestest birthday ever!'" – Billie Baker

"We enjoyed our family gathering at the pavilion once again. The wonderful facilities at Elachee have allowed us to visit with our Mother in a way that is safe [during this pandemic]." – Susan Utley

"My wife and I had a social distance wedding at Elachee. Their crew took precautions to ensure the safety of our small party. The venue was gorgeous and wonderfully spaced out. Also, we could not have asked for a better coordinator! She was amazing." – Martin Bennett

"I believe in the importance of Elachee's mission; to educate people about nature and to provide a beautiful place for families to enjoy it by preserving the Chicopee Woods. My goal is to introduce as many new people as possible to Elachee so they can also benefit from this incredible resource." – Mandi Whiting, 2021 Flights of Fancy Benefit & Auction, Chair, Volunteer Host Committee

Elachee Nature Science Center: 2020 Highlights

- **The 8-Mile Hiking Trail System in Chicopee Woods Nature Preserve has stayed open to the public, without interruption, throughout 2020.** Thanks to the support from individuals, community partners and a skilled volunteer trail crew and Elachee staff who protect and maintain these pedestrian walkways, tens of thousands of school children and nature lovers have found solace this year in the grandeur of this 1,440-acre protected green space that is part of a park representing 13.5-percent of the land mass in the Gainesville city limits. In early 2020, Elachee completed the hiking trails signage update. Elachee staff and committed volunteers have both replaced and repaired a number of aging pedestrian bridge structures, and also deployed for emergency clean-up when several intense storms wrought havoc along the trails this past spring and fall.
- **The Hiking for Health: 150-Mile Chicopee Challenge** launched January 1, 2020 to encourage individuals to discover Chicopee Woods and enjoy nature while 'getting their steps in.' Many individuals have reached and obliterated their personal goals for the year. In fact, five different hikers report they have each now logged over 1,000 miles hiked in Chicopee Woods since January 1... wow!
- **In spite of a pandemic, some 280 campers enjoyed a summer nature immersion experience during Camp Elachee 2020.** Although having to reduce the number of campers who could participate and scaling down the camp season from nine to five weeks, this outdoor adventure was just what the doctor ordered for these children during their summer break. The logistics of holding these weekly outdoor nature day camps, working within the parameters of CDC guidelines and safety/hygiene protocols, required a creative approach. Regimens we put in place also gave our team time to test best practices in preparation for reopening the Nature Center for in-person visitation and programming this summer and for the 2020-21 academic year. **Elachee Nature Academy Preschool and Kindergarten-1st Grade students started school August 10**. They spend 85% of their school day outdoors in creative discovery and experiential learning – and love it!
- Tragically, Elachee's resident Red-tailed Hawk aviary was vandalized in April and this magnificent, yet blind in one eye raptor escaped. **Elachee welcomed a new winged ambassador**, a Great Horned Owl, to its teaching corps this summer. He is now the 'star' of his own Instagram feed and routinely participates in Elachee's Saturday Live Animal Demonstrations to the delight of visitors.
- Elachee hosted the **10th Annual Trillium Trek Trail Run & Walk** six months after its originally scheduled date. As well, the monthly **Elachee Science Nights** have grown in popularity as a lifelong learning program series. Starting in August, these programs transitioned to free virtual presentations that will continue in this format through May 2021. Elachee was unable to hold its beloved Raptor Fest and Snake Day this year.
- **The 20th Annual Flights of Fancy Benefit & Auction** took place as scheduled in April, but as a virtual event. Elachee's sole fundraiser each year, Elachee supporters and sponsors joined to help raise $123,857. Of that total, $21,175 was given in support of Elachee's Fund the Need 2020 appeal to enhance environmental education outreach capacity. As a result, Elachee's plans for conducting **STEAM-based PreK-12 school programs** shifted for the 2020-21 school year. Throughout the summer, Elachee's education team filmed a series of the most requested school field trip environmental courses. These hybrid programs are now available to provide PreK-12 students access to ecology and nature lessons as an interactive distance learning alternative for teachers. This popular option has proven critically important as field trips to Elachee and/or visits to schools throughout metro Atlanta and northeast Georgia to conduct Elachee in Your Classroom outreach programs have been curtailed the first few months of the 2020-21 school year. ***(Mark your calendar** for the 21st Annual Flights of Fancy Benefit & Auction, Saturday, April 24, 2021.)*

Thank you for helping the Elachee organization educate today so we all may know how to preserve for tomorrow. Please contact us with any questions or to share your nature story! Be well and stop by for a visit.

Emily C. Bagwell	Andrea Timpone	Kim Marks
Emily Bagwell	Andrea Timpone	Kim Marks
Chair, Elachee Board of Trustees	President/CEO	Director, Development & Communications

Elachee Nature Science Center FY2022 Budget

	FY 2022	FY 2021
Income		
4000.1 · CWAPC Management Fee	60,000	60,000
4000.2 · Camp Revenue	140,000	44,700
4000.3 · Preschool Revenue	125,000	122,000
K-3rd Grade	195,000	136,600
4002.8 Flights Sponsorships	40,000	25,000
4002.88 Flights Tickets	2,000	-
4002.4 Other Tickets	8,000	-
4002.3 Other Sponsorships	5,000	3,000
4007.22 - Annual Sponsors	85,000	75,000
4007.1 · Donations - Annual Fund	90,000	90,000
4007.2 · Donations Flights of Fancy	3,000	1,500
4007.6 · Donations - Field Trips Fin. Aid	15,000	25,000
4007.7 · Donations - Restricted	50,000	5,000
4007.8 · Memorial Gifts	3,000	3,000
4007.9 · Donations - Earthshare	2,000	2,500
4008 · Admission -Museum/Self Guided	4,000	3,500
4010 · Contract - School Program	117,000	117,000
4011 · Noncontract - School Program	50,000	50,000
4015 · Public Education Revenue	23,000	23,000
4018 · Membership Fees	9,000	8,000
4020 · Rental Income	16,000	16,000
4021 · House and Office Rental Income	48,000	4,800
4022 · Taxable Sales	30,000	25,000
4030 · Interest & Dividend Income		
Investment Income	60,000	30,000
Parking Station Reimbursement	90,000	70,000
Parking Station Administration Fee	12,000	12,000
Total Income	1,282,000	999,750

Expense			FY 2022	FY 2021
5000 Cost of Goods Sold			10,000	2,500
5245 Donations Expense				-
5100 · Salaries				
	5102 · Full-Time Salaries		390,000	350,000
	5104 · Part-Time Salaries		80,000	41,000
	5106 · Naturalists Salaries		110,000	70,000
	5110 · Camp Salaries		29,000	13,000
	5120 · Nature Academy Salaries		250,000	168,000
5130 · Payroll Taxes				
	5132 · P/R Taxes - Full-Time		29,800	26,800
	5134 · P/R Taxes - Part-Time		6,100	3,140
	5136 · P/R Taxes - Naturalists		8,400	5,355
	5138 · P/R Taxes - Academy		19,100	12,900
	5144 · P.R Taxes - Camp		2,200	1,000
5150 · Salary Expense - Payroll			6,000	5,800
5153 · Employee Exp-Background,Drug			350	300
5154 · Entertainment / Food			18,000	10,000
5155 · Maintenance & Repairs			23,000	25,000
5159 · Office Supplies			4,000	4,000
5160 · Exhibit Supplies			4,000	3,500
5161 · Supplies - General			25,000	20,000
5210 · Group Health Ins.			38,000	49,000
5220 · Workers Comp			4,500	4,500
5220 · Other Insurance - Other			25,000	23,000
5228 · Bank Charges			20,000	20,000

5240 · Dues & Subscriptions	2,500	2,000
5335 · Legal/ Accounting	15,000	14,000
5336 · Marketing/Advertising	8,000	6,000
5338 · Mileage Reimbursement	1,000	700
5350 · Other Fees	10,000	14,000
5410 · Leasing of Postage machine	400	350
5400 · Postage - Other	8,500	8,000
5425 · Printing	14,000	14,000
5426 · Rental Security Expense	9,000	6,000
5430 · SEP-IRA Contribution	22,000	20,000
5434 · Staff Training	2,500	1,200
5450 · Taxes & Licenses	150	150
5456 · Technology Expense	13,000	13,000
5510 · Telephone	10,000	10,000
5550 · Travel Expense	500	1,200
5580 · Utilities	35,000	34,000
5590 · Vehicle Expense	1,500	2,500
Total Expense	1,255,500	1,005,895
NET	26,500	-6,145

1:28 PM
01/08/21
Accrual Basis

ELACHEE NATURE SCIENCE CENTER
Balance Sheet
As of December 31, 2020

		Dec 31, 20
ASSETS		
Current Assets		
Checking/Savings		
1000 · Unrestricted Cash		
1020.1 · Peach State account	176,673.27	
1016 · PayPal Account	22,617.70	
1010.1 · BB&T Operating Account-GenOp2	16,777.42	
1011 · Petty Cash	472.98	
1015 · UCB Checking Account-GenOp	192,073.24	
Total 1000 · Unrestricted Cash		408,614.61
1001 · Restricted Cash Accounts		
1113 · Vanguard Account - Growth	351,131.21	
1112 · Vanguard Account - Cash Flow	1,113,839.82	
1111 · Vanguard Account - Liquidity	101,446.41	
1012 · BB&T Stream Mitigation Account	4,610.18	
Total 1001 · Restricted Cash Accounts		1,571,027.62
Total Checking/Savings		1,979,642.23
Accounts Receivable		
1050 · A/R Other		16,312.30
1100 · A / R-Current FY Pledges		
1100.0 · A/R Annual Fund Pledges Current	5,150.00	
Total 1100 · A / R-Current FY Pledges		5,150.00
1102 · A/R Future Year Pledges		
1102.0 · A/R - AF Future Year Pledges	3,450.00	
Total 1102 · A/R Future Year Pledges		3,450.00
Total Accounts Receivable		24,912.30
Other Current Assets		
1190 · Nature Shop Inventory		16,704.62
Total Other Current Assets		16,704.62
Total Current Assets		2,021,259.15
Fixed Assets		
1513 · Exhibit Improvements		93,420.69
1521 · Elachee Parking Station		98,725.80
1500 · Buildings		1,167,448.83
1502 · Equipment		89,147.25
1505 · Furniture and Equipment		76,794.47
1507 · Vehicles		96,499.87
1510 · Building Improvements		
1511 · Capital Campaign Improvements	54,724.81	
1510 · Building Improvements - Other	245,015.57	
Total 1510 · Building Improvements		299,740.38
1512 · Land Improvements		562,988.99
1550 · Accumulated Depreciation		-1,077,044.33
Total Fixed Assets		1,407,721.95
Other Assets		
1620 · Intangible Assets		
1622 · Amortization of Intangible Asse	-8,250.00	
1620 · Intangible Assets - Other	9,000.00	
Total 1620 · Intangible Assets		750.00
1600 · Prepaid Expenses		2,116.00
1625 · Stream Mitig. Costs Capitalized		184,105.38
1630 · Investment in Land		21,588.81
Total Other Assets		208,560.19

ELACHEE NATURE SCIENCE CENTER
Balance Sheet
As of December 31, 2020

	Dec 31, 20
TOTAL ASSETS	**3,637,541.29**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	7,309.06
Total Accounts Payable	7,309.06
Credit Cards	
2510 · Chase Business Card	5,652.16
2511 · Office Depot	5.00
2512 · Lowe's card	402.77
Total Credit Cards	6,059.93
Other Current Liabilities	
2101 · PPP Loan	188,600.00
2105 · EarthShare Donations	223.81
2110 · Sales Tax Payable	165.49
2115 · Salaries & Wages Payable	34,768.08
2120 · SEP-IRA Contribution Payable	10,359.37
2121 · HSA payable	1,453.80
2122 · 403(B) payable	8,075.58
2160 · Rental Deposit Payable	200.00
2525 · Cash Box Exp- Program/Events	700.00
Total Other Current Liabilities	244,546.13
Total Current Liabilities	257,915.12
Long Term Liabilities	
2500 · Deferred Income	51,938.00
Total Long Term Liabilities	51,938.00
Total Liabilities	309,853.12
Equity	
3010 · Net Assets w/o Donor Restrict	1,874,206.62
3020 · Net Assets with Donor Restrict	77,104.47
3030 · Net Assets Board Designated	520,252.63
32000 · Retained Earnings	628,904.97
Net Income	227,219.48
Total Equity	3,327,688.17
TOTAL LIABILITIES & EQUITY	**3,637,541.29**

ELACHEE NATURE SCIENCE CENTER
Profit & Loss FY 2021, YTD ALL CLASSES
June through December 2020

	Jun - Dec 20	Jun - Dec 19
Income		
4600.1 · PS Management Fee	7,000.00	7,000.00
4019.1 · Parking Pass - Daily	43,340.53	29,458.25
4019 · Annual Parking Pass	31,780.01	21,750.00
4000 · Program Revenue		
4035 · County SPLOST income	0.00	3,800.00
4000.1 · CWAPC Management Fee	30,000.00	25,000.00
4000.2 · Camp Revenue	44,985.50	121,596.00
4000.3 · Preschool Revenue		
4000.34 · Preschool Scholarships Allocate	0.00	6,495.00
4000.33 · K-1 Nature Academy Revenue		
4000.35 · K-1 Scholarships Allocated	0.00	8,508.75
4000.33 · K-1 Nature Academy Revenue - Other	95,035.66	40,163.90
Total 4000.33 · K-1 Nature Academy Revenue	95,035.66	48,672.65
4000.3 · Preschool Revenue - Other	78,117.22	78,301.60
Total 4000.3 · Preschool Revenue	173,152.88	133,469.25
Total 4000 · Program Revenue	248,138.38	283,865.25
4002 · Ticket Sales/Sponsors		
4002.8 · Fundraiser Sponsorships - Fligh	6,850.00	4,300.00
4002.4 · Other tickets	0.00	10,675.00
4002.3 · Other Sponsorships	5,000.00	3,000.00
Total 4002 · Ticket Sales/Sponsors	11,850.00	17,975.00
4007 · Donations		
4007.72 · Donations and Grants, Res.	124,980.00	6,000.00
4007.22 · Donations - Annual Sponsors	105,000.00	115,000.00
4007.1 · Donations - Annual Fund, Unres	80,432.56	44,976.69
4007.2 · Donations Flights of Fancy	0.00	100.00
4007.6 · Donations -Scholarships, Res	0.00	17,001.00
4007.7 · Donations - Restricted		
4007.71 · Donations AF Restricted	300.00	1,840.00
4007.7 · Donations - Restricted - Other	625.00	0.00
Total 4007.7 · Donations - Restricted	925.00	1,840.00
4007.8 · Memorial Gifts, Unres	2,550.00	5,320.00
4007.9 · Donations - Earthshare	1,543.67	1,750.39
Total 4007 · Donations	315,431.23	191,988.08
4008 · Admission -Museum/Self Guided	2,944.40	4,095.66
4010 · Contract - School Program	52,484.00	58,484.00
4011 · Noncontract - School Program	5,151.30	85,154.95
4015 · Public Education Revenue		
4015.1 · Event Registrations-NEON	1,470.00	600.00
4015 · Public Education Revenue - Other	21,957.50	15,222.04

ELACHEE NATURE SCIENCE CENTER
Profit & Loss FY 2021, YTD ALL CLASSES
June through December 2020

	Jun - Dec 20			Jun - Dec 19		
Total 4015 · Public Education Revenue			23,427.50			15,822.04
4018 · Membership Fees			5,750.00			7,140.00
4020 · Rental Income			12,216.00			7,851.00
4021 · House and Office Rental Income			2,892.64			3,161.85
4022 · Taxable Sales						
4022.3 · Taxable Sales-NEON		35.75			0.00	
4060 · Sale of Donated Items		300.00			100.00	
4022 · Taxable Sales - Other		5,326.67			17,528.13	
Total 4022 · Taxable Sales			5,662.42			17,628.13
4030 · Interest & Dividend Income			18,384.97			18,422.22
4040 · Realized / Unrealized - Invest.			151,512.40			51,185.17
4055 · Refunds/Rebates			1,471.07			1,047.24
Total Income			939,436.85			822,028.84
Cost of Goods Sold						
5000 · Cost of Goods Sold			1,365.73			14,750.57
Total COGS			1,365.73			14,750.57
Gross Profit			938,071.12			807,278.27
Expense						
5458 · Parking Station Admin Expense			7,000.00			7,000.00
5245 · Donations Expense			500.00			0.00
5100 · Salaries						
5102 · Full-Time Salaries		232,527.73			235,723.49	
5104 · Part-Time Salaries		38,865.92			44,011.08	
5106 · Naturalists Salarie		54,436.13			74,604.46	
5110 · Camp Salaries		16,101.86			31,820.97	
5120 · Nature Preschool Salaries						
5122 · K-1 Nature Academy Salaries	45,554.62			39,044.37		
5120 · Nature Preschool Salaries - Other	59,736.83			51,556.87		
Total 5120 · Nature Preschool Salaries		105,291.45			90,601.24	
Total 5100 · Salaries			447,223.09			476,761.24
5130 · Payroll Taxes						
5132 · P/R Taxes - Full-Time		17,342.16			17,589.68	
5134 · P/R Taxes - Part-Time		2,948.62			3,366.88	
5136 · P/R Taxes - Naturalists		4,160.08			5,701.90	
5138 · P/R Taxes - Preschool						
5139 · P/R Taxes -K-1 Nature Academy	3,484.95			2,986.97		
5138 · P/R Taxes - Preschool - Other	4,523.95			3,969.62		
Total 5138 · P/R Taxes - Preschool		8,008.90			6,956.59	
5144 · P.R Taxes - Camp		1,231.82			2,432.79	

ELACHEE NATURE SCIENCE CENTER
Profit & Loss FY 2021, YTD ALL CLASSES
June through December 2020

	Jun - Dec 20	Jun - Dec 19
Total 5130 · Payroll Taxes	33,691.58	36,047.84
5150 · Salary Expense - Payroll	3,278.76	3,232.95
5153 · Employee Exp-Background,Drug	376.00	427.50
5154 · Entertainment / Food	1,985.64	9,606.02
5155 · Maintenance & Repairs	12,276.33	15,886.43
5158 · Supplies		
5159 · Office Supplies	4,235.84	3,276.66
5160 · Exhibit Supplies	2,951.71	2,511.43
5161 · Supplies - General	24,112.27	16,466.82
5158 · Supplies - Other	0.00	86.00
Total 5158 · Supplies	31,299.82	22,340.91
5200 · Insurance		
5220.1 · Building and Commercial Ins	19,337.74	13,396.00
5210 · Group Health Ins.	23,884.32	41,413.78
5220 · Other Insurance		
5220.0 · Workers Comp	2,945.00	471.00
Total 5220 · Other Insurance	2,945.00	471.00
Total 5200 · Insurance	46,167.06	55,280.78
5228 · Bank Charges	8,902.37	10,934.46
5240 · Dues & Subscriptions	525.41	1,651.50
5335 · Legal/ Accounting	12,000.00	14,000.00
5336 · Marketing/Advertising	1,718.98	5,504.68
5338 · Mileage Reimbursement	410.10	1,028.88
5350 · Other Fees	33,959.23	19,595.36
5356 · Other Program Expenses	0.00	-140.99
5400 · Postage	7,289.46	6,722.56
5425 · Printing	10,288.16	15,696.22
5426 · Rental/Event Security Expense	8,505.00	3,360.00
5430 · SEP-IRA Contribution	10,359.37	22,437.74
5434 · Staff Training	2,426.48	909.00
5456 · Technology Expense	7,560.44	7,580.68
5510 · Telephone	5,009.93	1,531.69
5550 · Travel Expense	0.00	1,660.80
5580 · Utilities	17,324.60	20,214.58
5590 · Vehicle Expense	773.83	1,401.79
Total Expense	710,851.64	760,672.62
Net Income	**227,219.48**	**46,605.65**

ELACHEE NATURE SCIENCE CENTER
Profit & Loss FY 2021, YTD ALL CLASSES
June through December 2020

	$ Change	% Change
Income		
4600.1 · PS Management Fee	0.00	0.0%
4019.1 · Parking Pass - Daily	13,882.28	47.1%
4019 · Annual Parking Pass	10,030.01	46.1%
4000 · Program Revenue		
4035 · County SPLOST income	-3,800.00	-100.0%
4000.1 · CWAPC Management Fee	5,000.00	20.0%
4000.2 · Camp Revenue	-76,610.50	-63.0%
4000.3 · Preschool Revenue		
4000.34 · Preschool Scholarships Allocate	-6,495.00	-100.0%
4000.33 · K-1 Nature Academy Revenue		
4000.35 · K-1 Scholarships Allocated	-8,508.75	-100.0%
4000.33 · K-1 Nature Academy Revenue - Other	54,871.76	136.6%
Total 4000.33 · K-1 Nature Academy Revenue	46,363.01	95.3%
4000.3 · Preschool Revenue - Other	-184.38	-0.2%
Total 4000.3 · Preschool Revenue	39,683.63	29.7%
Total 4000 · Program Revenue	-35,726.87	-12.6%
4002 · Ticket Sales/Sponsors		
4002.8 · Fundraiser Sponsorships - Fligh	2,550.00	59.3%
4002.4 · Other tickets	-10,675.00	-100.0%
4002.3 · Other Sponsorships	2,000.00	66.7%
Total 4002 · Ticket Sales/Sponsors	-6,125.00	-34.1%
4007 · Donations		
4007.72 · Donations and Grants, Res.	118,980.00	1,983.0%
4007.22 · Donations - Annual Sponsors	-10,000.00	-8.7%
4007.1 · Donations - Annual Fund, Unres	35,455.87	78.8%
4007.2 · Donations Flights of Fancy	-100.00	-100.0%
4007.6 · Donations -Scholarships, Res	-17,001.00	-100.0%
4007.7 · Donations - Restricted		
4007.71 · Donations AF Restricted	-1,540.00	-83.7%
4007.7 · Donations - Restricted - Other	625.00	100.0%
Total 4007.7 · Donations - Restricted	-915.00	-49.7%
4007.8 · Memorial Gifts, Unres	-2,770.00	-52.1%
4007.9 · Donations - Earthshare	-206.72	-11.8%
Total 4007 · Donations	123,443.15	64.3%
4008 · Admission -Museum/Self Guided	-1,151.26	-28.1%
4010 · Contract - School Program	-6,000.00	-10.3%
4011 · Noncontract - School Program	-80,003.65	-94.0%
4015 · Public Education Revenue		
4015.1 · Event Registrations-NEON	870.00	145.0%
4015 · Public Education Revenue - Other	6,735.46	44.3%

ELACHEE NATURE SCIENCE CENTER
Profit & Loss FY 2021, YTD ALL CLASSES
June through December 2020

	$ Change	% Change
Total 4015 · Public Education Revenue	7,605.46	48.1%
4018 · Membership Fees	-1,390.00	-19.5%
4020 · Rental Income	4,365.00	55.6%
4021 · House and Office Rental Income	-269.21	-8.5%
4022 · Taxable Sales		
4022.3 · Taxable Sales-NEON	35.75	100.0%
4060 · Sale of Donated Items	200.00	200.0%
4022 · Taxable Sales - Other	-12,201.46	-69.6%
Total 4022 · Taxable Sales	-11,965.71	-67.9%
4030 · Interest & Dividend Income	-37.25	-0.2%
4040 · Realized / Unrealized - Invest.	100,327.23	196.0%
4055 · Refunds/Rebates	423.83	40.5%
Total Income	117,408.01	14.3%
Cost of Goods Sold		
5000 · Cost of Goods Sold	-13,384.84	-90.7%
Total COGS	-13,384.84	-90.7%
Gross Profit	130,792.85	16.2%
Expense		
5458 · Parking Station Admin Expense	0.00	0.0%
5245 · Donations Expense	500.00	100.0%
5100 · Salaries		
5102 · Full-Time Salaries	-3,195.76	-1.4%
5104 · Part-Time Salaries	-5,145.16	-11.7%
5106 · Naturalists Salarie	-20,168.33	-27.0%
5110 · Camp Salaries	-15,719.11	-49.4%
5120 · Nature Preschool Salaries		
5122 · K-1 Nature Academy Salaries	6,510.25	16.7%
5120 · Nature Preschool Salaries - Other	8,179.96	15.9%
Total 5120 · Nature Preschool Salaries	14,690.21	16.2%
Total 5100 · Salaries	-29,538.15	-6.2%
5130 · Payroll Taxes		
5132 · P/R Taxes - Full-Time	-247.52	-1.4%
5134 · P/R Taxes - Part-Time	-418.26	-12.4%
5136 · P/R Taxes - Naturalists	-1,541.82	-27.0%
5138 · P/R Taxes - Preschool		
5139 · P/R Taxes -K-1 Nature Academy	497.98	16.7%
5138 · P/R Taxes - Preschool - Other	554.33	14.0%
Total 5138 · P/R Taxes - Preschool	1,052.31	15.1%
5144 · P.R Taxes - Camp	-1,200.97	-49.4%

ELACHEE NATURE SCIENCE CENTER
Profit & Loss FY 2021, YTD ALL CLASSES
June through December 2020

	$ Change			% Change		
Total 5130 · Payroll Taxes			-2,356.26			-6.5%
5150 · Salary Expense - Payroll			45.81			1.4%
5153 · Employee Exp-Background,Drug			-51.50			-12.1%
5154 · Entertainment / Food			-7,620.38			-79.3%
5155 · Maintenance & Repairs			-3,610.10			-22.7%
5158 · Supplies						
5159 · Office Supplies		959.18			29.3%	
5160 · Exhibit Supplies		440.28			17.5%	
5161 · Supplies - General		7,645.45			46.4%	
5158 · Supplies - Other		-86.00			-100.0%	
Total 5158 · Supplies			8,958.91			40.1%
5200 · Insurance						
5220.1 · Building and Commercial Ins		5,941.74			44.4%	
5210 · Group Health Ins.		-17,529.46			-42.3%	
5220 · Other Insurance						
5220.0 · Workers Comp	2,474.00			525.3%		
Total 5220 · Other Insurance		2,474.00			525.3%	
Total 5200 · Insurance			-9,113.72			-16.5%
5228 · Bank Charges			-2,032.09			-18.6%
5240 · Dues & Subscriptions			-1,126.09			-68.2%
5335 · Legal/ Accounting			-2,000.00			-14.3%
5336 · Marketing/Advertising			-3,785.70			-68.8%
5338 · Mileage Reimbursement			-618.78			-60.1%
5350 · Other Fees			14,363.87			73.3%
5356 · Other Program Expenses			140.99			100.0%
5400 · Postage			566.90			8.4%
5425 · Printing			-5,408.06			-34.5%
5426 · Rental/Event Security Expense			5,145.00			153.1%
5430 · SEP-IRA Contribution			-12,078.37			-53.8%
5434 · Staff Training			1,517.48			166.9%
5456 · Technology Expense			-20.24			-0.3%
5510 · Telephone			3,478.24			227.1%
5550 · Travel Expense			-1,660.80			-100.0%
5580 · Utilities			-2,889.98			-14.3%
5590 · Vehicle Expense			-627.96			-44.8%
Total Expense			-49,820.98			-6.6%
Net Income			**180,613.83**			**387.5%**

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/2/2021

Presenter: Matt Thomas

Item of Business: Brenau University Business Incubator

Meeting Date: 2/11/2021

Purpose of Request:
Brenau University Business Incubator FY2022 Budget Presentation. The City of Gainesville contracts with various Agencies to provide additional services.

History/Background:
Historically, the City of Gainesville has contracted with the Brenau University Business Incubator to identify, attract, and develop new business and industry into the municipality for the purpose of increasing trade, industry and commerce.

Facts & Issues for Consideration:
The contractual agreement with the Brenau University Business Incubator was for $40,000 in FY2021. For FY2022, the agency has requested $40,000.

Department Recommendation:
A continued agreement with the Brenau University Business Incubator is requested by the Agency.

Department Director:
Jeremy Perry

If funding is involved, are funds approved within the current budget?
No

Amount Requested:
$40,000

Source of Funds:
Funding will be considered as the City's FY2022 budget is developed.

Finance Comments:

Administrative Comments:

ATTACHMENTS:

Description	Type
Business Incubator FY2022 Budget Presentation	Powerpoint Presentation
Brenau Business Incubator- FY2022 Budget Request	Backup Material


BUSINESS
INCUBATOR
AT BRENAU
UNIVERSITY
BUSINESS INCUBATOR
AT BRENAU UNIVERSITY
999
THE UNIV. OF GA – SBDC
DIRECT MEDICAL IMAGING
GEORGIA TECH EI²
SEYESYC CORPORATION
BRENAU UNIVERSITY
GAINESVILLE POLICE SOUTH PRECINCT
INVOLUTION FURNITURE
FEATHERBONE MEDICAL
BEDLAB, LLC
LIVEDATA, LLC
NeuroStability Solutions
SCALIA ENGINEERING
MYDRAWBRIDGE.COM, LLC
TEKAWAYS LLC
WSI RAINMAKERS
GLOBAL IT

OUR MISSION

The mission of the Business Incubator is to provide direct assistance to small and startup companies in the establishment of their business enterprise in a rapidly changing world.

BUSINESS INCUBATOR AT BRENAU UNIVERSITY

OUR VISION

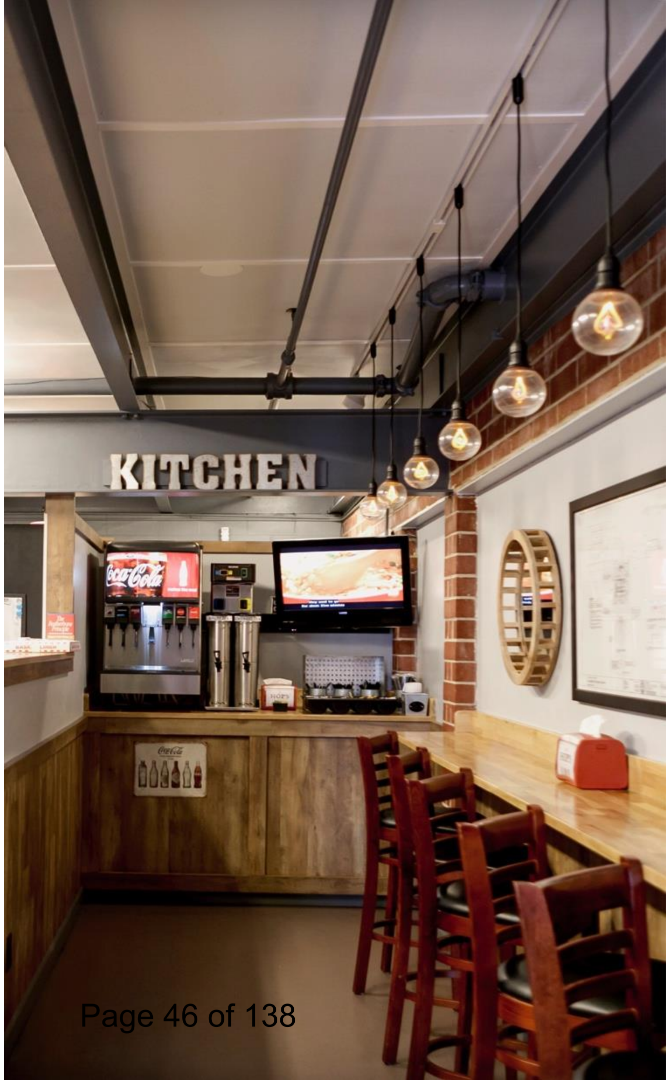
- We want to create maximum opportunity for business and education partnerships.
- We seek to address complex ideas and information and discovering innovative applications of technology, best practices and creative trends in business formation, wealth building and job creation.
- We want these efforts to support the economic development of Gainesville and Hall County, Georgia.

BUSINESS INCUBATOR

AT BRENAU UNIVERSITY

WHO WE ARE

- Currently, the Business Incubator has 11 clients
- Their services range from wellness to golf innovation to accounting to genetic and COVID-19 testing.
- Hop's Kitchen



THE BUSINESS INCUBATOR FOCUS

- We seek companies that contribute to the competitiveness of the local economy.
- We seek companies seeking to support health care.
- We seek venture spin-offs with a focus on new product development.

BUSINESS INCUBATOR
AT BRENAU UNIVERSITY

VISION FOR THE FUTURE

- The new Dean of the College of Business & Communication will have greater oversight of the effort to integrate the Business Incubator with Brenau's students and faculty expertise for the benefit of our clients and the community.

- Offer direct assistance from experienced business professionals in our College of Business & Communication regarding leadership, management, strategic planning, intellectual property, finance, ROI, government regulation, production and logistics.

- Advisory Board for College and its support of the Business Incubator will be established.

BUSINESS INCUBATOR AT BRENAU UNIVERSITY

Brenau University
1878

MEMO

To: City of Gainesville, Financial Services
From: Business Incubator at Brenau University
RE: Request for Support—FY2022 Budget Year
Date: January 29, 2021

Response to Agency Request Form:

1. Brenau University respectfully requests the City of Gainesville continue to provide support for its endeavors with a gift to its Business Incubator, which the city has supported over the past several years. A commitment of $40,000.00 is requested for the FY2022 budget.

2.

Budget Comparison-- FY for Brenau July 1-June 30			
	2020	2021	2022
Salaries/Benefits	$ 142,000.00	$ 152,000.00	$ 170,700.00
Operations	$ 46,100.00	$ 50,000.00	$ 45,000.00
Rental Expense	$ 37,200.00	$ 40,000.00	$ 40,000.00
Utilities/Facility Costs	$ 30,000.00	$ 30,000.00	$ 35,000.00
Capital Equipment	$ 2,800.00	$ 3,000.00	$ 2,800.00
	$ 258,100.00	$ 275,000.00	$ 293,500.00

The 2021 numbers above reflect an adjustment to the salaries/benefits line when it was decided to not pursue a director position during that fiscal year.

3. Financial Statement is electronically attached.

4. The Business Incubator at Brenau University, like all institutions over the past twelve months, has balanced the unprecedented challenges of managing the COVID-19 pandemic while still allowing the businesses of our clients to continue to function at as optimal a level as possible. The Business Incubator, using the protocols established at Brenau that were based on CDC guidelines, oversaw the facility-wide measures to provide a safe and healthy environment for our clients and those who visited the facility since March 2020.

The one area of our community outreach most impacted by the pandemic was the inability to host the traditional events that have come to be standard at the incubator. These included various Greater Hall Chamber of Commerce events, such as the Small Business Fair, and other events such as the Entrepreneurs Masters of Innovation event, highlighting successful business people from the surrounding region. It is our expectation the incubator will resume being a hub for these events as time moves us past the pandemic.

While the pandemic caused clients like Georgia Tech to work remotely, it allowed for other businesses to expand their impact and footprint in the area. Working with Brenau last summer to obtain additional space in the Business Incubator, Pro-GeneX expanded its activities to provide COVID-19 testing to the community. The ability to have a local laboratory provide testing services with a rapid turnaround, traditionally 24 hours, helped those in Gainesville using their services to be able to diagnose and quarantine those impacted by COVID-19, while also allowing for businesses to test their workforce to support the business activity so essential to this area's success.

Brenau's experience of working with a Business Incubator client to quickly allow for an expansion of their services, all while fulfilling a pandemic-related community need, is an example of how impactful the incubator can be for Gainesville. This also is the type of partnership with our clients we hope will expand as we hire a new Dean of the College of Business & Communication, due to the retirement of our current dean. The new dean will be charged with finalizing the integration of the incubator into our academic programming that was originally discussed in our request last year. This will be beneficial for our students, the clients in the incubator, and by extension, the entire Gainesville community.

We ask the City of Gainesville to continue to provide funding for the Business Incubator, allowing it to fulfill its promise of being an economic engine for the area. The funding will allow the Business Incubator to continue to foster the development and growth of small businesses in Gainesville like Pro-GeneX, which are the type of businesses Gainesville needs to attract for the benefit of the local economy.

5. The Business Incubator continues to develop its budgetary goals by taking into account the projected and realized budgets of the last several years. The fluctuation in the salaries line the past two years was due to the expectation of adding an executive director to the Business Incubator. Unfortunately, the pandemic impacted our plans to hire the position last year. While there is not an increase in the budget that is sufficient to hire an executive director, funds were increased in the salaries line to allow the new dean to have initial funding to move forward in whatever direction they think best for the management of incubator.

6. As stated last year, the Business Incubator continues to run at a deficit that is offset by funds set aside by Brenau. While the pandemic slowed our efforts to expand the client base, it is our expectation that we will be able to attract the necessary clients and find additional means of support that will allow for a balanced budget before the funds set

aside are fully expended. Until that point, Brenau University is committed to offsetting this shortfall to help develop this important community resource.

7. It is the expectation of the Brenau University administration that the new Dean of the College of Business & Communication will begin the process of evaluating the services we provide to our clients and to the community at-large soon after they are part of the academic leadership this summer. The integration of our academic programs continue to be the expected outcome, bringing added value to the incubator. Not only does this tie into our goals as an institution of higher education, it also ensures that we are running the incubator like a business and continuing to be good stewards of our funding from supporters like the City of Gainesville.

Sincerely,

Matt Thomas, CFRE
VP for External Relations
mthomas@brenau.edu
770.718.5309

Brenau University
1878

Financial Statements and Independent Auditors' Report

June 30, 2020 and 2019

Warren Averett
CPAs AND ADVISORS

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Warren Averett
CPAs AND ADVISORS

6 Concourse Parkway, Suite 600
Atlanta, GA 30328-5351
770.396.1100
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brenau University

We have audited the accompanying financial statements of Brenau University, which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 auditors' 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 auditors consider 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 Brenau University as of June 30, 2020 and 2019, 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.

Warren Averett, LLC

Atlanta, Georgia
November 2, 2020

BRENAU UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Cash and cash equivalents	$ 4,191,033	$ 4,255,788
Restricted cash – escrow	600,802	-
Student accounts and loans receivable, net	3,568,501	2,904,951
Contributions receivable, net	3,647,424	1,456,763
Other receivables	246,409	137,637
Other assets	478,583	487,496
Deferred compensation plan assets	606,922	472,307
Split-interest agreements		
Charitable remainder trusts	3,470,486	3,395,317
Beneficial interest in perpetual trusts	2,099,768	2,085,664
Investments	51,704,959	51,630,701
Property, plant and equipment, net	53,062,278	50,464,418
Works of art held for display	14,481,327	11,420,353
TOTAL ASSETS	$ 138,158,492	$ 128,711,395

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable, deposits and accrued expenses	$ 3,913,369	$ 3,796,101
Deferred revenue	5,550,552	5,487,801
Refundable advances	1,285,475	1,523,452
Deferred compensation plan liability	908,074	757,993
Liability under charitable gift annuities	161,902	152,029
Capital lease obligation	1,082,887	520,912
Line of credit	1,022,824	-
Notes and bonds payable, net of debt issuance costs	21,848,134	19,290,582
Interest rate swap	2,042,427	911,681
Advances from federal government	72,403	80,752
TOTAL LIABILITIES	37,888,047	32,521,303
COMMITMENTS AND CONTINGENCIES (NOTES 15 AND 21)		
NET ASSETS		
Without donor restrictions	40,491,341	39,474,142
With donor restrictions		
Restricted by purpose or time	25,412,306	22,855,484
Restricted in perpetuity	34,366,798	33,860,466
With donor restrictions, total	59,779,104	56,715,950
TOTAL NET ASSETS	100,270,445	96,190,092
TOTAL LIABILITIES AND NET ASSETS	$ 138,158,492	$ 128,711,395

See notes to the financial statements.

BRENAU UNIVERSITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
OPERATING REVENUE AND OTHER SUPPORT				
Tuition and fees, net	$ 47,183,441	$ -	$ 47,183,441	$ 42,597,578
Private gifts and grants	2,655,464	4,181,298	6,836,762	3,668,603
Federal CARES Act grants	1,283,197	-	1,283,197	-
Other government grants	447,014	15,217	462,231	296,252
Investment return appropriated for current operations	151,716	1,778,400	1,930,116	1,862,397
Sales and services of auxiliary enterprises	4,993,933	-	4,993,933	6,345,470
Net assets released from restrictions – Satisfaction of program restrictions	3,425,163	(3,425,163)	-	-
TOTAL OPERATING REVENUE AND OTHER SUPPORT	60,139,928	2,549,752	62,689,680	54,770,300
OPERATING EXPENSES				
Instruction	23,279,215	-	23,279,215	21,805,350
Academic support	3,711,111	-	3,711,111	3,903,182
Student services	16,425,875	-	16,425,875	14,997,202
Grants to students	641,599	-	641,599	-
Institutional support	8,045,664	-	8,045,664	7,748,291
Auxiliary enterprises	5,937,437	-	5,937,437	5,746,182
TOTAL OPERATING EXPENSES	58,040,901	-	58,040,901	54,200,207
CHANGE IN NET ASSETS FROM OPERATIONS	2,099,027	2,549,752	4,648,779	570,093
NON-OPERATING ACTIVITIES				
Private gifts and grants	-	416,527	416,527	455,884
Investment returns net of amounts appropriated for current operations	(92,012)	166,097	74,085	1,223,327
Changes in value of split-interest agreements	(13,592)	85,300	71,708	265,781
Reclassification of donor intent	75,000	(75,000)	-	-
Valuation adjustment for interest rate swap agreement	(1,130,746)	-	(1,130,746)	(671,630)
Non-operating net assets released from restrictions	79,522	(79,522)	-	-
TOTAL NON-OPERATING ACTIVITIES	(1,081,828)	513,402	(568,426)	1,273,362
CHANGE IN NET ASSETS	1,017,199	3,063,154	4,080,353	1,843,455
NET ASSETS AT BEGINNING OF YEAR	39,474,142	56,715,950	96,190,092	94,346,637
NET ASSETS AT END OF YEAR	$ 40,491,341	$ 59,779,104	$ 100,270,445	$ 96,190,092

See notes to the financial statements.

BRENAU UNIVERSITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND OTHER SUPPORT			
Tuition and fees, net	$ 42,597,578	$ -	$ 42,597,578
Private gifts and grants	3,082,721	585,882	3,668,603
Other government grants	294,095	2,157	296,252
Investment return appropriated for current operations	168,052	1,694,345	1,862,397
Sales and services of auxiliary enterprises	6,345,470	-	6,345,470
Net assets released from restrictions – Satisfaction of program restrictions	3,041,323	(3,041,323)	-
TOTAL OPERATING REVENUE AND OTHER SUPPORT	55,529,239	(758,939)	54,770,300
OPERATING EXPENSES			
Instruction	21,805,350	-	21,805,350
Academic support	3,903,182	-	3,903,182
Student services	14,997,202	-	14,997,202
Institutional support	7,748,291	-	7,748,291
Auxiliary enterprises	5,746,182	-	5,746,182
TOTAL OPERATING EXPENSES	54,200,207	-	54,200,207
CHANGE IN NET ASSETS FROM OPERATIONS	1,329,032	(758,939)	570,093
NON-OPERATING ACTIVITIES			
Private gifts and grants	-	455,884	455,884
Investment returns net of amounts appropriated for current operations	83,891	1,139,436	1,223,327
Changes in value of split-interest agreements	(3,826)	269,607	265,781
Valuation adjustment for interest rate swap agreement	(671,630)	-	(671,630)
Non-operating net assets released from restrictions	162,465	(162,465)	-
TOTAL NON-OPERATING ACTIVITIES	(429,100)	1,702,462	1,273,362
CHANGE IN NET ASSETS	899,932	943,523	1,843,455
NET ASSETS AT BEGINNING OF YEAR	38,574,210	55,772,427	94,346,637
NET ASSETS AT END OF YEAR	$ 39,474,142	$ 56,715,950	$ 96,190,092

See notes to the financial statements.

BRENAU UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,080,353	$ 1,843,455
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,563,603	2,516,371
Amortization of bond issuance costs	7,264	4,689
Contributions restricted to long-term investment	(396,170)	(321,409)
Contributions restricted for capital acquisition	(20,357)	(34,475)
Net unrealized and realized gain on investments	64,545	(1,583,523)
Valuation adjustment on interest rate swap agreement	1,130,746	671,631
Contributions of works of art	(1,755,600)	(2,224,919)
Change in assets and liabilities:		
Student accounts and loans receivable, net	(663,550)	(163,423)
Contributions receivable, net	(2,190,661)	615,119
Other receivables	(108,772)	23,610
Deferred compensation plan assets	(134,615)	(181,076)
Charitable remainder trusts	(75,169)	336,050
Beneficial interest in perpetual trusts	(14,104)	(33,796)
Other assets	8,913	98,329
Accounts payable, deposits and accrued expenses	(177,010)	352,492
Deferred revenue	62,751	145,309
Refundable advances	(237,977)	762,024
Deferred compensation plan liability	150,081	128,263
Liability under charitable gift annuities	9,873	(1,960)
Net cash provided by operating activities	2,304,144	2,952,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,867,185)	(4,495,751)
Purchase of artwork	(1,305,374)	(226,018)
Purchase of investments	(1,965,928)	(1,430,249)
Proceeds from sale of investments	1,827,125	1,694,345
Net cash used in investing activities	(6,311,362)	(4,457,673)

See notes to the financial statements.

BRENAU UNIVERSITY
STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of notes and bonds payable	$ 3,249,362	$ 1,990,000
Principal repayments on notes and bonds payable	(699,074)	(644,425)
Issuance of capital lease obligation	736,651	-
Repayments of capital lease obligation	(174,676)	(323,041)
Advances from line of credit, net	1,022,824	-
Decrease in advances from federal government	(8,349)	(8,436)
Contributions restricted to long-term investment	396,170	321,409
Contributions restricted for capital acquisition	20,357	34,475
Net cash provided by financing activities	4,543,265	1,369,982
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	536,047	(134,930)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	4,255,788	4,390,718
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 4,791,835	$ 4,255,788
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Reconciliation to statements of financial position:		
Cash and cash equivalents	$ 4,191,033	$ 4,255,788
Restricted cash – escrow	600,802	-
Cash, cash equivalents and restricted cash	$ 4,791,835	$ 4,255,788
Cash paid during the year for:		
Interest	$ 822,177	$ 746,133
Accounts payable for plant additions	$ 294,278	$ -
Non-cash investing and financing activities:		
Contributions of works of art	$ 1,755,600	$ 2,224,919
Debt refinance	$ 1,990,000	$ -

See notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brenau University (the University), an independent institution for higher education founded in 1878 and located in Gainesville, Georgia, has evolved from a school primarily for the education of women into a coeducational institution for undergraduate and graduate studies through multiple learning platforms.

Each component of the University enhances the others through shared resources, facilities, faculty and cultural opportunities with some limited cross-enrollment opportunities available. However, each unit is defined by distinct characteristics.

The Women's College offers baccalaureate programs, some of which feed into graduate programs, with a multi-discipline liberal arts foundation that enables students to explore general interests as well as pursue specialized studies. Women have opportunities to develop leadership skills in an environment that encourages awareness of and participation in a world characterized by pluralism and to explore and prepare for various career opportunities.

The Undergraduate School offers studies leading to associate and baccalaureate degrees and is open to men and women. The programs provide foundations for individual and professional growth and competence.

The Sidney O. Smith Jr. Graduate School offers studies leading to masters, educational specialist degrees and doctoral degrees as well as graduate certificates and is open to men and women. The programs encourage students to develop the proficiency and professionalism necessary to meet the challenges inherent in their fields of study.

The Adult and Graduate Studies (AGS) Program offers studies leading to associate, baccalaureate and master's degrees and is open to men and women. These programs are accelerated classes designed to fit the needs of working adults.

Brenau University Galleries are an integral part of the Brenau University academic community and serve as a visual arts resource for the educational and cultural enrichment of its immediate university community, North Georgia, and the Southeast. Brenau University's mission emphasizes that "students pursue undergraduate and graduate degrees through a curriculum enriched by the liberal arts." An effort to connect and embed the liberal arts to curricular experiences is through the development of a permanent art collection and its exhibition in four galleries strategically located across the Gainesville campus. Comprising a variety of mediums focused on a broad spectrum of artistic expression, the galleries support academic programs through their presence and encourage infusion of the liberal arts within learning experiences across all four colleges of the University.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the University have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net assets and revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the University and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. These net assets may be used at the discretion of the University's management and Board.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; these restrictions will be met by actions of the University or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Expenses

Revenues 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. Revenues received which are purpose-restricted, are reported as increases in net assets with donor restrictions and subsequently released when the restrictions are met. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of purpose or time restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period or law has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions subject to donor-imposed restrictions that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Measure of Operations

The University includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income spending allocation and other investment funds distributed and donations of artwork to the University. Donations of artwork, which totaled $1,755,600 and $2,224,919 for the years ended June 30, 2020 and 2019, respectively, are included in the definition of operations, as they are an integral part of the experience of students attending the University. This measure of operations provides a presentation that depicts the manner in which the University manages its financial activities.

Non-operating activities principally include endowment investment return, net of amounts appropriated by the Board for expenditure to support operations in accordance with the endowment spending policy and Board resolutions, contributions and bequests added to the endowment, gifts in kind of capital assets other than donations of artwork, or restricted contributions supporting major capital acquisition, net assets released from restrictions designated for capital expenditures, and gains or losses on financial instruments and activity related to split-interest agreements. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of non-operating activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue from Contracts with Customers

As described below, the University adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, effective July 1, 2019. Under this standard revenue from contracts with customers (primarily students) is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student education is reflected net of reductions from institutional student aid. Revenue from student education, residence, and dining services is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Disbursements made directly to students for living or other costs are reported as an expense. Payments for student services are generally received prior to the commencement of each semester. Amounts received for which services will be provided in a future period are recorded as unearned revenue.

For the years ended June 30, 2020 and 2019, such tuition and fees at the net published rate and financial aid is as follows:

	2020	2019
Tuition and fees	$ 57,690,862	$ 53,381,165
Less financial assistance	(10,507,421)	(10,783,587)
Tuition and fees, net	$ 47,183,441	$ 42,597,578

Sales and services of auxiliary enterprises consists of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Residence and dining services	$ 4,407,696	$ 5,228,651
Rental, childcare and miscellaneous operations	586,237	1,116,819
Sales and services of auxiliary enterprises	$ 4,993,933	$ 6,345,470

Contribution Revenue

Contributions, including unconditional promises to give, are recognized initially at fair value as revenues in the period received, provided there is no right of return of the assets received and no indicators of barriers imposed by the donor. Fair values are measured based on the present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. Discounts on pledges receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value at the date of donation as determined by independent appraisal or other valuation method as deemed appropriate by management.

An allowance for uncollectible pledges receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

Cash, Cash Equivalents and Restricted Cash

The University considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Money market funds and certificates of deposits with a maturity of greater than three months are classified as investments.

Restricted cash represents cash held in escrow by a local financial institution as required by the University's bond agreements (see Note 13). These funds are used to pay construction costs related to the renovation of the second floor of the Downtown Center for use to house the new Physician Assistant program.

Student Accounts and Loans Receivable

Student accounts and loans receivable include student accounts receivable for tuition and related fee revenue from current and prior years, as well as institutional student loans receivable. Unpaid amounts from prior semesters are considered past due and students are not allowed to register for classes until those amounts are paid or the students agree to a repayment plan. For accounts considered to be past due, the University provides an allowance for doubtful accounts equal to the amount of estimated uncollectible receivables which is based on historical collection experience and a review of the current status of student receivables. Student amounts considered past due are not significant.

Investments

Investments are valued at estimated fair value using valuation techniques that are appropriate to the investment. These methods are more fully discussed in Note 10. The University's investment securities are exposed to interest rate, market, liquidity and credit risks. Management and the Board have evaluated the risks and the composition of the investment portfolio and believe that the University does not have significant exposure.

Unrealized gains and losses on investments are included as a component of investment return in the statements of activities.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and deposits approximate fair value because of the terms and relatively short maturity of these financial instruments. The fair value of investments is based upon values provided by an external investment manager or quoted market values which have been evaluated by the University. In the cases where such values are not available, historical cost is used as permitted by professional standards.

Fair value disclosures for other financial instruments are disclosed in other footnotes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, Plant and Equipment

Property, plant and equipment are recorded by the University at cost on the date of acquisition or at estimated fair value on the date of donation, if acquired as gifts, less accumulated depreciation. Purchases of property and equipment totaling $2,000 or greater, with an estimated useful life greater than one year are capitalized.

Depreciation of property, plant and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. A summary of depreciable lives follows:

Buildings, residences and other structures	50 years
Land improvements	15 years
Furniture and fixtures	10 years
Library books and film	5 years
Automobiles	5 years

Land is not subject to depreciation.

Other Assets

Other assets consist of prepaid expenses, land and other donated assets held for sale, and a partial ownership interest in the residence of an officer.

The University reviews the carrying value of land held for sale for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Measurement of any impairment loss is based on the fair value of the land held for sale. No loss for impairment of land held for sale was recorded during the years ended June 30, 2020 and 2019. See also Note 16.

Works of Art Held for Display

Works of art consist of non-depreciable assets donated to, or purchased by, the University. These collections are protected and preserved for public exhibition, education and the furtherance of public service rather than financial gain. In addition, they are subject to an organizational policy that requires proceeds of items (whether from sale or insurance reimbursement) to be used to acquire other items for collection. The collection is comprised of gifts made to the University and the value recorded is based on the estimated fair value at the time of the gift. The University does not dispose of these items for financial gain and does not adjust for any changes in value that may occur.

Deferred Revenues

Deferred revenues represent tuition and fees received for programs and services to be conducted predominantly in the subsequent fiscal year.

Accrued Salaries

The University accrues for instructional salaries paid subsequent to the end of the period but earned during the most recently ended period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Derivative Financial Instruments

The University uses interest rate swap agreements to manage interest rate risk associated with variable rate debt. An interest rate swap is defined in professional literature as a derivative instrument and is an agreement between counterparties to exchange periodic interest payments based on specific interest rate differentials applied to a specific notional amount. A swap allows one party to effectively change the interest rate structure of a debt obligation through the exchange of payments with another party. Swaps enable participants to obtain financing from the most advantageous markets and simultaneously hedge unwanted risk.

Interest rate swap agreements are recognized at fair value in the statements of financial position and changes in their fair value are recognized as changes in net assets in the period of change in the statement of activities. Amounts receivable or payable under swap agreements are accounted for as adjustments to interest expense on the related debt.

Management Estimates

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

Income Tax Status

The University is recognized as an organization exempt from Federal income tax under the Internal Revenue Code (the IRC) Section 501(c)(3) whereby only unrelated business income, as defined by IRC Section 512(a)(1), is subject to Federal income tax.

The University's policy is to record a liability for any tax position taken that is beneficial to the University, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions that will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2020 and 2019 and, accordingly, no liability has been accrued.

Concentrations of Risk - Financial Aid

A significant number of students attending the University receive financial assistance from U.S. Government student financial aid programs. These programs require the University to comply with recordkeeping, eligibility and other requirements. Failure to comply with these requirements could result in the loss of U.S. Government financial assistance to the University's students and adversely impact the operations of the University.

New Accounting Standards – Adopted

ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* was issued by the FASB in June 2018. This ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the year ended June 30, 2020 and was adopted on a modified prospective basis. The University has elected the simultaneous release policy for federal and other reimbursement-based grants available under ASU 2018-08, which allows the University to recognize a restricted contribution directly in net assets without donor restriction if the restriction is met in the same period that the revenue is recognized. As such, the timing, amount, and presentation of revenue from federal grants has not materially changed as a result of adopting the provisions of ASU 2018-08.

ASU 2014-09, *Revenue from Contracts with Customers*, was issued by the FASB in May 2014 and is intended to improve the financial reporting requirements for revenue from contracts with customers. The ASU establishes a five-step model and application guidance for determining the timing and amount of revenue recognition. The related application guidance in the ASU replaces most existing revenue recognition guidance in GAAP. The ASU became effective for the University for the year ended June 30, 2020. The University's adoption of the ASU did not materially change the timing or amount of revenue recognized by the University. However, the ASU requires that student revenues be presented in the statements of activities at the transaction price, i.e., net of any institutional student aid. Previously, such revenues were presented gross, i.e., at published rates, followed by a reduction for institutional student aid. The University applied the changes retrospectively and the statements of activities now present tuition and fees net of financial aid grants on a single line.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows* (Topic 230) *Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments in this update are effective for the University's 2019-20 fiscal year and have been adopted retrospectively for all periods presented. Adoption of this standard did not materially change the timing, amount, and presentation of the University's Statement of Cash Flows.

New Accounting Standards – Yet to be Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, (Topic 842), increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. FASB ASU No. 2016-02 is not expected to have a material impact on the University's financial statements.

In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, increasing the transparency of collections by providing updated guidance on the definition of collections and requiring additional disclosures on an entity's collections. The amendments in this update are effective for fiscal years beginning after December 15, 2019. The University is currently evaluating the impact of ASU No. 2019-03 on its financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications
Certain fiscal year 2019 amounts have been reclassified to conform to the fiscal year 2020 presentation.

Other Significant Accounting Policies
Other significant accounting policies are set forth in the financial statements and the remaining notes which follow.

2. CONCENTRATION OF CREDIT RISK

The University maintains its deposits at regional banks operating in Georgia. The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000 for each bank. At June 30, 2020 and 2019, the University had approximately $2,200,000 and $3,600,000 of uninsured cash balances, respectively. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The schedule below reflects the University's financial assets and liquidity resources as of June 30, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	2020	2019
Financial assets at end of year		
Cash and cash equivalents	$ 4,191,033	$ 4,255,788
Student accounts and loans receivable, net	3,568,501	2,904,951
Contributions receivable, net, due in next 12 months	613,251	132,081
Investments	51,704,959	51,630,701
Split-interest agreements	5,570,254	5,480,981
Subsequent year's endowment spending distribution	1,857,000	1,778,400
Total financial assets as of June 30	67,504,998	66,182,902
Less: assets unavailable to meet cash needs for general expenditures within one year:		
Contractual or donor-imposed restrictions:		
Restricted by purpose or time, adjusted	22,378,133	21,530,802
Restricted in perpetuity, adjusted	34,287,798	33,781,466
Total contractual or donor-imposed restrictions	56,665,931	55,312,268
Financial assets available to meet cash needs for general expenditures within one year	10,839,067	10,870,634
Liquidity resources		
Bank line of credit (undrawn)	3,977,176	4,000,000
Total financial assets and liquidity resources available within one year	$ 14,816,243	$ 14,870,634

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES – CONTINUED

The University obtains certain support from donor-restricted contributions. Because a donor's restriction requires resources to be used for a particular purpose or in a future period, the University must maintain sufficient resources to meet those responsibilities of its donors. Income from donor-restricted endowments is available for general use. Donor-restricted endowment funds are not available for general expenditure. Due to the donor restrictions above, certain financial assets may not be available for general expenditure within one year.

As part of the University's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, at June 30, 2020 and 2019, the University had access to a line of credit, as further described in Note 13 and reflected above. The line of credit had an outstanding balance of $1,022,824 as of June 30, 2020 and was paid off subsequent to year-end. There was no outstanding balance on the line of credit at June 30, 2019.

4. STUDENT ACCOUNTS AND LOANS RECEIVABLE

Student accounts and loans receivable at June 30, 2020 and 2019 are summarized as follows:

	2020	2019
Student accounts receivable	$ 3,842,553	$ 2,995,716
Perkins Loan receivables	285,948	309,235
	4,128,501	3,304,951
Less allowance for doubtful accounts	(560,000)	(400,000)
Student accounts and loans receivable, net	$ 3,568,501	$ 2,904,951

Financing Receivables

Perkins Loans:

The University makes uncollateralized loans to students based on financial need. Student loans are funded through the Federal government Perkins Loan program (the Program). At June 30, 2020 and 2019, student loans represented 0.21% and 0.24% of total assets, respectively. Of these amounts, as of June 30, 2020 and 2019, $40,000 and $57,000, respectively, were not in repayment status (that is, the borrowers were not yet required to make payments). Most loans that are in repayment status are collected over a period of eight to 12 years.

The Program was discontinued on September 30, 2017 and no new loans have been awarded to students since this time. Funds advanced by the Federal government in prior years totaling $72,403 and $80,752 at June 30, 2020 and 2019, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the Program result a decrease in the liability to the government. Amounts due under the Program are guaranteed by the government and; therefore, no reserves are placed on any past due balances.

4. STUDENT ACCOUNTS AND LOANS RECEIVABLE – CONTINUED

Past due amounts at June 30, 2020 and 2019 under the Program are summarized as follows:

	<120 Days Past Due	>120 Days Past Due	Total Past Due	Current	Federal Perkins Loan
June 30, 2020	$ 817	$ 283,161	$ 283,978	$ 1,970	$ 285,948
June 30, 2019	$ 214	$ 278,112	$ 278,326	$ 30,909	$ 309,235

Long-term student receivables are not significant and; therefore, are not considered financing receivables.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020 and 2019 are summarized as follows:

	2020	2019
Gross contributions receivable	$ 4,376,251	$ 1,882,206
Less allowance for uncollectible accounts	(221,109)	(97,277)
	4,155,142	1,784,929
Less unamortized discount	(507,718)	(328,166)
Contributions receivable, net	$ 3,647,424	$ 1,456,763
Unconditional promises expected to be collected in:		
Less than one year	$ 613,251	$ 132,081
One year to five years	3,763,000	1,750,125
	$ 4,376,251	$ 1,882,206

Contributions to be received after one year are discounted at the date of donation at an appropriate discount rate based upon generally available unsecured borrowing rates commensurate with risk. Contributions receivable resulting from long-term pledges are marked to fair value on a recurring basis. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions.

6. DEFERRED COMPENSATION AGREEMENTS

The University has entered into deferred compensation agreements with key officers of the University, whereby sums will be paid according to the terms of the agreements into accounts maintained by the University for the purpose of salary continuation upon retirement. This plan is subject to certain stipulations outlined within the agreements, one of which is the officers' continued employment with the University. Contributions into these accounts during the years ended June 30, 2020 and 2019 were $131,765 and $171,016, respectively. The liability for deferred compensation under these agreements totaled $908,074 and $757,993 at June 30, 2020 and 2019, respectively, and are marked to fair value on a recurring basis. The cash surrender value of the assets related to these compensation agreements totaled $606,922 and $472,307, respectively, and approximates fair value. Both are included in the statements of financial position.

7. SPLIT-INTEREST AGREEMENTS

Charitable remainder trusts

Charitable remainder trusts for which the University is not the trustee are carried on the statements of financial position at fair value as charitable remainder trusts. The fair value of the liability to the donors as well as the fair value of the University's remainder interest in trusts held by others are determined based on discounted estimated future cash flows using discount rates and actuarial assumptions which consider the donor's life expectancy and the rates that are typically earned on those types of investments. Discount rates range from 3.36% to 4.48%.

Beneficial interest in perpetual trusts

The University is the beneficiary of various perpetual trusts created by donors, the assets of which are not in possession of the University. Under the terms of the trusts, the University has a legally enforceable right or claim to receive income earned on the trust assets in perpetuity. The income distributed to the University from these trusts is available for general operations of the University or other restricted uses as specified by the donor. The University records its ownership percentage in these trusts on the statements of financial position at fair value of its percentage interest in the assets held within the trusts.

All net realized and unrealized gains in these trusts are reported on the statements of activities in net assets with donor restrictions based on the interpretation that under Georgia law appreciation in such funds is not available for expenditure by the University unless the separate trustees of those funds decide to appropriate it.

8. INVESTMENTS

The following is a summary of investments at June 30, 2020 and 2019:

	2020	2019
Cash and money market	$ 1,510,934	$ 1,502,598
Other	18,450	18,450
Marketable securities:		
Fixed income mutual funds	11,913,558	12,039,037
Certificates of deposit	225,476	647,867
Domestic equity mutual funds	25,875,648	24,679,088
International equity mutual funds	12,160,893	12,743,661
Total marketable securities	50,175,575	50,109,653
Total investments	$ 51,704,959	$ 51,630,701

The Board appropriates only a portion of the University's cumulative investment return for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines.

Investments at June 30 consisted of the following:

	2020	2019
Investments available for current use	$ 2,878,727	$ 3,584,253
Investments in the endowment	48,826,232	48,046,448
Total investments	$ 51,704,959	$ 51,630,701

The following schedule summarizes the investment returns, net of investment management fees, and their classifications in the statement of activities.

	2020	2019
Dividend and interest income	$ 2,068,746	$ 1,502,201
Net unrealized (loss) gain realized	(64,545)	1,583,523
Total investment return	2,004,201	3,085,724
Less investment return appropriated for current operations	(1,930,116)	(1,862,397)
Investment return net of amounts appropriated for current operations	$ 74,085	$ 1,223,327

9. ENDOWMENTS

The University's endowment consists of 137 donor-restricted funds established for scholarships, building maintenance, and other programs.

The University has interpreted Georgia's adoption of the Uniform Prudent Management of Institutional Funds Act (GPMIFA) 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. The University classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual 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 endowment fund. The remaining portion of the donor-restricted endowment fund in excess of the original fair value is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by GPMIFA.

In accordance with GPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the endowment fund
2) The purposes of the University and the donor-restricted endowment fund
3) General economic conditions
4) The possible effects of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the University
7) The investment policies of the University

Return Objectives, Risk Parameters and Endowment Spending Policy
The University has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to maximize the rate of return and preserve capital without undue risk.

To satisfy its long-term rate of return objectives, the University 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 University targets a broadly diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk restraints.

9. ENDOWMENTS – CONTINUED

The University has a policy of appropriating for distribution each year up to 4.50% of the six year rolling average of the market value of the endowment ending on June 30 of the previous fiscal year. Management believes the University was in compliance with this spending policy for the years ended June 30, 2020 and 2019. Additional earnings on the endowment are used for the operations of the University at the discretion of the Board. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or GPMIFA requires the University to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were $37,075 and $29,440 as of June 30, 2020 and 2019, respectively. The deficiencies resulted from unfavorable market fluctuations.

Composition of donor-restricted endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020		
	Original Gift	**Accumulated Gains (Losses)**	**Total Endowment**
Donor-restricted endowment			
Underwater	$ 92,021	$ (37,075)	$ 54,946
Other	31,953,293	18,095,482	50,048,775
Total endowment	$ 32,045,314	$ 18,058,407	$ 50,103,721

	2019		
	Original Gift	**Accumulated Gains (Losses)**	**Total Endowment**
Donor-restricted endowment			
Underwater	$ 92,021	$ (29,440)	$ 62,581
Other	31,470,509	17,949,218	49,419,727
Total endowment	$ 31,562,530	$ 17,919,778	$ 49,482,308

9. ENDOWMENTS – CONTINUED

Changes in donor-restricted endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Donor-restricted endowment funds at beginning of year	$ 49,482,308	$ 47,903,922
Investment return	1,924,140	2,912,857
Contributions and other additions	416,527	321,409
Reclassification of donor intent	59,146	38,465
Appropriation of assets for expenditure	(1,778,400)	(1,694,345)
Donor-restricted endowment funds at end of year	$ 50,103,721	$ 49,482,308

10. FAIR VALUE HIERARCHY

Professional literature defines fair value and establishes a framework for measuring fair value and disclosures about fair value measurements. The guidance states that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Three levels of inputs may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include domestic and international equity securities that are traded in an active exchange market.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category includes certain FDIC certificates of deposit and fixed income mutual funds.
- 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. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes charitable remainder trusts and beneficial interest in perpetual trusts.

10. FAIR VALUE HIERARCHY – CONTINUED

The following table summarizes the valuation of the University's financial instruments as of June 30, 2020 by fair value hierarchy levels previously described:

	Fair Value Measurement at June 30, 2020			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and money market funds	$ 1,510,934	$ -	$ -	$ 1,510,934
Fixed income mutual funds				
Intermediate-term bond	-	1,748,373	-	1,748,373
Short-term bond	-	2,497,121	-	2,497,121
Long-term bond	-	1,681,263	-	1,681,263
Corporate bonds	-	5,986,801	-	5,986,801
FDIC CD	-	225,476	-	225,476
Domestic equity mutual funds	25,875,648	-	-	25,875,648
International equity mutual funds	12,160,893	-	-	12,160,893
Other (reflected at amortized cost)	-	-	-	18,450
Total Investments	39,547,475	12,139,034	-	51,704,959
Contributions receivable, net	-	3,647,424	-	3,647,424
Charitable remainder trusts	-	-	3,470,486	3,470,486
Beneficial interest in perpetual trusts	-	-	2,099,768	2,099,768
	$ 39,547,475	$ 15,786,458	$ 5,570,254	$ 60,922,637
LIABILITIES				
Deferred compensation plan liability	$ -	$ 908,074	$ -	$ 908,074
Interest rate swap	-	2,042,427	-	2,042,427
	$ -	$ 2,950,501	$ -	$ 2,950,501

10. FAIR VALUE HIERARCHY – CONTINUED

The following table summarizes the valuation of the University's financial instruments as of June 30, 2019 by fair value hierarchy levels previously described:

	Fair Value Measurement at June 30, 2019			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and money market funds	$ 1,502,598	$ -	$ -	$ 1,502,598
Fixed income mutual funds				
Intermediate-term bond	-	7,723,557	-	7,723,557
Short-term bond	-	2,666,064	-	2,666,064
Long-term bond	-	1,527,172	-	1,527,172
Corporate bonds	-	122,244	-	122,244
FDIC CD	-	647,867	-	647,867
Domestic equity mutual funds	24,679,088	-	-	24,679,088
International equity mutual funds	12,743,661	-	-	12,743,661
Other (reflected at amortized cost)	-	-	-	18,450
Total Investments	38,925,347	12,686,904	-	51,630,701
Contributions receivable, net	-	1,456,763	-	1,456,763
Charitable remainder trusts	-	-	3,395,317	3,395,317
Beneficial interest in perpetual trusts	-	-	2,085,664	2,085,664
	$ 38,925,347	$ 14,143,667	$ 5,480,981	$ 58,568,445
LIABILITIES				
Deferred compensation plan liability	$ -	$ 757,993	$ -	$ 757,993
Interest rate swap	-	911,681	-	911,681
	$ -	$ 1,669,674	$ -	$ 1,669,674

The following summarizes the University's activities for split-interest agreements measured at fair value using Level 3 inputs for the years ended June 30, 2020 and 2019:

	2020	2019
Beginning balance	$ 5,480,981	$ 5,783,235
Net unrealized gain (loss)	89,273	(302,254)
Ending balance	$ 5,570,254	$ 5,480,981

10. FAIR VALUE HIERARCHY – CONTINUED

Valuation Techniques and Significant Inputs
Level 2 marketable securities consist of fixed income mutual funds that are valued by the mutual fund manager based on the market value of their underlying securities as well as fixed income securities that are valued using market values derived from current interest rates. Contributions receivable are valued using rates for debt securities with comparable risk. The interest rate swap agreement and deferred compensation plan liability agreements are valued using the bank's or investment managers' proprietary pricing model which relies on certain observable assumptions regarding past, present and future market conditions.

Level 3 includes interests in trusts held by others. At June 30, 2020 and 2019, the perpetual and charitable remainder trusts were valued by the outside trustees based on the values of the underlying investments in the trusts which are established by the trustees using valuation methods that are appropriate for the investments in the trusts.

Quantitative information related to valuation inputs is not available since the value of the trusts that was provided by the trustees was used without adjustment. On an annual basis, management evaluates the return received from the trusts against the value of its portion of the trusts for reasonableness as compared with current market returns. Management believes that the sensitivity in the fair value measurement of the beneficial interests is related to market fluctuations, as the investments held in the trusts are primarily marketable securities.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net, is comprised of the following as of June 30, 2020 and 2019:

	2020	2019
Land	$ 3,444,137	$ 3,444,137
Land improvements	5,148,688	5,108,388
Buildings	64,689,174	63,492,484
Furniture and fixtures	11,371,943	14,119,863
Library books and films	2,689,244	2,689,244
Automobiles	610,436	613,236
Construction in progress	3,338,498	-
	91,292,120	89,467,352
Less accumulated depreciation	(38,229,842)	(39,002,934)
Property, plant and equipment, net	$ 53,062,278	$ 50,464,418

Depreciation expense for the years ended June 30, 2020 and 2019 was $2,563,603 and $2,516,371 respectively.

12. REFUNDABLE ADVANCES

The University renewed its dining services contract with Aramark in 2012 for an additional ten-year period. As a part of the agreement, the University received a $475,000 commitment from Aramark which was used for certain food service facility renovations and other costs associated with the Campus Food Service Program. If the agreement is terminated prior to June 30, 2022, the University will be required to repay Aramark the unamortized portion of this commitment. The financial commitment was recorded as a refundable advance liability on the statements of financial position and is being amortized on a straight-line basis until June 2022. At June 30, 2020 and 2019, the unamortized balance of this liability was $95,000 and $142,500, respectively, and is included in refundable advances on the statements of financial position.

During 2017, the University entered into an additional agreement with Aramark to provide facilities management services for the University. In consideration for the University's agreement to the contract, Aramark made an additional financial commitment totaling $790,000 of which $750,000 was used for general operations and $40,000 was used for a priority needs assessment as specified by Aramark. If the agreement is terminated prior to June 30, 2023, the University will be required to repay Aramark the unamortized portion of this commitment. At June 30, 2020 and 2019, the unamortized balance of this liability was $357,142 and $464,285, respectively and is included in refundable advances.

During 2018, the University entered into an agreement with Synergis Education, Inc. (Synergis) for the provision of marketing and recruitment services for one of the University's academic programs. As part of this agreement, Synergis agreed to pay the University rent for certain University office space, for use of the facilities through January 2031, the end of the 12-year agreement. During 2018, Synergis prepaid the University the full $1,000,000 rent due under the terms of the agreement. If the agreement is terminated prior to January 2031, the University will be required to pay Synergis the unamortized portion of this commitment. At June 30, 2020 and 2019, the unamortized balance of this liability was $833,333 and $916,667, respectively, and is included in refundable advances.

13. NOTES AND BONDS PAYABLE

Notes and bonds payable are comprised of the following at June 30, 2020 and 2019:

	2020	2019
Gainesville Redevelopment Authority Revenue Bonds (Brenau University, Inc. Project), Series 2018, dated April 26, 2018 in the principal amount of $9,710,000. The bonds carry a variable interest rate. This rate has been fixed by the University entering into a interest swap agreement (Note 14), which was approximately 1.59% and 3.38% at June 30, 2020 and 2019, respectively. Repayment terms called for monthly principal payments plus interest commencing on June 1, 2018 with the final payment due May 1, 2038. The bonds are secured by a negative pledge agreement covering certain real property owned by the University.	$ 9,002,700	$ 9,348,857
Gainesville and Hall County Redevelopment Authority Revenue Bonds (Brenau University, Inc. Project), Series 2014, dated June 6, 2014 in the principal amount of $7,900,000. These bonds were modified on April 27, 2018 to change the interest rate from a fixed interest rate of 3.49% to an Adjusted LIBOR rate equal to the product of 68% and One-Month LIBOR plus 1.4525% per annum. The University then entered into a interest swap agreement (Note 14) to receive a fixed rate (rate was approximately 1.59% and 3.38% at June 30, 2020 and 2019, respectively). Repayment terms call for monthly interest payments beginning on July 1, 2014 and interest and principal payments beginning July 1, 2015. Final payment of remaining principal and interest is due on June 1, 2040 but can be mandatorily redeemed on May 1, 2025. The bonds are secured by a negative pledge agreement covering certain real property owned by the University.	6,818,044	7,049,776
Gainesville and Hall County Redevelopment Authority Revenue Bonds (Brenau University, Inc. Project), Series 2019, dated July 26, 2019 in the principal amount of $5,305,000. The interest rate of 3.49% to an Adjusted LIBOR rate equal to the product of 79% and One-Month LIBOR plus 1.4525% per annum. The University then entered into a interest swap agreement (Note 14) to receive a fixed rate (rate was approximately 1.59% at June 30, 2020). Repayment terms call for monthly interest payments beginning on August 1, 2019 and interest and principal payments beginning February 1, 2020. Final payment of remaining principal and interest is due on January 1, 2045 but can be mandatorily redeemed on January 1, 2027. The bonds are secured by a negative pledge agreement covering certain real property owned by the University.	5,245,460	-
Note payable to local financial institution, dated December 14, 2012, with interest at 3.23% per annum and secured by certain University owned land and buildings. Original repayment terms called for 59 monthly payments commencing on January 14, 2013 and a balloon payment of remaining principal and accrued interest due on December 14, 2017. This note was modified on December 8, 2017, with an adjusted LIBOR rate equal to One-Month LIBOR plus 2.15% per annum (rate was approximately 2.33% and 4.56% at June 30, 2020 and 2019, respectively). The new terms call for 83 monthly payments of $8,187 commencing on January 14, 2018 and a balloon payment of remaining principal and accrued interest on December 14, 2024.	932,865	994,510
Note payable to local financial institution, dated December 5, 2018, in the principal amount of $1,990,000. Repayment terms call for monthly interest payments beginning on January 5, 2019 and interest and principal payments beginning July 5, 2020, with final payment of remaining principal and interest due on December 5, 2025. The note carries a variable interest rate equal to One-Month LIBOR plus 1.75% per annum (rate was approximately 4.18% at June 30, 2019, respectively). The note is secured by a negative pledge agreement covering certain real property owned by the University. This note was paid in full during the year with proceeds from the Series 2019 note.	-	1,990,000
Total notes and bonds payable	21,999,069	19,383,143
Less: Unamortized portion of capitalized debt issuance costs	(150,935)	(92,561)
Notes and bonds payable, net	$ 21,848,134	$ 19,290,582

13. NOTES AND BONDS PAYABLE – CONTINUED

All long-term debt of the University was obtained to finance capital improvements on the University's campus or to refinance previous debt associated with capital improvements.

Bonds payable are subject to certain covenants as set forth in the bond agreements. Management believes that the University is in compliance with these covenants at June 30, 2020.

The University also has two lines of credit with the bank with a total available balance of $5,000,000 at June 30, 2020 (there was only one line with $4,000,000 at June 30, 2019). The first line of credit has interest is payable monthly on outstanding balances at a variable rate of Prime minus 0.25% and the second line of credit has interest payable at a variable rate of Prime. As of June 30, 2020, the applicable interest rate was 3.00% on the first line of credit and 3.25% on the second line of credit. As of June 30, 2019, the applicable interest rate was 5.00%. The line matures in February of 2021 and April of 2021 and is unsecured. There was no balance outstanding on the University's line of credit at June 30, 2019. At June 30, 2020, the balance outstanding on the University's line of credit was $1,022,824.

Maturities of notes and bonds payable at June 30, 2020 are as follows:

For the Years Ending June 30,	
2021	$ 904,224
2022	936,218
2023	969,375
2024	1,003,663
2025	1,040,991
Thereafter	17,144,598
	$ 21,999,069

14. INTEREST RATE SWAPS

As of June 30, 2020 and 2019, the University has the following interest rate swap agreements outstanding:

Instrument and Counterparty	Current Notional Amount	Variable Rate Received by University[(a)]	Fixed Rate Paid by University	Maturity Date	Fair Value June 30, 2020	Fair Value June 30, 2019
Series 2014 (Note 13)	$ 6,818,044	1.59%	3.92%	05/01/2025	$ 712,118	$ 415,648
Series 2018 (Note 13)	$ 9,002,700	1.59%	3.82%	05/01/2025	887,719	496,033
Series 2019 (Note 13)	$ 5,245,460	1.59%	3.10%	01/01/2027	442,590	-
					$ 2,042,427	$ 911,681

[(a)] Rate shown as of June 30, 2020. Calculated as 79% of One-Month LIBOR plus 1.4525%.

The fair value listed is the estimated amount the University would have to pay to terminate the interest rate swap at interest rates in effect at the time.

15. LEASE COMMITMENTS

On November 8, 2017, the University entered into a financing and lease agreement totaling $747,909 to purchase various equipment on the Gainesville campus. This lease agreement was financed through First American Equipment Finance and is classified as a capital lease. Monthly rental payments of $13,919, including principal and imputed interest of 3.38%, began on December 2017 and will continue through November 2022. The balance of the lease payable was $373,994 and $520,912 at June 30, 2020 and 2019, respectively.

On April 21, 2020, the University entered into a financing and lease agreement totaling $736,651 to purchase various equipment on the Gainesville campus. This lease agreement was financed through First American Equipment Finance and is classified as a capital lease. Monthly rental payments of $13,746, including principal and imputed interest of 4.54%, began on May 2020 and will continue through April 2025. The balance of the lease payable was $708,893 at June 30, 2020.

At June 30, 2020 and 2019, the following cost and accumulated depreciation related to equipment acquired through the above capital leases are included in property and equipment on the statements of financial position as follows:

	2020	2019
Equipment	$ 2,384,727	$ 1,648,076
Less accumulated depreciation	(357,798)	(242,804)
	$ 2,026,929	$ 1,405,272

The University also leases certain facilities under non-cancelable operating leases with a remaining term in excess of one year through October 31, 2025.

Future minimum annual lease payments under the aforementioned capital lease and operating lease agreements for the next five years and thereafter are as follows:

For the Years Ending June 30,	Capital Leases	Operating Leases
2021	$ 289,139	$ 1,477,772
2022	302,358	1,309,602
2023	208,380	1,263,907
2024	155,313	868,995
2025	127,697	523,932
Thereafter	-	220,512
Total minimum lease payments	$ 1,082,887	$ 5,664,720

16. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following at June 30, 2020 and 2019:

	2020	2019
Net investment in property, plant and equipment	$ 28,394,834	$ 29,741,243
Works of art held for display	14,481,327	11,420,353
Undesignated	(2,384,820)	(1,687,454)
Total net assets without donor restrictions	$ 40,491,341	$ 39,474,142

17. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2020 and 2019 as follows:

	2020	2019
Purpose restriction met for operating activities:		
Scholarships and fellowships	$ 23,437	$ 49,617
Instruction	13,392	41,642
Academic support	255,163	189,245
Student services	14,653	13,328
Institutional support	64,459	816,207
Art collection	1,231,074	177,355
Auxiliary enterprises	44,585	59,584
Total purpose restrictions met for operating activities	1,646,763	1,346,978
Appropriations according to spending policy:		
General operations	243,900	233,700
Scholarships and fellowships	782,900	765,945
Instruction	75,900	72,700
Academic support	355,600	352,200
Student services	60,300	57,800
Institutional support	228,700	182,200
Auxiliary enterprises	31,100	29,800
Total appropriations according to spending policy	1,778,400	1,694,345
Purpose restriction met for non-operating activities:		
Capital improvements	79,522	162,465
Total net assets released from restrictions	$ 3,504,685	$ 3,203,788

17. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

Net assets with donor restrictions are restricted for use by the University for the following purposes at June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Split-interest agreements – purpose-restricted	$ 3,377,310	$ 3,315,558
Scholarships	242,620	69,317
Programs	3,482,613	1,237,934
Plant acquisition and maintenance	251,356	312,897
Total subject to expenditure for specified purpose	7,353,899	4,935,706
Accumulated endowment gains subject to spending policy and appropriation as follows:		
Scholarships	6,241,249	6,163,578
General operations	1,312,247	1,348,448
Programs	2,750,183	2,648,478
Plant acquisition and maintenance	7,754,728	7,759,274
Total accumulated endowment gains subject to spending policy and appropriation	18,058,407	17,919,778
Total restricted by purpose or time	25,412,306	22,855,484
Restricted in perpetuity		
Endowment funds subject to spending policy and appropriation	32,045,314	31,562,530
Split-interest agreements – perpetual	2,242,484	2,218,936
Land held for sale	79,000	79,000
Total restricted in perpetuity	34,366,798	33,860,466
Total net assets with donor restrictions	$ 59,779,104	$ 56,715,950

The University was the recipient of a land gift valued at $79,000. The donor stipulated that proceeds of the land once it can be sold are to be used for an educational scholarship endowment.

18. EXPENSES

The statements of activities present expenses by natural classification, with the below tables detailing expenses by both functional and natural classification. The University's primary program service is instruction. Expenses reported as academic support, student services, institutional support, and auxiliary services are incurred in support of this primary program service. Institutional support includes fundraising expenses of $811,956 and $889,173 for the years ended June 30, 2020 and 2019, respectively. Operation and maintenance of plant and depreciation expense are allocated based on square footage. Interest expense is allocated based on the functional purpose for which debt proceeds were used.

	2020						
	Instruction	Academic Support	Student Services	Grants to Students	Auxiliary Services	Institutional Support	Total
Salaries, wages, and benefits	$ 17,033,432	$ 2,075,265	$ 4,612,268	$ -	$ 2,213,722	$ 4,316,570	$ 30,251,257
Recruiting	10,790	-	8,616,545	-	-	7,922	8,635,257
Depreciation	1,058,181	232,655	490,239	-	596,905	185,623	2,563,603
Rental	1,712,089	10,890	83,617	-	-	8,689	1,815,285
Consultants, contractors and professional fees	1,229,239	404,351	825,355	-	663,574	598,612	3,721,131
Food and dining services	1,277	2,399	49,408	-	1,592,094	-	1,645,178
Utilities	595,591	99,270	218,128	-	294,030	92,509	1,299,528
Interest on indebtedness	339,371	74,615	157,225	-	191,434	59,531	822,176
Federal CARES Act grant	-	-	-	641,599	-	-	641,599
Other expenses	1,299,245	811,666	1,373,090	-	385,678	2,776,208	6,645,887
Total expenses	$ 23,279,215	$ 3,711,111	$ 16,425,875	$ 641,599	$ 5,937,437	$ 8,045,664	$ 58,040,901

	2019					
	Instruction	Academic Support	Student Services	Auxiliary Services	Institutional Support	Total
Salaries, wages, and benefits	$ 15,907,063	$ 2,067,178	$ 4,741,402	$ 2,105,894	$ 4,116,578	$ 28,938,115
Recruiting	7,778	-	6,892,763	-	104,592	7,005,133
Depreciation	1,030,851	232,585	493,852	575,535	183,548	2,516,371
Rental	1,665,649	11,091	84,223	10,432	8,753	1,780,148
Consultants, contractors and professional fees	1,177,281	343,198	723,334	600,902	661,871	3,506,586
Food and dining services	783	4,466	59,985	1,551,145	-	1,616,379
Utilities	570,074	95,182	214,746	297,247	90,085	1,267,334
Interest on indebtedness	305,659	68,964	146,440	170,653	54,424	746,140
Other expenses	1,140,212	1,080,518	1,640,457	434,374	2,528,440	6,824,001
Total expenses	$ 21,805,350	$ 3,903,182	$ 14,997,202	$ 5,746,182	$ 7,748,291	$ 54,200,207

19. RETIREMENT PLAN

The University offers a 403(b) Defined Contribution Plan to full-time faculty members, administrative personnel, and other employees who meet certain hourly requirements. The University provides a service-graded matching contribution on eligible compensation for each employee participating in the plan. The amounts contributed by the University totaled $1,120,196 and $1,044,115 for the years ended June 30, 2020 and 2019, respectively.

20. RELATED PARTY TRANSACTIONS

In 2005, the University provided a loan to an officer of the University to purchase a home. Subsequently, the loan was converted to a 31.70% ownership interest in the home. Upon sale of the home, the University will receive a return of its investment of $226,500 plus 31.70% of the increase in the value of the home, instead of repayment of the loan principal and accumulated interest. This amount is included in other assets in the accompanying statements of financial position. Coincident with the retirement of an officer of the University, the Board of Trustee's has agreed to transfer the University's ownership percentage back to the officer over the course of five years beginning with the calendar year 2021.

During 2008, the University entered into a 57,776 square foot operating lease, parties to which are University trustees, for its nursing and OT facilities and dance classroom space, expiring November 30, 2025. An extensive search based on cost, suitability, and proximity to the main campus was made before selecting the property at the Featherbone Center. Rental expense incurred related to this operating lease totaled $582,377 and $517,175 for the years ended June 30, 2020 and 2019, respectively.

One of the University's trustees is a part owner in the insurance agency from which the University purchases general insurance. The Agency receives commissions on policies sold to the University. Total premiums paid by the University on policies sold by the Agency amounted to $532,333 and $490,303 for the years ended June 30, 2020 and 2019, respectively. Competitive bids were taken to ensure reasonableness of premiums.

Another trustee is the vice-president of the company the University uses for construction projects. Amounts paid to the company totaled $2,674,728 and $2,088,660 for the years ended June 30, 2020 and 2019, respectively. Competitive bids were also taken for this project to ensure reasonableness of fees.

Additionally, one of the University's trustees is partner in Universal Collegiate Alliances, LLC, a group recruiting foreign students; some that may enroll in the University. The University pays this entity a recruiting fee for its services. The University paid this group $454,171 and $373,141, for the years ended June 30, 2020 and 2019, respectively.

21. COMMITMENTS AND CONTINGENCIES

The University is subject to legal actions in the ordinary course of business. Certain actions are in various stages of the litigation process and their ultimate outcomes cannot be currently determined. Accordingly, potential liabilities in excess of insurance coverage may not be reflected in the accompanying financial statements. It is the opinion of outside and in-house legal counsel that the ultimate liability of such litigation could reach up to $250,000, which is reflected in the financial statements as a part of accounts payable, deposits and accrued expenses as of June 30, 2020 and 2019.

21. COMMITMENTS AND CONTINGENCIES – CONTINUED

Certain Federally funded financial aid programs are routinely subject to audit. The reports on examinations which are conducted pursuant to specific regulatory requirements by the auditors for the University are required to be submitted to both the University and the U.S. Department of Education. Such agency has the authority to determine liabilities, as well as to limit, suspend, or terminate federal student aid programs. These audits could result in claims against the resources of the University. No provision has been recorded for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. In management's opinion, no material instances of noncompliance have occurred during the years ended June 30, 2020 and 2019 related to the University's Federally funded student financial aid programs.

22. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

As a result of the spread of the SARS-CoV-2 virus, the University and universities across the country took unprecedented action to protect the health and safety of students, including our campus. Beginning on March 12, 2020, the University announced that campus operations were being suspended and all students were transitioned to a distance education framework through the end of the academic term. In addition, all summer classes and other summer activities typically occurring on campus were canceled. Safeguards recommended by the Centers for Disease Control and Prevention and other governmental agencies have been put in place across campus as have provisions for on-line instruction should the need arise. With these safeguards and provisions, beginning on August 16, 2020, students began arriving on campus for the fall semester. Despite these efforts, given the uncertainty in the epidemiological and economic outlook, there may be short and long-term implications for our instruction, student experience and operations. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

As an additional response to the pandemic, on March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES). In the weeks that followed, the University applied for, and was awarded certain Higher Education Emergency Relief Fund (HEERF) grants. The following is a summary of HEERF funds awarded, received, expended, and remaining as of and for the year ended June 30, 2020:

	Received FY 2020	Expended FY 2020	Remaining June 30, 2020
HEERF - Institutional portion	$ 641,598	$ (641,598)	$ -
HEERF - Student portion	641,599	(641,599)	-
Total	$ 1,283,197	$ (1,283,197)	$ -

The University recorded as revenue the amount received and expended during the year ended June 30, 2020 in "Federal CARES Act grants" within operating revenues and gains without donor restrictions in the statements of activities. Student grants provided through the HEERF student portion are also recorded in a separate line item in operating expenses without donor restrictions in the statements of activities.

23. SUBSEQUENT EVENTS

In connection with the preparation of these financial statements, management evaluated subsequent events after the statement of financial position date of June 30, 2020 through November 2, 2020, which was the date the financial statements were available to be issued.

On August 28, 2020, the University entered into a financing and lease agreement totaling $386,154 to purchase various equipment on the Gainesville campus. This lease agreement was financed through First American Equipment Finance and is classified as a capital lease. Monthly rental payments of $7,206, including principal and imputed interest of 4.54%, began on September 2020 and will continue through August 2025.

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/5/2020

Presenter: Jeremy Perry

Item of Business: Resolution: Investment and Cash Management Policy

Meeting Date: 2/11/2021

Purpose of Request:
To continue to safeguard the City's funds, ensure the availability of operating and capital funds when needed, provide an investment return competitive with comparable funds and financial market indices, and maintain diverse investments.

History/Background:
In 1994, the Gainesville City Council adopted an Investment and Cash Management Policy. On November 20, 2007, the policy was amended with Resolution BR-2007-53. On December 18, 2018, City Council approved Resolution BR-2018-65, a complete rewrite of the policy to set forth the guidelines and objectives needed to achieve a prudent cash and investment management program.

Facts & Issues for Consideration:

Department Recommendation:
Financial Services recommends the adoption of the Investment and Cash Management Policy.

Department Director:
Jeremy Perry

If funding is involved, are funds approved within the current budget?
N/A

Amount Requested:
N/A

Source of Funds:

Finance Comments:

Administrative Comments:

ATTACHMENTS:

Description	Type
Investment and Cash Management Policy Resolution	Resolution
Investment and Cash Management Policy	Policy

RESOLUTION BR-2021 - ___

INVESTMENT AND CASH MANAGEMENT POLICY

WHEREAS, the Gainesville City Council adopted an Investment and Cash Management Policy in 1994 to set forth the investment objectives and parameters for the management of public funds of the City of Gainesville, Georgia; and

WHEREAS, on November 20, 2007, City Council adopted an amendment to the policy which provided for a 40% limited investment in the State investment pool with Resolution BR-2007-53; and

WHEREAS, on December 18, 2018, City Council adopted an amendment to the policy which was a complete rewrite of the policy to set forth the guidelines and objectives needed to achieve a prudent cash and investment management program; and

WHEREAS, to continue to safeguard the City's funds, ensure the availability of operating and capital funds when needed, provide an investment return competitive with comparable funds and financial market indices; and

WHEREAS, the policy will apply to all cash and investments held or controlled by the City with the exception of the City's funds that have other existing policies related to cash and investments like the issuance of debt or Employees' Pension Funds.

NOW, THEREFORE, BE IT RESOLVED THAT the governing body for the City of Gainesville hereby adopts the attached Investment and Cash Management Policy which is in accordance with the Official Code of Georgia, Annotated §36-80-3, §36-80-4, and §36-83-4.

Adopted this ____ day of February, 2021.

____

C. Danny Dunagan, Jr., Mayor

This is to certify that I am City Clerk of the City of Gainesville, Georgia. As such, I keep its official records, including its minutes. In that capacity, my signature below certifies this resolution was adopted as stated and will be recorded in the official minutes.

ATTEST:

____

Denise O. Jordan, City Clerk

Investment and Cash Management Policy for the City of Gainesville, Georgia

<u>Approved on February 16, 2021</u>

Table of Contents

Investment and Cash Management Policy
City of Gainesville, Georgia

I. PURPOSE

The purpose of this Investment and Cash Management Policy (hereinafter "Policy") is to set forth the investment objectives and parameters for the management of the public funds of the City of Gainesville, Georgia (hereinafter "City"). This Policy is designed to safeguard the City's funds, ensure the availability of operating and capital funds when needed, and provide an investment return competitive with comparable funds and financial market indices.

II. SCOPE

In accordance with the Official Code of Georgia, Annotated §36-80-3, §36-80-4 and §36-83-4, this Policy will set forth the guidelines and objectives necessary to achieve a prudent cash and investment management program. This Policy applies to all cash and investments held or controlled by the City with the exception of the City's funds related to the issuance of debt or Employees' Pension Funds where there are other existing policies or indentures in effect for such funds. Cash and investment balances as defined in this Section are entirely known as "Available Funds".

III. INVESTMENT OBJECTIVES

<u>Safety of Principal</u>
The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification in Permitted Investments (as defined herein) is required in order that potential losses from the early liquidation of individual securities do not exceed the income generated from the remainder of the portfolio.

<u>Maintenance of Liquidity</u>
The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodic cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

<u>Return on Investment</u>
The portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active or passive management where the Investment Advisor(s) utilizes a total return strategy (which includes both realized and unrealized gains and losses in the portfolios). This total return strategy seeks to increase the value of the portfolios through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, an Investment Advisor(s) may trade to recognize a loss from time to time to achieve a perceived relative value based on its potential to enhance the total return of the portfolios.

IV. DELEGATION OF AUTHORITY

The responsibility for providing fiduciary oversight of the investment program resides with the City Council. Responsibility for the administration of the investment program is vested in the City Manager. The City's Chief Financial Officer or other designee will be responsible for transferring the appropriate funds to effect investment transactions, as recommended by the City's Investment Advisor for the investment program. No person may engage in an investment transaction except as stated in the internal controls section of the policy. In employing an Investment Advisor to manage the City's investment portfolio, or a portion thereof, such Investment Advisor or firm must be registered under the Investment Adviser's Act of 1940.

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by investment officials shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided significant deviations from expectations are reported to the City Council in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. The "Prudent Person" rule states the following:

> Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the Prudent Person standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

VI. ETHICS AND CONFLICTS OF INTEREST

The City Council, City Manager, Chief Financial Officer, and Financial Services Department Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, the above personnel involved in the investment process shall disclose to the City Council any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment program. Investment related officers and personnel shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

As delegated by the City Manager, the Chief Financial Officer or designee shall establish a system of internal controls and operational procedures that are in writing and made a part of the City's financial operating procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and recordkeeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery-vs-payment" procedures. No person may engage in an investment transaction except as authorized under the terms of this Policy.

Independent auditors as a normal part of the annual financial audit of the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

VIII. CONTINUING EDUCATION

The Chief Financial Officer or designee and any other personnel responsible for overseeing investments shall attend at least one investment training session within 12 months after taking office or assuming duties and receive not less than 8 hours of instruction relating to investment responsibilities every two years.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The following are requirements for investment institutions and dealers to enter into financial transactions with the City:

A. The Chief Financial Officer or other designee shall only purchase securities from investment institutions which are designated as Primary Dealers by the Federal Reserve Bank of New York (source of information: https://www.newyorkfed.org/markets/primarydealers.html

B. The Chief Financial Officer or designee shall only enter into repurchase agreements with financial institutions that are Primary Dealers as designated by the Federal Reserve Bank of New York.

C. The Chief Financial Officer or designee shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes and only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

1) Regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
2) Capital of no less than $10,000,000;
3) Registered as a dealer under the Securities Exchange Act of 1934;
4) Member of the Financial Industry Regulatory Authority, Inc. (FINRA);
5) Registered to sell securities in Georgia;
6) The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years;

No policy deposit shall be made except in a qualified public depository as established by state law.

The City's Investment Advisor(s) shall utilize and maintain its own list of approved primary and non-primary dealers. Such list may include financial institutions that are approved solely due by their participation in a bid process and/or historical market reputation. In the conduct of a competitive bid, an Investment Advisor is not obligated to utilize financial institutions from clause (B) or (C) above.

X. MATURITY, LIQUIDITY, ALLOCATION, AND REPORTING REQUIREMENTS

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

A. Maturity Guidelines

Long-term investment portfolio: Securities purchased by or on behalf of the City shall have a final maturity of five and one half (5.5) years or less from the date of settlement. The maximum effective duration of the long-term investment portfolio shall be three (3) years.

B. Liquidity Requirements

The Chief Financial Officer or designee shall consult with the City's Investment Advisor(s) to determine the approximate amount of funds required to meet the day-to-day expenditure needs of the City. All funds in the depository bank will be "swept" each night into a fully collateralized repurchase agreement or bank money market account/fund. In order to have an available source of funds to meet unexpected cash requirements, a minimum of two months operating expenses will be deposited in the bank account, Georgia Fund 1, or other "money market" type instruments. The balance of the City's funds will be available for investment according to the guidelines incorporated within this Policy.

C. Allocation of Interest

Investment earnings derived from any pooled cash investments shall be distributed to individual funds based upon each fund's amount of participation.

D. Report of Investments

The Financial Services Department shall prepare monthly reports of cash and investments. The report will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to this investment policy.

XI. RISK AND DIVERSIFICATION

Assets held shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The Chief Financial Officer or designee shall consult with the City's Investment Advisor(s) to determine diversification strategies within the established guidelines.

XII. MASTER REPURCHASE AGREEMENT

The Chief Financial Officer or designee will as directed by the City's Investment Advisor(s) require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the SIFMA Master Repurchase Agreement. All repurchase agreement transactions will adhere to requirements of the SIFMA Master Repurchase Agreement.

XIII. COMPETITIVE SELECTION OF PERMITTED INVESTMENTS

After the Chief Financial Officer or designee in consultation with the City's Investment Advisor(s) has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) qualified banks and/or approved broker/dealers must be contacted and asked to provide bids/offers on securities in question. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased/sold utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

A. Tradeweb

B. Bloomberg Information Systems

C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing

D. Daily market pricing provided by the City's custodian or their correspondent institutions

The Chief Financial Officer or designee and the City's Investment Advisor(s) shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Chief Financial Officer or designee and the City's Investment Advisor(s), competitive bidding would inhibit the selection process.

Examples of when this method may be used include:

A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process

B. When no active market exists for the issue being traded due to the age or depth of the issue

C. When a security is unique to a single dealer, for example, a private placement

D. When the transaction involves new issues or issues in the "when issued" market

Overnight sweep investment instruments will not be bid, but may be placed with the City's depository bank relating to the demand account for which the investment instrument was purchased.

XIV. AUTHORIZED PERMITTED INVESTMENTS AND PORTFOLIO COMPOSITION

Investments will be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. When the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Chief Financial Officer or designee in consultation with the City's Investment Advisor(s) may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City ("Permitted Investments"). Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the Chief Financial Officer or designee in consultation with the City's Investment Advisor(s). The Chief Financial Officer or designee, in consultation with the City's Investment Advisor(s), shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment, at the time of purchase. Investments not listed in this Policy are prohibited. The following requirements do not apply to funds derived from the sale of debt or used in energy risk management programs.

Permitted Investments

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
Obligations of the State of Georgia or of other States	25%	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3, or equivalent)	5.5 Years
Obligations issued by the United States government	100%	N/A	N/A	5.5 Years
Obligations fully insured or guaranteed by the United States government or a United States government agency	100%	N/A	N/A	5.5 Years
Obligations of any corporation of the United States Government	75%	40%[2]	N/A	5.5 Years
Agency Mortgage-Backed Securities (MBS)	25%	40%[2]	N/A	5.5 Years Avg. Life[3]
Prime banker's acceptances	25%	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
The Local government investment pool established by Code Section §36-83-8	50%	N/A	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Fully Collateralized Repurchase Agreement	25%	5%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in either the Highest ST Rating Category (A-1/P-1, or equivalent) OR have at least one LT rating from an NRSRO in one of the 3 highest rating categories. If the counterparty is a Federal Reserve Bank, no rating is required	3 Year
Obligations of other political Subdivisions in the State of Georgia	25%	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3, or equivalent)	5.5 Years
Certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation and Bank Deposits	50%	25%	N/A	3.0 Years

Notes:

[1] Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term.

[2] Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

[3] The maturity limit for MBS is based on the expected average life at time of settlement, measured using Bloomberg or other industry standard methods.

1) **Obligations of the State of Georgia or of other States -** Obligations, including both taxable and tax-exempt, issued or guaranteed by any State of the United States.

2) **Obligations issued by the United States government -** U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

3) **Obligations fully insured or guaranteed by the United States government or a United States government agency -** U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

4) **Obligations of any corporation of the United States Government -** Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency or government-sponsored enterprise (GSE).

5) **Agency Mortgage Backed Securities -** Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.

6) **Prime Bankers' Acceptances** - Bankers' acceptances issued, drawn on, or guaranteed by a U.S. bank or U.S. branch of a foreign bank.

7) **Local Government Investment Pools –** State, local government or privately-sponsored investment pools that are authorized pursuant to Code Section §36-83-8.

   A thorough investigation of any intergovernmental investment pool is required prior to investing, and on an annual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

8) **Fully Collateralized Repurchase Agreement -** Repurchase agreements (Repo or RP) that meet the following requirements:
   a. Must be governed by a written SIFMA Master Repurchase Agreement which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the Counterparty default or fail to provide full timely repayment.
   b. Counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered commercial bank.
   c. Securities underlying repurchase agreements must be delivered to a third party custodian under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in the City's custodial account or in a separate account in the name of the City.
   d. Acceptable underlying securities include only securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States, or U.S. Agency-backed mortgage related securities.
   e. Underlying securities must have an aggregate current market value of at least 102% (or 100% if the counterparty is a Federal Reserve Bank) of the purchase price plus current accrued price differential at the close of each business day.
   f. Final term of the agreement must be 3 years or less.

9) **Obligations of other political Subdivisions in the State of Georgia –** Obligations, including both taxable and tax-exempt, issued or guaranteed by any political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of the State of Georgia.

10) **Certificates of Deposit of Banks Bank Deposits –** which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured by direct obligations of the state or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured. For bank deposits or savings accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured by the O.C.G.A. §45-8-12 and O.C.G.A. §50-17-59.

General Investment and Portfolio Limits

1. General investment limitations:
   a. Investments must be denominated in U.S. dollars and issued for legal sale in U.S. markets.

b. Minimum ratings are based on the highest rating by any one Nationally Recognized Statistical Ratings Organization ("NRSRO"), unless otherwise specified.
c. All limits and rating requirements apply at time of purchase.
d. Should a security fall below the minimum credit rating requirement for purchase, the Investment Advisor will notify the Chief Financial Officer.
e. The maximum maturity (or average life for MBS) of any investment is 5.5 years. Maturity and average life are measured from settlement date. The final maturity date can be based on any mandatory call, put, pre-refunding date, or other mandatory redemption date.

2. General portfolio limitations:
   a. The maximum effective duration of the portfolio is 3 years.
3. Investment in the following are permitted, provided they meet all other policy requirements:
   a. Callable, step-up callable, called, pre-refunded, putable and extendable securities, as long as the effective final maturity meets the maturity limits for the sector
   b. Variable-rate and floating-rate securities
   c. Subordinated, secured and covered debt, if it meets the ratings requirements for the sector
   d. Zero coupon issues and strips, excluding agency mortgage-backed Interest-only structures (I/Os)
   e. Treasury TIPS
4. The following are **NOT PERMITTED** investments, unless specifically authorized by statute and with prior approval of the governing body**:**
   a. Trading for speculation
   b. Derivatives (other than callables and traditional floating or variable-rate instruments)
   c. Mortgage-backed interest-only structures (I/Os)
   d. Inverse or leveraged floating-rate and variable-rate instruments
   e. Currency, equity, index and event-linked notes (e.g. range notes), or other structures that could return less than par at maturity
   f. Private placements and direct loans, except as may be legally permitted by Rule 144A or commercial paper issued under a 4(2) exemption from registration
   g. Convertible, high yield, and non-U.S. dollar denominated debt
   h. Short sales
   i. Use of leverage
   j. Futures and options
   k. Mutual funds, including fixed-income mutual funds and ETFs, and 2a-7 money market funds (unless bond proceeds – then State Statute 36-82-7 applies)
   l. Equities, commodities, currencies and hard assets

XV. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS

The City may not invest in investment products that include the use of derivatives, unless otherwise stated in Section XIV. A "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. Reverse repurchase agreements are not permitted by this Policy.

XVI. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolios' performance, the City will use performance benchmarks for the short-term investments and long-term investment portfolio. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

A. The short-term investments shall be designed with the annual objective of exceeding the weighted average return (net book value rate of return) of the ICE Bank of America Merrill

Lynch (ICE BofAML) 3-Month U.S. Treasury Bill Index. The ICE BofAML 3-Month T-Bill Index is an unmanaged index that measures returns of three-month Treasury Bills.

B. The City may measure the long-term investment portfolio using the following benchmark with the annual objective of exceeding the return of the;

1. ICE Bank of America Merrill Lynch (ICE BofAML) 0-5 Year U.S. Treasury Index compared to the portfolio's total rate of return. The ICE BofAML 0-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing within five years.

In the event that the above benchmarks are no longer available or not applicable, an Index that is comprised of underlying assets of comparable asset classes, ratings quality and duration may be used.

XVII. REPORTING

A. The City's Investment Advisor(s) shall provide quarterly investment reports on the City's short-term and long-term core investments to the City Manager who will share these reports with the City Council. Schedules in the quarterly report should include the following:

1. A listing of individual securities held at the end of the reporting period

2. Percentage of available funds represented by each investment type

3. Coupon, discount or earning rate

4. Average life or duration and final maturity of all investments

5. Par value and market value

XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Georgia, or any other state or territory of the United States which has a branch or principal place of business in the State of Georgia, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Georgia. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the City Manager and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

Monthly, the custodian shall provide the Chief Financial Officer or designee and/or the City's Investment Advisor(s) with detail information on the securities held by the custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Only after receiving written authorization from the Chief Financial Officer or designee shall authorized securities be delivered "free". Securities held as collateral shall be held free and clear of any liens.

XIX. RESERVATION OF AUTHORITY

The Chief Financial Officer or designee shall review the Policy annually. The authority to issue and/or revise this Policy is reserved for the City Council.

Attachment A
Glossary of Investment and Cash Management Terms

The following is a glossary of key investing terms, many of which appear in the City's investment policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans, and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10, and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of $4 billion, 30-year new issues having a minimum size of $1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance, and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash-flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC (as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are at par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In "plain vanilla" CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution, or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement, and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs, and BAs clear through DTC.

Derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities). For hedging purposes, common derivatives are options, futures, interest rate swaps, and swaptions. All Collateralized Mortgage Obligations (CMOs) are derivatives.

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB's regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are $1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of $100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets exist.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the "fed funds rate."

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances, and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries, and issuers offering potentially independent returns.

Dollar Price. A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of $955 per $1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security's or portfolio's cash-flows, where the present values of the cash-flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of $250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its "reference note" program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

Financial Industry Regulatory Authority, Inc. (FINRA). A private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission (SEC).

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or "floater"). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also "Variable Rate Security."

Freddie Mac. See "Federal Home Loan Mortgage Corporation."

Ginnie Mae. See "Government National Mortgage Association."

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that are actually full faith and credit of the U.S. government).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills", "Treasury Notes", or "Treasury Bonds".

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. government, but they are not direct obligations of the U.S. government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Examples of GSEs include: FHLB, FHLMC, FNMA, and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. **Separation of transaction authority from accounting and record keeping** - A separation of duties is achieved by separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction.

3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly

safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.

7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations, and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital, including bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Additionally, it is a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (e.g., Georgia Fund 1).

Long-Term Core Investment Program. Funds that are not needed within a one-year period.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of $1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA, and FHLMC. There are a variety of MBS structures with varying levels of risk and complexity. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. The largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (e.g., bond, equity, and money market funds); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs ($100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets including securities, cash, and any accrued earnings, then subtracting the total assets from the fund's liabilities, and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

[(Total assets) - (Liabilities)]/ (Number of shares outstanding)

NRSRO. A "Nationally Recognized Statistical Rating Organization" (NRSRO) is a designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, S&P, Fitch, and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. A Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. The face value, stated value, or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. A designation given to certain government securities dealer by the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are the largest buyers and sellers by volume in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody's.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Expert Rule. Standard that requires that a fiduciary manage a portfolio with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. This statement differs from the "prudent person" rule in that familiarity with such matters suggests a higher standard than simple prudence.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See "Unrealized Gains (Losses)."

Reference Bills: FHLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes ($1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency, and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10, and 30-year maturities. Initial issuances range from $2 - $6 billion with re-openings ranging $1 - $4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate Securities Industry and Financial Markets Association (SIFMA) approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Industry and Financial Markets Association (SIFMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the SIFMA also recommends bond market closures and early closes due to holidays.

Securities Lending. An arrangement between and investor and a custody bank that allows the custody bank to "loan" the investors investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g., FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Supranational. Supranational organizations are international financial institutions that are generally established by agreements among nations, with member nations contributing capital and participating in management. These agreements provide for limited immunity from the laws of member countries. Bonds issued by these institutions are part of the broader class of Supranational, Sovereign, and Non-U.S. Agency (SSA) sector bonds.

Supranational bonds finance economic and infrastructure development and support environmental protection, poverty reduction, and renewable energy around the globe. For example, the World Bank, International Finance Corporation (IFC), and African Development Bank (AfDB) have “green bond” programs specifically designed for energy resource conservation and management. Supranational bonds, which are issued by multi-national organizations that transcend national boundaries. Examples include the World Bank, African Development Bank, and European Investment Bank.

Swap. Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB’s traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5, and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to $30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to $150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week, and 26-week T-Bills.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. government and issued with maturities of ten years and longer by the U.S. Department of the Treasury.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 3-year, 5-year, and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC Rule 15c3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See also “Realized Gains (Losses).”

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually, or annually). See also “Floating Rate Note.”

Weighted Average Maturity (or just “Average Maturity”). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or “inverted” (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as “Yield to Maturity,” except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security’s yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash-flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield,” "Yield Curve," "Yield to Call," and "Yield to Maturity."

Attachment B
Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.

2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.

5. A schedule for receiving statements and portfolio listings.

6. Are reserves, retained earnings, etc. utilized by the pool/fund?

7. A fee schedule, and when and how is it assessed.

8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/5/2021

Presenter: Jeremy Perry

Item of Business: Resolution: Raymond James & Associates Inc. Agreement for Investment Advisor Services

Meeting Date: 2/11/2021

Purpose of Request:
To accomplish the objective of the Investment and Cash Management policy, it is beneficial for the City of Gainesville, Georgia to partner with Raymond James & Associates, Inc. to avail the experience, sources of information, advise, assistance, and facilities available to Raymond James & Associates, Inc. Also to have Raymond James & Associates, Inc. undertake certain duties and responsibilities and perform certain services as investment advisor on behalf of the City.

History/Background:
On December 18, 2018, the City entered into an agreement with PFM for investment advisor services. Since 2018, the financial market has changed. As a result, the City would benefit from partnering with an additional financial advisor.

Facts & Issues for Consideration:
Raymond James & Associates Inc. will be compensated at various rates based upon the amount that is invested. 5.5 basis points (.055%) or a minimum annual fee of $25,000 is planned for the first year.
The term of this Agreement is from the date of Council approval until June 30, 2021. The Agreement will automatically renew for four successive one year periods beginning July 1, 2021. The Agreement may be terminated by either party upon at least thirty days written notice.

Department Recommendation:
Financial Services recommends entering into an agreement with Raymond James & Associates Inc. to serve as the investment advisor for the City of Gainesville.

Department Director:
Jeremy Perry

If funding is involved, are funds approved within the current budget?
N/A

Amount Requested:

Source of Funds:

Finance Comments:

Administrative Comments:

ATTACHMENTS:

Description	Type
Raymond James Agreement for Investment Advisory Services Resolution	Resolution
Raymond James Investment Advisory Agreement	Contract/Agreement/MOU
Solicitor Disclosure Form	Contract/Agreement/MOU

RESOLUTION BR-2021 - ___

RAYMOND JAMES & ASSOCIATES, INC. AGREEMENT FOR INVESTMENT ADVISOR SERVICES

WHEREAS, the governing body for the City of Gainesville, Georgia adopted an Investment and Cash Management Policy which sets forth the investment objectives and parameters for the management of public funds of the City of Gainesville, Georgia; and

WHEREAS, to accomplish the objective of the policy, it is beneficial for the City to partner with Raymond James & Associates, Inc. to avail the experience, sources of information, advice, assistance and facilities available to Raymond James & Associates, Inc.; and

WHEREAS, to have Raymond James & Associates, Inc. undertake certain duties and responsibilities; and

WHEREAS, to perform certain services as investment advisor on behalf of the City.

NOW, THEREFORE, BE IT RESOLVED THAT the governing body for the City of Gainesville, Georgia hereby approves the attached agreement with Raymond James & Associates, Inc. and authorizes the City Manager to execute all necessary documents for the agreement.

Adopted this ____ day of February, 2021.

____

C. Danny Dunagan, Jr., Mayor

This is to certify that I am City Clerk of the City of Gainesville, Georgia. As such, I keep its official records, including its minutes. In that capacity, my signature below certifies this resolution was adopted as stated and will be recorded in the official minutes.

ATTEST:

____

Denise O. Jordan, City Clerk

February 5, 2021

Mr. Jeremy Perry
Chief Financial Officer
City of Gainesville, Georgia
300 Henry Ward Way, Suite 303
Gainesville, Georgia 30501

Re: Investment Activities related to the City of Gainesville General Account Funds

Dear Jeremy:

This letter ("Agreement") outlines the related matters with respect to Raymond James & Associates Inc.'s ("RJ" or "Raymond James") role as Investment Adviser for the City of Gainesville (Georgia) (the "City") pertaining solely to our provision of Investment Adviser services relating to the investment of a portion of the City's funds in its General Account (the "Funds") currently held by the current custodian. This Agreement and the services to be provided hereunder are separate from the Municipal Advisor Agreement by and between the City and Raymond James & Associates, Inc. dated September 1, 2020 under which Raymond James (through Bill Camp and any other designated individuals) will be providing a separate scope of services delineated in that agreement.

The Scope of Services under this Agreement includes the following:

Evaluation & Monitoring Phase

- Develop an investment strategy with the City for the Funds, including the following:
    - Review, discuss, and analyze the disbursement requirements and liquidity needs for the Funds;
    - Evaluate potential benefits of investing the Funds in United States Treasury, agency or other securities/instruments eligible for potential investment under the City's Investment and Cash Policy ("Permitted Investments");
    - On an on-going basis, review the investment strategy being utilized for the Funds with the City;
- Evaluate and advise the City concerning risk of securities or other Permitted Investments being considered for purchase;
- Monitor the Funds for forthcoming investment needs based upon maturing Permitted Investments and new deposits;
- Discuss market activity with the City on an on-going basis and potential impact on strategy; and
- Conduct and annual review of the City's Investment and Cash Management Policy and discuss the findings thereof.

Procurement/Reporting Phase

- Solicit offerings from potential broker-dealers/banks for Permitted Investments which meet the cash-flow and/or investment objectives of the City;
- Provide the City with expectations in advance of the solicitations as to earnings/yield;
- Conduct the solicitation process for the Funds on an on-going as needed basis as securities mature;

- Manage the settlement process by coordination with the custodian and winning provider (s);
- Provide applicable documentation for each transaction;
- Provide customized quarterly reports to containing the following information:
    - Overall Portfolio Metrics
    - Portfolio Breakout by Maturity Spectrum and Yield
    - Current Asset Breakdown by Fund
    - Current Holdings by Fund
    - Historical Cost Basis of Purchased Securities
    - Cash Receipts for the Quarter by Fund
    - Total Return Calculation for the Quarter by Fund (as to be agreed upon with City)
    - Forthcoming Securities that Mature in Next Quarter
    - Tracking of Historical Money Market Earnings and Rates by Fund
    - Economic and Market Update
    - CD Tracking Matrix, as applicable
    - Investment and Cash Policy Compliance
- Potentially attend Finance Committee or other meetings on a periodic basis (In person or virtually), if requested

Fees

In consideration for RJ acting as Investment Adviser with respect to the provision of the Scope of Services identified hereunder for the Funds, the City agrees to pay Raymond James a fee based upon the assets under management as described in the table below (in basis points)

Assets Under Management ($'s)	Fee
Up to $20 Million:	0.095%
$20,000,001 - $50 Million:	0.075%
$50,000,001 - $100 Million:	0.055%
>$100 Million:	0.045%

Such fees will be billed in arrears based upon the amount of assets on hand at the beginning of each quarter within a given Fiscal Year (as defined below). The City will pay those fees directly to Raymond James and such fees will not be billed to nor paid by any investment, security providers or custodian. To the extent such calculated fees result in a total fee less than $25,000 in a single Fiscal Year, then the total amount to be billed for that Fiscal Year shall equal $25,000 ("Annual Fiscal Year Minimum"), exclusive of any reimbursable expenses incurred as part of providing the Scope of Services hereunder. Billing will occur quarterly in arrears on each of 10/1, 1/1, 4/1, and 7/1 (a "Fiscal Year") using the asset value of the applicable accounts, as applicable, from the respective previous quarter ending statement of the City's custodian for the basis of the fee calculation. As an example and for avoidance of doubt, if the market value account balance were $20,000,000 at the end of 6/30/21, the fee computation for the quarter ending 9/30/21 would be: $20,000,000*.00095/4=$4,750. For the initial Agreement fee period from the execution date through 6/30/21 and within any given Fiscal Year in the event the City elects to terminate the Agreement, the Annual Fiscal Year Minimum will be pro-rated based upon the actual number of days in the applicable period of services actually rendered.

Your payment of these fees means the yield you receive on the selected Permitted Investments is essentially lower than it would have been without the fees. After the award of any given investment, we can provide comment on the Permitted Investment and facilitate the flow of information, but we are not acting as your representative or legal advisor with regard to finalizing the details of the Permitted Investments.

Expenses

The City shall reimburse Raymond James up to a maximum for the following expenses incurred providing the Scope of Services herein:

- $150/night for hotel/person
- $400/person for airfare/person
- $50/day for rental car charges/person

The City shall not reimburse Raymond James for fuel or food expense. None of the above expenses may be incurred by Raymond James without prior authorization from the City.

Both parties acknowledge and are hereby deemed to agree that RJ is acting solely as an investment adviser with respect to the Permitted Investments. RJ has not been engaged to compare alternatives to the Permitted Investments except as described in the Scope of Services herein. RJ will be neither party to, nor liable under, any contract, agreement or understanding executed or otherwise existing to affect the Permitted Investments. We will not: (i) provide any assurances that every possible potential provider has been solicited; (ii) investigate the veracity of any certifications provided by any party; (iii) provide assurances that the bidding procedures comply with any applicable law; or (iv) be liable to any party if any investment fails to close or for default of any investment. RJ's limited engagement terminates on the termination date of this Agreement and Investment Adviser shall have no duties or obligations thereafter.

The City acknowledges and agrees that RJ has been retained to act solely as Investment Adviser for the City with respect to the proceeds of these funds, and not as an agent or advisor to any other person, and the City's engagement of RJ is not intended to confer rights upon any person (including employees or creditors of the City) not a party hereto as against RJ or its affiliates, or their respective directors, officers, employees or agents, successors, or assigns. RJ shall act as an independent contractor under this Agreement, and not in any other capacity, and any duties arising out of its engagement shall be owed solely to the City. The scope of the RJ's services is strictly limited to those outlined above and requested by the City. Raymond James does not provide accounting, tax or legal advice. **In our role as Investment Adviser, Raymond James does not have discretion relating to either price nor amount and will receive authorization from the City prior to executing any competitive hard bids or other purchase of Permitted Investments.**

RJ agrees to assist the City as provided only on the basis that it is expressly understood and agreed that RJ, in its capacity as Investment Adviser, assumes no responsibility to the City or any person for the accuracy or completeness of any information contained in any Preliminary Official Statement or Official Statement issued in connection with any City financing, if applicable.

RJ or its affiliates may have business relationships with the provider or other providers of information relevant to the matter. These business and trading relationships include, but may not be limited to, trading lines, frequent purchases and sales of securities and other engagements through which RJ may have, among other things, an economic interest. Aside from described above, RJ will not receive compensation from any third party with respect to the purchase or sale of the Permitted Investments. RJ is involved in a wide range of activities from which conflicting interests or duties may arise. Information which is held elsewhere within RJ, but of which none of the individuals involved in the Permitted Investments purchase or sale actually has knowledge, will not for any purpose be taken into account in determining RJ's responsibilities to the City.

The term of this Agreement is from the date hereof until June 30, 2021. Notwithstanding the termination date of June 30, 2021, the Agreement will automatically renew for four (4) successive one year periods beginning on July 1, 2021 unless the City elects to terminate the Agreement pursuant to the termination terms immediately below. Any adjustments or changes to the Fees and/or the Scope of Services or other terms of this Agreement may be made via addendum/amendment prior to any auto-renewal date (such of July 1, 2021, July 1, 2022, July 1, 2023 and July 1, 2024, inclusive). Such addendum may be executed by either the City Manager or his designee. This Agreement may be terminated beginning on April 1, 2021 with prior written notice to the other party upon at least thirty (30) days written notice, specifying in such notice the time of such termination; provided that any such termination shall not cancel or otherwise affect the obligation of the City to pay Raymond James the fees already earned and due hereunder. For purposes of determining fees under any termination, the most recent prior quarter-end valuation amounts of each applicable account would be utilized. Raymond James would also be owed any previously submitted reimbursable expenses under the agreement as well as any reimbursable expenses that have yet to be submitted. Neither party shall incur any liability to the other arising out of the termination of this Agreement other than that of the fees as mentioned above. However, the paragraph immediately below shall survive any such termination.

This Agreement embodies all the terms, agreements, conditions and rights contemplated and negotiated by the City and RJ, and supersedes any and all discussions and understandings, written or oral, between the City and RJ regarding the subject matter hereof. Any modifications and/or amendments must be made in writing and signed by both parties.

Please sign below to evidence your agreement as to the scope of Investment Adviser duties and proposed fee and expense reimbursement structure. Signature below acknowledges that (i) Exhibit A is part of this Agreement and (ii) the Form ADV Part IIA disclosure brochure for the Public Finance Investment Strategies Group has been received as part of this disclosure and Form ADV Part IIB disclosure brochure for David Sutton has been received as part of this disclosure and that the client has been given the opportunity to fully review these brochures. Any questions regarding the Form ADVs may be directed to RJ Fixed Income Compliance at 880 Carillon Parkway, St. Petersburg, FL 33716.

Additionally, signature below acknowledges the risks associated with the purchase of U.S. Treasury/agency securities, including the possibility of a loss of principal in the event there is a need to liquidate prior to maturity as well as that the risks of U.S. Treasury/agency securities as laid forth in Exhibit B have been reviewed and are understood. Furthermore, signature below acknowledges the risks associated with the purchase of brokered CD's, including the possibility of a loss of principal in the event there is a need to liquidate prior to maturity as well as that the risks of brokered CD's as laid forth in the attached file to this email have been reviewed and are understood.

Sincerely Yours,

The parties have agreed to be bound by the terms of this letter by their duly authorized officers on this 16th day of February, 2021.

RAYMOND JAMES & ASSOCIATES, INC.

David A Sutton

David Sutton, Managing Director

CITY OF GAINESVILLE, GEORGIA
Agreed:

Signature

____
Bryan Lackey
City Manager

ATTEST:

____
Denise O. Jordan
City Clerk

APPROVAL AS TO FORM:

____
Abbott S. Hayes, Jr.
Hulsey, Oliver & Mahar, LLP
City Attorney

EXHIBIT A
INVESTMENT ADVISER CONSULTING SERVICES
Additional Terms, Conditions and Acknowledgments

This document is to be considered to be an investment management agreement and this agreement is NOT an engagement providing advice regarding the structure, timing and terms of an issuance of municipal securities or advice regarding municipal financial products;

Investment Adviser is providing Investment Adviser services pursuant to Section 15B (e)(4) (c) of the final rules (15 U.S.C. 78o-4(e)(7)) and is deemed to be exempt and is not required to be registered as a municipal advisor under Exchange Act Section 15B.

The City of Gainesville, Georgia (the "Client") desires to receive services through Investment Adviser's Investment Adviser Representative(s) ("IAR"). In consideration of the mutual benefits to be derived from this agreement, Investment Adviser and Client agree to the following terms and conditions.

1. Services General. Investment Adviser through its IAR shall provide Client the Services set forth in the Scope of Services as outlined on the first two pages of this letter agreement.

2. Compliance with Laws. Investment Adviser, IAR and Client shall comply with the Investment Advisers Act of 1940, as amended (the "Act"), regulations enacted thereunder, and state and federal laws, rules; regulations applicable to their respective duties and obligations under this Agreement; and those of the Municipal Securities Rulemaking Board.

3. Acknowledgement of Disclosure Brochure Delivery. If required by Rule 204-3 under the Act, Client acknowledges receipt of Investment Adviser's Form ADV Disclosure Brochure (Part 2A) and Brochure Supplement(s) (Part 2Bs). By signing this agreement, Client acknowledges receipt of Investment Adviser's Form ADV Brochure, Brochure Supplement for David Sutton and this Agreement. Such disclosure documents were provided either at the time of or prior to entering into this Agreement. Client acknowledges that Client has received, read, understood, and agreed to abide by the applicable terms set forth in this agreement, the Investment Adviser's Form ADV Brochure and the Brochure Supplement for David Sutton.

4. Confidentiality and Information sharing. All information and investment advice furnished by either party to the other, including their agents and employees, shall be treated as confidential and not disclosed to third parties except as agreed upon in writing as reasonably necessary to comply with the requirements of applicable regulations and laws.

5. Applicable Law: This agreement shall be construed, enforced, and administered according to the laws of the State of Georgia. The Investment Adviser and Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to filing a lawsuit, provider, however, that neither party shall be obligated to mediate prior to injunctive relief. This Agreement shall be deemed and executed in Gainesville, Georgia and shall be governed and construed in accordance with the laws of the State of Georgia without regards to coflicts of law. The Investment Adviser submits to the jurisdiction of the Superior Court of Hall County, Georgia and will obtain and maintain an agent for services of process in the State of Georgia. Neither party will bring any action against the other party arising out of or relating to this Agreement in any forum or venue except the superior Court of Hall County, Georgia. The Investment Adviser irrevocably waives the right to bring any legal action in any other jurisdiction. Arbitration will not be allowed relating to this Agreement.

EXHIBIT B
TREASURY/AGENCY SECURITIES INVESTMENT RISKS

Risk/Consideration	Description	Mitigant(s)
Credit/Default Risk	• Issuer is downgraded • Issuer is unable to meet debt service obligations	• U.S. Treasury securities are considered to have the least credit risk of any security available as the timely payment of the securities is fully backed by "full faith and credit" of the U.S. Government and its ultimate ability to print currency to fund payments • U.S. Treasury securities are rated in the highest rating category by both Moody's (Aaa) and Fitch (AAA). The U.S. was downgraded by S&P to AA+ on August 5, 2011. Agency securities have an implied guaranty of the United States and carry the same rating as the United States.
Interest Rate Risk	• Interest rates rise and non-callable debt security prices fall • Interest rates fall and non-callable debt security prices rise	• If held to maturity, U.S. Treasury/Agency securities generally offer a fixed rate of return and guaranteed principal value • Inherently, laddered portfolio is structured for the securities to be held until maturity (on/before the required project draw payment date)
Market/Reinvestment Risk	• Project delays lead to slower than expected expenditures and need for funds, resulting in cash-flow from maturing securities not needed until a later date(s) • If for some reason the U.S. Treasury/Agency securities needed to be liquidated prior to maturity, you could receive less than the face value of the investment and/or less than the initial purchase price (a loss)	• U.S. Treasury/Agency securities market is considered to be the most liquid security market with large volumes bought and sold by individual investors, institutions and foreign governments. High liquidity translates to ease of ability to exit but does not mitigate risk of loss on early liquidation • Inherently, laddered portfolio is structured for the securities to be held until maturity (on/before the required project draw payment date)
Counterparty Risk	• Provider is unable to deliver U.S. Treasury/Agency securities at the agreed upon price on the agreed upon date of settlement	• Settlement will typically be conducted at maximum of T+3 thereby limiting the provider's settlement exposure • Guaranteed Delivery is required by Provider (in most cases) • Securities settled via delivery method versus payment method

Project Liquidity	• Lack of available funds due to acceleration of project draws or underestimation of costs	• An agreed upon amount of the project fund draws to be invested is withheld to offer initial liquidity cushion • Often invested in money market funds or short-term investment pools with 24-48 hour withdrawal capability

Solicitor Disclosure Form

RAYMOND JAMES®

Public Finance Investment Strategies Group

(A business unit of Raymond James & Associates, Inc.)

We wish to inform you that Bill Camp is acting as a solicitor
(Name of representative)

on behalf of the Public Finance Investment Strategies Group (a business unit within the Public Finance/Debt Investment Banking Department of Raymond James & Associates, Inc.), which is a registered investment adviser. The solicitor has referred this relationship to the Public Finance Investment Strategies Group. The solicitor will be compensated based upon the total advisory fees charged to the client. A fee schedule is listed below explaining the solicitor's compensation based upon a portion of the Total Advisory Fee that will be transferred to the applicable business unit within the Public Finance/Debt Investment Banking Department.

Total Advisory Fee	**Solicitor's Fee**
Calculated based upon assets under management pursuant to the table below	30 %

Assets Under Management ($'s)	Fee
Up to $20 Million:	0.095%
$20,000,001 - $50 Million:	0.075%
$50,000,001 - $100 Million:	0.055%
>$100 Million:	0.045%

Client Name: City of Gainesville, Georgia

Acknowledgements & Signatures

The total advisory fee charged to the client will be the same regardless of whether a solicitor is used or not.

The client acknowledges that Form ADV Part II disclosure brochure for Raymond James and Associates has been received as part of this disclosure and that the client has been given the opportunity to fully review this brochure.

Client Signature	Date	Client Signature *(if applicable)*	Date
Solicitor's Representative Signature W.J. Camp	Date 1-26-2021		

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/3/2021

Presenter: Rodger Hogan/ Robert Simmons

Item of Business: Resolution: Chattahoochee Golf Course Renovations Project - Award of Contract

Meeting Date: 2/11/2021

Purpose of Request:
Award the Construction Contract to Wadsworth Golf Construction Co.

History/Background:
Resolution BR-2021-03 approved improvements to be made to the Chattahoochee Golf Course and the golf course advisory committee selected a golf course designer to perform the design improvements. Public Utilities prepared the Request for Proposal contract documents for the Chattahoochee Golf Course Renovations and received Proposals from four contractors.

Facts & Issues for Consideration:
Public Utilities Staff has evaluated the four responses to our Request for Proposals for the Chattahoochee Golf Course Renovations project and recommends award of contract to Wadsworth Golf Construction Co.

Department Recommendation:
Authorize staff by resolution to award the construction contract to Wadsworth Golf Construction Co.

Department Director:
Rodger Hogan

If funding is involved, are funds approved within the current budget?
No

Amount Requested:
$1.7 million Total Project

Source of Funds:
Sale of Golf Course Lots / Chattahoochee Golf Course Fund

Finance Comments:

Administrative Comments:

ATTACHMENTS:

Description	Type
Chattahoochee Golf Course Renovations Project	Resolution
CIP Summary Form	Attachments/Exhibits
Selection Team Presentation	Backup Material
Contractor Selection Sheet	Backup Material

RESOLUTION PR-2021 - ___

CHATTAHOOCHEE GOLF COURSE RENOVATIONS PROJECT AWARD OF CONTRACT

WHEREAS, the City of Gainesville owns and operates the 183-acre Chattahoochee Golf Course, a public golf course on the banks of Lake Lanier; and

WHEREAS, as detailed in Resolution BR-2021-03, in order to maximize recreational opportunities for citizens of the City of Gainesville and surrounding areas, as well as minimize the public funds to be expended, the City of Gainesville and the Gainesville Redevelopment Authority (hereinafter referred to as the "Authority") wish to make improvements to the Chattahoochee Golf Course (hereinafter referred to as "Chattahoochee"), including but not limited to relocation of holes, sewer improvements, and renovation of the greens; and

WHEREAS, the Chattahoochee Golf Course Advisory Committee (hereinafter referred to as the "Advisory Committee") identified and discussed several golf course designers, with design qualifications and experience on similar projects to the proposed Chattahoochee improvements; and

WHEREAS, the Advisory Committee selected Bergin Golf Designs to perform the design of the Chattahoochee improvements, including but not limited to relocating holes and renovating greens, and Bergin Golf Designs completed the Chattahoochee improvements; and

WHEREAS, on January 4, 2021, the City of Gainesville made available the Request for Proposal contract documents and on January 7, 2021, conducted a mandatory pre-bid meeting, which several golf course contractors attended; and

WHEREAS, Proposals from four (4) golf course contractors were received on January 28, 2021, and thereafter a proposal evaluation and contractor selection was performed; and

WHEREAS, the Proposal from Wadsworth Golf Construction Company of the Midwest (hereinafter referred to as "Wadsworth"), in the amount of $1,449,601, was considered the most responsive that conformed to the Request for Proposals and was considered to be the most advantageous to the City of Gainesville; and

WHEREAS, the Water Resources staff has reviewed and evaluated the Proposal from Wadsworth and recommends the construction contract be awarded to Wadsworth in the amount of $1,449,601.

NOW, THEREFORE, BE IT RESOLVED THAT the governing body for the City of Gainesville hereby authorizes award of the construction contract to Wadsworth in the above recommended amount.

BE IT FURTHER RESOLVED THAT the total authorized expenditure for the project designed herein shall not exceed $1,700,000, as further described in the Project Summary attached to this Resolution, and that said expenditure shall be from the Chattahoochee Golf Course Fund.

BE IT FURTHER RESOLVED THAT the governing body for the City of Gainesville hereby authorizes the Mayor, City Manager and City Attorney to sign such documents that may be necessary to complete the project described herein.

Adopted this _____ day of __________________, 2021.

RESOLUTION PR-2021 - ___

CHATTAHOOCHEE GOLF COURSE RENOVATIONS PROJECT
AWARD OF CONTRACT

____
C. Danny Dunagan, Jr., Mayor

This is to certify that I am City Clerk of the City of Gainesville. As such, I keep its official records, including its minutes. In that capacity, my signature below certifies this resolution was adopted as stated and will be recorded in the official minutes.

ATTEST:

____
Denise O. Jordan, City Clerk

CHATTAHOOCHEE GOLF COURSE RENOVATIONS
PROJECT SUMMARY

PROJECT:	**Chattahoochee Golf Course Renovations Project**	
PROJECT NUMBER:		
RESOLUTION NUMBER:	**PR-2021-**	
CHECK ONE: NEW PROJECT	**X**	**ADDITIONAL FUNDING:**
ACCOUNT NO.		**ACCOUNT REQUEST**
	PROJECT DEVELOPMENT & DESIGN	
8101	Project Development	
8102	Facility Design/Bidding Service	$125,000.00
8103	Geotechnical	
8104	Laboratory	
8105	Survey	
8106	Other	
8107	Legal Services	
	SUBTOTAL	$125,000.00
	LAND/EASEMENT ACQUISITION	
8201	Survey	
8202	Legal Services	
8203	Land Agent Services	
8204	Land Purchase	
8205	Easement Acquisition	
	SUBTOTAL	$0.00
	CONSTRUCTION	
8301	Construction Admin. Services	
8302	Resident Inspection Services	
8303	Legal Services	$1,500.00
8304	Contracted Construction Cost	$1,449,601.00
8305	City-Furnished Materials (Irrigation Materials)	$65,000.00
8306	Other (Construction Contingency)	$43,899.00
	SUBTOTAL	$1,560,000.00
	SALARIES	
1100	Salaries	$15,000.00
	SUBTOTAL	$15,000.00
	TOTAL	$1,700,000.00

NOTE: The breakdown of the total project cost may change at the discretion of the Project Manager.

City of Gainesville

SELECTION TEAM PRESENTATION

RFP for the Chattahoochee Golf Course Renovations Project

- 13 Golf Course Contractors Received Contract Documents
- 10 Golf Course Contractors Attended Pre-Proposal Conference
- 4 Golf Course Contractors submitted proposals
- 1 of the 4 Golf Course Contractors submitted a non-responsive proposal

Review of the proposal process:

- Request for Proposals were advertised on December 6th, December 13th, December 20th, and December 27th.
- Mandatory Pre-Proposal Conference was held on January 7, 2021
- Addendum No. 1 - sent out January 15, 2021
- Addendum No. 2 – sent out January 22, 2021
- Proposals were received on January 28, 2021.

Review of the selection process:

- The review team included Bill Bergin, Rodger Hogan, Barclay Fouts, and Robert Simmons. Each team member was provided a proposal from each of the three golf course contractors. Each team member individually scored their proposals and forwarded their Contractor Selection Sheet to Mr. Simmons. Mr. Simmons input the scores from all four team members into the Contractor Selection Summary Sheet.
- **Duininck** – is located in Prinsburg, MN and has been in business for over 30 years. The company specializes in golf course construction projects.
- **Signet Golf Associates II, Inc**. – is located in Pinehurst NC and has been in business for 12 years. The company specializes in golf course construction projects.
- **Wadsworth Golf Construction Co.** – is located in Plainfield IL and has been in business for over 60 years. The company specializes in golf course construction projects.

The evaluation criteria used to rate the candidates is listed below:

Proposed Technical Solution	15%
Project Understanding, Approach, Team and Timeline	30%
References and Experience	20%
Project Cost	35%

CONTRACTOR	**OVER ALL SCORE**	**PRICE**
Duininck	249.20	$1,586,123.25
Signet Golf Associates II, Inc.	266.00	$1,262,518.30
Wadsworth Golf Construction Co.	291.14	$1,449,601.00

CHATTAHOOCHEE GOLF COURSE RENOVATIONS PROJECT

Request for Proposal Contractor Selection Sheet

		Proposed Technical Approach	Project Understandin g, Approach, Team and Timeline	References and Experience	Project Cost	Total Points*
Wadsworth Golf Constr. Co.		54	111	70	56.14	**291.14**
Duininck Golf		51	102	64	32.2	**249.2**
Signet Golf Association		28.5	63	52	122.5	**266**
		Proposed Technical Approach **15%**	Project Understanding, Approach, Team and Timeline **30%**	References and Experience **20%**	Project Cost **35%**	Total Pts*
		SCORE 1 - 10	***SCORE 1 - 10***	***SCORE 1 - 10***	***SCORE 1 - 10***	
Bill Bergin	**Wadsworth Golf Constr. Co.**	9	9	9	4.01	72.535
	Duininck Golf	9	9	9	2.3	66.55
	Signet Golf Association	8	6	6	8.75	72.625
Rodger Hogan	**Wadsworth Golf Constr. Co.**	8	9	8	4.01	69.035
	Duininck Golf	8	8	8	2.3	60.05
	Signet Golf Association	4	5	6	8.75	63.625
Barclay Fouts	**Wadsworth Golf Constr. Co.**	10	10	9	4.01	77.035
	Duininck Golf	10	10	8	2.3	69.05
	Signet Golf Association	2	5	8	8.75	64.625
Robert Simmons	**Wadsworth Golf Constr. Co.**	9	9	9	4.01	72.535
	Duininck Golf	7	7	7	2.3	53.55
	Signet Golf Association	5	5	6	8.75	65.125

Contractor	Price
Wadsworth Golf Constr. Co.	$ 1,449,601.00
Duininck Golf	$ 1,586,123.25
Signet Golf Association	$ 1,262,518.30

Price Rating 1 to 10	
$1,200,000	10
$1,250,000	9
$1,300,000	8
$1,350,000	7
$1,400,000	6
$1,450,000	5
$1,500,000	4
$1,550,000	3
$1,600,000	2
$1,650,000	1

Each evaluation is best possible scoring out of 400 points*

CITY OF GAINESVILLE

WORKSESSIONREQUEST

Date Submitted: 2/4/2021

Presenter: Lisa Poole

Item of Business: Resolution: Property Acquisition from Rahab's Rope, Inc.

Meeting Date: 2/11/2021

Purpose of Request:
To authorize purchasing of the property adjacent to Lee Gilmer Memorial Airport currently owned by Rahab's Rope, Inc.

History/Background:
The property owner and the City have agreed to terms.

Facts & Issues for Consideration:
This property will be combined with other property owned by the city to ensure the continued safety and growth of Lee Gilmer Memorial Airport.

Department Recommendation:
Adopt the resolution.

Department Director:
Chris Rotalsky

If funding is involved, are funds approved within the current budget?
Yes

Amount Requested:
$131,300

Source of Funds:
Airport Enterprise Fund

Finance Comments:

Administrative Comments:

ATTACHMENTS:

	Description	Type
🗋	Property Acquisition from Rahab's Rope, Inc.	Resolution
🗋	Option for Avigation Fee Simple	Contract/Agreement/MOU

RESOLUTION BR-2021-__

Property Acquisition from Rahab's Rope, Inc.

WHEREAS, the governing body of the City of Gainesville, Georgia (the "City") has a desire to continue its efforts to provide aviation and economic opportunities for the citizens of the City at the airport; and

WHEREAS, the property owned by Rahab's Rope, Inc. (the "Seller"), located adjacent to the airport, as more particularly described in the Option described below, will be combined with other property owned by the City to ensure the continued safety and growth of the Gainesville airport; and

WHEREAS, the governing body for the City desires to purchase said property from the Seller.

NOW, THEREFORE, BE IT RESOLVED THAT the governing body for the City of Gainesville does hereby adopt and ratify the Option between the City and the Seller, with an effective date of December 14, 2020, and does hereby authorize the purchase of the property owned by the Seller and directs the Mayor, the City Manager and the City Attorney to execute the Option with the City and the Seller, as well as all other such documents and agreements that may be necessary to complete the closing of the purchase of the property.

Adopted this ____ day of ____________________, 2021.

____

C. Danny Dunagan, Jr., Mayor

This is to certify that I am City Clerk of the City of Gainesville. As such, I keep its official records, including its minutes. In that capacity, my signature below certifies this resolution was adopted as stated and will be recorded in the official minutes.

ATTEST:

____

Denise O. Jordan, City Clerk

City of Gainesville Airport REVISED OFFER
OPTION FOR AVIGATION FEE SIMPLE

GEORGIA, HALL COUNTY **Project: City of Gainesville Airport** **PARCEL: N/A**

Received of **City of Gainesville Airport**, the sum of One Dollar ($1.00), the receipt whereof is hereby acknowledged, and in consideration thereof, and in consideration of the benefits derived by me from the proposed project mentioned herein, I bind myself, my heirs, executors and assigns as follows:

If the said City of Gainesville Airport, shall within **120** days after date hereof pay me the sum of **$131,300.00** when the undersigned agrees to execute and deliver to the City of Gainesville Airport Fee Simple estate for land owned by the undersigned, to be used for safety/destruction of the City of Gainesville Airport being Parcel N/A consisting of **21.24 acres** of aviation fee simple.

SPECIAL PROVISIONS

Grantor may retain title to N/A for sum of $N/A which shall be deducted from the option price at the time of closing; PROVIDED, he will obligate and firmly bind himself and his successors in title to strictly and faithfully comply with each of the following conditions:

1. Grantor will convey the Property to the City "as is/where is" and the City will be responsible for the demolition and/or removal of any improvements located on the property.

2. The City will be responsible for all costs associated with the purchase of the Property, to include (but not limited to) any closing costs, attorney's fees, transfer taxes, or recording costs.

4. Grantor will leave on deposit with the City of Gainesville Airport the additional sum of **$N/A** which will be deducted from the option price at closing. This sum will be held as a cash performance bond conditioned on the strict and faithful performance of the aforesaid obligations.

Time is expressly made of the essence of this Special Provision, and in the event grantor fails to comply with aforesaid obligations, all sums held by the City of Gainesville Airport shall be retained as liquidated damages, and title to and the right to remove said structure shall vest in the City of Gainesville Airport.

OTHER PROVISIONS

It is agreed and understood that I, or any tenant now in possession or any other persons having a claim or interest in subject property, will have not less than two (2) months from date of execution of a deed to vacate the premises and that on vacating of said premises, only items of personal property will be removed, all items attached to the property and being classed as realty to remain. The above agreement to apply unless otherwise provided in Special Provision. If the City of Gainesville Airport agrees to allow the Grantor or tenant in possession to occupy the subject premises beyond the two-month period stated above, the person will be required to pay a rental fee of **$N/A**, payable each month in advance. Subsequent to the date of transfer of title to the City of Gainesville Airport and prior to the vacating of subject premises, the person in possession will hold the Airport harmless as to any claim in connection with the occupancy of said premises. The above option price includes payment for the property described above, together with all improvements wholly or partially situated thereon and the right to enter upon the adjacent lands not included in said required

GEORGIA, HALL COUNTY **Project: City of Gainesville Airport** **PARCEL: N/A**

property for the purpose of removing or demolishing such improvements.

Witness my hand and seal this 2nd day of ~~November~~ December, 20 20.

Rahab's Rope, Inc

By: Vicki Moore
Vicki Moore, CEO President

Attest: Madeline S. Wirt
Madeline S. Wirt, Secretary

Signed, Sealed and Delivered
in the presence of:

____

Kimberly L. Onyskiw
Notary Public

KIMBERLY L. ONYSKIW
My Commission Expires
NOTARY PUBLIC
02-02-2021
HALL COUNTY, GEORGIA

ACCEPTED: City of Gainesville Airport

BY: ______________________ 12/14/20
(Date)