“We have been clear with all audiences that the University continues to be healthy, its graduates--recent and prior--continue to prosper and excel, its faculty continue to work hard and produce great scholarship and research, to teach effectively and well. Just as certainly, the University continues to face and address some long-term problems and issues, and seeks to find its place in an entirely new economic climate.”

~President Brown, February 1, 2012
ACCREDITATION
Clark Atlanta University belongs to a cohort of institutions that in 2012 will submit a customary, regularly scheduled Fifth Year Report to the Southern Association of Colleges and Schools (SACS), as required by SACS policy. As preparatory work continues, the administration anticipates that all matters are in good order, and expects an optimal outcome. In 2011, the University’s School of Business Administration was reaccredited, and the School of Education received accreditation with commendations from NCATE, its accrediting agency. In addition, the School of Education’s community and school counseling programs were accredited by the Council for Accreditation of Counseling and Related Educational Programs, actually exceeding the requirements of the process to become one of only three schools in the state to earn this distinction.

ALUMNI SUPPORT OF THE UNIVERSITY
Alumni Support of the University continues to hover at four percent.

ANNUAL GIVING
The University’s annual fund last year raised more than $731,000, a record high for the campus. (See Chart A.)

BOND RATING
The University’s bond rating remains BA1. The rating, which was upgraded from BA2 in 2006, remains unchanged. Because of current housing market and economic conditions, the bond outlook was lowered in 2011, from stable to negative. (See Chart B.)

COMPLIANCE
Prior to the appointment of the University’s current president, Clark Atlanta had been placed under the aegis of a compliance agreement with the U.S. Department of Energy to settle a Federal Court judgment resulting from mismanagement of more than $20 million in federal research funds. The agreement included building a more compliant institution and repaying $5 million. The agreement was fulfilled last year; however, the University has chosen to continue its approach to more stringent compliance and, as a result, has built an internal audit function, which was highlighted in an Oct. 25, 2011, Compliance Week article.

EMPLOYEE GIVING
Faculty and staff giving at the University has increased ten-fold, to more than 32 percent, during the current administration. This makes a tremendous statement about the level of confidence and investment in the University’s direction and progress. (See Chart C.)
ENDOWMENT
Although small in comparison to many other institutions, our endowment has grown from $15 million ten years ago, to nearly $40 million in 2005, down to $28 million in the economic downturn and, since the appointment of President Carlton E. Brown, back up to $50 million.

ENROLLMENT
Like institutions of higher education across the nation, and certainly HBCU institutions, CAU has experienced a decline in enrollment over the past 15 years, from a high of more than 5,400 students, to the current enrollment, which is just under 3,800. The University remains the largest of the nation’s UNCF member institutions and the largest undergraduate institution in the Atlanta University Center.

FINANCIAL AID AND THE ECONOMY
The majority of our students traditionally have had serious need of financial support that outstrips the availability of funding. This would prove difficult for any private institution to manage and, unfortunately, it is true that our graduates end up with significant debt. This historic trend has been exacerbated by the current economic climate. The University has aggressively pursued a variety of funding sources to address the specific need for student scholarships, gap funding.

Recent funding has included: $1.2 million from Sodexo; $100,000 from Unicco; a $300,000 product and service agreement from Turner Broadcasting; nearly $3 million from Coca-Cola, $110,000 through Friends of the Provost; an endowed gift of $100,000 from the Hank Aaron Chasing the Dream Foundation; and $100,000 from the United Methodist Church Higher Education Foundation (for the support of financial literacy initiatives). Under the current administration, the University has significantly improved its administration and stewardship of institutional and endowed scholarships (see Charts D & E). The University also currently has $16 million in active proposals in front of various corporations and foundations.

Last year, as a consequence of an external audit, we discovered that we had failed to return federal financial aid for those students who had withdrawn from the University. These are funds that would normally have been returned at the end of each of three semesters, but once the audit was complete, the University engaged with the Department of Education and returned those funds last year, with no associated fines or penalties. Since that time, we have improved our accounting for attendance at the classroom level and implemented improved controls in our offices of Student Accounts and Financial Aid.

Universities’ financial aid programs are customarily reviewed every five to six years. However, because of staff limitations at the Department of Education, the University’s last financial aid review was in 1979. We will welcome the agency to our campus in the coming weeks. Obviously, the panel will review issues we have had; however, the matter of repayment is now a non-issue.
GLOBAL LEADERSHIP AND BUSINESS DEVELOPMENT
Clark Atlanta this year launched the Global Leadership Academy (GLA) and its component Global Business Development Center. There are presently $13 million in proposals for support of GLA. The University also is collaborating with local and regional bankers, including many of our alumni inside institutions such as the Georgia Banking Commission, FDIC and the Federal Reserve Board, to develop the Southeastern Graduate School of Banking.

INSTITUTIONAL ADVANCEMENT
Clark Atlanta’s institutional advancement staff, the unit responsible for fundraising and marketing, has been an unbudgeted and underbudgeted part of the enterprise for two decades. To correct this trend, the operation recently was reorganized for a greater focus on fundraising and the current administration has established mechanisms to secure funding for these operations.

INTERNATIONAL CONNECTIVITY
The University recognizes the critical need to provide international learning opportunities and connectivity for our students. The current administration has established ties within and among several countries, including: Liberia, Ghana, Kenya, The American Somali Community, Nigeria, Saudi Arabia and Brazil. These relationships are further undergirded by the University’s relationships with U.S.-based global agencies and corporations, among them: AGL Team, Bank of America, the U.S. Department of Commerce, The Secretary and key officials at The U.S. Department of Energy, FDIC, The Federal Reserve, The Secretary and Undersecretary of the U.S. Department of Housing and Urban Development, Johnson Controls, MetLife, Wells Fargo and Suntrust (as well as many other small banks through our banking roundtables).

PERSONNEL MATTERS
In the first year of President Carlton E. Brown’s administration, the world underwent a major economic shift that included a failed housing market, stock market failures and general economic shrinkage. Most institutions were affected; however, as an HBCU and a financially weaker institution, Clark Atlanta was severely affected. The University therefore enacted a university policy to declare an enrollment emergency, necessitating serious layoffs in 2009. This was conducted according to law and policy with full administration and involvement by the Board of Trustees. The University received a letter of sanction from the American Association of University Professors (AAUP). AAUP, which is a membership organization, not a regulatory agency, in the same year sanctioned colleges and universities in New Orleans when they could not reopen after Hurricane Katrina. As is the case with serious personnel actions, some have filed suit against the University. This matter cannot be discussed as litigation is pending.

REORGANIZATION (ADMINISTRATIVE)
The administration recently completed an administrative reorganization to enable the president to devote more time to fundraising and other important advancement activities. Upon mutual agreement of the President and the Board of Trustees, the President spent the first two years of his appointment addressing internal refitting of the University. The economic downturn slowed this process; however, CAU today is better run, more efficient, responsible and responsive institution. Much more work remains to continue improving processes, rebuilding infrastructure, and causing all personnel to adhere to policy and provide even greater customer service.
**Research**

Overall, the University continues to maintain robust doctoral programs and research opportunities. Clark Atlanta remains classified as a doctoral research university. As the University was previously classified as a “research university-high research activity,” it is noted that while our level of work has not changed appreciably in dollar amounts, our competitors have advanced over the past several years in ways that we have not (see Charts F & G). Nonetheless, we continue to conduct our critical work in the areas of material sciences, nanoscale materials and cancer, involving students at every level of the University.

The University’s Center for Cancer Research and Therapeutic Development is the largest prostate cancer research center in the nation, and includes one of only three genomic cancer research centers in the nation. The Center presently has one patent pending and two more in process. This clearly signals a move toward translational research, which leads to product and business development. Under the current administration, the Center’s research staff has increased to more than 40, and its reputation in the international community has broadened.

**Strategic Direction and Improvements**

Following necessary personnel action in May 2009, and in light of turbulent, radically changed economy and the need for significant change to the University, the Board of Trustees held a retreat to chart the future course of the institution, out of which the University’s new strategic plan, “Pathway to a Secured Future” emerged. Under the leadership of the Provost and Vice President for Academic Affairs Dr. Joseph H. Silver, Sr., the plan was developed with the full participation of the faculty, staff, students and key external constituents. The Board unanimously approved the plan in October 2010.

To date, significant progress has been made in alignment with or in support of the University’s five strategic priorities. The scope of improvements spans the University:

- $2.5 million from external sources to improve our use of the Banner System and to make facility improvements including Haven-Warren Hall. Other external funds were secured for renovations to Davage Auditorium, Wright-Young Hall, Clement Hall, and (having secured stimulus funds) Trevor-Arnett Hall.
- Largely the result of the CAuPRI initiative, automated enrollment services have increased the number of students effectively enrolled at the start of a semester, as well as faster turn-around in Admissions.
- CAuPRI, Clark Atlanta’s process renewal initiative which was established by President Brown and the University’s CFO Lucille Maugé, also is responsible for significant improvements in the University’s accounting, financial management and human resources functions.
- Improvements to the University’s alumni and student databases;
- Improved Student Health Center services, including the Medicat information retrieval system;
- More improvements are in process.

**Sustainability**

Clark Atlanta’s focus and work on sustainability has grown as the institution pursues biofuels, waste water recycling and other important advances. In addition, with the completion of renovations to the School of Business’ Wright-Young Hall, the University was granted LEED building certification for the second time. The University’s first LEED-certified building was the School of Education’s Clement Hall.
ANNUAL FUND

CHART A
## BOND RATING

<table>
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<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tr>
<td></td>
<td>Upgraded from BA2/ Stable to BA1/ Stable</td>
<td>BA1/ Stable</td>
<td>BA1/ Stable</td>
<td>BA1/ Stable</td>
<td>BA1/ Stable</td>
<td>BA1/ Outlook Downgraded to Negative</td>
<td>BA1/ Negative</td>
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SCHOLARSHIP SUPPORT & GROWTH

STUDENT FINANCIAL SUPPORT TRENDS
FY 2008 - 2011

- GAP Identified Funds (Per...)
- Institutional Scholarships
- Endowment Scholarships
- Restricted Grant Fund Tuition...
- Stipends
- Scholarships from Restricted...
- Totals

CHART D
SCHOLARSHIP SUPPORT AND GROWTH

PERCENT OF STUDENTS FINANCIALLY SUPPORTED BY INSTITUTIONAL SOURCE
FALL 2006 - FALL 2010

<table>
<thead>
<tr>
<th>Fall Term</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Fall 2006</td>
<td>18%</td>
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<tr>
<td>Fall 2007</td>
<td>21%</td>
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<tr>
<td>Fall 2008</td>
<td>27%</td>
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<tr>
<td>Fall 2009</td>
<td>37%</td>
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<tr>
<td>Fall 2010</td>
<td>41%</td>
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RESEARCH COMPARISON

Median R&D Expenditures (1000s) - 2003

- Research Universities (very high research activity)
- Research Universities (high research activity)
- Doctoral/Research Universities
- CAU - 2003 (as reported)
RESEARCH COMPARISON

Median R&D Expenditures (1000s) - 2008

- Research Universities (very high research activity)
- Research Universities (high research activity)
- Doctoral/Research Universities
- CAU - 2008 (RSP unaud)

$307,750
$52,553
$5,717
$7,111

$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0