

**GEORGIA STATE UNIVERSITY
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2013 and 2012

And Report of Independent Auditor

GEORGIA STATE UNIVERSITY FOUNDATION, INC.

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Report of Independent Auditor

The Board of Trustees
Georgia State University Foundation, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of Georgia State University Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, 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.

Cherry Bekaert LLP

Atlanta, Georgia
September 20, 2013

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 3,288,663	\$ 2,956,504
Pledges receivable, net (Note 3)	9,658,891	8,930,076
Accounts receivable	218,410	331,018
Investments (Note 4)	178,933,908	170,002,912
Net investment in direct financing leases (Note 6)	240,553,448	220,202,364
Restricted assets (Note 7)	26,246,077	38,259,612
Capitalized bond issuance cost (Note 8)	3,572,705	6,042,720
Cash surrender value of life insurance (Note 9)	1,267,990	1,003,868
Prepaid expenses and other assets	232,475	276,660
Real estate held for sale (Note 10)	-	1,232,756
Property and equipment, net (Note 11)	10,262,417	6,475,765
Investments held for affiliates (Note 12)	5,235,644	6,859,074
Total Assets	<u>\$ 479,470,628</u>	<u>\$ 462,573,329</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,541,456	\$ 1,110,089
Deferred revenue	23,277,684	24,468,071
Obligation under split-interest agreements	248,670	348,687
Obligation under leases (Note 13)	3,310,775	3,790,900
Bonds payable (Note 14)	247,313,317	248,177,610
Accrued interest on bonds payable	2,785,926	4,460,110
Investments held for affiliates (Note 12)	5,235,644	6,859,074
Total Liabilities	<u>283,713,472</u>	<u>289,214,541</u>
 NET ASSETS		
Unrestricted (Note 17)	42,449,525	26,546,167
Temporarily restricted (Note 17)	61,306,474	59,920,059
Permanently restricted (Note 17)	92,001,157	86,892,562
Total Net Assets	<u>195,757,156</u>	<u>173,358,788</u>
Total Liabilities and Net Assets	<u>\$ 479,470,628</u>	<u>\$ 462,573,329</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2013	2012
Revenues, gains and other support					
Contributions	\$ 195,176	\$ 10,587,430	\$ 1,205,932	\$ 11,988,538	\$ 17,051,958
Rental income	3,946,204	252,000	-	4,198,204	6,727,386
Income from investment in direct financing leases	18,247,247	-	-	18,247,247	12,409,457
Interest and dividend income	534,249	493,109	-	1,027,358	1,889,788
Realized gains (losses) on investments	857,281	17,332,244	(2,894)	18,186,631	1,839,819
Unrealized gains (losses) on investments	(581,710)	(14,428,744)	7,331,681	(7,678,773)	(2,205,004)
Change in:					
Value of split-interest agreements	-	67,582	-	67,582	29,309
Cash surrender value of life insurance	2,590	261,532	-	264,122	46,064
Other income	216,635	160,189	-	376,824	397,903
Total revenues and gains	23,417,672	14,725,342	8,534,719	46,677,733	38,186,680
Net assets released from restrictions	16,765,051	(13,338,927)	(3,426,124)	-	-
Total revenues, gains and other support	40,182,723	1,386,415	5,108,595	46,677,733	38,186,680
Expenses					
Program services					
Capital projects, equipment and repairs	15,973,164	-	-	15,973,164	17,555,478
Operations	9,151,734	-	-	9,151,734	4,372,221
Faculty and staff	3,603,429	-	-	3,603,429	3,576,785
Scholarships and awards	4,485,214	-	-	4,485,214	3,585,351
Total program services	33,213,541	-	-	33,213,541	29,089,835
Management and general	1,250,991	-	-	1,250,991	946,163
Fundraising	749,493	-	-	749,493	936,091
Total expenses	35,214,025	-	-	35,214,025	30,972,089
Excess of revenues over expenses	4,968,698	1,386,415	5,108,595	11,463,708	7,214,591
Gain on bond refinancing	10,934,660	-	-	10,934,660	-
Change in net assets	15,903,358	1,386,415	5,108,595	22,398,368	7,214,591
Net assets, beginning of year	26,546,167	59,920,059	86,892,562	173,358,788	166,144,197
Net assets, end of year	\$ 42,449,525	\$ 61,306,474	\$ 92,001,157	\$ 195,757,156	\$ 173,358,788

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	\$ 281,291	\$ 15,246,264	\$ 1,524,403	\$ 17,051,958
Rental income	6,475,386	252,000	-	6,727,386
Income from investment in direct financing leases	12,409,457	-	-	12,409,457
Interest and dividend income	852,687	1,037,101	-	1,889,788
Realized gains (losses) on investments	294,407	1,546,891	(1,479)	1,839,819
Unrealized gains (losses) on investments	241,726	(1,681,714)	(765,016)	(2,205,004)
Change in:				
Value of split-interest agreements	-	29,309	-	29,309
Cash surrender value of life insurance	2,577	43,487	-	46,064
Other income	141,777	256,126	-	397,903
Total revenues and gains	20,699,308	16,729,464	757,908	38,186,680
Net assets released from restrictions	11,735,233	(9,719,770)	(2,015,463)	-
Total revenues, gains and other support	32,434,541	7,009,694	(1,257,555)	38,186,680
Expenses				
Program services				
Capital projects, equipment and repairs	17,555,478	-	-	17,555,478
Operations	4,372,221	-	-	4,372,221
Faculty and staff	3,576,785	-	-	3,576,785
Scholarships and awards	3,585,351	-	-	3,585,351
Total program services	29,089,835	-	-	29,089,835
Management and general	946,163	-	-	946,163
Fundraising	936,091	-	-	936,091
Total expenses	30,972,089	-	-	30,972,089
Change in net assets	1,462,452	7,009,694	(1,257,555)	7,214,591
Net assets, beginning of year	25,083,715	52,910,365	88,150,117	166,144,197
Net assets, end of year	\$ 26,546,167	\$ 59,920,059	\$ 86,892,562	\$ 173,358,788

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 22,398,368	\$ 7,214,591
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions restricted for long-term investment	(1,612,745)	(3,012,155)
Depreciation and amortization	465,130	1,140,080
Gain on bond refinancing	(10,934,660)	-
Amortization of deferred revenue	(769,539)	(40,318)
Amortization of bond premium	(726,394)	(75,688)
Amortization of bond discount	69,638	66,399
Unrealized losses on investments	7,678,773	2,175,695
Realized gains on investments	(18,192,291)	(1,839,819)
Increase in pledges receivable	(683,600)	(819,846)
Increase in other assets	(152,543)	(46,760)
Decrease in accounts payables and other liabilities	(1,687,171)	(52,894)
Net cash (used in) provided by operating activities	<u>(4,147,034)</u>	<u>4,709,285</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(2,747,260)	-
Purchase of investment in real estate	(33,572,984)	-
Principal payments received on direct financing leases	4,449,459	3,757,233
Purchases of investments	(103,066,954)	(52,581,211)
Proceeds on sale of investments	138,222,458	43,511,842
Decrease (increase) in restricted assets	12,013,535	(1,850,019)
Net cash provided by (used in) investing activities	<u>15,298,254</u>	<u>(7,162,155)</u>
Cash Flows from Financing Activities:		
Proceeds from contributions restricted for long-term investment	1,612,745	3,012,155
Payments on capital lease obligations	(480,125)	(459,250)
Payments for bond issuance costs	(1,141,910)	-
Payments on revenue bonds payable	(164,651,966)	(3,920,000)
Proceeds from issuance of bonds	153,842,195	-
Net cash used in financing activities	<u>(10,819,061)</u>	<u>(1,367,095)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	332,159	(3,819,965)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,956,504</u>	<u>6,776,469</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,288,663</u>	<u>\$ 2,956,504</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 11,522,784</u>	<u>\$ 11,979,440</u>
Supplemental Disclosure of Noncash Information:		
Transfer of property and equipment to investment in direct financing lease	<u>\$ -</u>	<u>\$ 40,974,994</u>
Unearned income on investment in direct financing lease	<u>\$ -</u>	<u>\$ 24,508,390</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 1—Organization

Organization - The Georgia State University Foundation, Inc. (the "Foundation") was incorporated in the State of Georgia in 1958 as a non-profit corporation and a 501(c)(3) tax exempt organization. The Foundation serves as the official fund-raising and fund-management organization for Georgia State University (the "University") and is committed to supporting and assisting the University in achieving its goals and objectives through soliciting and managing private gifts and collaborating and advising on activities for the benefit and advancement of the University.

In 1992, the Foundation formed the Georgia State University Building Foundation (the "Building Foundation") as a non-profit corporation. The Building Foundation was formed to purchase a building in downtown Atlanta, Georgia, in order to lease office and classroom facilities to the University and the Foundation as its primary tenants. The Foundation appoints the Board of Directors of the Building Foundation.

During the fiscal year 2001, the Foundation formed the University Lofts, LLC (the "Lofts"), with the Foundation as the sole member. The Lofts were created for the purpose of building a student housing facility for the University.

During the fiscal year 2003, the Foundation formed Piedmont/Ellis, LLC ("Piedmont/Ellis"), with the Foundation as the sole member. Piedmont/Ellis was created for the purpose of acquiring, developing, operating and managing certain real property for the purpose of building a student housing facility for the University.

During the fiscal year 2004, the Foundation formed Rialto Center, LLC, (the "Rialto") with the Foundation as the sole member. The Rialto was formed to purchase and renovate the Rialto Theater for the benefit of and use by the University.

During the fiscal year 2007, the Foundation formed Panther Place, LLC ("Panther Place"), with the Foundation as the sole member. Panther Place was formed for the purpose of purchasing the SunTrust building and related property in downtown Atlanta, Georgia, to provide office and classroom facilities for the University and the Foundation.

During the fiscal year 2009, the Foundation formed, as the sole member, Panther Fields, LLC ("Panther Fields") for the purpose of investing in the acquisition of real property to provide a practice football field and facility for the benefit of and use by the University.

During the fiscal year 2009, the Foundation formed, as the sole member, Panther Lot, LLC ("Panther Lot") for the purpose of acquiring, developing, operating and managing real property for the benefit of and use by the University.

During the fiscal year 2010, the Foundation formed, as the sole member, Panther Real Estate, LLC ("Panther Real Estate") for the purpose of acquiring, developing, operating and managing real property for the benefit of and use by the University.

Cooperative Agreement - On October 23, 2008, the Foundation entered into a five year Memorandum of Understanding agreement with the University to operate as a Cooperative Organization under the guiding principles of the agreement.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 1—Organization (continued)

Income Tax Status - The Foundation qualifies as a tax-exempt organization, exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (the "Code") and accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. The Foundation is classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(iv) of the Code, and therefore the Foundation is not classified as a private foundation nor a supporting organization. Contributions to the Foundation qualify for the charitable contribution deduction under section 170 of the Code, and bequests, legacies, devises, transfers, or gifts to the Foundation are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2005, 2106, and 2522 of the Code.

Note 2—Summary of significant accounting policies

Consolidated Financial Statements - The consolidated financial statements include the accounts of the Foundation, the Building Foundation, the Lofts, Piedmont/Ellis, the Rialto, Panther Place, Panther Fields, Panther Lot and Panther Real Estate (collectively referred to as, the Foundation). All of the financial activities and balances of these organizations are included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Taxes - The Foundation's policy is to record a liability for any tax position taken that is beneficial to the Foundation, 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 will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2013 and, accordingly, no liability has been accrued. Management believes it is no longer subject to tax examinations for the years prior to 2010.

Net Assets - The Foundation classifies net assets, revenues, and gains and losses on investments based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not restricted by the donor. These assets are used to support the operations of the Foundation and are at the discretion of the Foundation's Board of Trustees.

Temporarily restricted net assets - Net assets from contributions and other inflows of assets limited by donor-imposed restrictions as to periods of time or specified purposes. Temporarily restricted net assets are released from restrictions when the related time period lapses or the restricted purpose is met. Expenditures that relate to the fulfillment of the temporary restriction are shown as a reduction in temporarily restricted revenue as net assets released from restrictions.

Permanently restricted net assets - Net assets from contributions and other inflows of assets limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Permanently restricted net assets are invested in perpetuity subject to periodic allocations made for spending specified by donor stipulations and applicable state law.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 2—Summary of significant accounting policies (continued)

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in any of these net asset classifications depending on donor-imposed restrictions and the Foundation's interpretation of relevant state law.

Use of Estimates - The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Fair Values of Financial Instruments - The carrying value of financial instruments such as cash and cash equivalents, other receivables, due to/from related organizations, accounts payable and accruals approximate fair value because of the terms and relative short maturity of the financial instruments. The Foundation believes the carrying values of its financial instruments are reasonable estimates of their values, unless otherwise noted.

In determining fair value, the Foundation uses various valuation approaches. The fair value hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is classified in one of the following three levels based on the inputs:

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 2—Summary of significant accounting policies (continued)

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Foundation's own assumptions are set to reflect those that the market participants would use in pricing the asset or liability at the measurement date. The Foundation uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Revenue Recognition - Revenue from exchange transactions, investment activities, rental and property management activities, management fees, royalties, other fees and charges, and other non-contribution related revenue are recognized as earned.

Cash and Cash Equivalents - The Foundation's management considers cash and cash equivalents to include demand deposits, money market accounts and other assets of high liquidity except those amounts designated and classified as investments. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits.

Concentrations of Credit Risk - Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of investments. Management recognizes this risk as a cost of doing business and manages risk through the investment policy objectives and asset allocation strategy as adopted by the Foundation.

Investments - All investments in debt and equity securities with a readily determinable market value are reported at fair value with gains and losses included in the consolidated statements of activities based on quotations obtained from national securities exchanges. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by external investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in estimating the fair value of the alternative investments. The estimated fair values may differ significantly from the values that would have been used had ready markets for these securities existed.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated in the values of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's consolidated financial statements.

The Foundation's Board of Trustees approved investment policy defines the asset allocation for the operating and endowment investment pools and also the spending allocation from the endowment investment pool. With the exception of certain restricted contributions that are separately invested, all restricted endowment contributions are invested on a pooled accounting basis.

Based on the interpretation of donor-imposed restrictions and applicable state law, the endowment investment pool total investment return including appreciation, depreciation, income, expenses and fees is allocated to each endowment based on the ratio of that endowment's investment balance to the total endowment investment pool. The approved endowment spending allocation is defined in greater detail in Note 5.

The Foundation has ownership of certain cash equivalents that are not in the possession of the Foundation but are held, along with other investment securities, by outside investment managers. Although these cash equivalents are readily available, it is the intent of the Foundation to hold these cash equivalents for investment purposes and therefore has classified them as investments.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 2—Summary of significant accounting policies (continued)

Cost of Services - The cost of services rendered by the Development Division of the University for fundraising activities is borne both by the Foundation and the University. The portion of the costs borne by the University is not included in the Foundation's consolidated financial statements, as these costs would have been incurred by the University even if the Foundation did not exist. The cost of services provided by the University was \$5,149,172 and \$4,476,643 for the years ended June 30, 2013 and 2012, respectively.

Administrative Fees - Administrative fees are utilized to cover operating costs of the Foundation, assist with development activities and provide additional funds to the University. The fees are calculated as to include 1% of the fair value of endowments annually plus the net income earned from the non-endowed investment portfolio.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

From time to time the Foundation may make a contribution to the University. In May 2013, the Foundation contributed \$4,755,000 to the University to support the construction of the College of Law building, which is included in the unrestricted operations line item of program services expense in the accompanying Consolidated Statement of Activities as of June 30, 2013.

Pledges Receivable - Unconditional promises to give (pledges receivable) are recognized as revenue and assets in the period the promise is received. Pledges receivable are recorded at their net realizable value. Pledges expected to be collected in future years are discounted based on the present value of the estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates. An allowance for uncollectable pledges is estimated based on the Foundation's collection history and is netted against the gross pledges receivable.

Contributed Goods and Services - Contributions of securities, land, buildings and other nonmonetary assets which can be objectively measured are recorded at their fair value at the date of contribution. Certain nonmonetary assets such as art objects, equipment and books that are donor designated for the direct use by the University or one of its departments are not included in the consolidated financial statements. Donated services of volunteers have not been recorded in the consolidated financial statements since they do not meet the recognition criteria established in GAAP.

Split-Interest Agreements - The Foundation is trustee for two types of split-interest agreements which are irrevocable charitable remainder trusts and charitable gift annuities, whereby donors contribute assets to the Foundation in exchange for the right of a named beneficiary to receive a fixed dollar amount or a specific percentage of the fair value of the trust assets during the beneficiary's lifetime.

The contributed assets are recorded at fair value when received and a liability is recognized at the present value of future cash flows expected to be paid to the beneficiary. The amount in which the fair value of assets at the date received exceeds the payment liability is recognized as a contribution in accordance with the intent expressed in the agreement.

The assets in the split-interest agreements are invested in common trust funds classified as Level 2 investments stated at fair value and included in investments in the consolidated statements of financial position. The liability in the split-interest agreements is reviewed and revalued annually based on actuarially computed present values and reported as obligation under split-interest agreements in the consolidated statement of financial position, with the resulting actuarial gain (loss) recorded as a change in value of split-interest agreements in the consolidated statements of activities.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 2—Summary of significant accounting policies (continued)

The assets of each charitable remainder trust may be invaded in cases where investment earnings are not sufficient to make the required periodic payments. If the assets of the charitable remainder trust are invaded to the extent that it is depleted, the Foundation has no further financial obligation to the donors, beneficiaries or other remaindermen, if any. When the trust matures, any remaining assets of the trust revert to the Foundation as specified in each agreement.

The charitable gift annuities consist of assets donated to the Foundation through an agreement under which the Foundation is obligated to pay the beneficiary a fixed amount for the remainder of their lives even if the assets of the charitable gift annuity have been depleted.

Life Insurance - Life insurance consists of life insurance policies purchased by the donor where the Foundation is named as owner and beneficiary of the policy. The assets contributed under these life insurance policies are carried at fair value approximated by the cash surrender value, net of any policy loans.

The life insurance policy cash surrender value is updated annually and changes in value are recorded as a change in cash surrender value of life insurance in the consolidated statements of activities.

Property and Equipment - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 45 years. Equipment, betterments or renewals in excess of \$10,000 are capitalized. Normal repairs and maintenance costs are expensed as incurred.

Impairment of Long-lived Assets - The Foundation reviews the carrying value of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of assets to be held and used may not be recoverable. Management does not believe there are any indications of impairment of any long-lived property and equipment at June 30, 2013.

Reclassification of Donor Intent - At times the Foundation receives requests by donors or their designees to change the use for which the donor's original gift was intended. These donor requests are reviewed by the Foundation for approval, and if approved, may result in the reclassification of net assets between unrestricted, temporarily restricted, or permanently restricted net assets.

New Accounting Pronouncement - In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance relating to the fair value measurement and disclosure requirements for U.S. GAAP and the International Financial Reporting Standards ("IFRS"). The new guidance represents the converged guidance of the FASB and the International Accounting Standards Board on fair value measurement. It has resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term "fair value." The common requirements are expected to result in greater comparability of fair value measurements presented and disclosed in consolidated financial statements prepared in accordance with U.S. GAAP and IFRS. The amendments are to be applied prospectively and are effective for fiscal years beginning after December 15, 2011. The Foundation adopted these provisions as of June 30, 2013. The adoption of the guidance did not have a material impact on the Foundation's consolidated financial statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 3—Pledges receivable

Pledges receivable at June 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 6,253,082	\$ 3,874,547
One to five years	3,892,530	5,265,598
More than five years	<u>96,429</u>	<u>55,000</u>
Total unconditional promises to give	10,242,041	9,195,145
Less discounts to net present value discount (rate 3.12% in 2013, 1.66% in 2012)	(465,389)	(146,039)
Less allowance for uncollectable promises to give	<u>(117,761)</u>	<u>(119,030)</u>
Net pledged receivable	<u>\$ 9,658,891</u>	<u>\$ 8,930,076</u>

The Foundation's pledges receivables recorded at fair value have been categorized based upon a fair value hierarchy (See Note 2). All valuations are classified as Level 3 within the fair value hierarchy based on observable and unobservable inputs. The Foundation took into account historical and projected cash flow, collectability and default rates.

The following summarizes the activities in the Level 3 pledges receivable measured at fair value for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 8,930,076	\$ 8,110,230
New pledges	4,544,200	9,911,340
Pledge payments	(3,497,304)	(9,181,624)
Net fair valuation adjustment	<u>(318,081)</u>	<u>90,130</u>
Total Level 3 pledges receivable	<u>\$ 9,658,891</u>	<u>\$ 8,930,076</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 4—Investments

A summary of the aggregate cost and fair value of investment securities as of June 30, 2013 and 2012 (exclusive of securities held in agency accounts) and realized and unrealized gains and losses are as follows:

	June 30, 2013		June 30, 2012	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 19,709,680	\$ 19,709,680	\$ 42,559,725	\$ 42,559,754
U.S. equity funds	32,142,303	32,267,800	32,446,396	38,717,507
Non U.S. equity funds	31,279,795	32,147,808	14,247,722	14,179,332
Fixed income securities and funds	30,544,337	34,166,608	43,075,297	45,641,978
Hedge funds	10,231,010	11,340,689	9,898,783	10,455,987
Venture capital - private equity funds	8,875,834	6,911,740	8,273,038	6,446,990
Real estate investment trust funds	5,233,015	5,567,444	6,277,027	8,871,798
Real estate	33,572,984	33,572,984	-	-
Commodity funds	3,419,454	3,249,155	3,482,037	3,129,566
	<u>\$ 175,008,412</u>	<u>\$ 178,933,908</u>	<u>\$ 160,260,025</u>	<u>\$ 170,002,912</u>
	Realized	Unrealized	Realized	Unrealized
	Gains/(Losses)	Gains/(Losses)	Gains/(Losses)	Gains/(Losses)
U.S. equity funds	\$ 13,559,883	\$ (6,115,280)	\$ 720,039	\$ (605,597)
Non U.S. equity funds	165,222	936,403	301,103	(2,169,363)
Fixed income securities and funds	1,391,694	(836,154)	335,229	1,090,958
Hedge funds	-	552,474	184,582	(749,888)
Venture capital - private equity funds	595,427	(138,046)	402,399	98,577
Real estate investment trust funds	2,955,988	(2,260,342)	20,463	716,396
Commodity funds	(481,583)	182,172	(123,996)	(586,087)
	<u>\$ 18,186,631</u>	<u>\$ (7,678,773)</u>	<u>\$ 1,839,819</u>	<u>\$ (2,205,004)</u>

The investment return and allocation of the endowment investment pools as of June 30, 2013 and 2012 are summarized below:

	June 30, 2013		June 30, 2012	
	Endowment Pool	Operating Pool	Endowment Pool	Operating Pool
Dividends and interest income	\$ 842,237	\$ 229,109	\$ 1,364,999	\$ 473,468
Net realized gains	17,304,466	854,119	1,505,776	330,462
Net unrealized gains (losses)	(7,160,316)	(581,710)	(2,453,419)	241,726
Investment management fees	(367,082)	(160,128)	(346,067)	(135,536)
Total investment return	10,619,305	341,390	71,289	910,120
Administrative fees	(1,118,840)	(289,685)	(1,027,039)	(614,672)
Endowment spending allocation	(4,505,563)	4,505,563	(4,097,121)	4,097,121
Net investment after fees and allocations	<u>\$ 4,994,902</u>	<u>\$ 4,557,268</u>	<u>\$ (5,052,871)</u>	<u>\$ 4,392,569</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 4—Investments (continued)

The following table summarizes the fair value measurements of certain investments that calculate net asset value per share (or its equivalent) as of June 30, 2013:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds (a)	\$ 11,340,689	\$ -	quarterly, annually	60 days
Venture capital - private equity (b)	6,911,740	4,635,844	None	
Real estate funds (c)	<u>25,386</u>	<u>215,770</u>	None	
Total	<u>\$ 18,277,815</u>	<u>\$ 4,851,614</u>		

- (a) This category employs a fund of hedge funds portfolio construction. This category invests in multiple strategy hedge funds to add diversification and reduce volatility of the portfolio. The fund of fund managers allocate across a broad range of hedge fund categories including long/short, event driven and arbitrage strategies that provide low correlation to other asset classes in the portfolio. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (b) This category includes several private equity funds that employ a fund of funds approach that invests both domestically and internationally in venture capital, buyouts, mezzanine, secondary markets and other areas within private equity. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Instead, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2013, it is probable that all of the investments in this category will be sold at an amount different from the net asset value of the Foundation's ownership interest in partner' capital. Therefore, the fair values of the investments in this category have been estimated using recent observable transaction information for similar investments.
- (c) This category includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

The Foundation, through Panther Place Real Estate, LLC, purchased the building and land located at 55 Park Place in Atlanta, Georgia on June 27, 2013. The investment in real estate is valued at acquired cost, which approximates fair value and is categorized as a Level 3 investment below.

Pursuant to the terms of rental agreements with the Board of Regents on behalf of the University and the related capital lease arrangements, the Foundation is required to maintain amounts to fund repairs and replacements for the facilities under lease. The value of the repair and replacement funds as of June 30, 2013 and 2012 was \$5,618,247 and \$5,196,075, respectively for the Alpharetta Campus Facilities Lease and \$5,908,268 and \$5,933,268, respectively for the Student Recreation Center Facilities. These funds are invested in cash equivalent money market funds.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 4—Investments (continued)

The Foundation's investment assets recorded at fair value have been categorized based upon a fair value hierarchy (See Note 2). The following tables summarize the valuation of the Foundation's financial assets and liabilities measured at fair value as of June 30, 2013 and 2012:

Fair Value Measurements at June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ -	\$ 19,709,680	\$ -	\$ 19,709,680
U.S. equity funds	371,722	31,896,078	-	32,267,800
Non U.S. equity funds	-	32,147,808	-	32,147,808
Fixed income securities and funds	-	34,166,608	-	34,166,608
Hedge funds	-	-	11,340,689	11,340,689
Venture capital-private equity funds	-	-	6,911,740	6,911,740
Real estate investment trust funds	-	5,542,058	25,386	5,567,444
Investment in real estate	-	-	33,572,984	33,572,984
Commodity funds	-	3,249,155	-	3,249,155
Total	<u>\$ 371,722</u>	<u>\$ 126,711,387</u>	<u>\$ 51,850,799</u>	<u>\$ 178,933,908</u>

Fair Value Measurements at June 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ -	\$ 42,559,754	\$ -	\$ 42,559,754
U.S. equity funds	307,700	38,409,807	-	38,717,507
Non U.S. equity funds	-	14,179,332	-	14,179,332
Fixed income securities and funds	-	45,641,978	-	45,641,978
Hedge funds	-	-	10,455,987	10,455,987
Venture capital-private equity funds	-	-	6,446,990	6,446,990
Real estate investment trust funds	-	8,843,385	28,413	8,871,798
Commodity funds	-	3,129,566	-	3,129,566
Total	<u>\$ 307,700</u>	<u>\$ 152,763,822</u>	<u>\$ 16,931,390</u>	<u>\$ 170,002,912</u>

The following summarizes the activities in the Level 3 category of investments for the year ended June 30, 2013:

<u>Description</u>	<u>Beginning Balance</u>	<u>Realized or Unrealized Gains/(Losses)</u>	<u>Purchases</u>	<u>Sales</u>	<u>Ending Balance</u>
Hedge funds	\$ 10,455,987	\$ 552,474	\$ 332,228	\$ -	\$ 11,340,689
Venture Capital-private equity funds	6,446,990	(136,156)	1,092,552	(491,646)	6,911,740
Real estate funds	28,413	(3,027)	-	-	25,386
Investment in real estate	-	-	33,572,984	-	33,572,984
	<u>\$ 16,931,390</u>	<u>\$ 413,291</u>	<u>\$ 34,997,764</u>	<u>\$ (491,646)</u>	<u>\$ 51,850,799</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 4—Investments (continued)

The following summarizes the activities in the Level 3 category of investments for the year ended June 30, 2012:

Description	Beginning Balance	Realized or Unrealized Gains/(Losses)	Purchases	Sales	Ending Balance
Hedge funds	\$ 10,879,392	\$ (548,323)	\$ 207,418	\$ (82,500)	\$ 10,455,987
Venture Capital-private equity funds	5,426,568	120,736	1,348,442	(448,756)	6,446,990
Real estate funds	71,980	(14,424)	-	(29,143)	28,413
	\$ 16,377,940	\$ (442,011)	\$ 1,555,860	\$ (560,399)	\$ 16,931,390

Split-Interest Agreements - The Foundation is the trustee and remainder beneficiary of certain split-interest agreements. The assets of these split-interest agreements are invested in equities and bonds and reported as Level 2 investments and are recorded at fair value. The value of the split interest agreements as of June 30, 2013 and 2012 were \$464,302 and \$495,203, respectively.

Business Student Trust Fund - During 1972, a trust fund was established to allow business students regularly enrolled at the University to gain practical experience in the fields of investment analysis and management, fund management and related areas. An initial contribution of \$5,000 and supplemental contributions of \$15,000 were made from unrestricted resources of the Foundation for this purpose. No further contributions to this trust are required. If this trust was terminated, any funds remaining after payment of all debts would be returned to the Foundation to be used for educational purposes. The value of the trust fund as of June 30, 2013 and 2012 was \$371,722 and \$307,700, respectively.

Note 5—Endowments

The Foundation's endowment consists of approximately 465 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of the Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2008 as requiring the assets of an endowment fund be donor restricted until allocated for spending, unless otherwise specifically stated in the gift instrument.

The Board believes this interpretation is consistent with the long established Board approved investment and spending policy which is specifically referenced in the Foundation's endowed gift instrument. In accordance with the investment policy and UPMIFA, with the exception of certain restricted assets that are separately invested, all restricted endowment assets are invested in the endowment pool on a pooled basis until allocated for spending.

As a result of this interpretation, the Foundation classifies permanently restricted net assets as assets that, under the terms of the gift instrument, are permanent endowments not wholly expendable by the Foundation on a current basis until a portion is allocated for spending. Permanently restricted assets are invested in perpetuity in the endowment investment pool subject to periodic spending allocations where a portion of the donor-restricted endowment fund in permanently restricted restricted nets assets is allocated and classified as temporarily restricted net assets available for spending.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 5—Endowments (continued)

The endowment investment pool also includes donor-restricted funds classified as temporarily restricted net assets, not specifically designated as permanently restricted endowment funds but they are restricted and designated for a particular college or unit of the University. From time to time the Foundation will approve requests from a college or unit to invest a portion of these funds in the endowment investment pool. These funds are designated as quasi endowments or funds functioning as endowments. The Foundation classifies these funds and the related investment return and spending allocation as temporarily restricted net assets. There are no unrestricted net assets invested in the endowment investment pool.

Based on the interpretation of the investment policy and UPMIFA, the total return of the endowment investment pool including appreciation/inflation, depreciation/deflation, income, expenses and fees shall be allocated to each endowment based on the ratio of that endowment's investment balance to the total endowment pool and included as part of the endowment net asset classification.

Endowment Spending Policy - In accordance with UPMIFA the Foundation considers the following factors in making a determination to appropriate and allocate assets for spending or accumulate assets of an endowment fund:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

According to the spending policy, the Foundation is not obliged to allocate for spending a stated percentage of its endowment assets in any given year. However, in order to achieve both reasonable stability in budgeting and a reasonable balance between near-term and distant programmatic priorities, the Board has adopted the following spending policy:

The allocation for spending in any given fiscal year shall equal:

- 70% of spending for the prior year, adjusted for cumulative changes in inflation (as measured by CPI), plus
- 30% of Foundation's long-term spending rate (currently 4.5%) applied to the endowment's market value at the beginning of the year.

This amount is divided by the endowment market value at the beginning of the year to calculate the spending allocation rate, which was 4.03% for the year ended June 30, 2012. The spending allocation rate for the year ended June 30, 2013 of 4.25% was applied to each individual endowment based on its average market value during the year.

The total endowment spending allocation distributed for the years ended June 30, 2013 and 2012 was \$4,517,152 and \$4,097,121, respectively. To the extent that the endowment investment pool's total return is greater or less than the allocations made for spending, the fair value of each endowment increases or decreases accordingly.

Return Objectives and Risk Parameters - The Foundation's primary long-term objective of the endowment pool is to earn an average annual total return net of fees and expenses (including advisor and Foundation fees), through appreciation and income, equal to or greater than the spending allocation rate, plus the rate of inflation

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 5—Endowments (continued)

as measured by the Consumer Price Index for all Urban Consumers (CPI-U), over long time periods (rolling ten or fifteen-year periods).

The Foundation understands the long-term nature of the endowment pool and believes investing in assets with higher return expectations outweighs the short-term volatility risks. In order to achieve the objectives, historically funds have had to exceed the objective substantially during some periods in order to compensate for inevitable shortfalls during other periods. Hence, the evaluation of progress toward the objectives should be made with a long-term perspective. The Foundation also recognizes the objectives to grow the endowment, produce a predictable spending allocation, and to cover fees, involves tradeoffs that must be balanced in establishing the investment and spending policies.

The Foundation stands prepared to incur risks consistent with its pursuit of the return objective set forth above, subject to two overarching limits. Its endowment pool should be deployed in a manner that reduces to tolerable levels (defined as 25% or below) the probabilities that it will suffer (1) peak-to-trough declines in endowment purchasing power exceeding 20% or (2) a shortfall exceeding 3% annualized total return relative to those of an approved peer group measured over rolling five-year periods.

Endowment Net Asset Composition by Type of Fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 87,057,969	\$ 87,057,969
Quasi-endowment funds	-	26,536,807	-	26,536,807
Total endowment net assets	<u>\$ -</u>	<u>\$ 26,536,807</u>	<u>\$ 87,057,969</u>	<u>\$ 113,594,776</u>

Endowment Net Assets Composition by Type of Fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 81,519,561	\$ 81,519,561
Quasi-endowment funds	-	23,761,862	-	23,761,862
Total endowment net assets	<u>\$ -</u>	<u>\$ 23,761,862</u>	<u>\$ 81,519,561</u>	<u>\$ 105,281,423</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 5—Endowments (continued)

Endowment Related Activities by Type of Fund as of June 30, 2013

	Donor- restricted Endowment Funds	Quasi- Endowment Funds	Total
Endowment net assets, July 1, 2012	\$ 81,519,561	\$ 23,761,862	\$ 105,281,423
Net realized and unrealized gains	7,328,787	2,171,678	9,500,465
Contributions	1,612,745	1,208,327	2,821,072
Allocation of endowment assets for expenditure	(3,477,195)	(1,028,368)	(4,505,563)
Transfers to comply with donor intent	74,071	423,308	497,379
Endowment net assets, June 30, 2013	<u>\$ 87,057,969</u>	<u>\$ 26,536,807</u>	<u>\$ 113,594,776</u>

Endowment Related Activities by Type of Fund as of June 30, 2012

	Donor- restricted Endowment Funds	Quasi- Endowment Funds	Total
Endowment net assets, July 1, 2011	\$ 81,289,365	\$ 24,961,706	\$ 106,251,071
Net realized and unrealized losses	(765,016)	(189,255)	(954,271)
Contributions	3,012,155	561,971	3,574,126
Allocation of endowment assets for expenditure	(3,141,353)	(955,768)	(4,097,121)
Transfers to comply with donor intent	420,126	87,492	507,618
Reclassification of donor intent	704,284	(704,284)	-
Endowment net assets, June 30, 2012	<u>\$ 81,519,561</u>	<u>\$ 23,761,862</u>	<u>\$ 105,281,423</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 5—Endowments (continued)

**Description of Amounts Classified as Permanently Restricted Net Assets and
Temporarily Restricted Net Assets (Endowment Only)**

	<u>2013</u>	<u>2012</u>
Permanently Restricted Net Assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 87,057,969	\$ 81,519,561
Total endowment funds classified as permanently restricted net assets	<u>\$ 87,057,969</u>	<u>\$ 81,519,561</u>
Temporarily Restricted Net Assets		
Quasi-endowment funds	\$ 26,536,807	\$ 23,761,862
Total endowment funds classified as temporarily restricted net assets	<u>\$ 26,536,807</u>	<u>\$ 23,761,862</u>

Note 6—Net investment in direct financing leases

The components of the net investment in direct financing leases at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Future minimum lease receipts – Alpharetta	\$ 9,313,667	\$ 10,579,302
Future minimum lease receipts – Student Recreation Center	27,343,125	30,553,758
Future minimum lease receipts – Piedmont Ellis	239,717,111	328,012,633
Future minimum lease receipts – Panther Place	161,169,865	166,569,810
Gross investment in direct financing leases	<u>437,543,768</u>	<u>535,715,503</u>
Less unearned interest income	<u>(196,990,320)</u>	<u>(315,513,139)</u>
Net investment in direct financing leases	<u>\$ 240,553,448</u>	<u>\$ 220,202,364</u>

On May 14, 2013, the first amendment to the lease between Piedmont Ellis, LLC and the Board of Regents for and on behalf of the University, went into effect to lease the student housing project. The lease agreement, as amended, between the Foundation and the Board of Regents has a term of one year with an option to renew it on a year-to-year basis until June 30, 2036; at which time the land and buildings will be conveyed to the Board of Regents. On May 14, 2013, the Foundation recorded an investment in direct financing lease with a principal amount of \$150,525,574 replacing the existing investment in direct financing lease pursuant to the first amendment of the lease and a partial advance refunding of the original 2005 bond series (see Note 14).

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 6—Net investment in direct financing leases (continued)

Future minimum net amounts receivable under direct financing leases at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 19,268,160
2015	19,800,904
2016	20,330,445
2017	20,776,391
2018	21,248,077
2019 - 2023	97,301,252
2024 - 2028	86,415,858
2029 - 2033	89,293,404
2034 - 2037	<u>63,109,277</u>
Gross investment in direct financing lease	437,543,768
Less unearned interest income	<u>(196,990,320)</u>
Net investment in direct financing leases	<u>\$ 240,553,448</u>

Note 7—Restricted assets

Pursuant to the terms of various bonds payable and capital lease arrangements for the construction of long-lived assets and debt services requirements, the Foundation is required to maintain amounts on deposit with a trustee, including charitable trusts held by others. Restricted assets primarily represent fixed income securities with varying maturity dates and cash equivalents and are related to the following facilities and other assets:

	<u>2013</u>	<u>2012</u>
Alpharetta Center	\$ 356,025	\$ 348,089
Student Recreation Center	5,131,998	3,940,499
Piedmont Ellis	10,399,085	22,635,161
Panther Place	<u>10,358,969</u>	<u>11,335,863</u>
Total restricted assets	<u>\$ 26,246,077</u>	<u>\$ 38,259,612</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 8—Capitalized bond issuance cost

Capitalized bond issuance cost includes costs incurred to secure and rate bonds and are amortized over the term of the bonds using the straight-line basis, which approximates the effective interest rate method. Capitalized bond issuance cost as of June 30, 2013 and 2012 consisted of the following:

	2013	2012
Alpharetta Campus - bond issuance cost	\$ 100,032	\$ 118,788
Student Recreation Center - bond issuance cost	225,339	271,467
Piedmont Ellis - bond issuance costs	1,161,521	3,413,125
Panther Place - bond issuance costs	2,085,813	2,239,340
	<u>3,572,705</u>	<u>6,042,720</u>
Total deferred costs	<u>\$ 3,572,705</u>	<u>\$ 6,042,720</u>

Note 9—Cash surrender value of life insurance

The Foundation is the owner and beneficiary of numerous life insurance policies. As of June 30, 2013, the total face value of the policies was \$4,161,241. Premiums on some of the policies are paid by the Foundation with the corresponding amounts received back from the donors as contributions. While the cash surrender value of the policies has been recorded in the Foundation's consolidated statements of financial position, the face value of the policies will be recognized upon receipt of the insurance proceeds. The annual change in the cash surrender value of the life insurance policies are recorded in the consolidated statements of activities. The cash surrender value of the policies as of June 30, 2013 and 2012, was \$1,267,990 and \$1,003,868, respectively.

Note 10—Real estate held for sale

On September 30, 2010, Panther Lot, LLC purchased certain land at a purchase price of approximately \$1,233,000 for the purpose of holding and selling the property to the University. During the year ended June 30, 2013, the Foundation reclassified the land as held for use and it is reported in property and equipment in the consolidated statement of financial position at June 30, 2013 (See Note 11).

Note 11—Property and equipment

Property and equipment as of June 30, 2013 and 2012 consisted of the following:

	2013	2012
Land	\$ 2,037,735	\$ 804,979
Donated land held for investment	6,400	6,400
Building	5,793,209	5,793,209
Building improvements	9,465,788	6,837,738
Tenant improvements	119,211	-
Property and equipment - at cost	<u>17,422,343</u>	<u>13,442,326</u>
Less accumulated depreciation	<u>(7,159,926)</u>	<u>(6,966,561)</u>
Property and equipment - net	<u>\$ 10,262,417</u>	<u>\$ 6,475,765</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$193,365 and \$847,051, respectively.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 12—Investments held for affiliates

Georgia State University Research Foundation, Inc.

During 1996, the Foundation entered into an agreement with the Georgia State University Research Foundation, Inc. (the "Research Foundation") to provide investment management services for the Research Foundation. The Foundation is to manage the Research Foundation's investments in a manner consistent with the Foundation's investment policies and procedures for which the Research Foundation pays the Foundation a fee. The Research Foundation's investment balances under management as of June 30, 2013 and 2012 were \$4,347,552 and \$3,944,444, respectively.

During 2003, the Foundation entered into an additional agreement with the Research Foundation to separately manage a \$2,000,000 endowment portfolio received by the Research Foundation from a federal agency. Under the agreement, the Foundation provides investment management services for the separate portfolio to comply with the terms of the Research Foundation's agreement with the federal agency for which the separate portfolio is charged a fee. The Research Foundation's investment balance under management related to this separate portfolio as of June 30, 2012 was \$2,102,374. In May of 2013, the balance of the portfolio was liquidated and returned to Research Foundation.

Georgia State University Alumni Association

During 1997, the Foundation entered into an agreement with the Georgia State University Alumni Association (the "Alumni Association") to manage investments of the Alumni Association, consistent with investment policies of the Alumni Association. The Alumni Association's investment balances under management as of June 30, 2013 and 2012 were \$888,091 and \$812,256, respectively.

The total fair value of investments held for affiliates is reported as an asset and a liability in the consolidated statements of financial position. The balances as of June 30, 2013 and 2012 were \$5,235,644 and \$6,859,074, respectively.

Note 13—Obligations under leases

Alpharetta Campus Facilities Lease

On September 23, 1998, \$10,600,000 of revenue bonds were issued by the Development Authority of Alpharetta, Georgia, ("Development Authority") for the purpose of financing the costs of acquiring, constructing and installing educational facilities which are located in the City of Alpharetta and are leased by the Foundation. On May 12, 2009, the Series 1998 Bonds were refunded by a new lower fixed-rate bond issuance. The tax-exempt revenue bonds of \$5,890,000 plus premium of \$654,706 were issued by the Development Authority of Alpharetta, Georgia. Principal and interest payments schedule will remain in force as under the 1998 issuance. Interest payments will continue to be made semi-annually starting November 1, 2009 at a rate specified in the revenue bonds ranging from 3.0% to 5.0%.

The lease obligates the Foundation, on a limited recourse basis, to make lease payments sufficient to pay 83.5% of principal and interest on the bonds with the balance to be paid by the Development Authority. The Foundation in turn subleased the facilities to the Board of Regents for the use of the University. The liability of the Foundation is limited to the interest of the Foundation in the project and the rents, profits, issues, products and proceeds thereof. The City of Alpharetta is obligated to make 100% of the principal and interest payments on the bonds to the extent rental payments derived from the project are insufficient for such purposes. The Foundation has entered into a lease with the University on this property. As the lease is classified as a capital lease by the University, the Foundation has recorded the asset as a net investment in direct financing lease on the consolidated statements of financial position.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 13—Obligations under leases (continued)

The following is a schedule by year of the future minimum lease payments required under the Alpharetta Campus facilities lease as of June 30, 2013:

<u>Year Ending June 30,</u>	
2014	\$ 632,373
2015	634,544
2016	630,063
2017	628,894
2018	625,138
2019	<u>628,198</u>
Total minimum lease payments	3,779,210
Less amount representing interest	<u>(468,435)</u>
Present value of minimum lease payments	<u><u>\$ 3,310,775</u></u>

Interest expense related to the capital lease obligation for the Alpharetta Campus for the years ended June 30, 2013 and 2012 totaled \$155,198 and \$174,125, respectively.

Rialto Ground Lease

On December 1, 2009, TUFF Rialto, LLC transferred its interest in the Rialto Theater ground lease with Rialto Center, LLC to the Foundation. The Foundation sub-leases the Rialto Theater ground lease to the University.

Future minimum lease payments under the ground lease as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 79,304
2015	79,304
2016	79,304
2017	79,304
2018	79,304
2019 - 2023	396,520
2024 - 2028	396,520
2029 - 2033	396,520
2034 - 2038	396,520
2039 - 2043	396,520
2044 - 2046	<u>198,261</u>
Total	<u><u>\$ 2,577,381</u></u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 13—Obligations under leases (continued)

Operating Leases (Foundation as Lessor)

Lofts Lease

A rental agreement was entered into in January 2005 between the Foundation, the landlord, and the Board of Regents for and on the behalf of the University, tenant, for student housing known as the University Lofts. The lease is renewable annually through fiscal year 2033 and ends in September 2032.

Brookhaven Lease

During the year ended June 30, 2005, the Foundation entered into a lease with a third party for office space for the benefit and use of the University's Executive MBA Program. The University reimburses the Foundation on a monthly basis in an amount equal to the monthly rent payment. The lease was terminated as of June 1, 2013.

Panther Place Lease (Panther Place as Lessor)

SunTrust Bank, Inc.

On May 31, 2007, Panther Place, LLC purchased certain land, buildings and fixtures owned by SunTrust Bank, Inc. for \$52,000,000 using proceeds of revenue bonds (See Note 7). On the same day, Panther Place entered into a lease agreement with SunTrust Bank, Inc. for a five-year period with annual basic rental income of \$3,000,000 for the first year and a 2% increase each year thereafter. On May 30, 2012, the lease terminated.

Georgia State University Research Foundation, Inc.

Effective June 1, 2012, Panther Place, LLC (current Landlord) replaced SunTrust Bank (former Landlord) per the lease agreement between SunTrust Bank and Georgia State University Research Foundation, Inc. (the Tenant) to lease certain premises consisting of approximately 18,257 square feet designated as Suite 100 in the office building located at 58 Edgewood Avenue, Atlanta, Georgia, and more commonly known as the Tower Annex. The monthly rental is \$11,794.

Georgia Minority Supplier Development Council, Inc.

Effective June 1, 2012, Panther Place, LLC (current Landlord) assumed the lease between SunTrust Bank (former Landlord) and Georgia Minority Supplier Development Council, Inc. (the Tenant) to lease certain premises consisting of approximately 8,176 square feet designated as Suite 501 in the office building located at 58 Edgewood Ave, Atlanta, Georgia, and more commonly known as the Tower Annex. The monthly rental is \$4,349.

Westridge Lease

A rental agreement was entered into in July 2007 for a period of five (5) years with a third party for office space in Henry County, Georgia for the benefit and use of the University's College of Business graduate programs. After the lease expired in June 2011, it was extended for one additional year through June, 2012. The Foundation currently is utilizing the hold over clause in the lease through December 31, 2012, while the University evaluates the continuation of the program facilitated at this location. The University pays the monthly rental payment directly to the landlord.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 14—Bonds payable

Bonds payable at June 30, 2013 and 2012 consisted of the following:

Series	Original Principal Issued	Interest Rates	Balance June 30, 2013	Balance June 30, 2012
Student Recreation Center Bonds (Series 2011) -	\$ 16,035,000	4.00% - 5.00%	\$ 12,185,000	\$ 14,035,000
<p>Tax-exempt revenue bonds were issued at a par amount of \$16,035,000 plus a premium of \$1,065,413. Principal payments are to be made annually starting October 1, 2011 and ending October 1, 2018. Interest is paid semi-annually through 2018.</p>				
Piedmont Ellis Revenue Bonds (Series 2005) -	\$ 161,330,000	3.875% - 5.00%	8,915,000	156,560,000
<p>Tax-exempt and taxable revenue bonds were issued with principal payments are to be made annually starting September 1, 2009 and ending September 1, 2036. Interest was to be paid semi-annually through 2036. The callable bonds within this series were advance refunded on May 14, 2013 by the issuance of the Series 2013 bonds described below. The principal payments related to the tax-exempt non-callable bonds within this series are to be made annually starting September 1, 2013 and ending on September 1, 2015 with interest paid semi-annually through 2015.</p>				
Piedmont Ellis Revenue Refunding Bonds (Series 2013) -	\$ 139,685,000	3.00% - 5.00%	139,685,000	-
<p>Tax-exempt revenue bonds were issued at a par amount of \$139,685,000 plus a premium of \$14,157,195. Principal payments are to be made annually starting September 1, 2015 and ending September 1, 2035. Interest is paid semi-annually through 2035.</p>				
Panther Place Revenue Bonds (Series 2009) -	\$ 73,235,000	4.00% - 6.15%	73,235,000	73,235,000
<p>Revenue bonds were issued at a par amount of \$73,235,000 (tax-exempt \$60,215,000 and taxable \$13,020,000) net of discount of \$1,654,917. Principal payments are to be made annually starting July 1, 2013 and ending July 1, 2037. Interest is to be paid semi-annually starting July 1, 2009.</p>				
Subtotal			234,020,000	243,830,000
Plus unamortized bond premium			14,683,240	5,807,171
Less unamortized bond discount			(1,389,923)	(1,459,561)
Total			<u>\$ 247,313,317</u>	<u>\$ 248,177,610</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 14—Bonds payable (continued)

Student Recreation Center

On October 15, 1998, \$33,430,000 of revenue bonds were issued by the Atlanta Development Authority (“ADA”) with the proceeds loaned to the Foundation for the purpose of financing the acquisition, construction, improvement and equipping of a student recreation center for the benefit of the University. The bonds are special limited obligation bonds of the ADA, payable from funds received from the Foundation pursuant to a promissory note between the ADA and the Foundation. The Foundation leases the facilities to the Board of Regents for the use of the University. The Foundation's liability on the note is limited to its interest in the project and the rents and revenues from the project, including amounts received pursuant to the rental agreement with the Board of Regents.

On January 31, 2011 revenue bonds (tax-exempt \$16,035,000 plus premium of \$1,065,413) were issued by the Development Authority of Fulton County. Proceeds of the series 2011 bonds were used to refund the series 1998 revenue bonds. Moody's Investor Services, Inc. has assigned the Series 2011 bonds the rating of Aa3. Interest expense on the series 2011 revenue bonds for the years ended June 30, 2013 and 2012 totaled \$627,750 and \$703,250, respectively.

Piedmont/Ellis

On September 8, 2005, a total of \$161,330,000 of revenue bonds (tax-exempt \$158,410,000 and taxable \$2,920,000) were issued at a premium of \$6,620,809 by the ADA on behalf of the Foundation with the proceeds used for the purpose of financing the acquisition, construction and equipping of certain land, buildings and personal property to be used as a student housing project. The project has 1,994 beds, including community activity facilities, site amenities and parking for 786 vehicles. The real property upon which the project is located is owned by the Board of Regents and leased to the Foundation pursuant to a Ground Lease. After construction was completed, the Foundation leased the facility to the Board of Regents on an annually-renewable basis for a term of 33 years for the use and benefit of the University. Moody's Investors Services Inc. has assigned the Series 2005 Bonds the rating of Aa3. Interest expense for the year ended June 30, 2013 and 2012 was \$6,542,685 and \$7,566,169 respectively.

On May 14, 2013, a total of \$139,685,000 of Student Housing Facilities Refunding Revenue Bonds were issued at a total premium of \$14,157,195 by the ADA on behalf of the Foundation. The Series 2013 bond proceeds were used to advance refund the callable portion (maturities September 1, 2016 through September 1, 2036) of the Series 2005 with a current aggregate outstanding principal of \$145,375,000 resulting in a gain on the refinancing of \$10,934,660. Moody's Investor Services, Inc. has assigned the Series 2013 bonds the rating of Aa3. Interest expense on the Series 2013 refunding revenue bonds for the year ended June 30, 2013 was \$781,740.

The non-callable Series 2005 bonds not included in the 2013 advance refunding are the maturities September 1, 2013 through September 1, 2015 with a total par amount of \$8,915,000 issued at a premium of \$370,204. Moody's Investors Services Inc. has assigned the Series 2005 Bonds the rating of Aa3. The interest expense associated with the non-callable Series 2005 bonds for the year ended June 30, 2013 was \$83,540.

Panther Place

On May 31, 2007, \$58,385,000 of revenue bonds (tax-exempt \$49,175,000 and taxable \$9,210,000) were issued by the ADA on behalf of the Foundation with the proceeds used to finance the costs of acquiring land, buildings, improvements, machinery, fixtures, furnishings, equipment and other real and personal property to be used for office space.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 14—Bonds payable (continued)

On May 29, 2009 the outstanding balance of the bank bonds of \$47,630,000 and the line of credit of \$8,612,859 were refunded by a new fixed-rate bond issuance. Revenue bonds of \$73,235,000 (tax-exempt \$60,215,000 and taxable \$13,020,000) net of discount of \$1,654,917 were issued by the ADA on behalf of the Foundation. Principal payments are to be made annually starting July 1, 2013 and ending July 1, 2037. Interest is to be paid semi-annually starting July 1, 2009 at a rate specified in the revenue bonds ranging from 4.00% to 6.15%. Moody's Investors Services, Inc. has assigned the Series 2009 Bonds the rating of A2. Interest expense for the years ended June 30, 2013 and 2012 was \$3,487,070 and \$3,487,070, respectively.

SunTrust Banks, Inc. was the seller and remained the tenant in the building until May 30, 2012. Effective May 30, 2012, SunTrust Bank moved out and the University moved into the Panther Place, LLC property and the property was transferred to an investment in direct financing lease with the Board of Regents.

Future maturities of the Student Recreation Center, Piedmont/Ellis and Panther Place revenue bonds at June 30, 2013 are as follows:

Year Ending June 30,	Tax-Exempt	Taxable	Total
2014	\$ 4,470,000	\$ 1,595,000	\$ 6,065,000
2015	4,970,000	1,650,000	6,620,000
2016	9,115,000	1,725,000	10,840,000
2017	6,185,000	1,800,000	7,985,000
2018	6,795,000	1,900,000	8,695,000
2019 - 2023	34,240,000	4,350,000	38,590,000
2024 - 2028	46,480,000	-	46,480,000
2029 - 2033	57,920,000	-	57,920,000
2034 - 2038	50,825,000	-	50,825,000
Total	<u>\$ 221,000,000</u>	<u>\$ 13,020,000</u>	<u>\$ 234,020,000</u>

Note 15—Net assets released from restrictions

Net assets were released from restrictions for the years ended June 30, 2013 and 2012 for the following purposes:

	2013	2012
Management fees	\$ 1,118,840	\$ 1,027,039
General and departmental expenses	(6,876)	(4,356)
Program Service - General and departmental	9,274,894	4,764,461
Program Service - Fundraising expenses	111,332	125,967
Program Service - Faculty and staff expenses	3,603,429	3,576,785
Program Service - Scholarships and awards	2,663,432	2,245,337
Total net assets released from restrictions	<u>\$ 16,765,051</u>	<u>\$ 11,735,233</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

Note 16—Commitments and contingencies

The Foundation has future commitments with various limited partnership agreements with investment managers of real estate investment trusts and venture capital funds for the endowment portfolio. Payments under the various partnership agreements are made over a period of years based on specified capital calls by the respective partnerships. The purpose of these agreements is to provide endowment funds and nonprofit organizations the opportunity to invest in private limited partnerships, which in turn, make venture capital investments primarily in emerging growth companies, international private equity investments and in equity securities, warrants or other options that are generally not actively traded at the time of investment with the objective of obtaining long-term growth of capital. Capital calls are drawn from other liquid assets of the endowment investment pool as part of the asset allocation process. Investment commitments for the years ended June 30, 2013 and 2012 totaled \$4,851,614 and \$5,944,168, respectively.

Note 17—Summary of net assets

Net assets as of June 30, 2013 and 2012, were available for the following purposes:

	<u>2013</u>	<u>2012</u>
Unrestricted Net Assets:		
General	\$ 19,583,223	\$ 16,146,978
Pledge receivables	7,347	9,472
Investment in land and buildings	22,858,955	10,389,717
Total unrestricted net assets	<u>42,449,525</u>	<u>26,546,167</u>
Temporarily Restricted Net Assets:		
Academic support	4,407,082	4,307,927
Scholarships	8,707,397	8,487,945
Program support	8,984,323	8,873,648
Pledge receivables	4,707,837	3,547,603
Program and activities	7,375,674	10,486,859
Charitable trust - deferred gifts	215,632	146,515
Student investment portfolio	371,722	307,700
Funds functioning as endowments	26,536,807	23,761,862
Total temporarily restricted net assets	<u>61,306,474</u>	<u>59,920,059</u>
Permanently Restricted Net Assets:		
Endowment - pledge receivables	4,943,707	5,373,001
Endowment - Scholarships	24,141,856	22,282,999
Endowment - Program support	62,915,594	59,236,562
Total permanently restricted net assets	<u>92,001,157</u>	<u>86,892,562</u>
Total Net Assets	<u>\$ 195,757,156</u>	<u>\$ 173,358,788</u>

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 18—Subsequent events

The Foundation has evaluated subsequent events through September 20, 2013, in connection with the preparation of these consolidated financial statements which is the date the consolidated financial statements were available to be issued. As of this date, the Foundation is in negotiations to purchase certain land near the University campus with an estimated value of \$2.2 million. In July 2013, the Foundation entered into a ten year lease at Tower Place 200, Atlanta, Georgia for use by the Georgia State University for J. Mack Robinson College of Business programming.

As of this date, there were no other material subsequent events requiring adjustment to or disclosure in the consolidated financial statements for the year ended June 30, 2013.
