Georgia State University Foundation

Financial Audit Report
June 30, 2022

GEORGIA STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2022

TABLE OF CONTENTS

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Georgia State University Foundation, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of **Georgia State University Foundation, Inc.** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Georgia State University Foundation, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Georgia State University Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia State University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Georgia State University Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia State University Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 20, 2022

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	**$ 14,677,205**	$ 6,471,259
Pledges receivable, net	**20,782,587**	6,134,803
Accounts receivable and other assets	**3,674,313**	770,237
Investments	**272,657,421**	303,869,957
Investment in real estate held for sale	**31,600,000**	-
Net investment in direct financing leases	**92,628,421**	109,886,732
Restricted assets - escrow funds	**6,848,281**	8,297,754
Restricted assets - projects in progress	**166,286**	1,441,187
Cash surrender value of life insurance	**1,372,946**	1,607,518
Right of use asset	**5,803,540**	8,684,465
Property, improvements and equipment, net	**13,274,587**	13,940,385
Deferred tax asset, net	**704,126**	783,153
Assets held for affiliates	**1,883,492**	2,679,143
Total assets	**$ 466,073,205**	$ 464,566,593
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 1,565,167**	$ 1,178,042
Deferred revenue	**370,819**	155,692
Operating lease liability	**7,814,124**	11,954,360
Obligation under split-interest agreements	**1,062,359**	1,310,233
Notes payable	**32,120,000**	-
Bonds payable, net	**98,029,725**	117,559,156
Accrued interest on bonds payable	**1,252,680**	1,333,276
Assets held for affiliates	**1,883,492**	2,679,143
Partner liability	**6,651,000**	-
Total liabilities	**150,749,366**	136,169,902
Net assets		
Without donor restrictions	**36,178,681**	51,782,622
With donor restrictions	**279,145,158**	276,614,069
Total net assets	**315,323,839**	328,396,691
Total Liabilities and Net Assets	**$ 466,073,205**	$ 464,566,593

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	Without donor restrictions	With donor restrictions	Total 2022	Total 2021
Operating revenue, gains, and other support				
Contributions	$ 25	$ 38,289,146	$ 38,289,171	$ 20,664,973
In-kind contributed services	2,642,296	-	2,642,296	2,791,656
Change in estimate of uncollectible pledges	-	3,371,311	3,371,311	(4,425,064)
Rental income	4,667,070	4,572,182	9,239,252	8,947,970
Income from investment in direct financing leases	7,568,818	-	7,568,818	9,087,745
Net investment return	(7,122,189)	(23,027,808)	(30,149,997)	61,418,597
Change in:				
Value of split-interest agreements	-	247,874	247,874	(54,397)
Cash surrender value of life insurance	468	(235,040)	(234,572)	(14,156)
Other income	(104,843)	1,139,062	1,034,219	1,346,798
Total revenues and gains	7,651,645	24,356,727	32,008,372	99,764,122
Net assets released from restrictions	21,825,638	(21,825,638)	-	-
Total operating revenues, gains, and other support	29,477,283	2,531,089	32,008,372	99,764,122
Operating expenses				
Program services				
Capital projects, equipment, and repairs	10,655,293	-	10,655,293	11,955,974
Operations	7,731,514	-	7,731,514	5,875,960
Faculty and staff	4,731,964	-	4,731,964	5,097,866
Scholarships and awards	8,247,773	-	8,247,773	8,768,117
Total program services	31,366,544	-	31,366,544	31,697,917
Management and general	3,562,814	-	3,562,814	3,051,787
Fundraising	1,099,250	-	1,099,250	919,502
Total operating expenses	36,028,608	-	36,028,608	35,669,206
Excess (deficit) of operating revenues over expenses	(6,551,325)	2,531,089	(4,020,236)	64,094,916
Non-operating activities				
Gain on defeasance of bonds	331,320	-	331,320	-
Loss on impairment of building	(9,304,909)	-	(9,304,909)	-
Change in value of deferred tax asset	(79,027)	-	(79,027)	(157,135)
Change in net assets	(15,603,941)	2,531,089	(13,072,852)	63,937,781
Net assets at beginning of year	51,782,622	276,614,069	328,396,691	264,458,910
Net assets at end of year	$ 36,178,681	$ 279,145,158	$ 315,323,839	$ 328,396,691

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue, gains, and other support			
Contributions	$ 109,107	$ 20,555,866	$ 20,664,973
Contributed services	2,791,656	-	2,791,656
Change in estimate of uncollectible pledges	-	(4,425,064)	(4,425,064)
Rental income	4,575,357	4,372,613	8,947,970
Income from investment in direct financing leases	9,087,745	-	9,087,745
Net investment return	10,067,005	51,351,592	61,418,597
Change in:			
Value of split-interest agreements	-	(54,397)	(54,397)
Cash surrender value of life insurance	457	(14,613)	(14,156)
Other income	507,755	839,043	1,346,798
Total revenues and gains	27,139,082	72,625,040	99,764,122
Net assets released from restrictions	19,604,722	(19,604,722)	-
Total revenues, gains, and other support	46,743,804	53,020,318	99,764,122
Expenses			
Program services			
Capital projects, equipment, and repairs	11,955,974	-	11,955,974
Operations	5,875,960	-	5,875,960
Faculty and staff	5,097,866	-	5,097,866
Scholarships and awards	8,768,117	-	8,768,117
Total program services	31,697,917	-	31,697,917
Management and general	3,051,787	-	3,051,787
Fundraising	919,502	-	919,502
Total expenses	35,669,206	-	35,669,206
Excess of revenues over expenses	11,074,598	53,020,318	64,094,916
Change in value of deferred tax asset	(157,135)	-	(157,135)
Change in net assets	10,917,463	53,020,318	63,937,781
Net assets at beginning of year	40,865,159	223,593,751	264,458,910
Net assets at end of year	$ 51,782,622	$ 276,614,069	$ 328,396,691

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

		Supporting services		
	Program services	Management and general	Fundraising	Total expenses
Grants and other assistance to University	$ 15,387,988	$ -	$ -	$ 15,387,988
Salaries and benefits	243,294	2,125,375	273,627	2,642,296
Professional fees	671,454	304,646	443,063	1,419,163
Advertising and promotion	76,381	162,941	29,453	268,775
Office expenses	1,417,056	306,682	52,558	1,776,296
Information technology	848	90,177	-	91,025
Facilities	7,771,713	2,310	-	7,774,023
Travel	535,258	42,663	35,231	613,152
Conferences, conventions and meetings	335,744	266,175	213,846	815,765
Interest	3,284,214	-	-	3,284,214
Depreciation	665,798	-	-	665,798
Insurance	61,941	74,516	-	136,457
Events	307,586	98,133	40,712	446,431
Minor equipment	433,076	2,888	-	435,964
Dues and professional memberships	29,135	86,308	10,760	126,203
Gift annuity benefit payments	145,058	-	-	145,058
Total expenses	$ 31,366,544	$ 3,562,814	$ 1,099,250	$ 36,028,608

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

		Supporting Services		
	Program services	Management and general	Fundraising	Total expenses
Grants and other assistance to University	$ 17,213,031	$ -	$ -	$ 17,213,031
Salaries and benefits	261,576	2,180,773	349,308	2,791,657
Professional fees	310,847	152,386	511,179	974,412
Advertising and promotion	39,860	336,651	-	376,511
Office expenses	1,101,847	131,045	33,342	1,266,234
Information technology	-	43,863	-	43,863
Facilities	7,716,671	1,000	-	7,717,671
Travel	28,698	8,472	6,683	43,853
Conferences, conventions and meetings	35,558	24,495	-	60,053
Interest	3,452,766	-	-	3,452,766
Depreciation	665,798	-	-	665,798
Insurance	65,920	64,331	-	130,251
Events	26,851	20,706	3,037	50,594
Minor equipment	560,884	235	-	561,119
Dues and professional memberships	68,492	87,830	15,953	172,275
Gift annuity benefit payments	149,118	-	-	149,118
Total expenses	$ 31,697,917	$ 3,051,787	$ 919,502	$ 35,669,206

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	$ (13,072,852)	$ 63,937,781
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions restricted for investment endowment	(12,008,518)	(8,567,802)
Contributions restricted for investment quasi-endowment	(3,032,144)	(3,440,779)
Net realized and unrealized losses (gains) on investments	29,691,799	(55,240,165)
Depreciation and amortization	800,407	807,190
(Increase) in pledges receivable	(11,687,089)	(166,336)
Change in estimate of uncollectible pledges	(2,960,695)	4,425,064
Principal received on net investments and direct financing leases	4,270,095	4,028,355
(Increase) decrease in other assets	(2,838,351)	348,350
Decrease (increase) in bond funded projects	1,274,901	(89,175)
Increase (decrease) in accounts payables and accrued expenses	306,529	(1,267,015)
Amortization of deferred revenue	215,127	(1,110,065)
Change in operating right of use asset and operating lease liability	(1,259,311)	(1,140,404)
Amortization of original bond issue premium/discount	(1,582,900)	(1,762,818)
Increase in partner liability	6,651,000	-
Net cash (used in) provided by operating activities	(5,232,002)	762,181
INVESTING ACTIVITIES		
Proceeds on sale of investments	24,166,886	76,901,438
Purchases of investments	(22,646,149)	(84,431,204)
Purchases of investment in real estate held for sale	(31,600,000)	-
Net cash (used in) investing activities	(30,079,263)	(7,529,766)
FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	12,008,518	8,567,802
Proceeds from contributions restricted for investment in quasi-endowment	3,032,144	3,440,779
Proceeds from notes payable	32,120,000	-
Payments on bonds payable	(4,755,000)	(4,440,000)
Retirement of bond payable	(12,740,000)	-
Retirement of direct financing lease	12,988,216	-
Retirement of bond issuance costs	162,214	-
Retirement of bond premium	(748,354)	-
Net cash provided by financing activities	42,067,738	7,568,581
Net increase in cash and cash equivalents	6,756,473	800,996
Cash and cash equivalents at beginning of year	14,769,013	13,968,017
Cash and cash equivalents at end of year	$ 21,525,486	$ 14,769,013
Operating	$ 14,677,205	$ 6,471,259
Restricted assets - escrow funds	6,848,281	8,297,754
	$ 21,525,486	$ 14,769,013
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid during the year	$ 4,943,101	$ 5,105,503

See Notes to Consolidated Financial Statements.

NOTE 1. 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 mission through the identification, cultivation, solicitation and stewardship of gifts, and by collaborating and advising on activities for the benefit and advancement of the University.

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 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 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.

During the fiscal year 2016, the Foundation formed, as the sole member, Panther Holdings, LLC ("Panther Holdings") for the purpose of acquiring, developing, operating and managing real property for the benefit of and use by the University.

GPC Real Estate Student Support I, LLC ("Student Support I") and GPC Foundation Real Estate Newton, LLC ("Newton") are sole member LLCs organized in the state of Georgia, and were formed for the purpose of acquiring, developing, operating and managing real property for the benefit and use by Georgia Perimeter College. Student Support I and Newton became wholly owned subsidiaries, with the Foundation as the sole member, on April 1, 2016 upon the acquisition of and dissolution of the Georgia Perimeter College Foundation, Inc. As subsidiaries of the Foundation, all real property in Student Support I and Newton is managed for the benefit of and use by the University.

NOTE 1. ORGANIZATION (Continued)

During fiscal year 2022, the Foundation formed, as the sole member, GSUF Edgewood, LLC ("GSUF Edgewood") for the purpose of acquiring, developing, operating and managing real property.

During fiscal year 2022, 100 Edgewood Investments, LLC ("100 Edgewood Investments") was formed, with GSUF Edgewood as the general partner and 64% owner. The minority partner, 100 Edgewood Developer, LLC owns 36%. 100 Edgewood Investments was formed for the purpose of acquiring, developing, operating and managing real property.

Cooperative Agreement - The Foundation entered into a Memorandum of Understanding Agreement (the "Agreement") with the University to operate as a Cooperative Organization under the guiding principles of that Agreement. The Agreement signed on October 7, 2013 expired and was replaced with a new five year Agreement on October 1, 2018.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

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 is generally exempt from federal and state income taxes. 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.

The Foundation received rental income which is considered unrelated business income subject to federal and state income taxes. During the years ended June 30, 2022 and 2021, the net operating loss carryforward was used to offset revenue that exceeded expenses associated with the generation of such income and no taxes were due.

Deferred tax assets, net of a valuation allowance, are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered and settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The income tax benefit represents the change in the deferred tax asset during the period.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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, 2022 and, accordingly, no liability has been accrued.

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Foundation, the Lofts, the Rialto, Panther Place, Panther Lot, Panther Real Estate, Panther Land, Newton, Student Support I, Panther Holdings, GSUF Edgewood, and 100 Edgewood Investments (collectively referred to as, the "Foundation"). 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 consolidated 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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:

Net assets without donor restrictions - 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.

Net assets with donor restrictions - Net assets from contributions and other inflows of assets limited by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity, and are subject to the fluctuation of investments and periodic allocations made for spending specified by donor stipulations and applicable law.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expenditures that relate to the fulfillment of the temporary restriction are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either 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 Value 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:

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Concentration 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.

Concentration of Donor

As of June 30, 2022, 50% of the outstanding pledges receivable balance was due from a single donor.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Direct Financing Lease

The Foundation leases real estate to the Board of Regents of University System of Georgia. The present value of the minimum lease payments is recorded as an asset and is amortized as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is netted as unearned income and is amortized as payments are received. In accordance with its stated purpose as a not-for-profit organization, the Foundation structures its lease agreements to provide rental proceeds to meet related debt service, interest expenses, and administrative and operating expenses provided all renewal terms are exercised. The terms of these lease agreements are considered more favorable than commercial terms on similar facilities. The lessees are responsible for the payment of property taxes, routine maintenance, insurance, and other costs incidental to the use of the facilities. These lease agreements generally provide for an initial rental period with renewable terms that extend over the term of the debt financing for the leased property. The lease agreements are cancelable by the lessees at specified times during the lives of the leases. Leases with agencies of the State of Georgia are for no longer than one year, with renewable options.

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 operating investment portfolio.

Contributions

Contributions received are recorded as without donor restrictions support or with donor restrictions 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. During the fiscal year 2022 and 2021, the Foundation contributed $1,809,343 and $2,795,631, respectively, to the University for capital projects.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 measure at the date of contribution.

Contributed services which represents salaries and benefits paid by the University on behalf of the Foundation, are included in the contributed services revenue in the consolidated statements of activities and in salaries and benefits expenses in the consolidated statements of functional expenses, and are valued based on actual compensation. Contributed salaries were utilized during the year and totaled $2,642,296 and $2,791,656 for the years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis on the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expense by function. Directly identifiable expenses are charged to programs and supporting services. Furthermore, all other costs have been allocated among the programs and supporting services benefited as required by FASB's Not-for-Profit presentation and disclosure guidance. Salaries, benefits and supplies are allocated based on the department and the percentage of time that the department supports program, administration, and/or fundraising for the Foundation.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

In accordance with the provisions of ASC 820 – Fair Value Measurements and Disclosures, purchased property and equipment is recorded at fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 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. The building purchased by 100 Edgewood Investments on June 30, 2022, and held for sale to the University is considered impaired. An impairment loss was recorded to recognize a reduction of the purchase price to the appraised unimproved value, as discussed in Note 19 .

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 net assets without donor restrictions and net assets with donor restrictions.

Split-Interest Agreements

The Foundation is trustee for three types of split-interest agreements, irrevocable charitable remainder trusts, charitable gift annuities, and an irrevocable trust, 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 statements 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements (Continued)

The assets of each charitable remainder trust and irrevocable 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.

Recent Accounting Pronouncements

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. For the year ending June 30, 2021, the Foundation adopted ASU 2020-07 and has adjusted the presentation in these consolidated financial statements accordingly. This adjustment did not have an effect on total net assets or the change in total net assets for 2022 or 2021.

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2022 and 2021 consists of the following:

	2022	2021
Unconditional promises expected to be collected in:		
Less than one year	**$ 9,045,253**	$ 3,062,084
One to five years	**13,445,815**	7,896,125
More than five years	**260,334**	116,916
Total unconditional promises to give	**22,751,402**	11,075,125
Less discounts to net present value (rate 2.37% in 2022, .74% in 2021)	**(635,852)**	(87,839)
Less allowance for uncollectible promises to give	**(1,332,963)**	(4,852,483)
Net pledges receivable	**$ 20,782,587**	$ 6,134,803

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, 2022 and 2021:

	2022	2021
Beginning balance	**$ 6,134,803**	$ 10,393,531
New pledges	**25,086,991**	12,106,885
Pledge payments	**(13,410,714)**	(11,938,746)
Net allowance adjustment	**3,519,520**	(4,425,064)
Net present value adjustment	**(548,013)**	(1,803)
Total Level 3 pledges receivable	**$ 20,782,587**	$ 6,134,803

During the year ended June 30, 2022, the Foundation fully allowed for a pledge in the amount of $1,043,564.

In April 2021, the Foundation received a $15,000,000 conditional promise to give from a donor to be used to renovate the National Institute for Student Success Buildings on campus. The promise to give is conditional on the University raising sufficient funds to complete the renovation project and securing a construction contract. As of June 30, 2022, the Foundation does not meet the requirements as defined under FASB's Not-For-Profit contribution measurement guidance to recognize the promise to give as earned contribution revenue.

NOTE 4. INVESTMENTS

Investments are comprised of the following balances as of June 30, 2022 and 2021:

	Fair Value				
	Endowment Pool	Operating Pool	Other Investments	Total Fair Value	Cost
June 30, 2022					
Money market funds	**$ 1,808,108**	**$ 11,559,176**	**$ 117,047**	**$ 13,484,331**	**$ 13,471,326**
U.S. equity funds	**12,199,429**	**10,120,515**	**1,620,405**	**23,940,349**	**22,141,994**
Non U.S. equity funds	**107,669,955**	**11,402,821**	**226,437**	**119,299,213**	**134,535,353**
Fixed income securities and funds	**39,081,477**	**33,414,713**	**781,686**	**73,277,876**	**81,887,550**
Hedge funds	**15,075,609**	**-**	**-**	**15,075,609**	**11,415,000**
Venture capital-private equity funds	**11,993,006**	**-**	**-**	**11,993,006**	**11,839,072**
Real estate investment trust funds	**4,592,292**	**613,079**	**69,874**	**5,275,245**	**6,039,128**
Commodity funds	**8,677,121**	**1,536,430**	**98,241**	**10,311,792**	**12,575,194**
Total investments	**$ 201,096,997**	**$ 68,646,734**	**$ 2,913,690**	**$ 272,657,421**	**$ 293,904,617**

	Fair Value				
	Endowment Pool	Operating Pool	Other Investments	Total Fair Value	Cost
June 30, 2021					
Money market funds	$ 2,826,417	$ 13,878,837	$ 64,689	$ 16,769,943	$ 16,662,280
U.S. equity funds	67,345,386	11,274,529	2,236,659	80,856,574	53,790,336
Non U.S. equity funds	98,581,969	17,776,127	430,076	116,788,172	99,650,526
Fixed income securities and funds	27,936,753	31,537,845	660,423	60,135,021	58,425,271
Hedge funds	14,453,910	-	-	14,453,910	11,415,000
Venture capital-private equity funds	9,621,803	-	-	9,621,803	10,613,792
Real estate investment trust funds	4,388,467	735,180	18,124	5,141,772	4,798,084
Commodity funds	-	-	102,762	102,762	83,302
Total investments	$ 225,154,705	$ 75,202,518	$ 3,512,733	$ 303,869,957	$ 255,438,591

NOTE 4. INVESTMENTS (Continued)

A summary of the net investment return which includes interest and dividends, realized and unrealized gains and losses as of June 30, 2022 and 2021 are as follows:

	Endowment Pool	Operating Pool	Other Investments	Total
June 30, 2022				
Dividends and interest income	**$ 5,903,379**	**$ 1,995,505**	**$ 66,527**	**$ 7,965,411**
Net realized gains (losses)	**30,250,020**	**1,239,891**	**240,326**	**31,730,237**
Net unrealized gains (losses)	**(58,410,175)**	**(10,421,411)**	**(615,033)**	**(69,446,619)**
Investment management fees	**(299,667)**	**(93,382)**	**(5,965)**	**(399,014)**
Total net investment return	**$ (22,556,443)**	**$ (7,279,397)**	**$ (314,145)**	**$ (30,149,985)**

	Endowment Pool	Operating Pool	Other Investments	Total
June 30, 2021				
Dividends and interest income	$ 5,023,665	$ 1,595,825	$ 59,566	$ 6,679,056
Net realized gains (losses)	5,131,825	4,277,363	53,018	9,462,206
Net unrealized gains (losses)	41,343,356	3,635,629	728,701	45,707,686
Investment management fees	(307,269)	(117,934)	(5,148)	(430,351)
Total net investment return	$ 51,191,577	$ 9,390,883	$ 836,137	$ 61,418,597

The following tables summarize the fair value measurements of certain investments that calculate net asset value per share (or its equivalent) as June 30, 2022 and 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
June 30, 2022				
Hedge funds (a)	**$ 15,075,609**	**$ -**	**Qtly, Annually**	**60 days**
Venture capital-private equity (b)	**11,993,006**	**14,203,607**	**None**	**-**
Real estate investment trust funds (c)	**12,476**	**221,910**	**None**	**-**
Total	**$ 27,081,091**	**$ 14,425,517**		

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
June 30, 2021				
Hedge funds (a)	$ 14,453,910	$ -	Qtly, Annually	60 days
Venture capital-private equity (b)	9,621,803	8,608,107	None	-
Real estate investment trust funds (c)	13,474	221,910	None	-
Total	$ 24,089,187	$ 8,830,017		

NOTE 4. INVESTMENTS (Continued)

(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, 2022, 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.

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 investment assets measured at fair value as of June 30, 2022 and 2021.

Fair Value Measurements at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	**$ 13,484,331**	**$ -**	**$ -**	**$ 13,484,331**
U.S. equity funds	**23,940,349**	**-**	**-**	**23,940,349**
Non U.S. equity funds	**119,299,213**	**-**	**-**	**119,299,213**
Fixed income securities and funds	**73,277,876**	**-**	**-**	**73,277,876**
Real estate investment trust funds	**5,262,769**	**-**	**-**	**5,262,769**
Commodity funds	**-**	**10,311,792**	**-**	**10,311,792**
Sub-total	**235,264,538**	**10,311,792**	**-**	**245,576,330**
Other investments measured at net asset value				**27,081,091**
Total	**$ 235,264,538**	**$ 10,311,792**	**$ -**	**$ 272,657,421**

Fair Value Measurements at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 16,769,943	$ -	$ -	$ 16,769,943
U.S. equity funds	80,856,574	-	-	80,856,574
Non U.S. equity funds	116,788,173	-	-	116,788,173
Fixed income securities and funds	60,135,021	-	-	60,135,021
Real estate investment trust funds	5,128,297	-	-	5,128,297
Commodity funds	-	102,762	-	102,762
Sub-total	279,678,008	102,762	-	279,780,770
Other investments measured at net asset value				24,089,187
Total	$ 279,678,008	$ 102,762	$ -	$ 303,869,957

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalents) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

NOTE 4. INVESTMENTS (Continued)

Split-Interest Agreements

The Foundation is the trustee and remainder beneficiary of certain split-interest agreements. The assets of these split-interest agreements that are invested in equities and bonds and reported as Level 1 investments and are recorded at fair value. The value of the Level 1 split interest agreements as of June 30, 2022 and 2021 were $2,034,167 and $2,590,710, 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 resources without donor restrictions 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, 2022 and 2021 was $879,521 and $922,023, respectively.

NOTE 5. ENDOWMENTS

The Foundation's endowment consists of approximately 950 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.

NOTE 5. ENDOWMENTS (Continued)

Interpretation of Relevant Law (Continued)

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

The endowment investment pool also includes donor-restricted funds classified as net assets with donor restrictions, not specifically designated as perpetual 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 net assets with donor restrictions.

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.

NOTE 5. ENDOWMENTS (Continued)

Endowment Spending Policy (Continued)

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 4.19% for the year ended June 30, 2021. The spending allocation rate was revised during 2022 to allow a 4% spending allocation rate for the year ended June 30, 2022 and for all future years. The 4% spending allocation rate was applied to each individual endowment based on its average market value during the calendar year. The total endowment spending allocation distributed for the years ended June 30 2022 and 2021 was $7,299,492 and $7,027,288, 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 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. 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.

NOTE 5. ENDOWMENTS (Continued)

Return Objectives and Risk Parameters (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	**$ -**	**$ 167,925,521**	**$ 167,925,521**
Quasi-endowment funds	**3,905,755**	**36,645,001**	**40,550,756**
Total endowment net assets	**$ 3,905,755**	**$ 204,570,522**	**$ 208,476,277**

Endowment Net Asset Composition by Type of Fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 185,648,409	$ 185,648,409
Quasi-endowment funds	9,886,381	34,039,461	43,925,842
Total endowment net assets	$ 9,886,381	$ 219,687,870	$ 229,574,251

Endowment Related Activities by Type of Fund as of June 30, 2022:

	With Donor Restrictions		Without Donor Restrictions	
	Endowment Funds	Quasi-Endowment Funds	Quasi-Endowment Funds	Total
Endowment net assets, July 1, 2021	**$ 185,648,409**	**$ 34,039,461**	**$ 9,886,381**	**$ 229,574,251**
Contributions	**12,008,518**	**3,032,143**	**-**	**15,040,661**
Net realized and unrealized (losses)	**(18,083,533)**	**(4,469,513)**	**(547,572)**	**(23,100,618)**
Allocation of endowment assets for expenditure	**(5,868,208)**	**(1,431,284)**	**-**	**(7,299,492)**
Transfers to comply with donor intent	**(5,779,665)**	**5,474,194**	**(5,433,054)**	**(5,738,525)**
Endowment net assets, June 30, 2022	**$ 167,925,521**	**$ 36,645,001**	**$ 3,905,755**	**$ 208,476,277**

Endowment Related Activities by Type of Fund as of June 30, 2021:

	With Donor Restrictions		Without Donor Restrictions	
	Endowment Funds	Quasi-Endowment Funds	Quasi-Endowment Funds	Total
Endowment net assets, July 1, 2020	$ 133,701,643	$ 30,679,902	$ -	$ 164,381,545
Contributions	8,567,802	3,440,779	-	12,008,581
Net realized and unrealized gains	49,555,202	964,415	1,079,797	51,599,414
Allocation of endowment assets for expenditure	(5,719,643)	(1,307,646)	-	(7,027,289)
Transfers to comply with donor intent	(456,595)	262,011	8,806,584	8,612,000
Endowment net assets, June 30, 2021	$ 185,648,409	$ 34,039,461	$ 9,886,381	$ 229,574,251

NOTE 6. NET INVESTMENT IN DIRECT FINANCING LEASES

The components of the net investment in direct financing leases at June 30, 2022 and 2021 are as follows:

	2022	2021
Future minimum lease receipts - Panther Place	$ 78,835,987	$ 84,348,110
Future minimum lease receipts - Student Support I	65,280,135	69,377,068
Future minimum lease receipts - Newton	-	18,439,705
Gross investment in direct financing leases	144,116,122	172,164,883
Less unearned interest income	(51,487,701)	(62,278,151)
Net investment in direct financing leases	$ 92,628,421	$ 109,886,732

Future minimum net amounts receivable under direct financing leases at June 30, 2022 are as follows:

Year Ending June 30,	
2023	$ 9,463,323
2024	9,631,525
2025	9,641,690
2026	9,657,689
2027	9,672,844
2028 – 2032	48,634,493
2033 – 2037	43,326,758
2038 – 2041	4,087,800
Gross investment in direct financing leases	144,116,122
Less unearned interest income	(51,487,701)
Net investment in direct financing leases	$ 92,628,421

For the years ending June 30, 2022 and 2021, the Foundation received the rent in advance and therefore recorded deferred revenue of $370,818 and $155,693, respectively.

NOTE 7. RESTRICTED ASSETS

Pursuant to the terms of various bonds payable, capital lease and investment arrangements for the construction of long-lived assets, and debt services requirements, the Foundation is required to maintain amounts on deposit with a trustee. Renovation and repair projects for the facilities are in progress at June 30, 2022 and 2021, funded from the amounts on deposit with the trustee pursuant to the requirements contained in the related bond documents and in accordance with Foundation policies. When the projects are completed, each project will be gifted to the University for the use and benefit of the University at each facility respectively. As of June 30, 2022 and 2021, restricted assets consist of the following:

	2022	2021
Panther Place	**$ 4,365,012**	$ 5,951,517
Student Support I	**1,874,731**	1,714,994
Newton	**238**	631,243
100 Edgewood Investments	**608,300**	-
Total restricted assets – escrow funds	**$ 6,848,281**	$ 8,297,754
University	**$ -**	$ 951,409
Panther Place	**166,286**	489,778
Total restricted assets - projects in progress	**$ 166,286**	$ 1,441,187

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2022 and 2021 is as follows:

	2022	2021
Interest funds	**$ 608,338**	$ 1,103,147
Cost of issuance funds	**6,927**	13,297
Principal funds	**1,096,560**	2,190,219
Replacement funds	**5,136,456**	4,991,091
Total restricted assets – escrow funds	**$ 6,848,281**	$ 8,297,754

NOTE 8. CASH SURRENDER VALUE OF LIFE INSURANCE

The Foundation is the owner and beneficiary of numerous life insurance policies. As of June 30, 2022 and 2021, the total face value of the policies was $3,572,382 and $3,878,311, respectively. 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, 2022 and 2021, was $1,372,946 and $1,607,518, respectively.

NOTE 9. PROPERTY AND EQUIPMENT

Property, improvements and equipment as of June 30, 2022 and 2021 consisted of the following:

	2022	2021
Land and land improvements	**$ 7,923,653**	$ 7,923,653
Equipment	**1,121,857**	1,121,857
Building	**5,796,210**	5,796,210
Tenant improvements	**4,085,307**	4,085,307
Property and equipment - at cost	**18,927,027**	18,927,027
Less accumulated depreciation	**(5,652,440)**	(4,986,642)
Property and equipment - net	**$ 13,274,587**	$ 13,940,385

Depreciation expense for both the years ended June 30, 2022 and 2021 was $665,798.

NOTE 10. ASSETS HELD FOR AFFILIATES

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, 2022 and 2021 were $1,883,492 and $2,136,413 , respectively.

NOTE 10. ASSETS HELD FOR AFFILIATES (Continued)

Panther Real Estate Lease (Panther Real Estate as Lessor)

Effective June 27, 2013, Panther Real Estate, LLC purchased an office building, located at 55 Park Place, Atlanta Georgia, and assumed various third party tenant leases. The building was purchased on behalf of the University for future use as classroom and academic office space. On July 31, 2014, Panther Real Estate, LLC sold the office building to the University and assumed a master lease from the University related only to the space subleased by the various third party tenants. Under the master lease, the Foundation manages the third party tenants on behalf of the University until their subleases expire. There are no rents due to the University under the master lease and the Foundation does not earn any rent or fee associated with the management of the third party tenant subleases. Pursuant to the master lease, the Foundation remits net rent, third party tenant rent collected less lease management and operations expenses, to the University.

During the year ended June 30, 2022, the University took the management responsibilities for the building after the third party leases were not renewed. Rents were not collected from tenants during the year. As a result, the Foundation recorded a loss from discontinued operations on the statement of activities of $261,663 for the year ended June 30, 2022. Panther Real Estate’s asset balance under management as of June 30, 2022 and 2021 was $- and $542,730, respectively.

The total fair value of assets held for affiliates is reported as an asset and a liability in the consolidated statements of financial position. The balances as of June 30, 2022 and 2021 were $1,883,492 and $2,679,143, respectively.

NOTE 11. LEASES

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 (lessee). The Foundation sub-leases the Rialto Theater ground lease to the University. The sub-lease is renewable annually.

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.

NOTE 11. LEASES (Continued)

Tower Place 200 Leases

The Foundation (lessee) entered into a lease July 26, 2013 with a third party for 50,676 square feet of office and classroom space located at 3348 Peachtree Road NE, Atlanta, Georgia. The leases for expansion of the original premises of 61,125 square feet commenced July 1, 2014 and of 23,323 square feet commenced January 1, 2015 at the same address. The leases for existing and expansion premises expire November 30, 2023.

A rental agreement was entered into between the Foundation and the Board of Regents for and on behalf of the University (sub-lessee), for the University's College of Business programs. The lease is renewable annually through fiscal year 2024.

In 2021, the Foundation adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Foundation's incremental borrowing rate of 4.0% was used as the discount rate in order to determine present value. The following is a schedule by years of minimum future rentals on non-cancelable operating leases and the amortization of the net present value (NPV) of the lease liability as of June 30, 2022:

For the year ending June 30:	**Minimum annual lease payments**	**NPV of minimum lease payments**
2023	$ 4,666,017	$ 4,434,158
2024	2,051,818	1,976,932
2025	94,772	39,305
2026	94,772	40,906
2027	94,772	42,572
Thereafter	1,848,055	1,280,251
	$ 8,850,206	$ 7,814,124

The carrying value of the related right-of-use assets as of June 30, 2022 and 2021:

	2022	2021
Accumulated basis	**$ 11,410,836**	$ 11,410,836
Less – accumulated amortization	**(5,607,296)**	(2,726,371)
	$ 5,803,540	$ 8,684,465

NOTE 11. LEASES (Continued)

Panther Place Lease (Panther Place as Lessor)

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 in the office building located at 58 Edgewood Avenue, Atlanta, Georgia, and more commonly known as the Tower Annex. Effective June 1, 2016, the Georgia State University Research Foundation, Inc. increased the leased space to approximately 45,591 square feet. During the year ended June 30, 2021, the lease was renewed through May 2026.

Future minimum lease receipts required under the lease as of June 30, 2022, are as follows:

Year Ending June 30,		
2023	$	201,102
2024		207,135
2025		213,349
2026		200,935
Total	$	822,521

For the year ending June 30, 2022 and 2021, the rental income was $195,245 and $189,558, respectively.

Panther Holdings, LLC Ground Leases

On January 4, 2017, Panther Holdings, LLC (lessor) entered into a 33 year ground lease for parcel B1 with two 33 year extensions with COHW Summerhill GL, LLC as the lessee. Escalating rental payments in the lease agreement resulted in deferred lease asset recorded in the consolidated statements of financial position. The unamortized balance of deferred lease asset as of June 30, 2022 and 2021 was $133,260 and $134,686, respectively.

NOTE 11. LEASES (Continued)

Panther Holdings, LLC Ground Leases

Future minimum lease receipts required under the lease as of June 30, 2022, are as follows:

Year Ending June 30,		
2023	$	141,100
2024		141,100
2025		141,100
2026		141,100
2027		141,100
2028-2032		705,501
2033-2037		705,501
2038-2042		705,501
2043-2047		705,501
2048-2050		352,751
Total	$	3,880,255

On March 1, 2018, Panther Holdings, LLC (lessor) entered into a 33 year ground lease for parcel B2 with two 33 year extensions with COHW Summerhill GL B2, LLC as the lessee. Breckenridge Group Atlanta Georgia, LLC took assignment and assumption of the ground lease dated May 16, 2018. Escalating rental payments in the lease agreement resulted in deferred lease asset recorded in the consolidated statements of financial position. The unamortized balance of deferred lease asset as of June 30, 2022 and 2021 was $54,045 and $54,622, respectively.

Future minimum lease receipts required under the lease as of June 30, 2022, are as follows:

Year Ending June 30,		
2023	$	57,224
2024		57,224
2025		57,224
2026		57,224
2027		57,224
2028-2032		286,118
2033-2037		286,118
2038-2042		286,118
2043-2047		286,118
2048-2050		143,059
Total	$	1,573,651

NOTE 11. LEASES (Continued)

Panther Holdings, LLC Ground Leases (Continued)

On January 5, 2020, Panther Holdings, LLC (lessor) entered into a 33 year ground lease for parcel B3 with two 33 year extensions with COHW Summerhill GL B3, LLC as the lessee.

Future minimum lease receipts required under the lease as of June 30, 2022, are as follows:

Year Ending June 30,	
2023	$ 58,870
2024	58,870
2025	58,870
2026	58,870
2027	58,870
2028-2032	294,350
2033-2037	294,350
2038-2042	294,350
2043-2047	294,350
2048-2052	294,350
2053	29,435
Total	$ 1,795,535

NOTE 12. BONDS PAYABLE

Bonds payable at June 30, 2022 and 2021 consisted of the following:

Series	Original Principal Issued	**Balance June 30, 2022**	Balance June 30, 2021
Panther Place Revenue Bonds (Series 2017)	$ 57,040,000	$ **49,270,000**	$ 51,460,000
Real Estate Student Support I Bonds (Series 2018)	49,545,000	**43,125,000**	44,865,000
Newton Bonds (Series 2017)	15,865,000	**-**	13,435,000
Subtotal		**92,395,000**	109,760,000
Plus unamortized bond premium		**6,528,356**	8,989,610
Less unamortized debt issuance costs		**(893,631)**	(1,190,454)
Total		$ **98,029,725**	$ 117,559,156

NOTE 12. BONDS PAYABLE (Continued)

Panther Place

On August 30, 2017, the outstanding balance of the Panther Place, LLC Series 2009 A & B bonds of $64,540,000 were refunded by a new fixed-rate bond issuance meeting the legal requirements for defeasance of the bond liability due to the issuance of the 2017 Series Bonds. Revenue bonds of $57,040,000 (tax-exempt $49,270,000 and taxable $7,770,000), plus a premium of $6,474,607, were issued by the Atlanta Development Authority on behalf of the Foundation. Principal payments are to be made annually starting July 1, 2018 and ending July 1, 2036. Interest is to be paid semi-annually starting January 1, 2018 at a rate specified in the revenue bonds ranging from 1.575% to 5.00%. Moody's Investors Services, Inc. has assigned the Series 2017 Bonds the rating of Aa3. Interest expense for the years ended June 30, 2022 and 2021 was $2,156,269 and $2,206,245, respectively.

The tax exempt bond documents require Panther Place to set the lease rates so that the debt service coverage ratio, calculated at the end of each fiscal year will not be less than 1.0 in any year while the direct financing lease is in effect and the Series 2017 bonds are outstanding.

Newton

On August 30, 2017, the outstanding balance of the GPC Foundation Real Estate Newton, LLC Series 2005 bonds of $17,520,000 were refunded by a new fixed-rate bond issuance meeting the legal requirements for defeasance of the bond liability due to the issuance of the 2017 Series Bond. Revenue bonds of $15,865,000, plus a premium of $1,954,062, were issued by the Newton County Industrial Development Authority on behalf of the Foundation. Principal payments are to be made annually starting June 1, 2018 and ending June 1, 2035. Interest is to be paid semi-annually starting December 1, 2017 at a rate specified in the revenue bonds ranging from 3.125% to 5.00%. Moody's Investors Services, Inc. has assigned the Series 2017 Bonds the rating of Aa3. Interest expense for the years ending June 30, 2022 and 2021 was $531,936 and $641,940, respectively.

On June 21, 2022, the remaining outstanding portion of the Series 2017 Revenue Bonds were paid by the University meeting the legal requirements for defeasance of the bond liability. The defeasance resulted in a gain of $331,320 that is included on the statement of activities for the year ended June 30, 2022. Therefore, neither the escrow cash nor the bonds payable are included on the statement of financial position as of June 30, 2022.

NOTE 12. BONDS PAYABLE (Continued)

Student Support I

On May 22, 2018, the outstanding balance of the Series 2010 bonds of $49,615,000 were refunded by a new fixed-rate bond issuance meeting the legal requirements for defeasance of the bond liability due to the issuance of the 2018 Series Bond. Revenue bonds of $49,545,000, plus a premium of $6,851,735, were issued by the Joint Development Authority of DeKalb County, Newton County and Gwinnett County on behalf of the Foundation. Principal payments are to be made annually starting June 1, 2019 and ending June 1, 2038. Interest is to be paid semi-annually starting December 1, 2018 at a rate specified in the revenue bonds ranging from 4.00% to 5.00%. Moody's Investors Services, Inc. has assigned the Series 2017 Bonds the rating of Aa3. Interest expense for the years ending June 30, 2022 and 2021 was $2,174,300 and $2,264,300 respectively.

The tax exempt bond documents require Student Support I to set the lease rates so that the debt service coverage ratio, calculated at the end of each fiscal year will not be less than 1.0 in any year while the direct financing lease is in effect and the bonds are outstanding.

Future maturities of the Panther Place and Student Support I revenue bonds at June 30, 2022 are as follows:

Year Ending June 30,		
2023	$	4,145,000
2024		4,345,000
2025		4,570,000
2026		4,790,000
2027		5,030,000
2028 – 2032		29,190,000
2033 – 2037		36,580,000
2038 – 2041		3,745,000
Total	$	92,395,000

The fair value of the bonds at June 30, 2022 and 2021 was $98,313,168 and $127,525,171, respectively.

NOTE 13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions for the years ended June 30, 2022 and 2021 for the following purposes:

	2022	2021
Management fees	**$ 2,208,732**	$ 1,950,327
Program Service - General and departmental	**8,553,316**	5,725,003
Program Service - Fundraising expenses	**171,901**	47,573
Program Service - Faculty and staff expenses	**4,488,670**	4,335,615
Program Service - Scholarships and awards	**5,883,937**	6,389,893
Program Service – Renovations gifted to University	**519,082**	1,156,311
Total net assets released from restrictions	**$ 21,825,638**	$ 19,604,722

NOTE 14. COMMITMENTS AND CONTINGENCIES

The Foundation has future commitments related to 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. Starting in fiscal year 2016, there were similar future commitments for the operating pool. Investment commitments for the years ended June 30, 2022 and 2021 totaled $14,425,517 and $8,830,017, respectively.

NOTE 15. SUMMARY OF NET ASSETS

Net assets with donor restrictions as of June 30, 2022 and 2021, were available for the following purposes:

	2022	2021
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Academic and program support and activities	**$ 72,287,227**	$ 56,903,644
Scholarships	**38,052,889**	37,554,868
Student investment portfolio	**879,521**	922,023
	111,219,637	95,380,535
Perpetual in nature:		
Scholarships	**65,400,891**	66,329,770
Program support	**102,524,630**	119,318,639
	167,925,521	185,648,409
Total net assets with donor restrictions	**$ 279,145,158**	$ 281,028,944

Net assets as of June 30, 2022 and 2021, consist of the following:

	2022	2021
Net Assets Without Donor Restrictions:		
Investments	**$ 21,246,338**	$ 34,170,178
Investment in land and buildings	**14,932,343**	17,612,444
Total net assets without donor restrictions	**36,178,681**	51,782,622
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Investments	**97,097,868**	87,611,140
Pledge receivables	**14,121,769**	3,354,520
	111,219,637	90,965,660
Endowments:		
Investments	**160,876,672**	182,868,125
Pledge receivables	**7,048,849**	2,780,284
	167,925,521	185,648,409
Total net assets with donor restrictions	**279,145,158**	276,614,069
Total Net Assets	**$ 315,323,839**	$ 328,396,691

NOTE 16. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the consolidated statements of financial position date as of June 30, 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	**$ 1,084,289**	$ 26,421
Operating – unrestricted investments	**15,354,401**	23,673,772
	$ 16,438,690	$ 23,700,193

As part of the Foundation's liquidity plan, the Foundation's unrestricted reserve must be equal to 10% of the operating portfolios plus the current year total expense budget. The unrestricted reserve consists of the unrestricted investments and available unrestricted cash. The required minimum unrestricted reserve at June 30, 2022 and 2021 was $12,767,673 and $12,907,002, respectively, with the excess reserve balance at $3,671,017 and $10,793,191, respectively.

The Foundation's unrestricted investments represent non-endowed assets that are unrestricted, have not been designated to a specific college/unit or purpose, and can be used by the Foundation at any time. A portion of the assets in the unrestricted investments are invested in short term investments determined by the board pursuant to the Foundation Investment policy. While the remaining portion of the assets is invested in investment classes similar to those used for the endowment pool, it is expected that the underlying funds used will have sufficient liquidity in order to meet any unexpected cash needs.

NOTE 17. INCOME TAXES

During the year ended June 30, 2019, the Panther Holding's billboard was completed and the Foundation began collecting rental revenue under contractual agreements. Based on these agreements, the Foundation estimated the portion of the net operating loss carryforward that would be used to offset future billboard taxable income.

For the years ended June 30, 2022 and 2021, the deferred tax asset valuation allowance was decreased by estimated future net operating carryforward tax savings of $79,027 and $157,135, respectively.

The components of net deferred tax asset as of June 30, 2022 and 2021 were as follows:

	2022	2021
Deferred tax asset:		
Realizable Deferred Tax Asset	**$ 1,839,377**	$ 1,839,377
(Total net operating loss carryforward x total effective tax rate)		
Valuation allowance	**(1,135,251)**	(1,056,224)
Deferred tax asset, net of valuation allowance	**$ 704,126**	$ 783,153

NOTE 17. INCOME TAXES (Continued)

As of June 30, 2022, the Foundation has $7,145,988 in federal and state net operating loss carryforwards. The net operating loss carryforwards, if not utilized, expire in tax years beginning in 2028.

NOTE 18. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of activities included:

Type	2022	2021	Usage
Salaries and benefits	**$ 243,294**	$ 261,576	Program services
Salaries and benefits	**2,125,375**	2,180,773	Administration and general
Salaries and benefits	**273,627**	349,308	Fundraising
	$ 2,642,296	$ 2,791,657	

The Foundation recognized contributed services within revenue, including contributed salaries and benefits. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed salaries and benefits were valued on actual salaries paid plus an estimate for benefits.

NOTE 19. 100 EDGEWOOD INVESTMENTS

On June 30, 2022, 100 Edgewood Investments purchased a building with a cost of $40,904,909. The building is considered held for future sale. For the year ended June 30, 2022, 100 Edgewood Investments recorded an impairment loss of $9,304,909 in the accompanying consolidated statement of activities to adjust the value of the investment in real estate held for sale to $31,600,000. The impairment was based on the appraisal commissioned by the financial institution as due diligence for financing the loan discussed in the paragraph below.

As part of the acquisition of the real estate, 100 Edgewood Investments entered into a promissory note payable agreement with a financial institution for $22,120,000. The note payable matures on June 30, 2023 and is guaranteed by the Foundation. The note payable accrues interest at a rate equal to the Term SOFR plus 2.25% and interest only payments are due monthly beginning August 5, 2022.

GSUF Edgewood is the general partner and majority owner in 100 Edgewood Investments. The Foundation entered a promissory note payable with Georgia State University Research Foundation, Inc. for $10,000,000 and transferred the funds to GSUF Edgewood to fund GSUF Edgewood's initial capital contribution. The note payable is a non-interest bearing note and matures on July 1, 2023.

NOTE 19. 100 EDGEWOOD INVESTMENTS (Continued)

As of June 30, 2022, GSUF Edgewood's total contributed capital is $12,860,000 and it has been eliminated in the consolidated financial statements. Upon the sale of the building, 100 Edgewood Investments will owe the minority partner $6,651,000 which is recorded as a partner liability on the accompanying consolidated statement of financial position.

NOTE 20. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 20, 2022, in connection with the preparation of these consolidated financial statements which is the date the consolidated financial statements were available to be issued.