Georgia State University Foundation

Financial Audit Report
June 30, 2021

GEORGIA STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2021

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the **Georgia State University Foundation, Inc.** (the "Foundation") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 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 entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Georgia State University Foundation, Inc. as of June 30, 2021 and 2020, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 27, 2021

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ **6,471,259**	$ 5,944,158
Pledges receivable, net	**6,134,803**	10,393,531
Accounts receivable and other assets	**770,237**	790,995
Investments	**303,869,957**	241,100,026
Net investment in direct financing leases	**109,886,732**	113,915,087
Restricted assets - deposits with bond trustee	**8,297,754**	8,023,859
Restricted assets - projects in progress	**1,441,187**	1,352,012
Cash surrender value of life insurance	**1,607,518**	1,621,674
Operating right of use asset	**8,684,465**	11,410,836
Property, improvements and equipment, net	**13,940,385**	14,606,183
Deferred tax asset, net	**783,153**	940,288
Assets held for affiliates	**2,679,143**	2,373,921
Total assets	$ **464,566,593**	$ 412,472,570
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ **1,178,042**	$ 2,413,747
Deferred revenue	**155,692**	1,265,757
Operating lease liability	**11,954,360**	15,821,135
Obligation under split-interest agreements	**1,310,233**	1,153,932
Bonds payable, net	**117,559,156**	123,620,582
Accrued interest on bonds payable	**1,333,276**	1,364,586
Assets held for affiliates	**2,679,143**	2,373,921
Total liabilities	**136,169,902**	148,013,660
Net assets		
Without donor restrictions	**51,782,622**	40,865,159
With donor restrictions	**276,614,069**	223,593,751
Total net assets	**328,396,691**	264,458,910
Total Liabilities and Net Assets	$ **464,566,593**	$ 412,472,570

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Without donor restrictions	With donor restrictions	Total 2021	Total 2020
Revenue, gains, and other support				
Contributions	**$ 109,107**	**$ 20,555,866**	**$ 20,664,973**	$ 12,450,635
Contributed services	**2,791,656**	**-**	**2,791,656**	2,732,237
Change in estimate of uncollectible pledges	**-**	**(4,425,064)**	**(4,425,064)**	19,742
Rental income	**4,575,357**	**4,372,613**	**8,947,970**	9,001,717
Income from investment in direct financing leases	**9,087,745**	**-**	**9,087,745**	8,036,830
Net investment return	**10,067,005**	**51,351,592**	**61,418,597**	(401,921)
Change in:				
Value of split-interest agreements	**-**	**(54,397)**	**(54,397)**	86,722
Cash surrender value of life insurance	**457**	**(14,613)**	**(14,156)**	53,675
Other income	**507,755**	**839,043**	**1,346,798**	1,013,971
Total revenues and gains	**27,139,082**	**72,625,040**	**99,764,122**	32,993,608
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**	32,993,608
Expenses				
Program services				
Capital projects, equipment, and repairs	**11,955,974**	**-**	**11,955,974**	10,893,728
Operations	**5,875,960**	**-**	**5,875,960**	8,682,752
Faculty and staff	**5,097,866**	**-**	**5,097,866**	5,281,070
Scholarships and awards	**8,768,117**	**-**	**8,768,117**	7,718,200
Total program services	**31,697,917**	**-**	**31,697,917**	32,575,750
Management and general	**3,051,787**	**-**	**3,051,787**	3,237,328
Fundraising	**919,502**	**-**	**919,502**	1,073,418
Total expenses	**35,669,206**	**-**	**35,669,206**	36,886,496
Excess (deficit) of revenues over expenses	**11,074,598**	**53,020,318**	**64,094,916**	(3,892,888)
Change in value of deferred tax asset	**(157,135)**	**-**	**(157,135)**	(51,926)
Change in net assets	**10,917,463**	**53,020,318**	**63,937,781**	(3,944,814)
Net assets at beginning of year	**40,865,159**	**223,593,751**	**264,458,910**	268,403,724
Net assets at end of year	**$ 51,782,622**	**$ 276,614,069**	**$ 328,396,691**	$ 264,458,910

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue, gains, and other support			
Contributions	$ 132,247	$ 12,318,388	$ 12,450,635
Contributed services	2,732,237	-	2,732,237
Change in estimate of uncollectible pledges	-	19,742	19,742
Rental income	4,746,662	4,255,055	9,001,717
Income from investment in direct financing leases	8,036,830	-	8,036,830
Net investment return	2,223,004	(2,624,925)	(401,921)
Change in:			
Value of split-interest agreements	-	86,722	86,722
Cash surrender value of life insurance	416	53,259	53,675
Other income	52,164	961,807	1,013,971
Total revenues and gains	17,923,560	15,070,048	32,993,608
Net assets released from restrictions	23,223,925	(23,223,925)	-
Total revenues, gains, and other support	41,147,485	(8,153,877)	32,993,608
Expenses			
Program services			
Capital projects, equipment, and repairs	10,893,728	-	10,893,728
Operations	8,682,752	-	8,682,752
Faculty and staff	5,281,070	-	5,281,070
Scholarships and awards	7,718,200	-	7,718,200
Total program services	32,575,750	-	32,575,750
Management and general	3,237,328	-	3,237,328
Fundraising	1,073,418	-	1,073,418
Total expenses	36,886,496	-	36,886,496
Excess of revenues over expenses	4,260,989	(8,153,877)	(3,892,888)
Change in value of deferred tax asset	(51,926)	-	(51,926)
Change in net assets	4,209,063	(8,153,877)	(3,944,814)
Net assets at beginning of year	36,656,096	231,747,628	268,403,724
Net assets at end of year	$ 40,865,159	$ 223,593,751	$ 264,458,910

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 STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

		Supporting Services		
	Program services	Management and general	Fundraising	Total expenses
Grants and other assistance to University	$ 16,088,139	$ -	$ -	$ 16,088,139
Salaries and benefits	252,734	2,130,195	349,308	2,732,237
Professional fees	448,690	190,233	141,334	780,257
Advertising and promotion	65,640	175,340	61,567	302,547
Office expenses	1,618,646	124,337	53,682	1,796,665
Information technology	-	59,306	-	59,306
Facilities	7,673,227	1,630	9,250	7,684,107
Travel	587,778	73,108	56,656	717,542
Conferences, conventions and meetings	396,953	201,195	315,103	913,251
Interest	3,580,884	-	-	3,580,884
Depreciation	665,798	-	-	665,798
Insurance	36,308	75,484	-	111,792
Events	526,189	108,072	81,253	715,514
Minor equipment	435,906	2,084	-	437,990
Dues and professional memberships	59,684	96,344	5,265	161,293
Gift annuity benefit payments	139,174	-	-	139,174
Total expenses	$ 32,575,750	$ 3,237,328	$ 1,073,418	$ 36,886,496

See Notes to Consolidated Financial Statements.

GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

		2021		2020
OPERATING ACTIVITIES				
Change in net assets	$	**63,937,781**	$	(3,944,814)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:				
Contributions restricted for investment endowment		**(8,567,802)**		(2,659,273)
Contributions restricted for investment quasi-endowment		**(3,440,779)**		-
Net realized and unrealized (gains) losses on investments		**(55,240,165)**		6,290,744
Depreciation and amortization		**807,190**		811,572
(Increase) decrease in pledges receivable		**(166,336)**		1,137,020
Change in estimate of uncollectible pledges		**4,425,064**		19,742
(Increase) decrease in other assets		**348,350**		(80,321)
Increase in bond funded projects		**(89,175)**		(1,334,718)
(Decrease) in accounts payables and accrued expenses		**(1,267,015)**		(428,614)
Amortization of deferred revenue		**(1,110,065)**		(4,310)
Change in operating right of use asset and operating lease liability		**(1,140,404)**		(1,024,196)
Amortization of original bond issue premium/discount		**(1,762,818)**		(1,793,118)
Net cash (used in) operating activities		**(3,266,174)**		(3,010,286)
INVESTING ACTIVITIES				
Principal received on net investments and direct financing leases		**4,028,355**		3,775,218
Proceeds on sale of investments		**76,901,438**		103,226,587
Purchases of investments		**(84,431,204)**		(104,171,662)
Net cash (used in) provided by investing activities		**(3,501,411)**		2,830,143
FINANCING ACTIVITIES				
Proceeds from contributions restricted for investment in endowment		**8,567,802**		2,659,273
Proceeds from contributions restricted for investment in quasi-endowment		**3,440,779**		-
Payments on bonds payable		**(4,440,000)**		(4,110,000)
Net cash provided by (used in) financing activities		**7,568,581**		(1,450,727)
Net increase (decrease) in cash and cash equivalents		**800,996**		(1,630,870)
Cash and cash equivalents at beginning of year		**13,968,017**		15,598,887
Cash and cash equivalents at end of year	$	**14,769,013**	$	13,968,017
Operating	$	**6,471,259**	$	5,944,158
Restricted assets - deposits with bond trustee		**8,297,754**		8,023,859
	$	**14,769,013**	$	13,968,017
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Interest paid during the year	$	**5,105,503**	$	5,254,325

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 2014, the Foundation formed, as the sole member, Panther Land, LLC ("Panther Land") 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)

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, 2021 and 2020, 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.

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, 2021 and, accordingly, no liability has been accrued.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and Panther Holdings (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 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 that 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. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Donor

As of June 30, 2020, 40% of the outstanding pledges receivable balance was due from a single donor.

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 2021 and 2020, the Foundation contributed $2,795,631 and $1,719,539, 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 $2,791,656 and $2,732,237 for the years ended June 30, 2021 and 2020, 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. Management does not believe there are any indications of impairment of any long-lived property and equipment at June 30, 2021.

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.

Reclassifications

Certain amounts in the statement of functional expenses for the Foundation, for the year ended June 30, 2020, have been reclassified to conform to the presentation in the financial statements of the Foundation. The reclassification did not have any effect on net income or net assets as of June 30, 2020.

Recent Accounting Pronouncements

In February 2019, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements.

For the year ending June 30, 2021, the Foundation adopted ASU 2016-02 and has adjusted the presentation in these consolidated financial statements accordingly. This adjustment did not have an effect on total net assets or change in total net assets for 2021 and 2020.

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase the transparency through enhancements to financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind.

For the year ending June 30, 2021, the Foundation adopted ASU 2020-07 on a retrospective basis and has adjusted the presentation in these consolidated financial statements accordingly. This adjustment did not have an effect on total net assets or change in total net assets for 2021 and 2020.

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2021 and 2020 consists of the following:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	$ 3,062,084	$ 3,841,340
One to five years	7,896,125	7,039,897
More than five years	116,916	25,750
Total unconditional promises to give	11,075,125	10,906,987
Less discounts to net present value (rate .74% in 2021, 2.00% in 2020)	(87,839)	(86,036)
Less allowance for uncollectible promises to give	(4,852,483)	(427,420)
Net pledges receivable	$ 6,134,803	$ 10,393,531

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, 2021 and 2020:

	2021	2020
Beginning balance	$ 10,393,531	$ 11,550,293
New pledges	12,106,885	3,015,777
Pledge payments	(11,938,746)	(4,409,677)
Net allowance adjustment	(4,425,064)	19,742
Net present value adjustment	(1,803)	217,396
Total Level 3 pledges receivable	$ 6,134,803	$ 10,393,531

During the year ended June 30, 2021, the Foundation fully allowed for a pledge in the amount of $4,414,875.

In April 2021, the Foundation received a $15,000,000 conditional promise to give from a donor to be used to renovate the Bell 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, 2021, 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, 2021 and 2020:

	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**

	Fair Value				
	Endowment Pool	**Operating Pool**	**Other Investments**	**Total Fair Value**	**Cost**
June 30, 2020					
Money market funds	$ 2,346,401	$ 15,775,435	$ 53,457	$ 18,175,293	$ 16,411,091
U.S. equity funds	45,550,646	10,543,813	1,460,180	57,554,639	58,618,278
Non U.S. equity funds	47,800,121	9,097,533	393,097	57,290,751	71,876,969
Fixed income securities and funds	39,622,000	39,650,720	664,340	79,937,060	66,580,337
Hedge funds	12,747,962	-	-	12,747,962	11,415,000
Venture capital-private equity funds	5,346,339	-	-	5,346,339	7,977,768
Real estate investment trust funds	2,711,414	648,175	37,118	3,396,707	9,468,910
Commodity funds	5,806,787	777,611	66,877	6,651,275	70,477
Total investments	$ 161,931,670	$ 76,493,287	$ 2,675,069	$ 241,100,026	$ 242,418,830

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, 2021 and 2020 are as follows:

	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	**5,131,825**	**4,277,363**	**53,018**	**9,462,206**
Net unrealized gains	**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**

	Endowment Pool	Operating Pool	Other Investments	Total
June 30, 2020				
Dividends and interest income	$ 4,250,469	$ 1,970,087	$ 69,379	$ 6,289,935
Net realized gains (losses)	(5,063,528)	(98,798)	56,141	(5,106,185)
Net unrealized gains (losses)	(1,572,976)	467,562	(79,145)	(1,184,559)
Investment management fees	(280,881)	(114,985)	(5,246)	(401,112)
Total net investment return	$ (2,666,916)	$ 2,223,866	$ 41,129	$ (401,921)

The following tables summarize the fair value measurements of certain investments that calculate net asset value per share (or its equivalent) as June 30, 2021 and 2020:

	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**		

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
June 30, 2020				
Hedge funds (a)	$ 12,747,962	$ -	Qtly, Annually	60 days
Venture capital-private equity (b)	5,346,339	6,949,658	None	-
Real estate investment trust funds (c)	14,800	221,910	None	-
Total	$ 18,109,101	$ 7,171,568		

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, 2021, 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, 2021 and 2020.

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**

Fair Value Measurements at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 18,175,295	$ -	$ -	$ 18,175,295
U.S. equity funds	57,554,639	-	-	57,554,639
Non U.S. equity funds	57,290,751	-	-	57,290,751
Fixed income securities and funds	79,937,060	-	-	79,937,060
Real estate investment trust funds	3,381,906	-	-	3,381,906
Commodity funds	-	6,651,274	-	6,651,274
Sub-total	216,339,651	6,651,274	-	222,990,925
Other investments measured at net asset value				18,109,101
Total	$ 216,339,651	$ 6,651,274	$ -	$ 241,100,026

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, 2021 and 2020 were $2,590,710 and $2,002,864, 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, 2021 and 2020 was $922,023 and $672,157, respectively.

NOTE 5. ENDOWMENTS

The Foundation's endowment consists of approximately 880 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 4.32% for the year ended June 30, 2020. The spending allocation rate for the year ended June 30, 2021 of 4.19% 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, 2021 and 2020 was $7,027,288 and $7,239,715, 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. 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.

NOTE 5. ENDOWMENTS (Continued)

Return Objectives and Risk Parameters (Continued)

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 Net Asset Composition by Type of Fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 133,701,643	$ 133,701,643
Quasi-endowment funds	-	30,679,902	30,679,902
Total endowment net assets	$ -	$ 164,381,545	$ 164,381,545

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

Endowment Related Activities by Type of Fund as of June 30, 2020:

	With Donor Restrictions		Without Donor Restrictions	
	Endowment Funds	Quasi-Endowment Funds	Quasi-Endowment Funds	Total
Endowment net assets, July 1, 2019	$ 140,353,645	$ 32,631,321	$ -	$ 172,984,966
Contributions	2,659,273	302,818	-	2,962,091
Net realized and unrealized gains	(1,904,654)	(762,263)	-	(2,666,917)
Allocation of endowment assets for expenditure	(5,888,375)	(1,351,340)	-	(7,239,715)
Transfers to comply with donor intent	(1,518,246)	(140,634)	-	(1,658,880)
Endowment net assets, June 30, 2020	$ 133,701,643	$ 30,679,902	$ -	$ 164,381,545

NOTE 6. NET INVESTMENT IN DIRECT FINANCING LEASES

The components of the net investment in direct financing leases at June 30, 2021 and 2020 are as follows:

	2021	2020
Future minimum lease receipts - Panther Place	$ 84,348,110	$ 89,803,926
Future minimum lease receipts - Student Support I	69,377,068	73,471,699
Future minimum lease receipts - Newton	18,439,705	19,763,103
Gross investment in direct financing leases	172,164,883	183,038,728
Less unearned interest income	(62,278,151)	(69,123,641)
Net investment in direct financing leases	$ 109,886,732	$ 113,915,087

Future minimum net amounts receivable under direct financing leases at June 30, 2021 are as follows:

Year Ending June 30,	
2022	$ 10,727,819
2023	10,925,330
2024	10,948,530
2025	10,960,805
2026	10,976,919
2027-2031	55,154,557
2032-2036	54,296,123
2037-2041	8,174,800
Gross investment in direct financing leases	172,164,883
Less unearned interest income	(62,278,151)
Net investment in direct financing leases	$ 109,886,732

For the years ending June 30, 2021 and 2020, the Foundation received the rent in advance and therefore recorded deferred revenue of $155,692 and $1,265,757, respectively.

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. Renovation and repair projects for the facilities are in progress at June 30, 2021 and 2020, 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, 2021 and 2020, restricted assets consist of the following:

	2021	2020
Panther Place	**$ 5,951,517**	$ 5,880,637
Student Support I	**1,714,994**	1,578,115
Newton	**631,243**	565,107
Total restricted assets - deposits with bond trustee	**$ 8,297,754**	$ 8,023,859
University	**$ 951,409**	$ 52,347
Panther Place	**489,778**	1,239,050
Student Support I	**-**	60,615
Total restricted assets - projects in progress	**$ 1,441,187**	$ 1,352,012

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2021 and 2020 is as follows:

	2021	2020
Interest funds	**$ 1,103,147**	$ 1,124,794
Cost of issuance funds	**13,297**	13,293
Principal funds	**2,190,219**	2,125,071
Replacement funds	**4,991,091**	4,760,701
Total restricted assets – deposits with trustee	**$ 8,297,754**	$ 8,023,859

NOTE 8. CASH SURRENDER VALUE OF LIFE INSURANCE

The Foundation is the owner and beneficiary of numerous life insurance policies. As of June 30, 2021 and 2020, the total face value of the policies was $3,878,311 and $3,969,360, 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, 2021 and 2020, was $1,607,518 and $1,621,674, respectively.

NOTE 9. PROPERTY AND EQUIPMENT

Property, improvements and equipment as of June 30, 2021 and 2020 consisted of the following:

	2021	2020
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	**(4,986,642)**	(4,320,844)
Property and equipment - net	**$ 13,940,385**	$ 14,606,183

Depreciation expense for both the years ended June 30, 2021 and 2020 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, 2021 and 2020 were $2,136,413 and $1,630,742, 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. Panther Real Estate's asset balance under management as of June 30, 2021 and 2020 was $542,730 and $743,179, 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, 2021 and 2020 were $2,679,143 and $2,373,921, 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.

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.

NOTE 11. LEASES (Continued)

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, 2021:

For the year ending June 30:	**Minimum annual lease payments**	**NPV of minimum lease payments**
2022	$ 4,543,054	$ 4,140,237
2023	4,666,017	4,435,637
2024	2,051,818	1,975,393
2025	94,772	39,305
2026	94,772	40,906
Thereafter	1,942,827	1,322,882
	$ 13,393,260	$ 11,954,360

The carrying value of the related right-of-use assets as of June 30, 2021 and 2020:

	2021	2020
Accumulated basis	**$ 11,410,836**	$ 11,410,836
Less – accumulated amortization	**(2,726,371)**	-
	$ 8,684,465	$ 11,410,836

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, 2021, are as follows:

Year Ending June 30,		
2022	$	195,245
2023		201,102
2024		207,135
2025		213,349
2026		200,935
Total	$	1,017,766

For the year ending June 30, 2021 and 2020, the rental income was $189,558 and $184,037, 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, 2021 and 2020 was $134,686 and $136,111, respectively.

NOTE 11. LEASES (Continued)

Panther Holdings, LLC Ground Leases

Future minimum lease receipts required under the lease as of June 30, 2021, are as follows:

Year Ending June 30,	
2022	$ 141,100
2023	141,100
2024	141,100
2025	141,100
2026	141,100
2027-2031	705,501
2032-2036	705,501
2037-2041	705,501
2042-2046	705,501
2047-2051	493,851
Total	$ 4,021,355

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, 2021 and 2020 was $54,622 and $55,200, respectively.

Future minimum lease receipts required under the lease as of June 30, 2021, are as follows:

Year Ending June 30,	
2022	$ 57,224
2023	57,224
2024	57,224
2025	57,224
2026	57,224
2027-2031	286,118
2032-2036	286,118
2037-2041	286,118
2042-2046	286,118
2047-2051	200,283
Total	$ 1,630,875

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, 2021, are as follows:

Year Ending June 30,	
2022	$ 58,870
2023	58,870
2024	58,870
2025	58,870
2026	58,870
2027-2031	294,350
2032-2036	294,350
2037-2041	294,350
2042-2046	294,350
2047-2051	294,350
2052-2056	88,305
Total	$ 1,854,405

NOTE 12. BONDS PAYABLE

Bonds payable at June 30, 2021 and 2020 consisted of the following:

Series	Original Principal Issued	**Balance June 30, 2021**	Balance June 30, 2020
Panther Place Revenue Bonds (Series 2017)	57,040,000	$ **51,460,000**	$ 53,585,000
Real Estate Student Support I Bonds (Series 2018)	49,545,000	**44,865,000**	46,520,000
Newton Bonds (Series 2017)	15,865,000	**13,435,000**	14,095,000
Subtotal		**109,760,000**	114,200,000
Plus unamortized bond premium		**8,989,610**	10,752,428
Less unamortized debt issuance costs		**(1,190,454)**	(1,331,846)
Total		$ **117,559,156**	$ 123,620,582

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, 2021 and 2020 was $2,156,269 and $2,249,573, 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, 2021 and 2020 was $613,294 and $641,940, respectively.

The tax exempt bond documents require Newton 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.

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, 2021 and 2020 was $2,264,300 and $2,336,717 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, Newton and Student Support I revenue bonds at June 30, 2021 are as follows:

Year Ending June 30,	Tax-Exempt	Taxable	Total
2022	$ 2,435,000	2,190,000	4,625,000
2023	4,870,000	-	4,870,000
2024	5,105,000	-	5,105,000
2025	5,370,000	-	5,370,000
2026	5,630,000	-	5,630,000
2027 – 2031	32,690,000	-	32,690,000
2032 – 2036	39,815,000	-	39,815,000
2037 – 2041	11,655,000	-	11,655,000
Total	$ 107,570,000	$ 2,190,000	$ 109,760,000

The fair value of the bonds at June 30, 2021 and 2020 was $127,525,171 and $129,389,050, respectively.

NOTE 13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions for the years ended June 30, 2021 and 2020 for the following purposes:

	2021	2020
Management fees	**$ 1,950,327**	$ 1,662,619
Program Service - General and departmental	**5,725,003**	10,658,479
Program Service - Fundraising expenses	**47,573**	287,674
Program Service - Faculty and staff expenses	**4,335,615**	4,778,100
Program Service - Scholarships and awards	**6,389,893**	5,819,759
Program Service – Renovations gifted to University	**1,156,311**	17,294
Total net assets released from restrictions	**$ 19,604,722**	$ 23,223,925

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, 2021 and 2020 totaled $8,830,017 and $7,171,568, respectively.

NOTE 15. SUMMARY OF NET ASSETS

Net assets with donor restrictions as of June 30, 2021 and 2020, were available for the following purposes:

	2021	2020
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Academic and program support and activities	**$ 56,903,644**	$ 65,890,530
Scholarships	**37,554,868**	23,329,422
Student investment portfolio	**922,023**	672,157
	95,380,535	89,892,109
Perpetual in nature:		
Scholarships	**66,329,770**	48,802,571
Program support	**119,318,639**	84,899,071
	185,648,409	133,701,642
Total net assets with donor restrictions	**$ 281,028,944**	$ 223,593,751

Net assets as of June 30, 2021 and 2020, consist of the following:

	2021	2020
Net Assets Without Donor Restrictions:		
Investments	**$ 34,170,178**	$ 24,862,019
Investment in land and buildings	**17,612,444**	16,003,121
Pledge receivables	**-**	19
Total net assets without donor restrictions	**51,782,622**	40,865,159
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Investments	**87,611,140**	81,734,978
Pledge receivables	**7,769,395**	8,157,131
	95,380,535	89,892,109
Endowments:		
Investments	**182,868,125**	131,465,262
Pledge receivables	**2,780,284**	2,236,380
	185,648,409	133,701,642
Total net assets with donor restrictions	**281,028,944**	223,593,751
Total Net Assets	**$ 332,811,566**	$ 264,458,910

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, 2021 and 2020, comprise the following:

		2021		2020
Cash and cash equivalents	**$**	**26,421**	$	261,749
Operating – unrestricted investments		**23,673,772**		25,068,691
	$	**23,700,193**	$	25,330,440

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, 2021 and 2020 was $12,907,002 and $12,582,257, respectively, with the excess reserve balance at $10,793,191 and $12,748,184, 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, 2021 and 2020, the deferred tax asset valuation allowance was decreased by estimated future net operating carryforward tax savings of $157,135 and $51,926, respectively.

The components of net deferred tax asset as of June 30, 2021 and 2020 were as follows:

		2021		2020
Deferred tax asset:				
Realizable Deferred Tax Asset	**$**	**1,839,377**	$	2,064,163
(Total net operating loss carryforward x total effective tax rate)				
Valuation allowance		**(1,056,224)**		(1,123,875)
Deferred tax asset, net of valuation allowance	**$**	**783,153**	$	940,288

NOTE 17. INCOME TAXES (Continued)

As of June 30, 2021, 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. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 27, 2021, in connection with the preparation of these consolidated financial statements which is the date the consolidated financial statements were available to be issued.