

**UNIVERSITY OF WEST GEORGIA  
FOUNDATION, INC. AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL REPORT**

**JUNE 30, 2020**

# UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Trustees of  
the University of West Georgia  
Foundation, Inc. and Subsidiaries  
Carrollton, Georgia**

We have audited the accompanying consolidated financial statements of the **University of West Georgia Foundation, Inc. and Subsidiaries** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 University of West Georgia Foundation, Inc. and Subsidiaries as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 35-46 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 4, 2020

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents		
Operating	\$ 2,775,855	\$ 4,703,989
Money market deposits	3,774,496	1,940,535
Agency fund assets	678,688	783,883
Prepaid expenses	83,428	2,818
Unconditional promises to give, net	4,947,141	7,145,600
Accounts receivable - related party	345	-
Accrued interest receivable	14,310	805
Net investments in direct financing leases	36,786,859	38,780,107
Investments	30,711,832	35,340,543
Investments in real estate	400,000	560,000
Assets held under split interest agreements	146,243	147,844
Cash surrender value of life insurance policy	174,270	152,517
Property and equipment, net	329,514	287,214
Assets limited as to use	5,821,382	3,526,761
 Total assets	 \$ 86,644,363	 \$ 93,372,616
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 147,093	\$ 75,972
Accounts payable - related party	-	40,595
Agency fund payable	678,688	783,883
Liabilities under split interest agreements	91,819	90,441
Accrued interest payable	845,775	502,766
Deferred revenue	4,200	480
Capital lease obligations	228,172	280,889
Bonds payable, net	38,257,894	38,879,769
 Total liabilities	 40,253,641	 40,654,795
 <b>Net assets</b>		
Without donor restrictions	6,938,827	9,340,235
With donor restrictions	39,451,895	43,377,586
 Total net assets	 46,390,722	 52,717,821
 Total liabilities and net assets	 \$ 86,644,363	 \$ 93,372,616

**See Notes to Consolidated Financial Statements.**

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and special events	\$ 1,043,688	\$ 1,247,191	\$ 2,290,879
Investment income, net of investment fees	422,041	71,207	493,248
Net realized and unrealized gains (losses) on investments	(506,630)	291,059	(215,571)
Unrealized loss on investment in real estate	(160,000)	-	(160,000)
Donated goods and services	1,366,488	-	1,366,488
Administrative fees	8,926	-	8,926
Leasing income:			
Rental revenue	424,349	-	424,349
Interest income on direct financing leases	1,595,234	-	1,595,234
Total leasing income	<u>2,019,583</u>	<u>-</u>	<u>2,019,583</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>5,625,087</u>	<u>(5,625,087)</u>	<u>-</u>
Total revenues and other support	<u>9,819,183</u>	<u>(4,015,630)</u>	<u>5,803,553</u>
<b>EXPENSES</b>			
<b>Program services</b>			
Academic and education	1,337,343	-	1,337,343
Other program support	7,850,411	-	7,850,411
Campus facilities:			
Insurance	55,527	-	55,527
Interest expense	1,069,676	-	1,069,676
Professional fees	12,681	-	12,681
Property operating expenses	32,712	-	32,712
Other operating expenses	2,500	-	2,500
Total campus facilities	<u>1,173,096</u>	<u>-</u>	<u>1,173,096</u>
Total program services	<u>10,360,850</u>	<u>-</u>	<u>10,360,850</u>
<b>Supporting services</b>			
Administration and general	944,241	-	944,241
Fundraising	825,561	-	825,561
Total supporting services	<u>1,769,802</u>	<u>-</u>	<u>1,769,802</u>
Total expenses	<u>12,130,652</u>	<u>-</u>	<u>12,130,652</u>
<b>CHANGE IN NET ASSETS</b>	<u>(2,311,469)</u>	<u>(4,015,630)</u>	<u>(6,327,099)</u>
<b>NET ASSETS, BEGINNING</b>	<u>9,340,235</u>	<u>43,377,586</u>	<u>52,717,821</u>
<b>CHANGE IN DONOR INTENT</b>	<u>(89,939)</u>	<u>89,939</u>	<u>-</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 6,938,827</u>	<u>\$ 39,451,895</u>	<u>\$ 46,390,722</u>

See Notes to Consolidated Financial Statements.

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and special events	\$ 412,163	\$ 4,864,770	\$ 5,276,933
Investment income, net of investment fees	698,644	128,002	826,646
Net realized and unrealized gains on investments	153,327	1,064,561	1,217,888
Donated goods and services	1,588,876	-	1,588,876
Administrative fees	8,395	-	8,395
Other income	47	-	47
Leasing income:			
Rental revenue	652,393	-	652,393
Interest income on direct financing leases	2,130,717	-	2,130,717
Other income	100,000	-	100,000
Total leasing income	2,883,110	-	2,883,110
Net assets released from restrictions:			
Satisfaction of program restrictions	2,743,500	(2,743,500)	-
Total revenues and other support	8,488,062	3,313,833	11,801,895
<b>EXPENSES</b>			
<b>Program services</b>			
Academic and education	1,390,877	-	1,390,877
Other program support	2,116,832	-	2,116,832
Campus facilities:			
Insurance	41,252	-	41,252
Interest expense	1,901,929	-	1,901,929
Professional fees	17,781	-	17,781
Property operating expenses	377,887	-	377,887
Other operating expenses	8,403	-	8,403
Loss on extinguishment of bond debt	2,808,826	-	2,808,826
Total campus facilities	5,156,078	-	5,156,078
Total program services	8,663,787	-	8,663,787
<b>Supporting services</b>			
Administration and general	972,153	-	972,153
Fundraising	1,010,427	-	1,010,427
Total supporting services	1,982,580	-	1,982,580
Total expenses	10,646,367	-	10,646,367
<b>CHANGE IN NET ASSETS</b>	<u>(2,158,305)</u>	<u>3,313,833</u>	<u>1,155,528</u>
<b>NET ASSETS, BEGINNING</b>	<u>11,085,883</u>	<u>40,476,410</u>	<u>51,562,293</u>
<b>CHANGE IN DONOR INTENT</b>	<u>412,657</u>	<u>(412,657)</u>	<u>-</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 9,340,235</u>	<u>\$ 43,377,586</u>	<u>\$ 52,717,821</u>

**See Notes to Consolidated Financial Statements.**

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program services			Total program services	Supporting services		Total
	Academic and education	Other program support	Campus facilities		Administration and general	Fundraising	
Advertising	\$ -	\$ 5,579	\$ -	\$ 5,579	\$ -	\$ 4,400	\$ 9,979
Apparel	-	25,125	-	25,125	-	-	25,125
Bad debt expense	-	-	-	-	245,673	-	245,673
Banking and processing fees	-	-	-	-	17,404	-	17,404
Conferences and seminars	-	5,595	-	5,595	-	-	5,595
Contract services	-	60,150	-	60,150	-	30,045	90,195
Depreciation	-	-	-	-	65,838	-	65,838
Equipment	-	35,112	-	35,112	-	3,371	38,483
Event expense	-	85,570	-	85,570	26,765	43,747	156,082
Honorariums and speakers	-	23,890	-	23,890	-	-	23,890
Property operating expenses	-	1,350	11,931	13,281	-	-	13,281
Insurance	-	724	55,527	56,251	32,394	-	88,645
Interest expense	-	8,050	1,069,676	1,077,726	-	-	1,077,726
Lodging	-	6,879	-	6,879	433	4,598	11,910
Marketing and promotions	-	52,128	-	52,128	-	-	52,128
Meals and entertainment	-	88,726	-	88,726	781	6,123	95,630
Membership and dues	-	23,965	-	23,965	4,590	-	28,555
Miscellaneous	-	13,593	-	13,593	-	900	14,493
Postage and shipping	-	1,489	-	1,489	-	1,469	2,958
Printing and reproduction	-	7,337	-	7,337	-	763	8,100
Professional fees	-	24,127	3,250	27,377	43,272	40,202	110,851
Program support	-	6,577,805	-	6,577,805	-	-	6,577,805
Publications and subscriptions	-	5,940	-	5,940	1,152	-	7,092
Recognition and awards	-	68,568	-	68,568	1,528	4,134	74,230
Recruiting	-	8,104	-	8,104	-	-	8,104
Rentals	-	2,737	-	2,737	1,387	-	4,124
Repairs and maintenance	-	1,625	32,712	34,337	-	-	34,337
Salaries and benefits	-	580,383	-	580,383	393,420	620,468	1,594,271
Scholarships	1,337,343	-	-	1,337,343	-	-	1,337,343
Sponsorships	-	6,707	-	6,707	19,350	-	26,057
Staff development	-	2,118	-	2,118	187	-	2,305
Supplies	-	60,808	-	60,808	89,527	49,716	200,051
Telecommunications	-	18	-	18	-	-	18
Travel	-	66,209	-	66,209	540	15,625	82,374
<b>Total expenses</b>	<b>\$ 1,337,343</b>	<b>\$ 7,850,411</b>	<b>\$ 1,173,096</b>	<b>\$ 10,360,850</b>	<b>\$ 944,241</b>	<b>\$ 825,561</b>	<b>\$ 12,130,652</b>

See Notes to Consolidated Financial Statements.



**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program services			Total program services	Supporting services		Total
	Academic and education	Other program support	Campus facilities		Administration and general	Fundraising	
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ 209,003	\$ -	\$ 209,003
Banking and processing fees	-	-	5,801	5,801	19,651	-	25,452
Conference and seminars	-	6,951	-	6,951	-	-	6,951
Contract services	-	38,420	11,931	50,351	-	46,250	96,601
Depreciation	-	-	-	-	65,838	-	65,838
Equipment	-	4,055	-	4,055	-	7,166	11,221
Event expense	-	108,553	-	108,553	33,375	15,390	157,318
Loss on extinguishment of bond debt	-	-	2,808,826	2,808,826	-	-	2,808,826
Honorariums and speakers	-	101,429	-	101,429	-	-	101,429
Property operating expenses	-	-	377,887	377,887	-	-	377,887
Insurance	-	59,759	52,945	112,704	32,383	-	145,087
Interest expense	-	9,091	1,892,838	1,901,929	-	-	1,901,929
Lodging	-	18,319	-	18,319	205	3,874	22,398
Marketing and promotions	-	23,328	-	23,328	-	-	23,328
Meals and entertainment	-	228,073	-	228,073	2,022	24,335	254,430
Membership and dues	-	28,130	-	28,130	18,460	-	46,590
Miscellaneous	-	17,412	-	17,412	360	2,782	20,554
Postage and shipping	-	1,757	-	1,757	22	25	1,804
Printing and reproduction	-	29,460	-	29,460	-	13	29,473
Professional fees	-	97,629	5,850	103,479	39,551	-	143,030
Program support	-	380,680	-	380,680	-	-	380,680
Publications and subscriptions	-	6,027	-	6,027	96	-	6,123
Recognition and awards	-	102,876	-	102,876	625	11,110	114,611
Repairs and maintenance	-	222	-	222	-	-	222
Salaries and benefits	-	660,724	-	660,724	464,969	700,638	1,826,331
Scholarships	1,390,877	-	-	1,390,877	-	-	1,390,877
Sponsorships	-	95,635	-	95,635	10,000	-	105,635
Supplies	-	46,770	-	46,770	70,265	171,622	288,657
Travel	-	51,532	-	51,532	5,328	27,222	84,082
<b>Total expenses</b>	<b>\$ 1,390,877</b>	<b>\$ 2,116,832</b>	<b>\$ 5,156,078</b>	<b>\$ 8,663,787</b>	<b>\$ 972,153</b>	<b>\$ 1,010,427</b>	<b>\$ 10,646,367</b>

**See Notes to Consolidated Financial Statements.**

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (6,327,099)	\$ 1,155,528
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Loss on extinguishment of bond debt	-	522,461
Net realized and unrealized losses (gains) on investments	215,571	(1,217,888)
Unrealized loss on investment in real estate	160,000	-
Provision for doubtful accounts	102,023	73,897
Depreciation	65,838	65,838
Amortization of debt issuance costs	104,515	63,140
Amortization of original bond issue net premium	(726,390)	(909,089)
Contributions restricted for long-term investments	(344,391)	(1,093,631)
Contribution of land held for investment	-	(560,000)
Contributions of facility capital improvement projects to the University	23,862	249,811
Change in value of cash surrender value of life insurance policy	(21,753)	(22,059)
Change in value of split interest agreements	2,979	2,980
(Increase) in prepaid expenses	(80,610)	-
Decrease in unconditional promises to give	2,096,436	875,568
(Increase) in accounts receivable- related party	(345)	-
(Increase) decrease in accrued interest receivable	(13,505)	40,854
Increase (decrease) in accounts payable	71,121	(867,687)
(Decrease) in accounts payable - related party	(40,595)	(16,107)
Increase (decrease) in accrued interest payable	343,009	(176,040)
Increase in deferred revenue	3,720	480
	<u>(4,365,614)</u>	<u>(1,811,944)</u>
<b>INVESTING ACTIVITIES</b>		
Principal received on net investments in direct financing leases	1,993,248	41,998,835
Purchase of net investments in direct financing leases	-	(39,004,905)
Sales proceeds of investments	6,120,418	9,418,555
Purchases of investments	(1,707,278)	(11,686,332)
Purchases of property and equipment	(132,000)	(273,673)
	<u>6,274,388</u>	<u>452,480</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for investment in endowment	344,391	1,093,631
Proceeds from bond issuance	-	39,688,213
Bond redemption	-	(46,015,002)
Debt issuance costs paid	-	(114,599)
Principal payments on capital lease obligations	(52,717)	(48,301)
	<u>291,674</u>	<u>(5,396,058)</u>
Net increase (decrease) in cash and cash equivalents	2,200,448	(6,755,522)
Cash and cash equivalents, at beginning of year	10,171,285	16,926,807
Cash and cash equivalents, at end of year	<u>\$ 12,371,733</u>	<u>\$ 10,171,285</u>
Operating	2,775,855	4,703,989
Money market deposits	3,774,496	1,940,535
Assets limited as to use	5,821,382	3,526,761
	<u>\$ 12,371,733</u>	<u>\$ 10,171,285</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 726,667</u>	<u>\$ 2,405,309</u>

**See Notes to Consolidated Financial Statements.**

# UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of activities:**

The University of West Georgia Foundation, Inc. and Subsidiaries (the "Foundation") is a nonprofit foundation that was formed and incorporated under the laws of the State of Georgia in 1967 to exclusively raise, administer, invest, and transfer private gifts in support of the University of West Georgia (the "University"). The Foundation's support comes primarily from contributions and grants from alumni, corporations, foundations, and other individuals and from leasing activities with the University of West Georgia.

#### **Significant accounting policies:**

##### **Basis of presentation:**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues. Board designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes. As of June 30, 2020 and 2019, board designated net assets totaled \$2,274,890 and \$5,723,749, respectively.

Net assets with donor restrictions consists of net assets that are subject to 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Basis of consolidation:

The consolidated financial statements of the University of West Georgia Foundation, Inc. and Subsidiaries includes the accounts of the University of West Georgia Foundation, Inc., and University of West Georgia Housing Project, LLC (formerly known as Evergreen Complex, LLC). The Foundation is the sole member of the LLC. Intercompany accounts and all significant intercompany transactions have been eliminated.

##### Contributions:

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value. Conditional promises to give are recognized when the conditions are substantially met. The allowance for doubtful pledges is based on specifically identified amounts that the Foundation believes to be uncollectible, plus certain percentages of aged pledged receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collections experience changes, revisions to the allowance may be required.

##### Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash and investing in cash equivalents with reputable financial institutions.

Excluded are amounts held for specific purposes or amounts which are included in the Foundation's long-term investment strategies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Split interest agreements:

The Foundation is the beneficiary of split interest agreements that include a charitable remainder annuity trust and charitable gift annuity, for which the Foundation also serves as the trustee. Under these agreements, the Foundation is the named remainder principal beneficiary in which the Foundation will receive a designated percentage amount of the remainder principal after the death of the life income beneficiaries. The agreements have been recorded based on the present value of the future principal distribution to the Foundation. The discount rate used for the present valuation calculation is 4%. Changes in the recorded asset due to changes in life expectancy, present value actuarial assumptions, or the market value are included in investment income (losses) in the accompanying consolidated statement of activities. The Foundation's interest in split interest agreements is reported as a contribution in the year received at its net present value.

##### Change in donor intent:

During the year ended June 30, 2020, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$89,939 resulting in transfers from net assets with donor restrictions to net assets without donor restrictions.

During the year ended June 30, 2019, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$412,657 resulting in transfers from net assets with donor restrictions to net assets without donor restrictions.

##### Donated goods and services:

Donated goods and services are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Donated goods and service expense, which primarily represents salaries, supplies, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as administration and general and fundraising expenses in the accompanying consolidated statement of activities. Donated goods and services totaled \$1,366,488 and \$1,588,876, respectively, for the year ended June 30, 2020 and 2019.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Investments:

Investments, including investments held by the Trustee, consist primarily of money market accounts, mutual funds, fixed income securities, equity securities, partnership funds, and hedge funds and are carried at fair value. Investment expenses incurred totaled \$95,512 and \$86,020, respectively, for the year ended June 30, 2020 and 2019.

Donated investments are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying consolidated financial statements.

##### Investments in real estate:

Investments in real estate consists of donated real estate property that the Foundation has received and intends to sell. Donated investments in real estate are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

##### Investments in direct financing-type leases:

The Foundation leases real estate to the Board of Regents of the University System of Georgia, a related party. The leases are accounted for as direct financing-type leases. The present value of the minimum lease payments is recorded as an asset and is amortized under the effective interest method as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is recorded 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. The terms of these lease agreements are considered more favorable than commercial terms on similar facilities and equipment. The lessees are responsible for the payment of property taxes, routine maintenance, insurance, and other costs incidental to the use of the facilities. The lease agreements generally provide for an initial rental period with renewable terms that extend over the term of the debt financing the leased property. The lease agreements are cancelable by the lessees at specified times during the lives of the leases.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Investments in direct financing-type leases: (Continued)

Leases with agencies of the State of Georgia are for no longer than one year, with renewable options. Lease payments are structured, together with debt service reserves included in assets limited as to use, to provide sufficient funds to meet the debt service provided all renewal terms are exercised.

##### Property and equipment:

Property and equipment are stated at historical cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives.

Property and equipment is made up of automobiles and construction in progress of facility capital improvement projects. At the completion of construction, the capital improvements are contributed to the University. Equipment, betterments or renewals in excess of \$10,000 are capitalized. Normal repairs and maintenance costs are expensed as incurred.

##### Debt issuance costs:

Debt issuance costs, comprised principally of underwriting, legal, accounting, and printing fees, are recorded as a decrease of the face amount of bonds payable and amortized over the term of the debt using the interest method. The accumulated amortization totaled \$86,720 and \$17,795 as of June 30, 2020 and 2019, respectively.

##### Bond premiums and discounts:

Bond premiums are presented as an increase of the face amount of bonds payable. Bond discounts are presented as a decrease of the face amount of bonds payable. Both are amortized over the term of the debt using the interest method.

##### Agency relationship:

From time to time, the Foundation acts as agent on behalf of another nonprofit foundation affiliated with the University of West Georgia. In certain instances, the Foundation collects cash funds from UWG Athletic Foundation, Inc. (the "Athletic Foundation") to pay scholarship expenses and other operating costs on their behalf. In 2020 and 2019, the Foundation invested money on behalf of the Athletic Foundation. At June 30, 2020 and 2019, the related investment balance held for the Athletic Foundation was \$678,688 and \$783,883, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Use of estimates:

The Foundation prepares its consolidated financial statements in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

##### Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash and cash equivalents* - The carrying amount approximates fair value because of the short-term maturity of these instruments.

*Investments* - Investments are carried at fair value based on quoted market prices for those or similar investments, third party pricing service for identical or similar investments, or from other valuation methodologies including option pricing models, discounted cash flows, and similar techniques.

*Bond proceeds restricted for construction, debt service, and reserves* - Funds held by the trustee are carried at fair value based on quoted market prices for those or similar investments.

*Operating funds held by trustee* - Funds held by the trustee are carried at fair value based on quoted market prices for those or similar investments.

*Bonds payable* - Fair value is the price that would be paid to transfer the liability in an orderly transaction between market participants.

*Note receivable, other receivables and payables* - The carrying amount approximates fair value because of the short-term maturity of these instruments.

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Fair value of financial instruments: (Continued)

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income and cost approaches.

Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Fair value of financial instruments: (Continued)

For the years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent.

##### Income tax status:

The Foundation qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

UWG Housing, LLC is treated as a single member LLC for federal and state income tax purposes. Since the Foundation is the sole member of UWG Housing, LLC, all income, losses, and credits for this LLC is reported on the Foundation's income tax returns.

The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's consolidated financial statements.

The Foundation files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

##### Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis on the consolidated statements of activities and consolidated statements of functional expenses. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Recent accounting pronouncements:

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

For the year ending June 30, 2020, the Foundation adopted ASU 2014-09 and has adjusted the presentation in these financial statements accordingly. The Foundation recognizes certain sponsorships of special events revenue in accordance with ASC Topic 606, which is recognized at the time the special events take place and the transaction is executed, as that is the point in time the Foundation fulfills the performance obligation. The Foundation also recognizes administrative fees in accordance with ASC 606, which relates to administrative services it performs on the Athletic Foundation's endowment portfolio, are earned over the course of a month representing the period over which the Foundation satisfies the performance obligation.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

For the year ending June 30, 2020, the Foundation adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The Foundation recognizes contributions and grant income in the accompanying statements of activities, in accordance with ASC Topic 958. The adoption of ASU 2018-08 did not have an impact on the timing of revenue recognition of contributions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

#### Recent accounting pronouncements: (Continued)

In November 2016, the Financial Accounting Standards Board (FASB) issues Account Standards Update (ASU) No. 2016-19, *Statement of Cash Flows* (Topic 230). *Restricted Cash*. The Foundation adopted the provisions of this new standard during the year ended June 30, 2020. The update requires that the statement of cash flows explains the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning of year and end of year cash total amounts shown on the statement of cash flows. The accompanying information from the 2019 financial statements has been adjusted to conform to the 2020 presentation and disclosure requirements of ASU 2016-18. This adjustment did not have an effect on total net assets or the change in net assets for 2019.

### NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year for the consolidated statements of financial position as of June 30, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 871,344	\$ 906,223
Unconditional promises to give	6,941	12,782
Board designated endowment distributions and appropriations	326,529	257,849
Endowment distributions and appropriations	<u>326,693</u>	<u>305,250</u>
	<u>\$ 1,531,507</u>	<u>\$ 1,482,110</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments (quasi-endowments). Income from donor-restricted endowments is restricted for specific purposes, with the exception of three endowments that are designated for general operations.

As of June 30, 2020 and 2019, board-designated quasi-endowment of \$2,207,085 and \$5,615,743, respectively, are subject to an annual spending rate of 4.25% percent as described in Note 13. The board has also authorized additional spending from the quasi-endowment to fund priorities of the university. As of June 30, 2020, amounts appropriated from the quasi-endowment for general expenditure as part of our Board's annual without donor restriction funding requests process is \$326,529 for the upcoming fiscal year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2. LIQUIDITY AND AVAILABILITY (Continued)

In 2020, the Foundation forward funded anticipated pledges of \$2.9M so that construction of the new college of business building, Richards Hall, could begin. The forward funding, along with \$3M from Richards Hall donations received, were transferred to the Georgia Finance & Investment Commission in October 2019. The quasi-endowment funding will be replenished as pledge payments are received. Although we do not intend to spend from this investment account above was has been approved, the funds could be made available (if necessary).

As part of a liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, mainly money market funds. In 2020, the Foundation started using "sweep" accounts which generated \$88,667 for general operations. However, we have budgeted earnings near zero for the foreseeable future due to the Federal Reserve's monetary policy, and the current and projected restrained business environment. In 2020 and 2019, the Foundation withdrew allowed excess surplus reserves from its subsidiaries of \$279,673 and \$487,287, respectively.

### NOTE 3. CONCENTRATION OF CREDIT RISK

The Foundation had a total of \$6,717,876 and \$6,414,504 on deposit with multiple banks as of June 30, 2020 and 2019, respectively. Of this total, \$4,968,089 and \$4,918,361, respectively, was in excess of federally insured limits.

### NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2020 and 2019, unconditional promises to give consisted of the following:

	2020	2019
Unrestricted pledges	\$ 10,871	\$ 19,322
Restricted pledges	4,126,567	5,941,212
Endowment pledges	1,114,276	1,440,078
Unconditional promises to give before discount and allowance for uncollectible pledges	5,251,714	7,400,612
Less unamortized discount	53,484	105,970
Subtotal	5,198,230	7,294,642
Less allowance for uncollectible pledges	251,089	149,042
	\$ 4,947,141	\$ 7,145,600
Amount due in:		
Less than one year	\$ 2,603,989	\$ 2,887,400
One to three years	2,342,353	3,644,748
More than three years	305,372	868,464
Total	\$ 5,251,714	\$ 7,400,612

Discount rate used was 2.18 percent respectively, as a risk-free interest rate.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and 2019, consists of the following:

	Life	2020	2019
Automobiles	5	\$ 329,190	\$ 329,190
Construction in progress – Facility capital improvement projects for the benefit of the University	-	132,000	23,862
		461,190	353,052
Less accumulated depreciation		131,676	65,838
		\$ 329,514	\$ 287,214

Depreciation expense totaled \$65,838 and \$65,838 for the years ended June 30, 2020 and 2019, respectively.

In 2020 and 2019, the Foundation contributed \$23,862 and \$249,811, respectively, of completed facility capital improvement projects to the University.

### NOTE 6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	\$ 710,364	\$ -	\$ -	\$ -	\$ 710,364
Mutual funds	19,353,492	-	-	-	19,353,492
Equity securities	7,611,851	-	-	-	7,611,851
Investments in real estate	-	-	400,000	-	400,000
Alternative investments					
Hedge funds	-	-	-	2,962,507	2,962,507
Private investment fund	-	-	-	752,306	752,306
Total investments	27,675,707	-	400,000	3,714,813	31,790,520
Gift annuity trusts	54,422	-	-	-	54,553
Charitable remainder trusts	-	91,821	-	-	91,821
Total assets held under split interest agreements	54,422	91,821	-	-	146,243
Total assets at fair value	\$ 27,730,129	\$ 91,821	\$ 400,000	\$ 3,714,813	\$ 31,936,763

As of June 30, 2020, the total investments include \$678,688 of agency fund assets held for the Athletic Foundation that are required to be reported at fair value.

In accordance with FASB's fair value measurement presentation and disclosure guidance, 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 and below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 6. FAIR VALUE MEASUREMENTS (Continued)

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following table provides information about the probability of investments being sold at amounts different from their net asset value per share at June 30, 2020:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>Partnership Funds</b>				
JP Morgan Global Access Private Investments Vintage 2014 Offshore, L.P.	\$ 752,306	\$ 173,684	N/A	N/A
<b>Hedge Funds</b>				
Lighthouse Diversified Fund Limited	901,216	-	Monthly	90 days
Lighthouse Global Long/Short Fund Limited	1,379,170	-	Monthly	90 days
Board of Regents Short Term Fund	682,121	-	Monthly	90 days
	<u>\$ 3,714,813</u>	<u>\$ 173,684</u>		

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV Practical Expedient</u>	<u>Total</u>
Money market funds	\$ 406,344	\$ -	\$ -	\$ -	\$ 406,344
Mutual funds	22,984,072	-	-	-	22,984,072
Equity securities	7,976,763	-	-	-	7,976,763
Alternative investments	-	-	560,000	-	560,000
Hedge funds					
Private investment fund	-	-	-	4,028,121	4,028,121
Total investments	-	-	-	729,126	729,126
	31,367,179	-	560,000	4,757,247	36,684,426
Gift annuity trusts					
Charitable remainder trusts	54,553	-	-	-	54,553
Total assets held under split interest agreements	-	93,291	-	-	93,291
Total assets at fair value	<u>\$ 54,553</u>	<u>93,291</u>	<u>-</u>	<u>-</u>	<u>147,844</u>
	<u>\$ 31,421,732</u>	<u>\$ 93,291</u>	<u>\$ 560,000</u>	<u>\$ 4,757,247</u>	<u>\$ 36,832,270</u>

As of June 30, 2019, the total investments include \$783,883 of agency fund assets held for the Athletic Foundation that are required to be reported at fair value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 6. FAIR VALUE MEASUREMENTS (Continued)

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following table provides information about the probability of investments being sold at amounts different from their net asset value per share at June 30, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Partnership Funds</b>				
JP Morgan Global Access Private Investments Vintage 2014 Offshore, L.P.	\$ 729,126	\$ 290,366	N/A	N/A
<b>Hedge Funds</b>				
Lighthouse Diversified Fund Limited	988,887	-	Monthly	90 days
Lighthouse Global Long/Short Fund Limited	1,248,170	-	Monthly	90 days
Board of Regents Short Term Fund	1,791,064	-	Monthly	90 days
	\$ 4,757,247	\$ 290,366		

### NOTE 7. INVESTMENT IN DIRECT FINANCING LEASES

The Foundation's leasing operations consist of leasing real estate with the University and Board of Regents for the operation and management of the student housing facilities and parking lots under direct financing-type leases expiring in various years through June 2039.

Following is a summary of the components of the Foundation's net investment in direct financing-type leases as of June 30, 2020 and 2019:

	2020	2019
Total minimum lease payments to be received	<b>\$ 48,437,709</b>	\$ 52,016,190
Less unearned income	<b>11,650,850</b>	13,236,083
Net investment	<b>\$ 36,786,859</b>	\$ 38,780,107



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 7. INVESTMENT IN DIRECT FINANCING LEASES (Continued)

Net minimum lease payments to be received as of June 30, 2020 for each of the next five years and thereafter are:

	Amount
<b>June 30,</b>	
2021	\$ 2,111,149
2022	2,224,658
2023	2,333,756
2024	2,429,054
2025	2,557,516
2026-2030	12,677,274
2031-2035	6,501,753
2036-2039	5,951,699
	\$ 36,786,859

### NOTE 8. ASSETS LIMITED AS TO USE

The financing of the purchase of various facilities including student housing facilities and parking decks is subject to the terms of Trusts Indentures between the Carrollton Payroll Development Authority and Trustees. Under the provisions of the Trust Indentures, Debt Service Reserve Funds will be used to pay principal of, premium, if any, and interest on the bonds if sufficient funds are on deposit with the Trustees on the date such payment is due. The Trust Indentures also provide for other funds, including the Replacement Funds.

Pursuant to the Agreements, the Borrower has agreed to deliver the gross revenues attributable to the project to the Trustees for deposit in the Revenue Funds, as applicable, from which the operating expenses of the project, debt service of the bonds, and other amounts will be paid. The Trustees shall transfer all remaining amounts into the Surplus Fund.

Operating and Maintenance Funds were established to be used for budgeted operating expenses.

Principal and Interest Funds were established to be used as sinking funds to pay the principal of, premium, if any, and interest on the bonds.

Project Construction Funds were established to maintain bond proceeds that will be used to fund construction.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 8. ASSETS LIMITED AS TO USE (Continued)

If on any interest payment date there should be insufficient funds within an account in the bond funds to pay interest, principal or premium due on the respective series of bonds, there shall be transferred to the respective account in the bond funds from the related account in the debt service reserve funds; such amounts as are necessary to pay the interest, principal, and premium due on the related series of bonds.

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2020 and 2019 is as follows:

	2020	2019
Pledge Revenue Fund	\$ 13	\$ -
Interest Funds	845,775	502,766
Principal Funds	1,730,000	-
Replacement Funds	3,151,508	2,732,233
Surplus Funds	94,086	291,762
	\$ 5,821,382	\$ 3,526,761

### NOTE 9. BONDS PAYABLE

Series 2004 West Georgia Foundation for Student Housing Bonds Payable:

During the year ended December 31, 2004, the Carrollton Payroll Development Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2004 bonds were issued to finance the construction of the student housing facility known as Arbor View, Phase II. The bonds were issued in the aggregate principal amount of \$19,355,000. The bonds consist of two series, the "Revenue Bonds 2004A" in the amount of \$19,175,000, and the "Taxable Revenue Bonds 2004B" in the amount of \$180,000.

The Series 2004A bonds was set to mature on September 1, 2029, subject to mandatory and optional redemption provisions. The Series 2004B bonds matured in September 1, 2007. The bonds bear interest, payable semiannually on March 1st and September 1st, commencing March 1, 2005, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 3.00% to 5.00%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 9. BONDS PAYABLE (Continued)

In March 2019, the Carrollton Payroll Development Authority issued Refunding Revenue Series 2019 bonds and loaned the proceeds to the UWG Housing, LLC Project. The Refunding Revenue Series 2019 bonds were issued to refund the remaining West Georgia Foundation for Student Housing Series 2004 bond debt, the University of West Georgia Student Housing Series 2005 bond debt, and the Evergreen Complex Series 2008 bond debt. The refund met the legal requirements for defeasance of the bond liability. Therefore, neither the assets limited as to use held by Trustee nor the bonds are included on the consolidated statement of financial position at June 30, 2020 and 2019. The defeasance resulted in a loss on extinguishment of bond debt of \$2,018,602 for the year ending June 30, 2019.

#### Series 2005 University of West Georgia Student Housing Bonds Payable:

During the year ended December 31, 2005, the Carrollton Payroll Development Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2005 bonds were issued to refund the Series 2003 Bonds. The original Series 2003 bonds were issued to finance the construction of the student housing facility known as University Suites, Phase I. The bonds were issued in the aggregate principal amount of \$13,860,000.

The Series 2005 bonds were set to mature on August 1, 2029, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on February 1st and August 1st, commencing March 1, 2005, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 3.38% to 5.00%.

In March 2019, the Carrollton Payroll Development Authority issued Refunding Revenue Series 2019 bonds and loaned the proceeds to the UWG Housing, LLC Project. The Refunding Revenue Series 2019 bonds were issued to refund the remaining West Georgia Foundation for Student Housing Series 2004 bond debt, the University of West Georgia Student Housing Series 2005 bond debt, and the Evergreen Complex Series 2008 bond debt. The refund met the legal requirements for defeasance of the bond liability. Therefore, neither the assets limited as to use held by Trustee nor the bonds are included on the consolidated statement of financial position at June 30, 2020 and 2019. The defeasance resulted in a loss on extinguishment of bond debt of \$340,370 for the year ending June 30, 2019.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 9. BONDS PAYABLE (Continued)

#### Series 2008 Evergreen Complex Bonds Payable:

During the year ended December 31, 2008, the Carrollton Payroll Development Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2008 bonds were issued to finance the construction of parking lots and student housing facilities known as the Greek Village. The bonds were issued in the aggregate principal amount of \$26,440,000.

The Series 2008 bonds were set to mature on July 1, 2039, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 1st and July 1st, commencing August 1, 2008, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 3.00% to 5.25%.

The terms of the bonds required the Foundation to set rates and charges for the University Facilities, such that the debt service coverage ratio, calculated at the end of each fiscal year will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

In March 2019, the Carrollton Payroll Development Authority issued Refunding Revenue Series 2019 bonds and loaned the proceeds to UWG Housing, LLC Project. The Refunding Revenue Series 2019 bonds were issued to refund the remaining West Georgia Foundation for Student Housing Series 2004 bond debt, the University of West Georgia Student Housing Series 2005 bond debt, and the Evergreen Complex Series 2008 bond debt. The refund met the legal requirements for defeasance of the bond liability. Therefore, neither the assets limited as to use held by Trustee nor the bonds are included on the consolidated statement of financial position at June 30, 2020 and 2019. The defeasance resulted in a loss on extinguishment of bond debt of \$449,854 for the year ending June 30, 2019.

#### Refunding Series 2019 UWG Housing, LLC Project Bonds Payable:

On March 14, 2019, the Carrollton Payroll Development Authority issued Refunding Revenue Series 2019 bonds and loaned the proceeds to the UWG Housing, LLC Project in the aggregate principal amount of \$34,365,000. As of the date of the refunded bond issuance, the Foundation changed Evergreen Complex, LLC's legal name to UWG Housing, LLC. The Refunding Revenue Series 2019 bonds were issued to refund the remaining Series 2004A, Series 2005, and Series 2008 bonds.

The Refunding Series 2019 bonds will mature on July 1, 2039, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 1st and July 1st, commencing July 1, 2020, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 4.00% to 5.00%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9. BONDS PAYABLE (Continued)

The terms of the bonds required the Foundation to set rates and charges for the University Facilities, such that the debt service coverage ratio, calculated at the end of each fiscal year will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Refunding Series 2019 bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (July 1 <sup>st</sup> of fiscal year)	Principal	Interest	Total
2021	\$ 1,730,000	\$ 1,648,300	\$ 3,378,300
2022	1,845,000	1,558,925	3,403,925
2023	1,950,000	1,464,050	3,414,050
2024	2,045,000	1,364,175	3,409,175
2025	2,145,000	1,259,425	3,404,425
2026-2030	12,420,000	4,535,000	16,955,000
2031-2035	5,405,000	2,274,625	7,679,625
2036-2040	6,825,000	828,725	7,653,725
	<u>\$ 34,365,000</u>	<u>\$ 14,933,225</u>	<u>\$ 49,298,225</u>

Summary:

A summary of the components of bonds payable at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Refunding Series 2019 UWG Housing Project bonds	\$ <b>34,365,000</b>	\$ 34,365,000
Unamortized bond issuance costs, net	<b>(489,566)</b>	(808,444)
Unamortized original issue premium (discount), net	<b>4,382,460</b>	5,323,213
	<u><b>\$ 38,257,894</b></u>	<u>\$ 38,879,769</u>

Bond interest expense incurred totaled \$1,069,676 and \$1,870,148 for the years ended June 30, 2020 and 2019, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 10. LEASES

The Foundation entered into a ground lease in June 2003 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining the University Suites (Phase I) student housing facility. The primary term of the ground lease is twenty-seven years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in October 2004 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining the Arbor View (Phase II) student housing facility. The primary term of the ground lease is twenty-five years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in August 2008 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining a parking lot and Greek Village student housing facilities. The primary term of the ground lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into the first amendment and assignment of the West Georgia Foundation for Student Housing, LLC, the University of West Georgia Student Housing, LLC, and the Evergreen Complex, LLC ground leases in March 2019 with the Board of Regents of the University System of Georgia for the purpose of assigning to operate and maintain the following projects under UWG Housing, LLC; three student housing facilities, and a parking deck. The primary term in first amendment and assignment of the ground leases is twenty years. For each lease, the Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of all four leases.

The Foundation entered into capital leases on June 30, 2018 with a local dealership for the purpose of leasing ten vehicles through June 2024 for the use by UWG Athletic staff. The leases are paid from Athletic operations designated funds. The economic substance of the leases are that the Foundation is financing the acquisition of assets through the leases, and, accordingly, they are recorded in the Foundation's assets and liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 10. LEASES (Continued)

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2020:

	Amount
<b>June 30,</b>	
2021	\$ 60,768
2022	60,768
2023	60,768
2024	60,767
Total minimum lease payments	243,071
Less amount representing interest	(14,899)
Present value of minimum lease payments	\$ 228,172

### NOTE 11. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Chair and professorship	\$ 448,370	\$ 536,611
Program support	4,196,445	4,698,915
Scholarship	5,963,475	6,526,185
Other University support	5,057,856	8,218,501
Total subject to expenditure for specified purpose:	15,666,146	19,980,212
Perpetual in nature:		
Chair and professorship	1,773,009	1,772,137
Program support	4,683,044	4,654,185
Scholarship	17,102,123	16,772,457
Other University support	227,573	198,595
Total perpetual in nature:	23,785,749	23,397,374
Total net assets with donor restrictions:	\$ 39,451,895	\$ 43,377,586

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 11. RESTRICTIONS ON NET ASSETS (Continued)

Net assets with donor restrictions consist of the following as of June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Cash	\$ 5,450,687	\$ 7,000,221
Accrued interest receivable	13,218	630
Unconditional promises to give, net	3,974,327	7,132,976
CSV of life insurance policies	170,203	149,322
Assets held under split interest agreements	16,655	17,884
Investments	6,044,912	313,491
Accounts receivable – related party	428	-
Accounts payable	(4,284)	(57,938)
Total subject to expenditure for specified purpose:	15,666,146	14,556,586
Endowments (perpetual in nature and purpose restrictions):		
Assets held under split interest agreements	91,821	93,291
Unconditional promises to give, net	970,364	-
Investments	22,723,564	28,727,709
Total endowments:	23,785,749	28,821,000
Total net assets with donor restrictions:	\$ 39,451,895	\$ 43,377,586

### NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2020 and 2019 by incurring expenses satisfying the restricted purposes specified by donors as follows:

#### Purpose restrictions accomplished:

	2020	2019
Chair and professorship	\$ 70,084	\$ 74,694
Program support	977,198	1,157,105
Scholarship	1,131,100	1,065,791
Other University support	3,446,705	445,910
	\$ 5,625,087	\$ 2,743,500



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 13. ENDOWMENT

#### **Interpretation of Relevant Law**

In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the Foundation, as authorized by the UPMIFA, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Foundation and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

#### **Funds with Deficiencies**

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2020, the Foundation had \$5,718 of deficiencies in the endowment. At June 30, 2019, the Foundation had \$2,789 of deficiencies in the endowment.

#### **Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Finance Committee of the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 13. ENDOWMENT (Continued)

#### Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation's Finance and Investment Committee of the Board of Trustees (the "Committee") determines the calculation of the spending policy to appropriate endowment funds for expenditure. The Committee recommended, and the Board of Trustees approved, a spending policy of 4.5% and 4.25% for the 2019 and 2020 academic school years. The Foundation's spending policy is based on a twelve quarter rolling average of the fair market value of the endowment investments, and is distributed for purposes of supporting unrestricted and temporarily restricted activities. The spending policy allocation is charged bi-annually to the endowment funds. In addition, the Foundation charges an annual 1.3% administration fee to support unrestricted activities quarterly, which is based on a twelve quarter rolling average of the fair market value of the endowment investments.

The Endowment Net Asset Composition by type of Fund as of June 30, 2020 and 2019 is as follows:

	<b>Quasi- Endowment (Without Donor Restriction)</b>	<b>Endowment (With Donor Restriction)</b>	<b>Total</b>
<b>June 30, 2020</b>			
Board-designated endowment funds	\$ 2,207,086	\$ -	\$ 2,207,086
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	22,729,281	22,729,281
Accumulated investment gains	-	5,888,196	5,888,196
Endowment net assets, end of year	<u>\$ 2,207,086</u>	<u>\$ 28,617,477</u>	<u>\$ 30,824,563</u>
<b>June 30, 2019</b>			
Board-designated endowment funds	\$ 5,615,743	\$ -	\$ 5,615,743
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	21,966,723	21,966,723
Accumulated investment gains	-	6,854,277	6,854,277
Endowment net assets, end of year	<u>\$ 5,615,743</u>	<u>\$ 28,821,000</u>	<u>\$ 34,436,743</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 13. ENDOWMENT (Continued)

The Changes in Endowment Net Assets for the year ended June 30, 2020 are:

	Quasi- Endowment <i>(Without Donor Restriction)</i>	Endowment <i>(With Donor Restriction)</i>	Total
Endowment net assets, beginning of year	\$ 5,615,743	\$ 28,821,000	\$ 34,436,743
Investment return:			
Investment income, net of investment fees	34,762	94,393	129,155
Realized and unrealized net gains	<u>(38,861)</u>	<u>(287,044)</u>	<u>(325,905)</u>
Total investment return	(4,099)	(192,651)	(196,750)
Contributions	-	788,340	788,340
Transfers	(3,404,558)	(28,545)	(3,433,103)
Change in donor intent	-	13,679	13,679
Appropriation of endowment assets for expenditure	-	<u>(784,346)</u>	<u>(784,346)</u>
Endowment net assets, end of year	<u>\$ 2,207,086</u>	<u>\$ 28,617,477</u>	<u>\$ 30,824,563</u>

The Changes in Endowment Net Assets for the year ended June 30, 2019 are:

	Quasi- Endowment <i>(Without Donor Restriction)</i>	Endowment <i>(With Donor Restriction)</i>	Total
Endowment net assets, beginning of year	\$ 4,992,875	\$ 27,508,788	\$ 32,501,663
Investment return:			
Investment income, net of investment fees	73,560	134,902	208,462
Realized and unrealized net gains	<u>173,391</u>	<u>1,068,696</u>	<u>1,242,087</u>
Total investment return	246,951	1,203,598	1,450,549
Contributions	-	957,518	957,518
Transfers	375,917	(86,540)	289,377
Change in donor intent	-	26,521	26,521
Appropriation of endowment assets for expenditure	-	<u>(788,885)</u>	<u>(788,885)</u>
Endowment net assets, end of year	<u>\$ 5,615,743</u>	<u>\$ 28,821,000</u>	<u>\$ 34,436,743</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### **NOTE 14. RELATED PARTY TRANSACTIONS**

The Foundation holds funds at various financial institutions in order to minimize credit risk. The Foundation has funds in two financial institution as of June 30, 2020 and 2019, of which members of their upper management were also members of the Foundation's Board of Trustees. Deposits held at the financial institutions totaled \$4,818,749 and \$5,202,674 at June 30, 2020 and 2019, respectively.

### **NOTE 15. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events occurring through September 4, 2020, the date on which the consolidated financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

	University of West Georgia Foundation, Inc.	UWG Housing, LLC	Eliminations	Total
<b>ASSETS</b>				
Cash and cash equivalents				
Operating	\$ 2,775,855	\$ -	\$ -	\$ 2,775,855
Money market deposits	3,774,496	-	-	3,774,496
Agency fund assets	678,688	-	-	678,688
Prepaid expenses	83,428	-	-	83,428
Unconditional promises to give, net	4,947,141	-	-	4,947,141
Accounts receivable - related party	345	-	-	345
Accrued interest receivable	14,310	-	-	14,310
Net investments in direct financing leases	-	36,786,859	-	36,786,859
Investments	30,711,832	-	-	30,711,832
Investments in real estate	400,000	-	-	400,000
Assets held under split interest agreements	146,243	-	-	146,243
Cash surrender value of life insurance policy	174,270	-	-	174,270
Property and equipment, net	197,514	132,000	-	329,514
Assets limited as to use	-	5,821,382	-	5,821,382
	<u>\$ 43,904,122</u>	<u>\$ 42,740,241</u>	<u>\$ -</u>	<u>\$ 86,644,363</u>
Total assets				
	<u>\$ 43,904,122</u>	<u>\$ 42,740,241</u>	<u>\$ -</u>	<u>\$ 86,644,363</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,500	\$ 140,593	\$ -	\$ 147,093
Agency fund payable	678,688	-	-	678,688
Liabilities under split interest agreements	91,819	-	-	91,819
Accrued interest payable	-	845,775	-	845,775
Deferred revenue	4,200	-	-	4,200
Capital lease obligations	228,172	-	-	228,172
Bonds payable, net	-	38,257,894	-	38,257,894
	<u>1,009,379</u>	<u>39,244,262</u>	<u>-</u>	<u>40,253,641</u>
Total liabilities				
	<u>1,009,379</u>	<u>39,244,262</u>	<u>-</u>	<u>40,253,641</u>
<b>Net assets</b>				
Without donor restrictions	3,442,848	3,495,979	-	6,938,827
With donor restrictions	39,451,895	-	-	39,451,895
	<u>42,894,743</u>	<u>3,495,979</u>	<u>-</u>	<u>46,390,722</u>
Total net assets				
	<u>42,894,743</u>	<u>3,495,979</u>	<u>-</u>	<u>46,390,722</u>
Total liabilities and net assets	<u>\$ 43,904,122</u>	<u>\$ 42,740,241</u>	<u>\$ -</u>	<u>\$ 86,644,363</u>

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

	University of West Georgia Foundation, Inc.	UWG Housing, LLC	Eliminations	Total
<b>ASSETS</b>				
Cash and cash equivalents				
Operating	\$ 4,703,989	\$ -	\$ -	\$ 4,703,989
Money market deposits	1,940,535	-	-	1,940,535
Agency fund assets	783,883	-	-	783,883
Prepaid expenses	2,818	-	-	2,818
Unconditional promises to give, net	7,145,600	-	-	7,145,600
Accrued interest receivable	805	-	-	805
Inter-company receivables	-	38,780,107	-	38,780,107
Net investments in direct financing leases	35,340,543	-	-	35,340,543
Investments	560,000	-	-	560,000
Assets held under split interest agreements	147,844	-	-	147,844
Cash surrender value of life insurance policy	152,517	-	-	152,517
Property and equipment, net	263,352	23,862	-	287,214
Assets limited as to use	-	3,526,761	-	3,526,761
	<u>\$ 51,041,886</u>	<u>\$ 42,330,730</u>	<u>\$ -</u>	<u>\$ 93,372,616</u>
Total assets				
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$ 52,110	\$ 23,862	\$ -	\$ 75,972
Accounts payable - related party	40,595	-	-	40,595
Agency fund payable	783,883	-	-	783,883
Inter-company payables	90,441	-	-	90,441
Liabilities under split interest agreements	-	502,766	-	502,766
Accrued interest payable	480	-	-	480
Capital lease obligations	280,889	-	-	280,889
Bonds payable, net	-	38,879,769	-	38,879,769
	<u>1,248,398</u>	<u>39,406,397</u>	<u>-</u>	<u>40,654,795</u>
Total liabilities				
<b>Net assets</b>				
Without donor restrictions	6,415,902	2,924,333	-	9,340,235
With donor restrictions	43,377,586	-	-	43,377,586
	<u>49,793,488</u>	<u>2,924,333</u>	<u>-</u>	<u>52,717,821</u>
Total net assets				
Total liabilities and net assets	<u>\$ 51,041,886</u>	<u>\$ 42,330,730</u>	<u>\$ -</u>	<u>\$ 93,372,616</u>

See Note to Supplemental Information.

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	University of West Georgia Foundation, Inc.	UWG Housing, LLC	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions and special events	\$ 2,290,879	\$ -	\$ -	\$ 2,290,879
Investment income, net of investment fees	149,029	4,832	(339,387)	493,248
Net realized and unrealized (losses) on investments	(215,571)	-	-	(215,571)
Unrealized loss on investment in real estate	(160,000)	-	-	(160,000)
Donated goods and services	1,366,488	-	-	1,366,488
Administrative fees	348,313	-	339,387	8,926
Leasing income:				
Rental revenue	-	424,349	-	424,349
Interest income on direct financing leases	-	1,595,234	-	1,595,234
Total leasing income	-	2,019,583	-	2,019,583
Total revenues and other support	<u>3,779,138</u>	<u>2,024,415</u>	<u>-</u>	<u>5,803,553</u>
<b>EXPENSES</b>				
<b>Program services</b>				
Academic and education	1,337,343	-	-	1,337,343
Other program support	7,850,411	-	-	7,850,411
Campus facilities:				
Insurance	-	55,527	-	55,527
Interest expense	-	1,069,676	-	1,069,676
Professional fees	-	12,681	-	12,681
Property operating expenses	-	32,712	-	32,712
Other operating expenses	-	2,500	-	2,500
Total campus facilities	-	1,173,096	-	1,173,096
Total program services	<u>9,187,754</u>	<u>1,173,096</u>	<u>-</u>	<u>10,360,850</u>
<b>Supporting services</b>				
Administration and general	944,241	-	-	944,241
Fundraising	825,561	-	-	825,561
Total supporting services	<u>1,769,802</u>	<u>-</u>	<u>-</u>	<u>1,769,802</u>
Total expenses	<u>10,957,556</u>	<u>1,173,096</u>	<u>-</u>	<u>12,130,652</u>
CHANGE IN NET ASSETS	<u>(7,178,418)</u>	<u>851,319</u>	<u>-</u>	<u>(6,327,099)</u>
NET ASSETS, BEGINNING	<u>49,793,488</u>	<u>2,924,333</u>	<u>-</u>	<u>52,717,821</u>
TRANSFERS	<u>279,673</u>	<u>(279,673)</u>	<u>-</u>	<u>-</u>
NET ASSETS, ENDING	<u>\$ 42,894,743</u>	<u>\$ 3,495,979</u>	<u>\$ -</u>	<u>\$ 46,390,722</u>

See Note to Supplemental Information.

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	UWG Housing, LLC	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions and special events	\$ 5,276,933	\$ -	\$ -	\$ -	\$ -	\$ 5,276,933
Investment income, net of investment fees	206,844	54,416	70,083	175,881	(319,422)	826,646
Net realized and unrealized gains (losses) on investments	1,299,197	-	(81,309)	-	-	1,217,888
Donated goods and services	1,588,876	-	-	-	-	1,588,876
Administrative fees	327,817	-	-	-	319,422	8,395
Forgiveness of inter-company debt	-	-	-	679,678	679,678	-
Other income	47	-	-	-	-	47
Leasing income:						
Rental revenue	-	305,373	103,140	243,880	-	652,393
Interest income on direct financing leases	-	205,110	499,084	1,426,523	-	2,130,717
Other income	-	-	100,000	-	-	100,000
Total leasing income	-	510,483	702,224	1,670,403	-	2,883,110
Total revenues and other support	<u>8,699,714</u>	<u>564,899</u>	<u>690,998</u>	<u>2,525,962</u>	<u>679,678</u>	<u>11,801,895</u>
<b>EXPENSES</b>						
<b>Program services</b>						
Academic and education	1,390,877	-	-	-	-	1,390,877
Other program support	2,116,832	-	-	-	-	2,116,832
Campus facilities:						
Insurance	-	-	-	41,252	-	41,252
Interest expense	9,091	269,647	411,265	1,211,926	-	1,901,929
Professional fees	-	1,000	850	15,931	-	17,781
Property operating expenses	-	102,145	28,000	247,742	-	377,887
Other operating expenses	2,602	-	2,851	2,950	-	8,403
Bad debt expense on inter-company debt	-	334,852	344,826	-	679,678	-
Loss on extinguishment of bond debt	-	340,370	2,018,602	449,854	-	2,808,826
Total campus facilities	11,693	1,048,014	2,806,394	1,969,655	679,678	5,156,078
Total program services	<u>3,519,402</u>	<u>1,048,014</u>	<u>2,806,394</u>	<u>1,969,655</u>	<u>679,678</u>	<u>8,663,787</u>
<b>Supporting services</b>						
Administration and general	972,153	-	-	-	-	972,153
Fundraising	1,010,427	-	-	-	-	1,010,427
Total supporting services	<u>1,982,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,982,580</u>
<b>Total expenses</b>	<u>5,501,982</u>	<u>1,048,014</u>	<u>2,806,394</u>	<u>1,969,655</u>	<u>679,678</u>	<u>10,646,367</u>
<b>CHANGE IN NET ASSETS</b>	<u>3,197,732</u>	<u>(483,115)</u>	<u>(2,115,396)</u>	<u>556,307</u>	<u>-</u>	<u>1,155,528</u>
<b>NET ASSETS, BEGINNING</b>	<u>46,007,928</u>	<u>2,000,660</u>	<u>3,423,204</u>	<u>130,501</u>	<u>-</u>	<u>51,562,293</u>
<b>TRANSFERS</b>	<u>587,828</u>	<u>(1,517,545)</u>	<u>(1,307,808)</u>	<u>2,237,525</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 49,793,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924,333</u>	<u>\$ -</u>	<u>\$ 52,717,821</u>

See Note to Supplemental Information.



**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTE TO SUPPLEMENTAL INFORMATION**

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**NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS**

For the years ended June 30, 2020 and 2019, the Foundation has presented the investments in Subsidiaries at cost on the consolidating statements of financial position.

# UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents		
Operating	\$ 2,775,855	\$ 4,703,989
Money market deposits	3,774,496	1,940,535
Agency fund assets	678,688	783,883
Prepaid expenses	83,428	2,818
Unconditional promises to give, net	4,947,141	7,145,600
Accounts receivable - related party	345	-
Accrued interest receivable	14,310	805
Investments	30,711,832	35,340,543
Investments in real estate	400,000	560,000
Assets held under split interest agreements	146,243	147,844
Cash surrender value of life insurance policy	174,270	152,517
Property and equipment, net	197,514	263,352
 Total assets	 \$ 43,904,122	 \$ 51,041,886
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,500	\$ 52,110
Accounts payable - related party	-	40,595
Agency fund payable	678,688	783,883
Deferred revenue	4,200	480
Liabilities under split interest agreements	91,819	90,441
Capital lease obligations	228,172	280,889
 Total liabilities	 1,009,379	 1,248,398
 <b>Net assets</b>		
Without donor restrictions	3,442,848	6,415,902
With donor restrictions	39,451,895	43,377,586
 Total net assets	 42,894,743	 49,793,488
 Total liabilities and net assets	 \$ 43,904,122	 \$ 51,041,886

**UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and special events	\$ 1,043,688	\$ 1,247,191	\$ 2,290,879
Investment income, net of investment fees	77,822	71,207	149,029
Net realized and unrealized gains (losses) on investments	(506,630)	291,059	(215,571)
Unrealized loss on investment in real estate	(160,000)	-	(160,000)
Donated goods and services	1,366,488	-	1,366,488
Administrative fees	348,313	-	348,313
	<u>2,169,681</u>	<u>1,609,457</u>	<u>3,779,138</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>5,625,087</u>	<u>(5,625,087)</u>	<u>-</u>
Total revenues and other support	<u>7,794,768</u>	<u>(4,015,630)</u>	<u>3,779,138</u>
<b>EXPENSES</b>			
<b>Program services</b>			
Academic and education	1,337,343	-	1,337,343
Other program support	7,850,411	-	7,850,411
Total program services	<u>9,187,754</u>	<u>-</u>	<u>9,187,754</u>
<b>Supporting services</b>			
Administration and general	944,241	-	944,241
Fundraising	825,561	-	825,561
Total supporting services	<u>1,769,802</u>	<u>-</u>	<u>1,769,802</u>
Total expenses	<u>10,957,556</u>	<u>-</u>	<u>10,957,556</u>
<b>CHANGE IN NET ASSETS</b>	<u>(3,162,788)</u>	<u>(4,015,630)</u>	<u>(7,178,418)</u>
<b>NET ASSETS, BEGINNING</b>	<u>6,415,902</u>	<u>43,377,586</u>	<u>49,793,488</u>
<b>TRANSFERS</b>	<u>279,673</u>	<u>-</u>	<u>279,673</u>
<b>CHANGE IN DONOR INTENT</b>	<u>(89,939)</u>	<u>89,939</u>	<u>-</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 3,442,848</u>	<u>\$ 39,451,895</u>	<u>\$ 42,894,743</u>

# UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and special events	\$ 412,163	\$ 4,864,770	\$ 5,276,933
Investment income, net of investment fees	78,842	128,002	206,844
Net realized and unrealized gain on investments	234,636	1,064,561	1,299,197
Donated goods and services	1,588,876	-	1,588,876
Administrative fees	327,817	-	327,817
Other income	47	-	47
	<u>2,642,381</u>	<u>6,057,333</u>	<u>8,699,714</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,743,500</u>	<u>(2,743,500)</u>	<u>-</u>
Total revenues and other support	<u>5,385,881</u>	<u>3,313,833</u>	<u>8,699,714</u>
<b>EXPENSES</b>			
<b>Program services</b>			
Academic and education	1,390,877	-	1,390,877
Other program support	2,116,832	-	2,116,832
Campus facilities:			
Interest expense	9,091	-	9,091
Other operating expenses	2,602	-	2,602
Total campus facilities	<u>11,693</u>	<u>-</u>	<u>11,693</u>
Total program services	<u>3,519,402</u>	<u>-</u>	<u>3,519,402</u>
<b>Supporting services</b>			
Administration and general	972,153	-	972,153
Fundraising	<u>1,010,427</u>	<u>-</u>	<u>1,010,427</u>
Total supporting services	<u>1,982,580</u>	<u>-</u>	<u>1,982,580</u>
Total expenses	<u>5,501,982</u>	<u>-</u>	<u>5,501,982</u>
<b>CHANGE IN NET ASSETS</b>	<u>(116,101)</u>	<u>3,313,833</u>	<u>3,197,732</u>
<b>NET ASSETS, BEGINNING</b>	<u>5,531,518</u>	<u>40,476,410</u>	<u>46,007,928</u>
<b>CHANGE IN DONOR INTENT</b>	<u>412,657</u>	<u>(412,657)</u>	<u>-</u>
<b>TRANSFERS</b>	<u>587,828</u>	<u>-</u>	<u>587,828</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 6,415,902</u>	<u>\$ 43,377,586</u>	<u>\$ 49,793,488</u>

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

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	<u>Without donor restrictions</u>
<b>REVENUES AND OTHER SUPPORT</b>	
Investment income	\$ 54,416
Leasing income:	
Rental revenue	305,373
Interest income on direct financing leases	205,110
Total leasing income	<u>510,483</u>
Total revenues and other support	<u>564,899</u>
<b>EXPENSES</b>	
<b>Program services</b>	
Campus facilities:	
Interest expense	269,647
Professional fees	1,000
Property operating expenses	102,145
Bad debt expense on inter-company debt	334,852
Loss on extinguishment of bond debt	340,370
Total campus facilities	<u>1,048,014</u>
Total program services	<u>1,048,014</u>
Total expenses	<u>1,048,014</u>
<b>CHANGE IN NET ASSETS</b>	<u>(483,115)</u>
<b>NET ASSETS, BEGINNING</b>	<u>2,000,660</u>
<b>TRANSFERS</b>	<u>(1,517,545)</u>
<b>NET ASSETS, ENDING</b>	<u><u>\$ -</u></u>

# WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without donor restrictions</u>
<b>REVENUES AND OTHER SUPPORT</b>	
Investment income	\$ 70,083
Net realized and unrealized (loss) on investments	(81,309)
Leasing income:	
Rental revenue	103,140
Interest income on direct financing leases	499,084
Other income	100,000
Total leasing income	<u>702,224</u>
Total revenues and other support	<u>690,998</u>
<b>EXPENSES</b>	
<b>Program services</b>	
Campus facilities:	
Interest expense	411,265
Professional fees	850
Property operating expenses	28,000
Other operating expenses	2,851
Bad debt expense on inter-company debt	344,826
Loss on extinguishment of bond debt	2,018,602
Total campus facilities	<u>2,806,394</u>
Total program services	<u>2,806,394</u>
Total expenses	<u>2,806,394</u>
<b>CHANGE IN NET ASSETS</b>	<u>(2,115,396)</u>
<b>NET ASSETS, BEGINNING</b>	<u>3,423,204</u>
<b>TRANSFERS</b>	<u>(1,307,808)</u>
<b>NET ASSETS, ENDING</b>	<u><u>\$ -</u></u>

# UWG HOUSING, LLC

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Net investments in direct financing leases	\$ 36,786,859	\$ 38,780,107
Assets limited as to use	5,821,382	3,526,761
Property and equipment, net	<u>132,000</u>	<u>23,862</u>
Total assets	<u>\$ 42,740,241</u>	<u>\$ 42,330,730</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 140,593	\$ 23,862
Accrued interest payable	845,775	502,766
Bonds payable, net	<u>38,257,894</u>	<u>38,879,769</u>
Total liabilities	<u>39,244,262</u>	<u>39,406,397</u>
 <b>Net Assets</b>		
Without donor restrictions	<u>3,495,979</u>	<u>2,924,333</u>
Total liabilities and net assets	<u>\$ 42,740,241</u>	<u>\$ 42,330,730</u>

# UWG HOUSING, LLC

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Without donor restrictions	
	2020	2019
<b>REVENUES AND OTHER SUPPORT</b>		
Investment income	\$ 4,832	\$ 175,881
Forgiveness of inter-company debt	-	679,678
Leasing income:		
Rental revenue	424,349	243,880
Interest income on direct financing leases	1,595,234	1,426,523
Total leasing income	2,019,583	1,670,403
 Total revenues and other support	 2,024,415	 2,525,962
<b>EXPENSES</b>		
<b>Program services</b>		
Campus facilities:		
Insurance	55,527	41,252
Interest expense	1,069,676	1,211,926
Professional fees	12,681	15,931
Property operating expenses	32,712	247,742
Other operating expenses	2,500	2,950
Loss on extinguishment of bond debt	-	449,854
Total campus facilities	1,173,096	1,969,655
 Total program services	 1,173,096	 1,969,655
 Total expenses	 1,173,096	 1,969,655
 <b>CHANGE IN NET ASSETS</b>	 851,319	 556,307
<b>NET ASSETS, BEGINNING</b>	2,924,333	130,501
<b>TRANSFERS</b>	(279,673)	2,237,525
<b>NET ASSETS, ENDING</b>	\$ 3,495,979	\$ 2,924,333