

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

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2019

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

**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, 2019 and 2018, 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.

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, 2019 and 2018, 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 34 - 47 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, 2019

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and cash equivalents		
Operating	\$ 4,703,989	\$ 4,941,635
Money market deposits	1,940,535	997,819
Agency fund assets	783,883	750,850
Prepaid expenses	2,818	2,818
Unconditional promises to give, net	7,145,600	8,095,065
Accrued interest receivable	805	41,659
Net investments in direct financing leases	38,780,107	41,774,037
Investments	35,340,543	31,854,878
Investments in real estate	560,000	-
Assets held under split interest agreements	147,844	146,314
Cash surrender value of life insurance policy	152,517	130,458
Property and equipment, net	287,214	329,190
Assets limited as to use	3,526,761	10,987,353
	\$ 93,372,616	\$ 100,052,076
 Total assets		
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 75,972	\$ 943,659
Accounts payable - related party	40,595	56,702
Agency fund payable	783,883	750,850
Liabilities under split interest agreements	90,441	85,931
Accrued interest payable	502,766	1,006,146
Deferred revenue	480	-
Capital lease obligations	280,889	329,190
Bonds payable, net	38,879,769	45,317,305
	40,654,795	48,489,783
 Total liabilities		
 Net assets		
Without donor restrictions	9,340,235	11,085,883
With donor restrictions	43,377,586	40,476,410
	52,717,821	51,562,293
 Total net assets		
 Total liabilities and net assets	\$ 93,372,616	\$ 100,052,076

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
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 412,163	\$ 4,864,770	\$ 5,276,933
Investment income, net of investment fees	707,039	128,002	835,041
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
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
EXPENSES			
Program services			
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
Supporting services			
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
CHANGE IN NET ASSETS	(2,158,305)	3,313,833	1,155,528
NET ASSETS, BEGINNING	11,085,883	40,476,410	51,562,293
CHANGE IN DONOR INTENT	412,657	(412,657)	-
NET ASSETS, ENDING	\$ 9,340,235	\$ 43,377,586	\$ 52,717,821

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 591,307	\$ 7,067,739	\$ 7,659,046
Investment income, net of investment fees	595,306	154,572	749,878
Net realized and unrealized gains on investments	239,551	1,592,496	1,832,047
Donated goods and services	1,554,351	-	1,554,351
Other income	1,289	-	1,289
Leasing income:			
Rental revenue	637,642	-	637,642
Interest income on direct financing leases	2,640,007	-	2,640,007
Other income	126,232	-	126,232
Total leasing income	3,403,881	-	3,403,881
Net assets released from restrictions:			
Satisfaction of program restrictions	2,393,674	(2,393,674)	-
Total revenues and other support	8,779,359	6,421,133	15,200,492
EXPENSES			
Program services			
Academic and education	1,331,486	-	1,331,486
Other program support	1,906,579	-	1,906,579
Campus facilities:			
Insurance	37,507	-	37,507
Interest expense	2,342,856	-	2,342,856
Professional fees	9,910	-	9,910
Property operating expenses	937,638	-	937,638
Other operating expenses	11,478	-	11,478
Total campus facilities	3,339,389	-	3,339,389
Total program services	6,577,454	-	6,577,454
Supporting services			
Administration and general	927,057	-	927,057
Fundraising	886,063	-	886,063
Total supporting services	1,813,120	-	1,813,120
Total expenses	8,390,574	-	8,390,574
CHANGE IN NET ASSETS	388,785	6,421,133	6,809,918
NET ASSETS, BEGINNING	10,623,570	34,128,805	44,752,375
CHANGE IN DONOR INTENT	73,528	(73,528)	-
NET ASSETS, ENDING	\$ 11,085,883	\$ 40,476,410	\$ 51,562,293

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		Campus facilities	Total program services	Supporting services			Total
	Academic and education	Other program support			Administration and general	Fundraising		
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ 209,003	\$ -	\$ -	\$ 209,003
Banking and processing fees	-	-	5,801	5,801	19,651	-	-	25,452
Conferences 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
Total expenses	\$ 1,390,877	\$ 2,116,832	\$ 5,156,078	\$ 8,663,787	\$ 972,153	\$ 1,010,427	\$ -	\$ 10,646,367

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, 2018**

	Program services			Supporting services		Total
	Academic and education	Other program support	Campus facilities	Administration and general	Fundraising	
Bad debt expense	\$ -	\$ -	\$ -	\$ 179,675	\$ -	\$ 179,675
Banking and processing fees	-	-	8,200	15,718	-	23,918
Contract services	-	10,607	-	-	1,800	12,407
Equipment	-	23,237	-	-	1,708	24,945
Event expense	-	119,022	-	-	36,825	155,847
Honorariums and speakers	-	85,409	-	-	-	85,409
Insurance	-	5,343	37,598	29,644	-	72,585
Interest expense	-	218	2,342,856	-	-	2,343,074
Marketing and promotions	-	32,559	-	-	2,595	35,154
Meals and entertainment	-	158,349	-	23,375	33,523	215,247
Membership and dues	-	18,205	-	29,958	-	48,163
Miscellaneous	-	33,726	8,391	6,336	2,381	50,834
Printing and reproduction	-	16,378	-	-	-	16,378
Professional fees	-	124,082	2,850	34,117	-	161,049
Program support	-	364,946	-	-	-	364,946
Recognition and awards	-	51,619	-	121	5,481	57,221
Repairs and maintenance	-	105	-	-	-	939,599
Salaries and benefits	-	481,172	-	469,658	679,771	1,630,601
Scholarships	1,331,486	-	-	-	-	1,331,486
Sponsorships	-	83,456	-	11,500	-	94,956
Supplies	-	82,509	-	124,302	87,890	294,701
Travel	-	46,316	-	-	-	46,316
Telecommunications	-	120,600	-	-	-	120,600
Travel	-	48,721	-	2,653	34,089	85,463
Total expenses	\$ 1,331,486	\$ 1,906,579	\$ 3,339,389	\$ 927,057	\$ 886,063	\$ 8,390,574

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**

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	\$ 1,155,528	\$ 6,809,918
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Loss on extinguishment of bond debt	522,461	-
Net realized and unrealized gain on investments	(1,217,888)	(1,832,047)
Depreciation	65,838	-
Amortization of debt issuance costs	63,140	58,796
Amortization of original bond issue net premium	(909,089)	(197,670)
Contributions restricted for long-term investments	(1,093,631)	(734,867)
Contribution of land held for investment	(560,000)	-
Contributions of facility capital improvement projects to the University	249,811	-
Change in value of cash surrender value of life insurance policy	(22,059)	(18,031)
Change in value of split interest agreements	2,980	2,978
Gain on sale of land	-	(26,232)
Decrease (increase) in unconditional promises to give	949,465	(3,257,631)
Decrease in prepaid expenses	-	12,518
Decrease (increase) in accrued interest receivable	40,854	(374)
Decrease in note receivable	-	371,681
(Decrease) increase in accounts payable	(867,687)	624,506
(Decrease) in accounts payable - related party	(16,107)	(10,282)
(Decrease) in accrued interest payable	(176,040)	(22,805)
Increase in deferred revenue	480	-
	(1,811,944)	1,780,458
INVESTING ACTIVITIES		
Principal received on net investments in direct financing leases	41,998,835	1,316,719
Purchase of net investments in direct financing leases	(39,004,905)	-
Sales proceeds of land	-	99,810
Sales proceeds of investments	9,418,555	10,460,583
Purchases of investments	(11,686,332)	(11,796,495)
Purchases of property and equipment	(273,673)	-
	452,480	80,617
FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	1,093,631	734,867
Proceeds from bond issuance	39,688,213	-
Bond redemption	(46,015,002)	(1,310,000)
Debt issuance costs paid	(114,599)	-
Net disbursements (proceeds) from funds held by Trustee	7,460,592	(218,024)
Payments on capital lease obligations	(48,301)	-
	2,064,534	(793,157)
Net cash provided by (used in) financing activities		
Net increase in cash and cash equivalents	705,070	1,067,918
Cash and cash equivalents, at beginning of year	5,939,454	4,871,536
Cash and cash equivalents, at end of year	\$ 6,644,524	\$ 5,939,454
Operating	4,703,989	4,941,635
Money market deposits	1,940,535	997,819
	\$ 6,644,524	\$ 5,939,454
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 2,405,309	\$ 2,365,661
NON-CASH INVESTING AND FINANCING		
Automobiles purchased with capital lease obligation	\$ -	\$ 329,190

See Notes to Consolidated Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2019 and 2018, board designated net assets totaled \$5,723,749 and \$5,057,189, 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

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., University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, and University of West Georgia Housing Project, LLC (formerly known as Evergreen Complex, LLC). The Foundation is the sole member of all of the LLC's. 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

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, 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.

During the year ended June 30, 2018, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$73,528 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 \$1,588,876 and \$1,554,351, respectively, for the year ended June 30, 2019 and 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$86,020 and \$82,220, respectively, for the year ended June 30, 2019 and 2018.

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

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 \$17,795 and \$863,554 as of June 30, 2019 and 2018, 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 2019 and 2018, the Foundation invested money on behalf of the Athletic Foundation. At June 30, 2019 and 2018, the related investment balance held for the Athletic Foundation was \$783,883 and \$750,850, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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, 2019 and 2018, 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.

University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, and UWG Housing, LLC are treated as single member LLCs for federal and state income tax purposes. Since the Foundation is the sole member of the University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, and UWG Housing, LLC, all income, losses, and credits for these LLC's are 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. Donated goods & services 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

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 statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 906,223
Unconditional promises to give	12,782
Board designated endowment distributions and appropriations	257,849
Endowment distributions and appropriations	305,256
	<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 the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Board-designated endowment of \$5,615,743 is subject to an annual spending rate of 4.5% percent as described in Note 13. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts 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. The Foundation withdrew allowed excess surplus reserves from its subsidiaries until March 2019 when debt instruments were refunded as described in Note 9. These funds were transferred to the board designated, quasi-endowment, \$487,827, and also to the Foundation's Capital Campaign, \$100,000, for the fiscal period ended June 30, 2019. It is not anticipated that surplus reserves will be withdrawn from the new debt instrument.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Foundation had a total of \$6,414,504 and \$5,716,697 on deposit with multiple banks as of June 30, 2019 and 2018, respectively. Of this total, \$4,918,361 and \$4,220,800, respectively, was in excess of federally insured limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2019 and 2018, unconditional promises to give consisted of the following:

	2019	2018
Unrestricted pledges	\$ 19,322	\$ 26,056
Restricted pledges	5,941,212	7,013,943
Endowment pledges	1,440,078	1,254,539
Unconditional promises to give before discount and allowance for uncollectible pledges	7,400,612	8,294,538
Less unamortized discount	105,970	124,315
Subtotal	7,294,642	8,170,223
Less allowance for uncollectible pledges	149,042	75,158
	\$ 7,145,600	\$ 8,095,065
Amount due in:		
Less than one year	\$ 2,887,400	\$ 2,942,678
One to three years	3,644,748	4,448,977
More than three years	868,464	902,883
Total	\$ 7,400,612	\$ 8,294,538

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

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 and 2018, consists of the following:

	Life	2019	2018
Automobiles	5	\$ 329,190	\$ 329,190
Construction in progress – Facility capital improvement projects for the benefit of the University	-	23,862	-
		353,052	329,190
Less accumulated depreciation		65,838	-
		\$ 287,214	\$ 329,190

Depreciation expense totaled \$65,838 and \$- for the years ended June 30, 2019 and 2018, respectively.

In 2019, the Foundation contributed \$249,811 of completed facility capital improvement projects to the University. In 2018, the Foundation did not make any completed facility capital improvement project contributions to the University.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2019:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	\$ 406,344	\$ -	\$ -	\$ -	\$ 406,344
Mutual funds	22,984,072	-	-	-	22,984,072
Equity securities	7,976,763	-	-	-	7,976,763
Investments in real estate	-	-	560,000	-	560,000
Alternative investments					
Hedge funds	-	-	-	4,028,121	4,028,121
Private investment fund	-	-	-	729,126	729,126
Total investments	<u>31,367,179</u>	<u>-</u>	<u>560,000</u>	<u>4,757,247</u>	<u>36,684,426</u>
Gift annuity trusts	54,553	-	-	-	54,553
Charitable remainder trusts	-	93,291	-	-	93,291
Total assets held under split interest agreements	<u>54,533</u>	<u>93,291</u>	<u>-</u>	<u>-</u>	<u>147,844</u>
Total assets at fair value	<u>\$ 31,421,712</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.

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, 2019:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Partnership Funds				
JP Morgan Global Access Private Investments Vintage 2014 Offshore, L.P.	\$ 729,126	\$ 290,366	N/A	N/A
Hedge Funds				
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
	<u>\$ 4,757,247</u>	<u>\$ 290,366</u>		

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV Practical Expedient</u>	<u>Total</u>
Money market funds	\$ 318,073	\$ -	\$ -	\$ -	\$ 318,073
Mutual funds	20,870,796	-	-	-	20,870,796
Equity securities	8,473,815	-	-	-	8,473,815
Alternative investments					
Hedge funds	-	-	-	2,302,993	2,302,993
Private investment fund	-	-	-	640,051	640,051
Total investments	<u>29,662,684</u>	<u>-</u>	<u>-</u>	<u>2,943,044</u>	<u>32,605,728</u>
Gift annuity trusts	53,618	-	-	-	53,618
Charitable remainder trusts	-	92,696	-	-	92,696
Total assets held under split interest agreements	53,618	92,696	-	-	146,314
Total assets at fair value	<u>\$ 29,716,302</u>	<u>\$ 92,696</u>	<u>\$ -</u>	<u>\$ 2,943,044</u>	<u>\$ 32,752,042</u>

As of June 30, 2018, the total investments include \$750,850 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, 2018:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Partnership Funds				
JP Morgan Global access Private Investments Vintage 2014 Offshore, L.P.	\$ 640,051	\$ 364,939	N/A	N/A
Hedge Funds				
Lighthouse Diversified Fund Limited	990,351	-	Monthly	90 days
Lighthouse Global Long/Short Fund Limited	1,312,642	-	Monthly	90 days
	<u>\$ 2,943,044</u>	<u>\$ 364,939</u>		

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total minimum lease payments to be received	\$ 52,016,190	\$ 70,781,592
Less unearned income	<u>13,236,083</u>	<u>29,007,555</u>
Net investment	<u>\$ 38,780,107</u>	<u>\$ 41,774,037</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. INVESTMENT IN DIRECT FINANCING LEASES (Continued)

Net minimum lease payments to be received as of June 30, 2019 for each of the next five years and thereafter are:

June 30,	<u>Amount</u>
2020	\$ 1,983,247
2021	2,111,149
2022	2,224,658
2023	2,333,756
2024	2,429,054
2025-2029	14,046,214
2030-2034	6,308,403
2035-2039	7,343,626
	<u>\$ 38,780,107</u>

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. ASSETS LIMITED AS TO USE (Continued)

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.

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, 2019 and 2018 is as follows:

	2019	2018
Debt Service Funds	\$ -	\$ 4,918,998
Interest Funds	502,766	975,861
Operating and Maintenance Funds	-	50,396
Principal Funds	-	1,429,999
Replacement Funds	2,732,233	3,497,579
Surplus Funds	291,762	114,520
	\$ 3,523,761	\$ 10,987,353

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

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%.

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, 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, 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

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, 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 st of fiscal year)	Principal	Interest	Total
2020	\$ -	\$ 1,348,541	\$ 1,348,541
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
2025-2029	11,840,000	5,141,500	16,981,500
2030-2034	6,940,000	2,583,250	9,523,250
2035-2039	6,525,000	1,135,775	7,660,775
Thereafter	1,490,000	37,250	1,527,250
	<u>\$ 34,365,000</u>	<u>\$ 16,281,766</u>	<u>\$ 50,646,766</u>

Summary:

A summary of the components of bonds payable at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Series 2004A West Georgia Foundation Student Housing bonds	\$ -	\$ 12,500,000
Series 2005 University of West Georgia Student Housing bonds	-	8,610,000
Series 2008 Evergreen Complex bonds	-	25,150,000
Refunding Series 2019 UWG Housing Project bonds	34,365,000	-
Unamortized bond issuance costs, net	(808,444)	(538,841)
Unamortized original issue premium (discount), net	5,323,213	(403,854)
	<u>\$ 38,879,769</u>	<u>\$ 45,317,305</u>

Bond interest expense incurred totaled \$1,870,148 and \$2,284,061 for the years ended June 30, 2019 and 2018, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2019:

	Amount
June 30,	
2020	\$ 60,768
2021	60,768
2022	60,768
2023	60,768
2024	60,766
Total minimum lease payments	303,838
Less amount representing interest	(22,949)
Present value of minimum lease payments	\$ 280,889

NOTE 11. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose:		
Chair and professorship	\$ 536,611	\$ 525,961
Program support	4,698,915	4,525,469
Scholarship	6,526,185	6,123,565
Other University support	8,218,501	7,007,451
Total subject to expenditure for specified purpose:	19,980,212	18,182,446
Perpetual in nature:		
Chair and professorship	1,772,137	1,767,306
Program support	4,654,185	4,600,427
Scholarship	16,772,457	15,728,714
Other University support	198,595	197,517
Total perpetual in nature:	23,397,374	22,293,964
Total net assets with donor restrictions:	\$ 43,377,586	\$ 40,476,410

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, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose:		
Cash	\$ 7,000,221	\$ 4,379,399
Accrued interest receivable	630	501
Unconditional promises to give, net	7,132,976	8,079,796
CSV of life insurance policies	149,322	130,458
Assets held under split interest agreements	17,884	19,113
Investments	313,491	400,097
Accounts payable	(57,938)	(15,974)
Accounts payable – related party	-	(25,768)
Total subject to expenditure for specified purpose:	14,555,586	12,967,622
Endowments (perpetual in nature and purpose restrictions):		
Assets held under split interest agreements	93,291	92,696
Investments	28,727,709	27,416,092
Total endowments:	28,821,000	27,508,788
Total net assets with donor restrictions:	\$ 43,377,586	\$ 40,476,410

NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2019 and 2018 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2019	2018
Chair and professorship	\$ 74,694	\$ 50,424
Program support	1,157,105	811,832
Scholarship	1,065,791	834,783
Other University support	445,910	696,635
	\$ 2,743,500	\$ 2,393,674

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2019, the Foundation had \$2,789 of deficiencies in the endowment. At June 30, 2018, the Foundation had \$211 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% for the 2018 and 2019 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, 2019 and 2018 is as follows:

	Quasi- Endowment <i>(Without Donor Restriction)</i>	Endowment <i>(With Donor Restriction)</i>	Total
June 30, 2019			
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>
June 30, 2018			
Board-designated endowment funds	\$ 4,992,875	\$ -	\$ 4,992,875
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	21,004,125	21,004,125
Accumulated investment gains	-	6,504,663	6,504,663
Endowment net assets, end of year	<u>\$ 4,992,875</u>	<u>\$ 27,508,788</u>	<u>\$ 32,501,663</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. ENDOWMENT (Continued)

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

	Quasi- Endowment (Without Donor Restriction)	Endowment (With Donor Restriction)	Total
Endowment net assets, beginning of year	\$ <u>4,992,875</u>	\$ <u>27,508,788</u>	\$ <u>32,501,663</u>
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>

The Changes in Endowment Net Assets for the year ended June 30, 2018 are:

	Quasi- Endowment (Without Donor Restriction)	Endowment (With Donor Restriction)	Total
Endowment net assets, beginning of year	\$ <u>4,140,680</u>	\$ <u>24,842,294</u>	\$ <u>28,982,974</u>
Investment return:			
Investment income, net of investment fees	68,212	151,116	219,328
Realized and unrealized net gains	<u>202,491</u>	<u>1,596,286</u>	<u>1,798,777</u>
Total investment return	270,703	1,747,402	2,018,105
Contributions	-	841,758	841,758
Transfers	581,492	39,870	621,362
Change in donor intent	-	649,404	649,404
Appropriation of endowment assets for expenditure	-	<u>(611,940)</u>	<u>(611,940)</u>
Endowment net assets, end of year	<u>\$ 4,992,875</u>	<u>\$ 27,508,788</u>	<u>\$ 32,501,663</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2019 and 2018, of which members of their upper management were also members of the Foundation's Board of Trustees. Deposits held at the financial institutions totaled \$5,202,674 and \$4,388,062 at June 30, 2019 and 2018, respectively.

In 2016, the holder of a secured note receivable due from a relative of a member of Foundation's Board of Trustees contributed the remaining note of \$602,875 to the Foundation. The note has a zero percent interest rate, annual principal payments of \$86,125, matures in March 2022, and is secured by real estate. When the contribution was received, the Foundation discounted the note receivable at a rate of 5%. In August 2017, the Foundation received payment of the outstanding note in full.

NOTE 15. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through September 4, 2019, the date on which the financial statements were available to be issued.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
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
ASSETS						
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
Net investments in direct financing leases	-	-	-	38,780,107	-	38,780,107
Investments	35,340,543	-	-	-	-	35,340,543
Investments in real estate	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
Total assets	<u>\$ 51,041,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,330,730</u>	<u>\$ -</u>	<u>\$ 93,372,616</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	\$ 52,110	-	-	-	-	\$ 52,110
Accounts payable - related party	40,595	-	-	23,862	-	64,457
Agency fund payable	783,883	-	-	-	-	783,883
Liabilities under split interest agreements	90,441	-	-	-	-	90,441
Accrued interest payable	-	-	-	502,766	-	502,766
Deferred revenue	480	-	-	-	-	480
Capital lease obligations	280,889	-	-	-	-	280,889
Bonds payable, net	-	-	-	38,879,769	-	38,879,769
Total liabilities	<u>1,248,398</u>	<u>-</u>	<u>-</u>	<u>39,406,397</u>	<u>-</u>	<u>40,654,795</u>
Net assets						
Without donor restrictions	6,415,902	-	-	2,924,333	-	9,340,235
With donor restrictions	43,377,586	-	-	-	-	43,377,586
Total net assets	<u>49,793,488</u>	<u>-</u>	<u>-</u>	<u>2,924,333</u>	<u>-</u>	<u>52,717,821</u>
Total liabilities and net assets	<u>\$ 51,041,886</u>	<u>\$ -</u>	<u>\$ -</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 FINANCIAL POSITION
JUNE 30, 2018**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
ASSETS							
Cash and cash equivalents							
Operating	\$ 4,941,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,941,635
Money market deposits	997,819	-	-	-	-	-	997,819
Agency fund assets	750,850	-	-	-	-	-	750,850
Prepaid expenses	2,818	-	-	-	-	-	2,818
Unconditional promises to give, net	8,095,065	-	-	-	-	-	8,095,065
Accrued interest receivable	682	17,764	23,213	-	-	-	41,659
Inter-company receivables	-	334,853	344,825	-	-	-	-
Net investments in direct financing leases	-	7,314,756	12,282,429	22,176,852	-	679,678	41,774,037
Investments	31,854,878	-	-	-	-	-	31,854,878
Assets held under split interest agreements	146,314	-	-	-	-	-	146,314
Cash surrender value of life insurance policy	130,458	-	-	-	-	-	130,458
Property and equipment, net	329,190	-	-	-	-	-	329,190
Assets limited as to use	-	3,362,275	3,810,402	3,814,676	-	-	10,987,353
Total assets	<u>\$ 47,249,709</u>	<u>\$ 11,029,648</u>	<u>\$ 16,460,869</u>	<u>\$ 25,991,528</u>	<u>\$ -</u>	<u>\$ 679,678</u>	<u>\$ 100,052,076</u>
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 19,108	\$ 477,690	\$ 446,861	\$ -	\$ -	\$ -	\$ 943,659
Accounts payable - related party	56,702	-	-	-	-	-	56,702
Agency fund payable	750,850	-	-	-	-	-	750,850
Inter-company payables	-	-	-	679,678	-	679,678	-
Liabilities under split interest agreements	85,931	-	-	-	-	-	85,931
Accrued interest payable	-	152,034	201,925	652,187	-	-	1,006,146
Capital lease obligations	329,190	-	-	-	-	-	329,190
Bonds payable, net	-	8,399,264	12,388,879	24,529,162	-	-	45,317,305
Total liabilities	<u>1,241,781</u>	<u>9,028,988</u>	<u>13,037,665</u>	<u>25,861,027</u>	<u>-</u>	<u>679,678</u>	<u>48,489,783</u>
Net assets							
Without donor restrictions	5,531,518	2,000,660	3,423,204	130,501	-	-	11,085,883
With donor restrictions	40,476,410	-	-	-	-	-	40,476,410
Total net assets	<u>46,007,928</u>	<u>2,000,660</u>	<u>3,423,204</u>	<u>130,501</u>	<u>-</u>	<u>-</u>	<u>51,562,293</u>
Total liabilities and net assets	<u>\$ 47,249,709</u>	<u>\$ 11,029,648</u>	<u>\$ 16,460,869</u>	<u>\$ 25,991,528</u>	<u>\$ -</u>	<u>\$ 679,678</u>	<u>\$ 100,052,076</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
REVENUES AND OTHER SUPPORT						
Contributions and special events	5,276,933	-	-	-	-	5,276,933
Investment income, net of investment fees	206,844	54,416	70,083	175,881	(327,817)	835,041
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	-	-	-	327,817	-
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	8,699,714	564,899	690,998	2,525,962	679,678	11,801,895
EXPENSES						
Program services						
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	5,156,076
Total program services	3,519,402	1,048,014	2,806,394	1,969,655	679,678	8,663,787
Supporting services						
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	5,501,982	1,048,014	2,806,394	1,969,655	679,678	10,646,367
CHANGE IN NET ASSETS	3,197,732	(483,115)	(2,115,396)	556,307	-	1,155,528
NET ASSETS, BEGINNING	46,007,928	2,000,660	3,423,204	130,501	-	51,562,293
TRANSFERS	587,828	(1,517,545)	(1,307,808)	2,237,525	-	-
NET ASSETS, ENDING	\$ 49,793,488	\$ -	\$ -	\$ 2,924,333	\$ -	\$ 52,717,821

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
REVENUES AND OTHER SUPPORT							
Contributions and special events	\$ 7,659,046	-	-	-	-	-	\$ 7,659,046
Investment income, net of investment fees	187,445	60,272	86,896	103,881	-	(311,384)	749,878
Net realized and unrealized gains (losses) on investments	1,843,702	-	(11,655)	-	-	-	1,832,047
Donated goods and services	1,554,351	-	-	-	-	-	1,554,351
Administrative fees	311,384	-	-	-	-	311,384	-
Other income	1,289	-	-	-	-	-	1,289
Leasing income:							
Rental revenue	-	429,357	150,204	58,081	-	-	637,642
Interest income on direct financing leases	-	328,252	783,626	1,528,129	-	-	2,640,007
Other income	-	-	100,000	-	26,232	-	126,232
Total leasing income	-	757,609	1,033,830	1,586,210	26,232	-	3,403,881
Total revenues and other support	11,557,217	817,881	1,109,071	1,690,091	26,232	-	15,200,492
EXPENSES							
Program services							
Academic and education	1,331,486	-	-	-	-	-	1,331,486
Other program support	1,906,579	-	-	-	-	-	1,906,579
Campus facilities:							
Insurance	-	-	-	37,507	-	-	37,507
Interest expense	-	395,316	612,169	1,335,371	-	-	2,342,856
Professional fees	-	2,772	850	6,288	-	-	9,910
Property operating expenses	-	483,508	454,130	-	-	-	937,638
Other operating expenses	-	3,875	2,825	4,766	12	-	11,478
Total campus facilities	-	885,471	1,069,974	1,383,932	12	-	3,339,389
Total program services	3,238,065	885,471	1,069,974	1,383,932	12	-	6,577,454
Supporting services							
Administration and general	927,057	-	-	-	-	-	927,057
Fundraising	886,063	-	-	-	-	-	886,063
Total supporting services	1,813,120	-	-	-	-	-	1,813,120
Total expenses	5,051,185	885,471	1,069,974	1,383,932	12	-	8,390,574
CHANGE IN NET ASSETS	6,506,032	(67,590)	39,097	306,159	26,220	-	6,809,918
NET ASSETS (DEFICIT), BEGINNING	38,855,516	2,309,067	3,573,612	(59,398)	73,578	-	44,752,375
TRANSFERS	646,380	(240,817)	(189,505)	(116,260)	(99,798)	-	-
NET ASSETS, ENDING	\$ 46,007,928	\$ 2,000,660	\$ 3,423,204	\$ 130,501	\$ -	\$ -	\$ 51,562,293

See Note to Supplemental Information.

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

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018, 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, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents		
Operating	\$ 4,703,989	\$ 4,941,635
Money market deposits	1,940,535	997,819
Agency fund assets	783,883	750,850
Prepaid expenses	2,818	2,818
Unconditional promises to give, net	7,145,600	8,095,065
Accrued interest receivable	805	682
Investments	35,340,543	31,854,878
Investments in real estate	560,000	-
Assets held under split interest agreements	147,844	146,314
Cash surrender value of life insurance policy	152,517	130,458
Property and equipment, net	263,352	329,190
 Total assets	 \$ 51,041,886	 \$ 47,249,709
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 52,110	\$ 19,108
Accounts payable - related party	40,595	56,702
Agency fund payable	783,883	750,850
Deferred revenue	480	-
Accounts payable	90,441	85,931
Capital lease obligations	280,889	329,190
 Total liabilities	 1,248,398	 1,241,781
 Net assets		
Without donor restriction	6,415,902	5,531,518
With donor restriction	43,377,586	40,476,410
 Total net assets	 49,793,488	 46,007,928
 Total liabilities and net assets	 \$ 51,041,886	 \$ 47,249,709

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
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
	2,642,381	6,057,333	8,699,714
Net assets released from restrictions:			
Satisfaction of program restrictions	2,743,500	(2,743,500)	-
Total revenues and other support	5,385,881	3,313,833	8,699,714
EXPENSES			
Program services			
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	11,693	-	11,693
Total program services	3,519,402	-	3,519,402
Supporting services			
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	5,501,982	-	5,501,982
CHANGE IN NET ASSETS	(116,101)	3,313,833	3,197,732
NET ASSETS, BEGINNING	5,531,518	40,476,410	46,007,928
CHANGE IN DONOR INTENT	412,657	(412,657)	-
TRANSFERS	587,828	-	587,828
NET ASSETS, ENDING	\$ 6,415,902	\$ 43,377,586	\$ 49,793,488

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 591,307	\$ 7,067,739	\$ 7,659,046
Investment income, net of investment fees	32,873	154,572	187,445
Net realized and unrealized gain on investments	251,206	1,592,496	1,843,702
Donated goods and services	1,554,351	-	1,554,351
Administrative fees	311,384	-	311,384
Other income	1,289	-	1,289
	2,742,410	8,814,807	11,557,217
Net assets released from restrictions:			
Satisfaction of program restrictions	2,393,674	(2,393,674)	-
Total revenues and other support	5,136,084	6,421,133	11,557,217
EXPENSES			
Program services			
Academic and education	1,331,486	-	1,331,486
Other program support	1,906,579	-	1,906,579
Campus facilities:			
Interest expense	-	-	-
Other operating expenses	-	-	-
Total campus facilities	-	-	-
Total program services	3,238,065	-	3,238,065
Supporting services			
Administration and general	927,057	-	927,057
Fundraising	886,063	-	886,063
Total supporting services	1,813,120	-	1,813,120
Total expenses	5,051,185	-	5,051,185
CHANGE IN NET ASSETS	84,899	6,421,133	6,506,032
NET ASSETS, BEGINNING	4,726,711	34,128,805	38,855,516
CHANGE IN DONOR INTENT	73,528	(73,528)	-
TRANSFERS	646,380	-	646,380
NET ASSETS, ENDING	\$ 5,531,518	\$ 40,476,410	\$ 46,007,928

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Accrued interest receivable	\$ -	\$ 17,764
Inter-company receivables	-	334,853
Net investments in direct financing leases	-	7,314,756
Assets limited as to use	-	3,362,275
 Total assets	 \$ -	 \$ 11,029,648
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ -	\$ 477,690
Accrued interest payable	-	152,034
Bonds payable, net	-	8,399,264
 Total liabilities	 -	 9,028,988
 Net Assets		
Without donor restrictions	-	2,000,660
 Total liabilities and net assets	 \$ -	 \$ 11,029,648
Accounts payable		

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Without donor restrictions	
	2019	2018
REVENUES AND OTHER SUPPORT		
Investment income	\$ 54,416	\$ 60,272
Leasing income:		
Rental revenue	305,373	429,357
Interest income on direct financing leases	205,110	328,252
Total leasing income	510,483	757,609
Total revenues and other support	564,899	817,881
EXPENSES		
Program services		
Campus facilities:		
Interest expense	269,647	395,316
Professional fees	1,000	2,772
Property operating expenses	102,145	483,508
Other operating expenses	-	3,875
Bad debt expense on inter-company debt	334,852	-
Loss on extinguishment of bond debt	340,370	-
Total campus facilities	1,048,014	885,471
Total program services	1,048,014	885,471
Total expenses	1,048,014	885,471
CHANGE IN NET ASSETS	(483,115)	(67,590)
NET ASSETS, BEGINNING	2,000,660	2,309,067
TRANSFERS	(1,517,545)	(240,817)
NET ASSETS, ENDING	\$ -	\$ 2,000,660

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Accrued interest receivable	\$ -	\$ 23,213
Inter-company receivables	-	344,825
Net investments in direct financing leases	-	12,282,429
Assets limited as to use	-	<u>3,810,402</u>
Total assets	<u>\$ -</u>	<u>\$ 16,460,869</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ -	\$ 446,861
Accrued interest payable	-	201,925
Bonds payable, net	-	<u>12,388,879</u>
Total liabilities	<u>-</u>	<u>13,037,665</u>
Net Assets		
Without donor restrictions	-	<u>3,423,204</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 16,460,869</u>

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Without donor restrictions	
	2019	2018
REVENUES AND OTHER SUPPORT		
Investment income	\$ 70,083	\$ 86,896
Net realized and unrealized (loss) on investments	(81,309)	(11,655)
Leasing income:		
Rental revenue	103,140	150,204
Interest income on direct financing leases	499,084	783,626
Other income	100,000	100,000
Total leasing income	702,224	1,033,830
Total revenues and other support	690,998	1,109,071
EXPENSES		
Program services		
Campus facilities:		
Interest expense	411,265	612,169
Professional fees	850	850
Property operating expenses	28,000	454,130
Other operating expenses	2,851	2,825
Bad debt expense on inter-company debt	344,826	-
Loss on extinguishment of bond debt	2,018,602	-
Total campus facilities	2,806,394	1,069,974
Total program services	2,806,394	1,069,974
Total expenses	2,806,394	1,069,974
CHANGE IN NET ASSETS	(2,115,396)	39,097
NET ASSETS, BEGINNING	3,423,204	3,573,612
TRANSFERS	(1,307,808)	(189,505)
NET ASSETS, ENDING	\$ -	\$ 3,423,204

UWG HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Net investments in direct financing leases	\$ 38,780,107	\$ 22,176,852
Assets limited as to use	3,526,761	3,814,676
Property and equipment, net	<u>23,862</u>	<u>-</u>
Total assets	<u>\$ 42,330,730</u>	<u>\$ 25,991,528</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 23,862	\$ -
Inter-company payables	-	679,678
Accrued interest payable	502,766	652,187
Bonds payable, net	<u>38,879,769</u>	<u>24,529,162</u>
Total liabilities	<u>39,406,397</u>	<u>25,861,027</u>
Net Assets		
Without donor restrictions	<u>2,924,333</u>	<u>130,501</u>
Total liabilities and net assets	<u>\$ 42,330,730</u>	<u>\$ 25,991,528</u>

UWG HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Without donor restrictions	
	2019	2018
REVENUES AND OTHER SUPPORT		
Investment income	\$ 175,881	\$ 103,881
Forgiveness of inter-company debt	679,678	-
Leasing income:		
Rental revenue	243,880	58,081
Interest income on direct financing leases	1,426,523	1,528,129
Total leasing income	1,670,403	1,586,210
Total revenues and other support	2,525,962	1,690,091
EXPENSES		
Program services		
Campus facilities:		
Insurance	41,252	37,507
Interest expense	1,211,926	1,335,371
Professional fees	15,931	6,288
Property operating expenses	247,742	-
Other operating expenses	2,950	4,766
Loss on extinguishment of bond debt	449,854	-
Total campus facilities	1,969,655	1,383,932
Total program services	1,969,655	1,383,932
Total expenses	1,969,655	1,383,932
CHANGE IN NET ASSETS	556,307	306,159
NET ASSETS (DEFICIT), BEGINNING	130,501	(59,398)
TRANSFERS	2,237,525	(116,260)
NET ASSETS, ENDING	\$ 2,924,333	\$ 130,501