

**UNIVERSITY OF WEST GEORGIA
FOUNDATIONS**

COMBINED FINANCIAL REPORT

JUNE 30, 2023

DRAFT

UNIVERSITY OF WEST GEORGIA FOUNDATIONS

COMBINED FINANCIAL REPORT JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of

the University of West Georgia Foundation, Inc. and Subsidiary,

the UWG Real Estate Foundation, Inc. and Subsidiaries, and the UWG Athletic Foundation, Inc.

Carrollton, Georgia

Opinion

We have audited the accompanying combined financial statements of the **University of West Georgia Foundations** (made up of the University of West Georgia Foundation, Inc. and Subsidiary (a nonprofit organization), the UWG Real Estate Foundation, Inc. and Subsidiaries (a nonprofit organization) and the UWG Athletic Foundation, Inc. (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the University of West Georgia Foundations as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 16, the combined financial statements were adjusted for the year ended June 30, 2022 to reflect the direct financing leases actual construction costs at lease inception and to amortize the bond issuance premiums (discounts) using the effective interest method of the bond series issuances.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of West Georgia Foundations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of West Georgia Foundations' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Atlanta, Georgia

DATE, 2023

UNIVERSITY OF WEST GEORGIA FOUNDATIONS

COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

Cash and cash equivalents	
Operating	\$ 5,536,814
Money market deposits	2,138
Prepaid expenses	19,577
Unconditional promises to give, net	11,619,015
Accounts receivable - related party	6,496
Accrued interest receivable	4,426
Accounts receivable	15,065
Net investments in direct financing leases	131,621,693
Investments	45,839,135
Assets held under split interest agreements	147,727
Cash surrender value of life insurance policy	231,524
Assets limited as to use	18,065,999
Total assets	\$ 213,109,609

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 3,638,297
Liabilities under split interest agreements	102,240
Accrued interest payable	1,625,958
Deferred revenue	135,803
Financing lease liability	59,747
Bonds payable, net	130,992,603
Total liabilities	136,554,648

Net assets

Without donor restrictions	
Undesignated	17,280,632
Board designated	5,025,149
Total without donor restrictions	22,305,781
With donor restrictions	54,249,180
Total net assets	76,554,961
Total liabilities and net assets	\$ 213,109,609

See Notes to Combined Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATIONS

COMBINED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 1,565,146	\$ 13,617,019	\$ 15,182,165
In-kind contributions	2,093,652	70,025	2,163,677
Investment income, net of investment fees	677,185	726,629	1,403,814
Net realized and unrealized gains on investments	379,316	2,338,385	2,717,701
Athletic program revenue	201,171	6,335	207,506
Leasing income:			
Rental revenue	973,493	-	973,493
Interest income on direct financing leases	6,367,447	-	6,367,447
Other income	1,694,761	-	1,694,761
Total leasing income	9,035,701	-	9,035,701
Net assets released from restrictions:			
Satisfaction of program restrictions	3,637,672	(3,637,672)	-
Total revenues and other support	17,589,843	13,120,721	30,710,564
EXPENSES			
Program services			
Academic and education	2,096,545	-	2,096,545
Other program support	3,104,284	-	3,104,284
Campus facilities:			
Insurance	53,921	-	53,921
Interest expense	4,889,204	-	4,889,204
Professional fees	78,536	-	78,536
Contribution expense of facility projects to the University	5,367,319	-	5,367,319
Salaries and benefits	27,473	-	27,473
Total campus facilities	10,416,453	-	10,416,453
Total program services	15,617,282	-	15,617,282
Supporting services			
Administration and general	1,094,180	-	1,094,180
Fundraising	933,029	-	933,029
Total supporting services	2,027,209	-	2,027,209
Total expenses	17,644,491	-	17,644,491
CHANGE IN NET ASSETS	(54,648)	13,120,721	13,066,073
NET ASSETS, BEGINNING (As previously stated)	19,396,560	41,127,649	60,524,209
PRIOR PERIOD ADJUSTMENT (See Note 16)	2,964,679	-	2,964,679
NET ASSETS, BEGINNING (As restated)	22,361,239	41,127,649	63,488,888
CHANGE IN DONOR INTENT	(810)	810	-
NET ASSETS, ENDING	\$ 22,305,781	\$ 54,249,180	\$ 76,554,961

See Notes to Combined Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATIONS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program services		Campus facilities	Total program services	Supporting services		Total
	Academic and education	Other program support			Administration and general	Fundraising	
Advertising	\$ -	2,419	\$ -	\$ 2,419	\$ -	1,089	\$ 3,508
Apparel	-	97,969	-	97,969	-	5,529	103,498
Auction items	-	-	-	-	-	26,506	26,506
Awards and recognition	-	143,691	-	143,691	2,501	10,668	156,860
Bad debt expense	-	-	-	-	226,242	-	226,242
Banking and processing fees	-	760	11,931	12,691	35,990	-	48,681
Bond administration expenses	-	-	26,020	26,020	-	-	26,020
Camp expense	-	1,947	-	1,947	-	-	1,947
Competitions	-	965	-	965	-	-	965
Conferences and seminars	-	24,972	-	24,972	4,003	-	28,975
Contract services	-	149,398	-	149,398	-	-	149,398
Decorations	-	-	-	-	-	27,284	27,284
Depreciation	-	-	-	-	65,838	-	65,838
Equipment	-	22,916	-	22,916	-	-	22,916
Event expense	-	296,668	-	296,668	-	63,080	359,748
Insurance	-	18,355	53,921	72,276	48,617	-	120,893
Interest expense	-	-	4,889,204	4,889,204	2,860	-	4,892,064
License and permits	-	-	-	-	140	-	140
Lodging	-	90,527	-	90,527	5,295	778	96,600
Marketing and promotions	-	9,444	-	9,444	-	-	9,444
Meals and entertainment	-	662,428	-	662,428	14,969	112,490	789,887
Membership and dues	-	52,831	-	52,831	8,768	11,972	73,571
Miscellaneous	-	16,399	-	16,399	655	936	17,990
Postage and shipping	-	1,448	-	1,448	78	688	2,214
Printing and reproduction	-	12,065	-	12,065	355	-	12,420
Professional fees	-	27,811	40,585	68,396	112,150	-	180,546
Program support	-	186,981	-	186,981	-	-	186,981
Publications and subscriptions	-	2,464	-	2,464	15	-	2,479
Rentals	-	371,530	-	371,530	26,193	23,992	421,715
Repairs and maintenance	-	9,850	5,367,319	5,377,169	-	-	5,377,169
Salaries and benefits	-	631,121	27,473	658,594	499,402	554,386	1,712,382
Scholarships	2,096,545	-	-	2,096,545	-	-	2,096,545
Speaker Honorariums	-	37,970	-	37,970	-	-	37,970
Sponsorships	-	79,832	-	79,832	1,942	-	81,774
Supplies	-	64,519	-	64,519	22,866	89,224	176,609
Taxes	-	-	-	-	1,832	-	1,832
Technology	-	4,000	-	4,000	-	-	4,000
Telecommunications	-	15,393	-	15,393	7,500	-	22,893
Travel	-	67,611	-	67,611	-	-	67,611
Total expenses	\$ 2,096,545	\$ 3,104,284	\$ 10,416,453	\$ 15,617,282	\$ 1,094,180	\$ 933,029	\$ 17,644,491

See Notes to Combined Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATIONS

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

OPERATING ACTIVITIES

Change in net assets	\$ 13,066,073
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized (gains) on investments	(2,482,701)
(Recovery of) provision for doubtful accounts	(53,617)
Depreciation	65,838
Amortization of debt issuance costs	238,086
Amortization of original bond issue net premium	(1,345,248)
Contributions restricted for long-term investments	(6,747,896)
Contributions of facility projects to the University	51,833
Change in value of cash surrender value of life insurance policy	(12,120)
Change in value of split interest agreements	2,979
(Increase) in prepaid expenses	(8,330)
(Increase) in unconditional promises to give	(8,146,263)
Decrease in accounts receivable - related party	190,967
(Increase) in accounts receivable	(15,065)
(Increase) in accrued interest receivable	(2,780)
Decrease in net investments in direct financing leases	6,006,441
Increase in accounts payable	3,379,497
(Decrease) in accrued interest payable	(86,919)
Increase in deferred revenue	58,723
Net cash provided by operating activities	<u>4,159,498</u>

INVESTING ACTIVITIES

Proceeds from sales of investments	23,197,555
Purchases of investments	<u>(29,141,242)</u>
Net cash (used in) investing activities	<u>(5,943,687)</u>

FINANCING ACTIVITIES

Proceeds from contributions restricted for investment in endowment	6,747,896
Bond redemption	(5,850,000)
Principal payments on financing lease liability	<u>(57,908)</u>
Net cash provided by financing activities	<u>839,988</u>

Net decrease in cash and cash equivalents (944,201)

Cash and cash equivalents, at beginning of year 24,549,152

Cash and cash equivalents, at end of year \$ 23,604,951

Operating	5,536,814
Money market deposits	2,138
Assets limited as to use	<u>18,065,999</u>
	<u>\$ 23,604,951</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid	<u>\$ 4,065,772</u>
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See Notes to Combined Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATIONS

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

The combined financial statements include the consolidated financial statements of the University of West Georgia Foundation, Inc. and Subsidiary (the "Philanthropic Foundation"), the consolidated financial statements of the UWG Real Estate Foundation, Inc. and Subsidiaries (the "Real Estate Foundation"), and the financial statements of the UWG Athletic Foundation, Inc. (the "Athletic Foundation") (collectively referred to as "University of West Georgia (UWG) Foundations").

The Philanthropic 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 Philanthropic 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.

The Philanthropic Foundation is the sole member of a Georgia limited liability company (LLC), UWG Housing, LLC, who holds title to all assets and associated conduit debt of various construction projects.

The Real Estate Foundation is a nonprofit foundation that was formed and incorporated under the laws of the State of Georgia in 2004 to construct research and auxiliary buildings and facilities for the use by the University through leases. The majority of the resources or income that the Real Estate Foundation holds and invests is restrict to real estate activities of the University.

The Real Estate Foundation is the sole member of several Georgia LLCs, noted below, who hold title to all assets and associated conduit debt of various construction projects.

UWG Campus Center, LLC ("Campus Center") was created to finance or reimburse the cost of the renovation of the existing health and education building and the construction and equipping of a new Campus Center located on the campus of the University.

UWG Athletic Complex, LLC ("Athletic Complex") was created to finance or reimburse the cost of the construction and equipping of the new Athletic Complex located on a 37-acre tract that is part of 244 acres of land adjacent to the University campus that was donated to the Board of Regents by the City of Carrollton, Georgia.

Roberts Field, LLC ("Roberts Field") was created to finance or reimburse the cost of the construction, improvement, and equipping of real and personal property to be used as a student housing facility containing approximately 610 beds and related amenities, which includes a convenience store, student assembly space, and may include parking and other student housing amenities located on a 4.45 acre tract of land.

NOTES TO COMBINED FINANCIAL STATEMENTS

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

Nature of activities: (Continued)

UWG Phase II, LLC ("Phase II") was created to finance or reimburse the cost of the construction and equipping of approximately 473 beds of student housing and related amenities, the renovation of Bowdon Hall consisting of approximately 285 beds of student housing and the construction and equipping of a dining facility with seating for approximately 320 persons including housing and resident life offices and related amenities containing 30,896 square feet located on campus.

The Athletic Foundation is a nonprofit foundation that was formed and incorporated under the laws of the State of Georgia in 2013 to promote the athletic programs of the University by supporting excellence in academics, community service and athletic competition.

Significant accounting policies:

Basis of combined financial statements:

The UWG Foundations have common control and common management and have determined combined financial statements are more meaningful than separate financial statements. All significant intercompany transactions and balances have been eliminated.

Basis of consolidation:

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

The consolidated financial statements of the UWG Real Estate Foundation, Inc. and Subsidiaries includes the accounts of the UWG Real Estate Foundation, Inc., UWG Campus Center, LLC, UWG Athletic Complex, LLC, Roberts Field, LLC, and UWG Phase II, LLC. The Real Estate Foundation is the sole member of these LLCs. Intercompany accounts and all significant intercompany transactions have been eliminated.

Basis of presentation:

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

NOTES TO COMBINED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Basis of presentation: (Continued)

The UWG Foundations present their combined financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the UWG Foundations are required to report information regarding their financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 UWG Foundations. 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, 2023, board designated net assets totaled \$5,025,149.

Board designated net assets are designated for the following purposes as of June 30, 2023:

Subject to expenditure for specified purpose:	
Scholarships	\$ 12,140
Student support	3,168
Board designated endowment	5,009,841
Total board designated net assets:	<u>\$ 5,025,149</u>

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.

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 unconditional promises to give is based on specifically identified amounts that the UWG Foundations believe to be uncollectible, plus certain percentages of aged unconditional promises to give, which are determined based on historical experience and management's assessment of the general financial conditions affecting the UWG Foundations' donor base. If actual collections experience changes, revisions to the allowance may be required.

NOTES TO COMBINED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

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 UWG Foundations believe they mitigate 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 UWG Foundations' long-term investment strategies.

Split interest agreements:

The Philanthropic Foundation is the beneficiary of split interest agreements that include a charitable remainder annuity trust and charitable gift annuity, for which the Philanthropic Foundation also serves as the trustee. Under these agreements, the Philanthropic Foundation is the named remainder principal beneficiary in which the Philanthropic 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 Philanthropic 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 combined statement of activities. The Philanthropic 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, 2023, the Philanthropic Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$810 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 combined 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 UWG Foundations, is reflected under supporting services as administration and general and fundraising expenses in the accompanying combined statement of activities. Donated goods and services totaled \$2,163,677 for the year ended June 30, 2023.

NOTES TO COMBINED 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 \$115,604 for the year ended June 30, 2023.

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 combined financial statements.

Investments in real estate:

Investments in real estate consists of donated real estate property that the UWG Foundations have 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 UWG Foundations lease 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 their stated purpose as not-for-profit organizations, the UWG Foundations structure 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 COMBINED 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 and building and facility improvements in excess of \$100,000 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 \$2,183,879 as of June 30, 2023.

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:

The Philanthropic Foundation acts as agent on behalf of the Athletic Foundation. In certain instances, the Philanthropic Foundation collects cash funds from the Athletic Foundation to pay scholarship expenses and other operating costs on their behalf. In 2023, the Philanthropic Foundation invested money on behalf of the Athletic Foundation. At June 30, 2023, the related investment balance held for the Athletic Foundation was \$1,463,830. The Philanthropic Foundation charges an administrative fee of 1.25% to support unrestricted activities on these balances that totaled \$11,822 for the year ended June 30, 2023 and was eliminated on the accompanying combined statement of activities.

NOTES TO COMBINED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Use of estimates:

The Foundation prepares its combined 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 combined 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 UWG Foundations follow 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 COMBINED 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 UWG Foundations use various methods including market, income and cost approaches.

Based on these approaches, the UWG Foundations 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 UWG Foundations utilize 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 UWG Foundations are 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 UWG Foundations believe their 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 COMBINED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

For the year ended June 30, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Income tax status:

Philanthropic Foundation

The Philanthropic 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 Philanthropic 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 Philanthropic Foundation's income tax returns.

Real Estate Foundation

The Real Estate 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 Real Estate Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

UWG Campus Center, LLC, UWG Athletic Complex, LLC, Roberts Field, LLC and UWG Phase II, LLC are treated as a single member LLCs for federal and state income tax purposes. Since the Real Estate Foundation is the sole member of UWG Campus Center, LLC, UWG Athletic Complex, LLC, Roberts Field, LLC and UWG Phase II, LLC, all income, losses, and credits for the LLCs are reported on the Real Estate Foundation's income tax returns.

NOTES TO COMBINED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Income tax status: (Continued)

Athletic Foundation

The Athletic 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 Athletic Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

The UWG Foundations follow the statutory requirements for their 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 UWG Foundations' tax-exempt status would not have a material effect on the UWG Foundations' combined financial statements.

The UWG Foundations file 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 combined statement of activities and combined statement 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 UWG Foundations.

NOTES TO COMBINED 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 of the combined statement of financial position as of June 30, 2023, comprise the following:

Cash and cash equivalents	\$ 2,195,873
Unconditional promises to give	68,302
Board designated endowment distributions and appropriations	488,348
Endowment distributions and appropriations	447,010
	<u>\$ 3,199,533</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, 2023, board-designated quasi-endowment funds of \$5,009,841 are subject to an annual spending rate of 4.25%, and an annual administrative fee of 1.25% as described in Note 13. The board designates the spending allocation from the quasi-endowment to fund priorities of the university. As of June 30, 2023, amounts appropriated from the quasi-endowment for general expenditure as part of the Board's annual without donor restriction funding requests process is \$488,348 for the upcoming fiscal year. As of June 30, 2023, amounts appropriated from the endowment's administrative fee and the UWG Foundations' annual fund for general expenditure were \$447,010 for the upcoming fiscal year.

In 2020, the Philanthropic 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 is being replenished as pledge payments are received. Although the Philanthropic Foundation does not intend to spend from this investment account above, the funds could be made available (if necessary).

As part of a liquidity management plan, the UWG Foundations invest cash in excess of daily requirements in short-term investments, mainly money market funds. The Philanthropic Foundation utilizes "sweep" accounts which generated \$29,609 for general operations for the years ended June 30, 2023. In 2023, the Philanthropic Foundation withdrew allowed excess surplus reserves from its subsidiary of \$100,000.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3. CONCENTRATION OF DEPOSIT RISK

The Foundation had a total of \$5,589,744 on deposit with multiple banks as of June 30, 2023. Of this total, \$4,743,340 was in excess of federally insured limits.

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2023, unconditional promises to give consisted of the following:

	Philanthropic Foundation	Athletic Foundation	Total
Without donor restrictions	\$ 7,866	\$ 78,336	\$ 86,202
With donor restrictions	6,756,506	223,270	6,979,776
Endowment	5,053,128	80,706	5,133,834
Unconditional promises to give before discount and allowance for uncollectible promises to give	11,817,500	382,312	12,199,812
Less unamortized discount	322,793	13,857	336,650
Subtotal	11,494,707	368,455	11,863,162
Less allowance for uncollectible promises to give	183,586	60,561	244,147
	<u>\$ 11,311,121</u>	<u>\$ 307,894</u>	<u>\$ 11,619,015</u>
Amount due in:			
Less than one year	\$ 5,355,640	\$ 139,412	5,495,052
One to three years	6,324,660	231,100	6,555,760
More than three years	137,200	11,800	149,000
Total	<u>\$ 11,817,500</u>	<u>\$ 382,312</u>	<u>\$ 12,199,812</u>

For the years ending June 30, 2023, the discount rate used was 5.24% as a risk-free interest rate on outstanding balances excess of one year.

As of June 30, 2023, 61% of the outstanding balance was due from a single donor.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023, consists of the following:

	Life	
Automobiles	5	\$ 329,190
		329,190
Less accumulated depreciation		329,190
		<u>\$ -</u>

Depreciation expense totaled \$65,838 for the year ended June 30, 2023.

In 2023, the UWG Foundations contributed \$5,367,319 of completed facility capital improvement projects to the University.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the UWG Foundations' investments at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Philanthropic Foundation:					
Money market funds	\$ 485,610	\$ -	\$ -	\$ -	\$ 485,610
Certificates of deposit	3,628,103	-	-	-	3,628,103
Equity securities	25,600,570	-	-	-	25,600,570
Fixed income	7,645,734	-	-	-	7,645,734
Government securities	2,529,588	-	-	-	2,529,588
Real estate funds	761,148	-	-	-	761,148
Alternative investments					
Hedge funds	-	-	-	1,305,336	1,305,336
Private investment fund	-	-	-	1,228,048	1,228,048
Total Philanthropic Foundation investments	40,650,753	-	-	2,533,384	43,184,137
Athletic Foundation:					
Money market funds	\$ 16,461	\$ -	\$ -	\$ -	\$ 16,461
Certificates of deposit	122,983	-	-	-	122,983
Equity securities	867,793	-	-	-	867,793
Fixed income	259,171	-	-	-	259,171
Government securities	85,746	-	-	-	85,746
Real estate funds	25,801	-	-	-	25,801
Alternative investments					
Hedge funds	-	-	-	44,247	44,247
Private investment fund	-	-	-	41,628	41,628
Total Athletic Foundation investments	1,377,955	-	-	85,875	1,463,830
Real Estate Foundation:					
Money market funds	\$ 22,614	\$ -	\$ -	\$ -	\$ 22,614
Equity securities	798,882	-	-	-	798,882
Fixed income	369,672	-	-	-	369,672
Total Real Estate Foundation investments	1,191,168	-	-	-	1,191,168
Total investments	43,276,884	-	-	2,619,259	45,839,135
Split interest agreements:					
Gift annuity trusts	57,008	-	-	-	57,008
Charitable remainder trusts	-	90,719	-	-	90,719
Total assets held under split interest agreements	57,008	90,719	-	-	147,727
Total assets at fair value	\$ 43,276,884	\$ 90,719	\$ -	\$ 2,619,259	\$ 45,986,862

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 COMBINED 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, 2023:

	<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.	\$ 462,075	\$ 120,804	N/A	N/A
Harbourvest Access – 2020 Global Fund	807,601	313,744	N/A	N/A
Hedge Funds				
Lighthouse Global Long/Short Fund Limited	1,308,424	-	Monthly	90 days
Board of Regents Short Term Fund	41,159	-	Monthly	90 days
	<u>\$ 2,619,259</u>	<u>\$ 434,548</u>		

NOTE 7. INVESTMENTS IN DIRECT FINANCING LEASES

The UWG Foundations' leasing operations consist of leasing real estate with the University and Board of Regents for the operation and management of the student housing facilities, dining halls, athletic facilities and parking lots under direct financing-type leases expiring in various years through July 2041.

Following is a summary of the components of the UWG Foundations' net investments in direct financing-type leases as of June 30, 2023:

	<u>Philanthropic Foundation</u>	<u>Real Estate Foundation</u>	<u>Total</u>
Total minimum lease payments to be received	\$ 37,593,766	\$ 150,314,818	\$ 187,908,584
Less unearned income	(7,471,071)	(48,815,820)	56,286,891
Net investment	<u>\$ 30,122,695</u>	<u>\$ 101,498,998</u>	<u>\$ 131,621,693</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 7. INVESTMENTS IN DIRECT FINANCING LEASES (Continued)

Net minimum lease payments to be received as of June 30, 2023 for each of the next five years and thereafter are:

June 30,	Minimum Lease Payments	Less Unearned Interest	Net Minimum Lease Payments
2024	\$ 12,468,644	\$ 6,086,837	\$ 6,381,807
2025	12,565,784	5,770,845	6,794,939
2026	12,662,596	5,434,646	7,227,950
2027	12,760,255	5,082,600	7,677,655
2028	12,855,040	4,716,926	8,138,114
2029 – 2033	56,101,433	18,072,940	38,028,493
2034 – 2038	47,574,767	9,606,519	37,968,248
2039 – 2043	20,920,065	1,515,578	19,404,487
Total	<u>\$ 187,908,584</u>	<u>\$ 56,286,891</u>	<u>\$ 131,621,693</u>

NOTE 8. ASSETS LIMITED AS TO USE

The financing of the purchase of various facilities including student housing facilities, dining halls, athletic 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 COMBINED FINANCIAL STATEMENTS

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, 2023 is as follows:

	Philanthropic Foundation	Real Estate Foundation	Total
Interest Funds	\$ 707,650	\$ 851,659	\$ 1,559,309
Principal Funds	2,045,000	1,954,650	3,999,650
Debt service reserve Funds	-	3,577,186	3,577,186
Replacement Funds	4,270,521	3,653,596	7,924,117
Surplus Funds	301,311	704,426	1,005,737
	<u>\$ 7,324,482</u>	<u>\$ 10,741,517</u>	<u>\$ 18,065,999</u>

NOTE 9. BONDS PAYABLE

Series 2019 Carrollton Payroll Development Authority Refunding Revenue Bonds Payable (UWG Housing, LLC Project)

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. 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 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%.

The terms of the bonds required the Philanthropic 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Philanthropic 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
2024	\$ 2,045,000	\$ 1,364,175	\$ 3,409,175
2025	2,145,000	1,259,425	3,404,425
2026	2,255,000	1,149,425	3,404,425
2027	2,365,000	1,033,925	3,398,925
2028	2,480,000	912,800	3,392,800
2029-2033	8,405,000	2,966,875	11,371,875
2034-2038	6,240,000	1,428,200	7,668,200
2039-2041	2,905,000	147,125	3,052,125
	<u>\$ 28,840,000</u>	<u>\$ 10,261,950</u>	<u>\$ 39,101,950</u>

Series 2012 Carrollton Payroll Development Authority Revenue Anticipation Refunding Bonds Payable (UWG Campus Center, LLC Project)

On July 26, 2012, the Carrollton Payroll Development Authority issued Revenue Anticipation Refunding Series 2012 bonds and loaned the proceeds to the UWG Campus Center, LLC Project in the aggregate principal amount of \$18,925,000. The Revenue Anticipation Series 2012 bonds were issued to refund a portion of the outstanding UWG Campus Center, LLC Project Series 2004 bond debt.

The Refunding Series 2012 bonds will mature on August 1, 2030, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on February 1st and August 1st, commencing February 1, 2013, 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 2.00% to 5.00%.

The terms of the bonds required the Real Estate 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Real Estate Foundation shall exercise its option under the Loan Agreement and Indenture to have the Refunding Series 2012 bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (August 1 st of fiscal year)	Principal	Interest	Total
2024	\$ 1,295,000	\$ 457,638	\$ 1,752,638
2025	1,385,000	404,488	1,789,488
2026	1,475,000	346,838	1,821,838
2027	1,555,000	284,694	1,839,694
2028	1,650,000	218,175	1,868,175
2029-2033	5,055,000	266,088	5,321,088
	<u>\$ 12,415,000</u>	<u>\$ 1,977,921</u>	<u>\$ 14,392,921</u>

Series 2014 Carrollton Payroll Development Authority Refunding Revenue Anticipation Bonds Payable (UWG Campus Center, LLC Project)

On December 9, 2014, the Carrollton Payroll Development Authority issued Refunding Revenue Anticipation Series 2014 bonds and loaned the proceeds to the UWG Campus Center, LLC Project in the aggregate principal amount of \$8,175,000. The Refunding Revenue Series 2014 bonds were issued to refund the remaining UWG Campus Center, LLC Series 2004 bond debt.

The Refunding Series 2014 bonds will mature on August 1, 2034, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on February 1st and August 1st, commencing February 1, 2015, 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 2.00% to 5.00%.

The terms of the bonds required the Real Estate 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Real Estate Foundation shall exercise its option under the Loan Agreement and Indenture to have the Refunding Series 2014 bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (August 1 st of fiscal year)	Principal	Interest	Total
2024	\$ -	\$ 316,706	\$ 316,706
2025	-	316,706	316,706
2026	-	316,706	316,706
2027	-	316,706	316,706
2028	-	316,706	316,706
2029-2033	3,410,000	1,454,847	4,864,847
2034-2038	3,475,000	86,500	3,561,500
	<u>\$ 6,885,000</u>	<u>\$ 3,124,877</u>	<u>\$ 10,009,877</u>

Series 2012 Carrollton Payroll Development Authority Revenue Anticipation Bonds Payable (UWG Athletic Complex, LLC Project)

On March 29, 2012, the Carrollton Payroll Development Authority issued Revenue Anticipation Series 2012 bonds and loaned the proceeds to the UWG Athletic Complex, LLC Project in the aggregate principal amount of \$3,780,000. The Refunding Revenue Series 2012 bonds were issued to finance the completion of the construction, improvement and equipping of an athletic complex located on the campus of the University.

The Refunding Series 2012 bonds will mature on June 15, 2039, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on June 15th and December 15th, commencing June 15, 2012, 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 2.00% to 4.25%.

The terms of the bonds required the Real Estate 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Real Estate Foundation shall exercise its option under the Loan Agreement and Indenture to have the Refunding Series 2012 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
2024	\$ 125,000	\$ 109,938	\$ 234,938
2025	130,000	105,563	235,563
2026	135,000	101,013	236,013
2027	140,000	95,950	235,950
2028	145,000	90,700	235,700
2029-2033	810,000	362,300	1,172,300
2034-2038	1,000,000	178,713	1,178,713
2039-2041	225,000	9,563	234,563
	<u>\$ 2,710,000</u>	<u>\$ 1,053,740</u>	<u>\$ 3,763,740</u>

Series 2014 Carrollton Payroll Development Authority Refunding Revenue Anticipation Bonds Payable (UWG Athletic Complex, LLC Project)

On December 9, 2014, the Carrollton Payroll Development Authority issued Refunding Revenue Anticipation Series 2014 bonds and loaned the proceeds to the UWG Athletic Complex, LLC Project in the aggregate principal amount of \$27,660,000. The Refunding Revenue Series 2014 bonds were issued to refund the remaining UWG Athletic Complex Series 2008 revenue anticipation bonds payable.

The Refunding Series 2014 bonds will mature on June 15, 2039, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on June 15th and June 15th, commencing June 15, 2015, 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%.

The terms of the bonds required the Real Estate 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Real Estate 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
2024	\$ 790,000	\$ 1,091,025	\$ 1,881,025
2025	895,000	1,051,525	1,946,525
2026	1,000,000	1,006,775	2,006,775
2027	1,115,000	956,775	2,071,775
2028	1,230,000	923,325	2,153,325
2029-2033	7,510,000	3,670,250	11,180,250
2034-2038	9,420,000	1,786,250	11,206,250
2039-2041	2,155,000	86,200	2,241,200
	<u>\$ 24,115,000</u>	<u>\$ 10,572,125</u>	<u>\$ 34,687,125</u>

Series 2011 Carrollton Payroll Development Authority Revenue Bonds Payable (Roberts Field, LLC Project)

On October 18, 2011, the Carrollton Payroll Development Authority issued Revenue Series 2011 bonds and loaned the proceeds to the Roberts Field, LLC Project in the aggregate principal amount of \$26,410,000. The Refunding Revenue Series 2011 bonds were issued to finance the construction, improvement and equipping of certain student housing to be located on the campus of the University.

The Refunding Series 2011 bonds will mature on July 1, 2041, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 1st and July 1st, commencing January 1, 2012, 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 2.00% to 5.00%.

The terms of the bonds required the Real Estate 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Real Estate Foundation shall exercise its option under the Loan Agreement and Indenture to have the Refunding Series 2011 bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (June 15 th of fiscal year)	Principal	Interest	Total
2024	\$ 745,000	\$ 906,140	\$ 1,651,140
2025	770,000	877,728	1,647,728
2026	800,000	847,098	1,647,098
2027	830,000	814,498	1,644,498
2028	865,000	779,949	1,644,949
2029-2033	4,905,000	3,304,400	8,209,400
2034-2038	6,110,000	2,068,313	8,178,313
2039-2041	5,965,000	551,588	6,516,588
	<u>\$ 20,990,000</u>	<u>\$ 10,149,714</u>	<u>\$ 31,139,714</u>

Series 2012 Carrollton Payroll Development Authority Revenue Bonds Payable (UWG Phase II, LLC Project)

On June 29, 2012, the Carrollton Payroll Development Authority issued Revenue Series 2012 bonds and loaned the proceeds to the UWG Phase II, LLC Project in the aggregate principal amount of \$43,690,000. The Refunding Revenue Series 2012 bonds were issued to finance the renovation, construction, improvement and equipping of certain student housing and dining facilities located on the campus of the University.

The Refunding Series 2012 bonds will mature on June 15, 2042, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on June 15th and December 15th, commencing December 15, 2012, 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 2.00% to 5.00%.

The terms of the bonds required the Real Estate 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The Real Estate Foundation shall exercise its option under the Loan Agreement and Indenture to have the Refunding Series 2012 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
2024	\$ 1,195,000	\$ 1,575,219	\$ 2,770,219
2025	1,255,000	1,515,469	2,770,469
2026	1,310,000	1,461,044	2,771,044
2027	1,355,000	1,415,194	2,770,194
2028	1,410,000	1,363,269	2,773,269
2029-2033	8,020,000	5,847,644	13,867,644
2034-2038	10,035,000	3,818,844	13,853,844
2039-2041	9,970,000	1,114,581	11,084,581
	<u>\$ 34,550,000</u>	<u>\$ 18,111,264</u>	<u>\$ 52,661,264</u>

Summary:

A summary of the components of bonds payable at June 30, 2023 is as follows:

	Philanthropic Foundation	Real Estate Foundation	Total
Series 2019 UWG Housing bonds	\$ 28,840,000	\$ -	\$ 28,840,000
Series 2012 UWG Campus Center bonds	-	12,415,000	12,415,000
Series 2014 UWG Campus Center bonds	-	6,885,000	6,885,000
Series 2012 UWG Athletic Complex bonds	-	2,710,000	2,710,000
Series 2014 UWG Athletic Complex bonds	-	24,115,000	24,115,000
Series 2011 Roberts Field bonds	-	20,990,000	20,990,000
Series 2012 UWG Phase II bonds	-	34,550,000	34,550,000
Unamortized bond issuance costs, net	(313,871)	(1,361,780)	(1,675,651)
Unamortized original issue premium (discount), net	2,459,146	(295,892)	2,163,254
	<u>\$ 30,985,275</u>	<u>\$ 100,007,328</u>	<u>\$ 130,992,603</u>

Bond interest expense incurred totaled \$4,889,204 for the year ended June 30, 2023.

The fair value of the bonds at June 30, 2023 was \$130,302,521.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. LEASES

The Philanthropic 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 Philanthropic Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Philanthropic 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 Philanthropic Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Philanthropic 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 Philanthropic Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Philanthropic 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 Philanthropic Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of all four leases.

The Real Estate Foundation entered into a ground lease in December 2004 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining the Health and Physical Education Building and campus center. The primary term of the ground lease is twenty eight years. The Real Estate Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Real Estate Foundation entered into a ground lease in December 2008 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining an athletic complex. The primary term of the ground lease is thirty years. The Real Estate Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Real Estate Foundation entered into a ground lease in October 2011 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a student housing facility and dining facility. The primary term of the ground lease is twenty-nine years. The Real Estate Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. LEASES (Continued)

The Real Estate Foundation entered into a ground lease in July 2012 with the Board of Regents of the University System of Georgia for the purpose of constructing, operating and maintaining a new student housing facility. The primary term of the ground lease is twenty-nine years. The Real Estate Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Real Estate Foundation entered into a ground lease in July 2012 with the Board of Regents of the University System of Georgia for the purpose of renovating, operating and maintaining a student housing facility known as Bowdon Hall. The primary term of the ground lease is twenty-nine years. The Real Estate Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Real Estate Foundation entered into a ground lease in July 2012 with the Board of Regents of the University System of Georgia for the purpose of constructing, operating and maintaining a new dining complex. The primary term of the ground lease is twenty-nine years. The Real Estate Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Philanthropic Foundation entered into financing 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 Philanthropic Foundation is financing the acquisition of assets through the leases, and, accordingly, they are recorded in the Philanthropic Foundation's assets and liabilities.

The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2023:

	Minimum annual lease payments	Less amount representing interest	NPV of minimum lease payments
2024	<u>\$ 60,768</u>	<u>\$ 1,021</u>	<u>\$ 59,747</u>
	<u>\$ 60,768</u>	<u>\$ 1,021</u>	<u>\$ 59,747</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 11. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2023:

	Philanthropic Foundation	Athletic Foundation	Total
Subject to expenditure for specified purpose:			
Chair and professorship	\$ 652,129	\$ -	\$ 652,129
Champion funds	-	851,915	851,915
Program support	8,244,262	-	8,244,262
Scholarship	8,715,643	261,634	8,977,277
Sport specific	-	5,530	5,530
Stadium improvement	-	69,427	69,427
Other University support	1,145,407	73,768	1,219,175
Total subject to expenditure for specified purpose:	<u>18,757,441</u>	<u>1,262,274</u>	<u>20,019,715</u>
Perpetual in nature:			
Chair and professorship	1,783,943	-	1,783,943
Program support	6,431,079	-	6,431,079
Scholarship	25,116,770	658,966	25,775,736
Other University support	238,707	-	238,707
Total perpetual in nature:	<u>33,570,499</u>	<u>658,966</u>	<u>34,229,465</u>
Total net assets with donor restrictions:	<u>\$ 52,327,940</u>	<u>\$ 1,921,240</u>	<u>\$ 54,249,180</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 11. RESTRICTIONS ON NET ASSETS (Continued)

Net assets with donor restrictions consist of the following as of June 30, 2023:

	Philanthropic Foundation	Athletic Foundation	Total
Subject to expenditure for specified purpose:			
Cash	\$ 2,218,408	\$ 200,350	\$ 2,292,083
Unconditional promises to give, net	6,454,756	186,938	6,641,694
Cash surrender value of life insurance policies	226,973	-	226,973
Assets held under split interest agreements	12,968	-	12,968
Investments	9,969,248	874,986	10,844,234
Accounts payable	(124,911)	-	(124,911)
Total subject to expenditure for specified purpose:	<u>18,757,441</u>	<u>1,262,274</u>	<u>20,019,715</u>
Endowments (perpetual in nature and purpose restrictions):			
Cash	27,951	5,024	1,783,943
Assets held under split interest agreements	4,551	-	6,431,079
Unconditional promises to give, net	4,850,868	65,098	25,775,736
Investments	28,687,128	588,844	238,707
Total endowments:	<u>33,570,499</u>	<u>658,966</u>	<u>34,229,465</u>
Total net assets with donor restrictions:	<u>\$ 52,327,940</u>	<u>\$ 1,921,240</u>	<u>\$ 54,249,180</u>

NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2023 by incurring expenses satisfying the restricted purposes specified by donors as follows:

	Philanthropic Foundation	Athletic Foundation	Total
Purpose restrictions accomplished:			
Chair and professorship	\$ 67,582	\$ -	\$ 67,582
Champions fund	-	52,263	52,263
Program support	718,803	-	718,803
Scholarship	1,826,051	20,571	1,846,622
Sport-specific funds	-	183,432	183,432
Other University support	718,668	50,302	768,970
	<u>\$ 3,331,104</u>	<u>\$ 306,568</u>	<u>\$ 3,637,672</u>

NOTES TO COMBINED 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 UWG Foundations, 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 UWG Foundations 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 UWG Foundations classifies as net assets with donor restrictions that are perpetual in nature 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 net assets with donor restrictions that are perpetual in nature 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. At June 30, 2023, funds with original gift values of \$1,930,174, fair values of \$1,886,674 and deficiencies of \$43,500 were reporting in net assets with donor restriction.

Return Objectives and Risk Parameters

The UWG Foundations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the 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 UWG Foundations rely 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 UWG Foundations target a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 13. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Related to Spending Policy

The UWG Foundations' 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 4.25% for the 2023 academic school years. The UWG Foundations' spending policy is based on a 36-month trailing average of the fair market value of the endowment investments and is distributed for purposes of supporting activities with and without restrictions. The spending policy allocation is charged bi-annually to the endowment funds. In addition, the UWG Foundations charge an annual 1.25% administration fee to support unrestricted activities quarterly, which is based on a 36-month trailing average of the fair market value of the endowment investments.

The Endowment Net Asset Composition by type of Fund as of June 30, 2023 is as follows:

	Quasi- Endowment (Without Donor Restrictions)	Endowment (With Donor Restrictions)	Total
June 30, 2023			
Board-designated endowment funds	\$ 5,009,841	\$ -	\$ 5,009,841
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	29,389,455	29,389,455
Accumulated investment gains	-	7,294,338	7,294,338
Endowment net assets, end of year	<u>\$ 5,009,841</u>	<u>\$ 36,683,793</u>	<u>\$ 41,693,634</u>

The Changes in Endowment Net Assets for the year ended June 30, 2023 are:

	Quasi- Endowment (Without Donor Restrictions)	Endowment (With Donor Restrictions)	Total
Endowment net assets, beginning of year	\$ 4,340,695	\$ 32,017,506	\$ 36,358,201
Investment return:			
Investment income, net of investment fees	98,437	398,074	496,511
Realized and unrealized net (losses)	262,715	2,297,960	2,560,675
Total investment return	361,152	2,696,034	3,057,186
Contributions	-	3,035,970	3,035,970
Transfers	468,731	(103,769)	364,962
Change in donor intent	-	(9,720)	(9,720)
Appropriation of endowment assets for expenditure	(160,737)	(952,228)	(1,112,965)
Endowment net assets, end of year	<u>\$ 5,009,841</u>	<u>\$ 36,683,793</u>	<u>\$ 41,693,634</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 14. RELATED PARTY TRANSACTIONS

The Philanthropic Foundation shares a mutual board member with the Athletic Foundation who the Philanthropic Foundation holds funds as an agency transaction discussed in Note 1.

NOTE 15. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023, contributed nonfinancial assets recognized within the combined statement of activities included:

	Philanthropic Foundation	Athletic Foundation	Real Estate Foundation	Total
Supplies	\$ 90,132	\$ 35,706	\$ -	\$ 125,838
Equipment	32,831	6,045	-	38,876
Household goods	14,879	-	-	14,879
Gift certificates	1,176	900	-	2,076
Food	2,146	31,830	-	33,976
Services	973,856	759,233	114,561	1,847,650
Rent	41,206	14,920	5,868	61,994
Clothing	-	38,388	-	38,388
	<u>\$ 1,156,226</u>	<u>\$ 887,022</u>	<u>\$ 120,429</u>	<u>\$ 2,163,677</u>

The UWG Foundations recognized contributed nonfinancial assets within revenue, including contributed supplies, equipment, household goods, gift certificates, food, services, rent and clothing. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. For the years ended June 30, 2023, \$1,670,731, included in the total above, were amounts paid by the University on behalf of the UWG Foundations.

Contributed equipment and food were used in program support. Contributed household goods and gift certificates were used in fundraising. Contributed supplies and clothing were used in general and administrative and program support. Contributed services were used in general and administrative, fundraising, and program support and contributed rent was used in general and administrative.

In valuing contributed supplies, equipment, household goods, gift certificates, food, and clothing, the UWG Foundations estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. In valuing contributed services and rent, the UWG Foundations estimated fair value based on current rates for similar services.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The combined financial statements were adjusted for the year ended June 30, 2022 to reflect the rental agreements entered into with the University of West Georgia and the University System of Georgia's Board of Regents as direct financing leases using actual construction costs at lease inception. This adjustment had the effect of increasing net assets without donor restrictions by \$391,532 at June 30, 2022.

The combined financial statements were adjusted for the year ended June 30, 2022 to amortize the bond issuance premiums (discounts) using the effective interest method of the bond series issuances. This adjustment had the effect of increasing net assets without donor restrictions by \$2,573,147 at June 30, 2022.

NOTE 17. SUBSEQUENT EVENTS

The UWG Foundations have evaluated subsequent events occurring through DATE, 2023, the date on which the combined financial statements were available to be issued.

UNIVERSITY OF WEST GEORGIA FOUNDATIONS
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	University of West Georgia Foundation, Inc. and Subsidiary					
	Total	University of West Georgia Foundation, Inc.	UWG Housing, LLC	Eliminations	Sub-Total	UWG Athletic Foundation, Inc.
ASSETS						
Cash and cash equivalents						
Operating	\$ 5,536,814	\$ 4,748,258	\$ -	\$ -	\$ 4,748,258	\$ 345,094
Money market deposits	2,138	2,138	-	-	2,138	-
Agency fund assets	-	1,463,830	-	-	1,463,830	-
Prepaid expenses	19,577	9,577	-	-	9,577	10,000
Unconditional promises to give, net	11,619,015	11,311,121	-	-	11,311,121	307,894
Accrued interest receivable	6,496	6,496	-	-	6,496	-
Accounts receivable - related party	4,426	4,349	89,862	(89,862)	4,349	8,127
Accounts receivable	15,065	15,065	-	-	15,065	-
Net investments in direct financing leases	131,621,693	-	30,122,695	-	30,122,695	-
Investments	45,839,135	43,184,137	-	-	43,184,137	1,463,830
Assets held under split interest agreements	147,727	147,727	-	-	147,727	-
Cash surrender value of life insurance policy	231,524	231,524	-	-	231,524	-
Assets limited as to use	18,065,999	-	7,324,482	-	7,324,482	-
Total assets	<u>\$ 213,109,609</u>	<u>\$ 61,124,222</u>	<u>\$ 37,537,039</u>	<u>\$ (89,862)</u>	<u>\$ 98,571,399</u>	<u>\$ 2,134,945</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	\$ 3,638,297	\$ 225,650	\$ 1,577,738	\$ -	\$ 1,803,388	\$ 24,980
Accounts payable - related party	-	96,162	-	(89,862)	6,300	1,750
Agency fund payable	-	1,463,830	-	-	1,463,830	-
Liabilities under split interest agreements	102,240	102,240	-	-	102,240	-
Accrued interest payable	1,625,958	-	707,650	-	707,650	-
Deferred revenue	135,803	19,445	-	-	19,445	116,358
Financing lease liability	59,747	59,747	-	-	59,747	-
Bonds payable, net	130,992,603	-	30,985,275	-	30,985,275	-
Total liabilities	<u>136,554,648</u>	<u>1,967,074</u>	<u>33,270,663</u>	<u>(89,862)</u>	<u>35,147,875</u>	<u>143,088</u>
Net assets						
Without donor restrictions						
Undesignated	17,280,632	1,804,059	4,266,376	-	6,070,435	70,617
Board designated	5,025,149	5,025,149	-	-	5,025,149	-
Total without donor restrictions	<u>22,305,781</u>	<u>6,829,208</u>	<u>4,266,376</u>	<u>-</u>	<u>11,095,584</u>	<u>70,617</u>
With donor restrictions	<u>54,249,180</u>	<u>52,327,940</u>	<u>-</u>	<u>-</u>	<u>52,327,940</u>	<u>1,921,240</u>
Total net assets	<u>76,554,961</u>	<u>59,157,148</u>	<u>4,266,376</u>	<u>-</u>	<u>63,423,524</u>	<u>1,991,857</u>
Total liabilities and net assets	<u>\$ 213,109,609</u>	<u>\$ 61,124,222</u>	<u>\$ 37,537,039</u>	<u>\$ (89,862)</u>	<u>\$ 98,571,399</u>	<u>\$ 2,134,945</u>

See Note to Supplemental Information.

UWG Real Estate Foundation, Inc. and Subsidiaries

UWG Real Estate Foundation, Inc.	UWG Campus Center, LLC	UWG Athletic Complex, LLC	Roberts Field, LLC	UWG Phase II, LLC	Eliminations	Sub-total	Eliminations
\$ 443,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,462	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(1,463,830)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,750	-	-	-	-	(2,750)	-	(8,050)
-	-	-	-	-	-	-	-
-	19,668,549	27,086,189	20,014,051	34,730,209	-	101,498,998	-
1,191,168	-	-	-	-	-	1,191,168	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,695,653	938,791	3,207,061	2,900,012	-	10,741,517	-
<u>\$ 1,637,380</u>	<u>\$ 23,364,202</u>	<u>\$ 28,024,980</u>	<u>\$ 23,221,112</u>	<u>\$ 37,630,221</u>	<u>\$ (2,750)</u>	<u>\$ 113,875,145</u>	<u>\$ (1,471,880)</u>
\$ 2,501	\$ 17,950	\$ 518,266	\$ 46,211	\$ 1,225,001	\$ -	\$ 1,809,929	\$ -
-	-	-	-	2,750	(2,750)	-	(8,050)
-	-	-	-	-	-	-	(1,463,830)
-	-	-	-	-	-	-	-
-	336,133	52,828	459,961	69,386	-	918,308	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	19,147,537	26,672,537	20,335,828	33,851,426	-	100,007,328	-
<u>2,501</u>	<u>19,501,620</u>	<u>27,243,631</u>	<u>20,842,000</u>	<u>35,148,563</u>	<u>(2,750)</u>	<u>102,735,565</u>	<u>(1,471,880)</u>
1,634,879	3,862,582	781,349	2,379,112	2,481,658	-	11,139,580	-
-	-	-	-	-	-	-	-
<u>1,634,879</u>	<u>3,862,582</u>	<u>781,349</u>	<u>2,379,112</u>	<u>2,481,658</u>	<u>-</u>	<u>11,139,580</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>1,634,879</u>	<u>3,862,582</u>	<u>781,349</u>	<u>2,379,112</u>	<u>2,481,658</u>	<u>-</u>	<u>11,139,580</u>	<u>-</u>
<u>\$ 1,637,380</u>	<u>\$ 23,364,202</u>	<u>\$ 28,024,980</u>	<u>\$ 23,221,112</u>	<u>\$ 37,630,221</u>	<u>\$ (2,750)</u>	<u>\$ 113,875,145</u>	<u>\$ (1,471,880)</u>

UNIVERSITY OF WEST GEORGIA FOUNDATIONS

COMBINING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	University of West Georgia Foundation, Inc. and Subsidiary					
	Total	University of West Georgia Foundation, Inc.	UWG Housing, LLC	Eliminations	Sub-Total	UWG Athletic Foundation, Inc.
REVENUES AND OTHER SUPPORT						
Contributions and special events	\$ 15,182,165	\$ 14,414,703	\$ -	\$ -	\$ 14,414,703	\$ 1,385,316
In-kind contributions	2,163,677	1,156,226	-	-	1,156,226	887,022
Investment income, net of investment fees	1,403,814	474,470	145,463	367,958	987,891	14,167
Net realized and unrealized gains on investments	2,717,701	2,573,759	-	-	2,573,759	72,637
Administrative fees	-	379,780	-	(367,958)	11,822	-
Athletic program revenue	207,506	-	-	-	-	216,161
Leasing income:						
Rental revenue	973,493	-	463,698	-	463,698	-
Interest income on direct financing leases	6,367,447	-	1,288,873	-	1,288,873	-
Other income	1,694,761	103	1,323,807	-	1,323,910	5,930
Total leasing income	9,035,701	103	3,076,378	-	3,076,481	5,930
Total revenues and other support	30,710,564	18,999,041	3,221,841	-	22,220,882	2,581,233
EXPENSES						
Program services						
Academic and education	2,096,545	2,074,270	-	-	2,074,270	22,275
Other program support	3,104,284	2,456,351	-	-	2,456,351	1,274,442
Campus facilities:						
Insurance	53,921	-	53,921	-	53,921	-
Interest expense	4,889,204	-	874,498	-	874,498	-
Professional fees	78,536	-	14,431	-	14,431	-
Contribution expense of facility projects to the University	5,367,319	-	2,747,997	-	2,747,997	-
Salaries and benefits	27,473	-	-	-	-	-
Total campus facilities	10,416,453	-	3,690,847	-	3,690,847	-
Total program services	15,617,282	4,530,621	3,690,847	-	8,221,468	1,296,717
Supporting services						
Administration and general	1,094,180	695,652	-	-	695,652	263,546
Fundraising	933,029	670,521	-	-	670,521	262,508
Total supporting services	2,027,209	1,366,173	-	-	1,366,173	526,054
Total expenses	17,644,491	5,896,794	3,690,847	-	9,587,641	1,822,771
CHANGE IN NET ASSETS (DEFICIT)	13,066,073	13,102,247	(469,006)	-	12,633,241	758,462
NET ASSETS, BEGINNING (As previously stated)	60,524,209	45,954,901	4,835,382	-	50,790,283	1,233,395
PRIOR PERIOD ADJUSTMENT (See Note 16)	2,964,679	-	-	-	-	-
NET ASSETS, BEGINNING (As restated)	63,488,888	45,954,901	4,835,382	-	50,790,283	1,233,395
TRANSFERS	-	100,000	(100,000)	-	-	-
NET ASSETS, ENDING	\$ 76,554,961	\$ 59,157,148	\$ 4,266,376	\$ -	\$ 63,423,524	\$ 1,991,857

See Note to Supplemental Information.

UWG Real Estate Foundation, Inc. and Subsidiaries

UWG Real Estate Foundation, Inc.	UWG Campus Center, LLC	UWG Athletic Complex, LLC	Roberts Field, LLC	UWG Phase II, LLC	Eliminations	Sub-total	Eliminations
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (617,854)
120,429	-	-	-	-	-	120,429	-
23,796	99,522	55,205	84,215	127,196	-	389,934	11,822
71,305	-	-	-	-	-	71,305	-
-	-	-	-	-	-	-	(11,822)
-	-	-	-	-	-	-	(8,655)
-	93,550	55,369	143,463	217,413	-	509,795	-
-	916,328	1,313,036	1,106,442	1,742,768	-	5,078,574	-
-	-	80,039	-	284,882	-	364,921	-
-	1,009,878	1,448,444	1,249,905	2,245,063	-	5,953,290	-
215,530	1,109,400	1,503,649	1,334,120	2,372,259	-	6,534,958	(626,509)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(626,509)
-	-	-	-	-	-	-	-
-	654,547	755,600	974,672	1,629,887	-	4,014,706	-
-	14,194	17,634	17,107	15,170	-	64,105	-
-	61,808	716,960	258,844	1,581,710	-	2,619,322	-
27,473	-	-	-	-	-	27,473	-
27,473	730,549	1,490,194	1,250,623	3,226,767	-	6,725,606	-
27,473	730,549	1,490,194	1,250,623	3,226,767	-	6,725,606	(626,509)
134,982	-	-	-	-	-	134,982	-
-	-	-	-	-	-	-	-
134,982	-	-	-	-	-	134,982	-
162,455	730,549	1,490,194	1,250,623	3,226,767	-	6,860,588	(626,509)
53,075	378,851	13,455	83,497	(854,508)	-	(325,630)	-
1,931,804	2,818,004	(234,474)	2,000,014	1,985,183	-	8,500,531	-
-	665,727	652,368	295,601	1,350,983	-	2,964,679	-
1,931,804	3,483,731	417,894	2,295,615	3,336,166	-	11,465,210	-
(350,000)	-	350,000	-	-	-	-	-
\$ 1,634,879	\$ 3,862,582	\$ 781,349	\$ 2,379,112	\$ 2,481,658	\$ -	\$ 11,139,580	\$ -

UNIVERSITY OF WEST GEORGIA FOUNDATIONS
NOTE TO SUPPLEMENTAL INFORMATION

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the year ended June 30, 2023, the Foundation has presented the investments in subsidiaries at cost on the consolidating statement of financial position.

For the year ended June 30, 2023, the Real Estate Foundation has presented the investments in subsidiaries at cost on the consolidating statement of financial position.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

ASSETS

Cash and cash equivalents	
Operating	\$ 4,748,258
Money market deposits	2,138
Agency fund assets	1,463,830
Prepaid expenses	9,577
Unconditional promises to give, net	11,311,121
Accrued interest receivable	6,496
Accounts receivable - related party	4,349
Accounts receivable	15,065
Net investments in direct financing leases	30,122,695
Investments	43,184,137
Assets held under split interest agreements	147,727
Cash surrender value of life insurance policy	231,524
Assets limited as to use	7,324,482
Total assets	\$ 98,571,399

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 1,803,388
Accounts payable - related party	6,300
Agency fund payable	1,463,830
Liabilities under split interest agreements	102,240
Accrued interest payable	707,650
Deferred revenue	19,445
Financing lease liability	59,747
Bonds payable, net	30,985,275
Total liabilities	35,147,875

Net assets

Without donor restrictions	
Undesignated	6,070,435
Board designated	5,025,149
Total without donor restrictions	11,095,584
With donor restrictions	52,327,940
Total net assets	63,423,524
Total liabilities and net assets	\$ 98,571,399

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 1,869,009	\$ 12,545,694	\$ 14,414,703
In-kind contributions	1,086,711	69,515	1,156,226
Investment income, net of investment fees	275,429	712,462	987,891
Net realized and unrealized gains on investments	308,077	2,265,682	2,573,759
Administrative fees	11,822	-	11,822
Leasing income:			
Rental revenue	463,698	-	463,698
Interest income on direct financing leases	1,288,873	-	1,288,873
Other income	1,323,910	-	1,323,910
Total leasing income	3,076,481	-	3,076,481
Total revenues and other support	6,627,529	15,593,353	22,220,882
Net assets released from restrictions:			
Satisfaction of program restrictions	3,331,104	(3,331,104)	-
Total revenues and other support	9,958,633	12,262,249	22,220,882
EXPENSES			
Program services			
Academic and education	2,074,270	-	2,074,270
Other program support	2,456,351	-	2,456,351
Campus facilities:			
Insurance	53,921	-	53,921
Interest expense	874,498	-	874,498
Professional fees	14,431	-	14,431
Contribution expense of facility projects to the University	2,747,997	-	2,747,997
Total campus facilities	3,690,847	-	3,690,847
Total program services	8,221,468	-	8,221,468
Supporting services			
Administration and general	695,652	-	695,652
Fundraising	670,521	-	670,521
Total supporting services	1,366,173	-	1,366,173
Total expenses	9,587,641	-	9,587,641
CHANGE IN NET ASSETS	370,992	12,262,249	12,633,241
NET ASSETS, BEGINNING	10,725,402	40,064,881	50,790,283
CHANGE IN DONOR INTENT	(810)	810	-
NET ASSETS, ENDING	\$ 11,095,584	\$ 52,327,940	\$ 63,423,524

UWG REAL ESTATE FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2023

ASSETS

Cash and cash equivalents	
Operating	\$ 443,462
Net investments in direct financing leases	101,498,998
Investments	1,191,168
Assets limited as to use	<u>10,741,517</u>
 Total assets	 <u><u>\$ 113,875,145</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 1,809,929
Accrued interest payable	918,308
Bonds payable, net	<u>100,007,328</u>
 Total liabilities	 <u>102,735,565</u>

Net assets

Without donor restrictions	<u>11,139,580</u>
 Total net assets	 <u>11,139,580</u>
 Total liabilities and net assets	 <u><u>\$ 113,875,145</u></u>

**UWG REAL ESTATE FOUNDATION, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
In-kind contributions	\$ 120,429	\$ -	\$ 120,429
Investment income, net of investment fees	389,934	-	389,934
Net realized and unrealized gains on investments	71,305	-	71,305
Leasing income:			
Rental revenue	509,795	-	509,795
Interest income on direct financing leases	5,078,574	-	5,078,574
Other income	364,921	-	364,921
Total leasing income	5,953,290	-	5,953,290
Total revenues and other support	6,534,958	-	6,534,958
EXPENSES			
Program services			
Campus facilities:			
Interest expense	4,014,706	-	4,014,706
Professional fees	64,105	-	64,105
Contribution expense of facility projects to the University	2,619,322	-	2,619,322
Salaries and benefits	27,473	-	27,473
Total campus facilities	6,725,606	-	6,725,606
Total program services	6,725,606	-	6,725,606
Supporting services			
Administration and general	134,982	-	134,982
Total supporting services	134,982	-	134,982
Total expenses	6,860,588	-	6,860,588
CHANGE IN NET ASSETS	(325,630)	-	(325,630)
NET ASSETS, BEGINNING (As previously stated)	8,500,531	-	8,500,531
PRIOR PERIOD ADJUSTMENT (See Note 16)	2,964,679	-	2,964,679
NET ASSETS, BEGINNING (As restated)	11,465,210	-	11,465,210
NET ASSETS, ENDING	\$ 11,139,580	\$ -	\$ 11,139,580

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2023

ASSETS

Cash and cash equivalents	
Operating	\$ 345,094
Prepaid expenses	10,000
Unconditional promises to give, net	307,894
Accounts receivable - related party	8,127
Investments	1,463,830
Total assets	\$ 2,134,945

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 24,980
Accounts payable - related party	1,750
Deferred revenue	116,358
Total liabilities	143,088

Net assets

Without donor restrictions	70,617
With donor restrictions	1,921,240
Total net assets	1,991,857
Total liabilities and net assets	\$ 2,134,945

UWG ATHLETIC FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 313,991	\$ 1,071,325	\$ 1,385,316
In-kind contributions	886,512	510	887,022
Investment income, net of investment fees	-	14,167	14,167
Net realized and unrealized gains (losses) on investments	(66)	72,703	72,637
Athletic program revenue	209,826	6,335	216,161
Other income	5,930	-	5,930
Total revenues and other support	1,416,193	1,165,040	2,581,233
Net assets released from restrictions:			
Satisfaction of program restrictions	306,568	(306,568)	-
Total revenues and other support	1,722,761	858,472	2,581,233
EXPENSES			
Program services			
Academic and education	22,275	-	22,275
Other program support	1,274,442	-	1,274,442
Total program services	1,296,717	-	1,296,717
Supporting services			
Administration and general	263,546	-	263,546
Fundraising	262,508	-	262,508
Total supporting services	526,054	-	526,054
Total expenses	1,822,771	-	1,822,771
CHANGE IN NET ASSETS	(100,010)	858,472	758,462
NET ASSETS, BEGINNING	170,627	1,062,768	1,233,395
NET ASSETS, ENDING	\$ 70,617	\$ 1,921,240	\$ 1,991,857