

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

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2016

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the **University of West Georgia Foundation, Inc. and Subsidiaries** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statement of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the **University of West Georgia Foundation, Inc. and Subsidiaries** as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 30 - 46 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 2, 2016

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	2016	2015
ASSETS		
Cash and cash equivalents		
Operating	\$ 1,478,248	\$ 2,328,241
Money market deposits	1,764,915	2,611,954
Agency fund assets	379,573	17,977
Prepaid expenses	2,379	-
Unconditional promises to give, net	4,656,308	3,836,763
Accrued interest receivable	41,200	40,977
Accounts receivable - related party	2,751	103,182
Note receivable - related party	435,524	-
Net investments in direct financing leases	44,285,556	45,392,100
Investments	26,931,193	27,205,550
Assets held under split interest agreements	135,201	142,942
Land at cost	73,578	73,578
Debt issuance costs, net	658,631	721,818
Assets limited as to use	10,536,852	10,172,829
	\$ 91,381,909	\$ 92,647,911
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 21,422	\$ 10,994
Agency fund payable	379,573	17,977
Liabilities under split interest agreements	68,860	73,623
Accrued interest payable	1,051,783	1,071,926
Bonds payable, net	48,771,038	50,101,680
	50,292,676	51,276,200
Net assets		
Unrestricted	10,053,231	10,297,060
Temporarily restricted	10,497,693	11,900,329
Permanently restricted	20,538,309	19,174,322
	41,089,233	41,371,711
Total net assets	41,089,233	41,371,711
Total liabilities and net assets	\$ 91,381,909	\$ 92,647,911

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions and special events	\$ 370,015	\$ 2,654,900	\$ 1,313,163	\$ 4,338,078
Investment income, net of investment fees	174,330	436,481	-	610,811
Net realized and unrealized (loss) on investments	(285,197)	(1,975,549)	-	(2,260,746)
Donated goods and services	1,562,211	-	-	1,562,211
Other income	8,441	41,116	-	49,557
Leasing income:				
Rental revenue	574,544	-	-	574,544
Interest income on direct financing leases	2,763,285	-	-	2,763,285
Other income	100,000	-	-	100,000
Total leasing income	3,437,829	-	-	3,437,829
Net assets released from restrictions:				
Satisfaction of program restrictions	2,508,760	(2,508,760)	-	-
Total revenues and other support	<u>7,776,389</u>	<u>(1,351,812)</u>	<u>1,313,163</u>	<u>7,737,740</u>
EXPENSES				
Program services				
Academic and education	1,169,495	-	-	1,169,495
Other program support	2,405,656	-	-	2,405,656
Campus facilities:				
Insurance	35,164	-	-	35,164
Interest expense	2,399,813	-	-	2,399,813
Amortization	63,188	-	-	63,188
Professional fees	32,080	-	-	32,080
Other operating expenses	16,115	-	-	16,115
Total campus facilities	2,546,360	-	-	2,546,360
Total program services	<u>6,121,511</u>	<u>-</u>	<u>-</u>	<u>6,121,511</u>
Support services				
Administration and general	1,119,451	-	-	1,119,451
Fundraising	779,256	-	-	779,256
Total support services	<u>1,898,707</u>	<u>-</u>	<u>-</u>	<u>1,898,707</u>
Total expenses	<u>8,020,218</u>	<u>-</u>	<u>-</u>	<u>8,020,218</u>
CHANGE IN NET ASSETS	<u>(243,829)</u>	<u>(1,351,812)</u>	<u>1,313,163</u>	<u>(282,478)</u>
NET ASSETS, BEGINNING	<u>10,297,060</u>	<u>11,900,329</u>	<u>19,174,322</u>	<u>41,371,711</u>
CHANGE IN DONOR INTENT	<u>-</u>	<u>(50,824)</u>	<u>50,824</u>	<u>-</u>
NET ASSETS, ENDING	<u>\$ 10,053,231</u>	<u>\$ 10,497,693</u>	<u>\$ 20,538,309</u>	<u>\$ 41,089,233</u>

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions and special events	\$ 273,806	\$ 1,423,071	\$ 553,371	\$ 2,250,248
Investment income, net of investment fees	655,203	(221,527)	-	433,676
Net realized and unrealized gains on investments	65,654	546,672	-	612,326
Donated goods and services	1,362,535	101,091	-	1,463,626
Leasing income:				
Rental revenue	547,106	-	-	547,106
Interest income on direct financing leases	2,723,239	-	-	2,723,239
Other income	100,000	-	-	100,000
Total leasing income	3,370,345	-	-	3,370,345
Net assets released from restrictions:				
Satisfaction of program restrictions	2,153,056	(2,153,056)	-	-
Total revenues and other support	7,880,599	(303,749)	553,371	8,130,221
EXPENSES				
Program services				
Academic and education	981,630	-	-	981,630
Other program support	1,292,579	-	-	1,292,579
Campus facilities:				
Insurance	34,962	-	-	34,962
Interest expense	2,450,411	-	-	2,450,411
Amortization	61,787	-	-	61,787
Professional fees	49,357	-	-	49,357
Other operating expenses	48,736	-	-	48,736
Total campus facilities	2,645,253	-	-	2,645,253
Total program services	4,919,462	-	-	4,919,462
Support services				
Administration and general	830,766	-	-	830,766
Fundraising	1,057,126	-	-	1,057,126
Total support services	1,887,892	-	-	1,887,892
Total expenses	6,807,354	-	-	6,807,354
CHANGE IN NET ASSETS	1,073,245	(303,749)	553,371	1,322,867
NET ASSETS, BEGINNING	9,223,815	12,281,502	18,543,527	40,048,844
CHANGE IN DONOR INTENT	-	(77,424)	77,424	-
NET ASSETS, ENDING	\$ 10,297,060	\$ 11,900,329	\$ 19,174,322	\$ 41,371,711

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ (282,478)	\$ 1,322,867
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (loss) gains on investments	2,260,746	(612,326)
Amortization of debt issuance costs	63,187	61,787
Amortization of original bond issue net premium	(642)	(2,329)
Contributions restricted for long-term investments	(1,313,163)	(553,371)
Change in value of split interest agreements	2,978	2,957
Note receivable received as a contribution	(505,094)	-
(Increase) decrease in unconditional promises to give	(819,545)	637,687
Increase in prepaid expenses	(2,379)	-
Increase in accrued interest receivable	(223)	(118)
Decrease in accounts receivable - related party	100,431	60,140
Decrease in note receivable	69,570	-
Increase (decrease) in accounts payable	10,428	(14,592)
Decrease in accrued interest payable	(20,143)	(18,377)
	(436,327)	884,325
INVESTING ACTIVITIES		
Principal received on net investments in direct financing leases	1,106,544	1,108,031
Sales proceeds of investments	33,916,409	6,669,635
Purchases of investments	(35,902,798)	(7,264,968)
	(879,845)	512,698
FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	1,313,163	553,371
Bond redemption	(1,330,000)	(1,215,000)
Net proceeds from funds held by Trustee	(364,023)	(166,789)
	(380,860)	(828,418)
Net (decrease) increase in cash and cash equivalents	(1,697,032)	568,605
Cash and cash equivalents, at beginning of year	4,940,195	4,371,590
Cash and cash equivalents, at end of year	\$ 3,243,163	\$ 4,940,195
Operating	1,478,248	2,328,241
Money market deposits	1,764,915	2,611,954
	\$ 3,243,163	\$ 4,940,195
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 2,419,956	\$ 2,468,788

See Notes to Consolidated Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

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

Significant accounting policies:

Basis of presentation:

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

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Foundation in accordance with the limitations of its bylaws. Board designated net assets are unrestricted but are designated by the Board to be spent for specific purposes. As of June 30, 2016 and 2015, board designated net assets totaled \$3,951,512 and \$4,641,805, respectively. Temporarily restricted net assets are subject to donor-imposed restrictions that may be met either by the actions of the Foundation or the passage of time. Permanently restricted net assets are permanently subject to donor imposed restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Basis of consolidation:

The consolidated financial statements of the University of West Georgia Foundation, Inc. and Subsidiaries includes the accounts of the University of West Georgia Foundation, Inc., University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, Evergreen Complex, LLC, and Wolves Retail, LLC. The Foundation is the sole member of all of the LLC's. Intercompany accounts and all significant intercompany transactions have been eliminated.

Contributions:

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

Cash and cash equivalents:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Split interest agreements:

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

Donor imposed restrictions:

The Foundation recognizes the expiration of donor-imposed restrictions in the period in which the restrictions expire.

Temporarily restricted accounting:

Endowment and other income, including investment returns, along with private gifts which have donor stipulations that limit their use are recorded as revenue under temporarily restricted net assets and released from restrictions when a stipulated time restriction ends or purpose restriction expires. The related expenses are presented as changes in unrestricted net assets.

Endowment accounting:

Permanent endowment funds are subject to the restrictions of the gift instruments which require that the principal be invested in perpetuity. Unless explicitly stated in the gift instrument, accumulated investment income and realized and unrealized gains of the permanent endowment funds have been classified as temporarily restricted net assets. Transfers reflect a change in donor intent. See Note 11 for discussion on endowment accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Change in donor intent:

During the year ended June 30, 2016 and 2015, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$50,824 and \$77,424, respectively, resulting in transfers from temporarily restricted net assets to permanently restricted net assets in the amount of \$50,824 and \$77,424, respectively.

Donated goods and services:

Donated goods and services are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Donated goods and service expense, which primarily represents salaries, supplies, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as administration and general and fundraising expenses in the accompanying consolidated statement of activities. Donated goods and services totaled \$1,562,211 and \$1,463,626, respectively, for the year ended June 30, 2016 and 2015.

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 \$105,075 and \$247,950, respectively, for the year ended June 30, 2016 and 2015.

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

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

Investments in direct financing-type leases:

The Foundation leases real estate to the Board of Regents of the University System of Georgia, a related party. The leases are accounted for as direct financing-type leases. The present value of the minimum lease payments is recorded as an asset and is amortized under the effective interest method as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is recorded as unearned income and is amortized as payments are received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Investments in direct financing-type leases: (Continued)

In accordance with its stated purpose as a not-for-profit organization, the Foundation structures its lease agreements to provide rental proceeds to meet related debt service, interest expenses, and administrative and operating expenses. The terms of these lease agreements are considered more favorable than commercial terms on similar facilities and equipment. The lessees are responsible for the payment of property taxes, routine maintenance, insurance, and other costs incidental to the use of the facilities. The lease agreements generally provide for an initial rental period with renewable terms that extend over the term of the debt financing the leased property. The lease agreements are cancelable by the lessees at specified times during the lives of the leases. 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.

Debt issuance costs:

Debt issuance costs, comprised principally of underwriting, legal, accounting, and printing fees, are recorded as deferred charges and amortized over the term of the debt using the interest method. The accumulated amortization totaled \$743,764 and \$680,577 as of June 30, 2016 and 2015, respectively.

Bond premiums and discounts:

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

Agency relationship:

From time to time, the Foundation acts as agent on behalf of another nonprofit foundation affiliated with the University of West Georgia. In certain instances, the Foundation collects cash funds from UWG Athletic Foundation, Inc. (the "Athletic Foundation") to pay scholarship expenses and other operating costs on their behalf. At June 30, 2015, the related cash held for the Athletic Foundation was \$17,977. In 2016, the Foundation invested money on behalf of the Athletic Foundation. At June 30, 2016, the related investment balance held for the Athletic Foundation was \$379,573.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Use of estimates:

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

Fair value of financial instruments:

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

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

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments.

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

For the years ended June 30, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Income tax status:

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

University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, Evergreen Complex, LLC, and Wolves Retail, LLC are treated as single member LLCs for federal and state income tax purposes. Since the Foundation is the sole member of the University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, Evergreen Complex, LLC, and Wolves Retail, LLC, all income, losses, and credits for these LLC's are reported on the Foundation's income tax returns.

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

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

NOTE 2. CONCENTRATION OF CREDIT RISK

The Foundation had a total of \$3,255,744 and \$4,751,134 on deposit with multiple banks as of June 30, 2016 and 2015, respectively. Of this total, \$1,548,037 and \$2,812,844, respectively, was in excess of federally insured limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2016 and 2015, unconditional promises to give consisted of the following:

	2016	2015
Unrestricted pledges	\$ 39,944	\$ 11,803
Restricted pledges	3,445,791	2,638,143
Endowment pledges	1,355,470	1,692,373
Unconditional promises to give before discount and allowance for uncollectible pledges	4,841,205	4,342,319
Less unamortized discount	77,962	79,126
Subtotal	4,763,243	4,263,193
Less allowance for uncollectible pledges	106,935	426,430
	\$ 4,656,308	\$ 3,836,763
	2016	2015
Amount due in:		
Less than one year	\$ 1,159,239	\$ 1,101,200
One to three years	2,404,006	1,776,040
More than three years	1,277,960	1,465,079
Total	\$ 4,841,205	\$ 4,342,319

Discount rate used was 1.00 percent as a risk-free interest rate.

NOTE 4. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 478,592	\$ -	\$ -	\$ 478,592
Mutual funds	16,433,981	-	-	16,433,981
Equity securities	7,433,639	-	-	7,433,639
Fixed income securities	-	106,110	-	106,110
Hedge funds	-	-	2,471,164	2,471,164
Partnership funds:				
Private investment fund	-	-	387,280	387,280
Total investments	24,346,212	-	2,858,444	27,310,766
Gift annuity trusts	48,931	-	-	48,931
Charitable remainder trusts	-	86,270	-	86,270
Total assets held under split interest agreements	48,931	86,270	-	135,201
Total assets at fair value	\$ 24,395,143	\$ 192,380	\$ 2,858,444	\$ 27,445,967

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2016, the total investments include \$379,573 of agency fund assets held for the Athletic Foundation that are required to be reported at fair value.

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2016:

	<u>Partnership Funds</u>	<u>Hedge Funds</u>	<u>Total</u>
Balances, beginning of the year	\$ 220,999	\$ 508,543	\$ 729,542
Capital contributions	148,122	2,025,000	2,173,122
Withdrawals & fees	(1,029)	-	(1,029)
Unrealized gains (losses)	19,188	(62,379)	(43,191)
Balance, end of the year	<u>\$ 387,280</u>	<u>\$ 2,471,164</u>	<u>\$ 2,858,444</u>

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, 2016:

	<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.	\$ 387,280	\$ 698,452	N/A	N/A
Hedge Funds				
OZOFII Private Investors Offshore Limited	473,321	-	Quarterly	45 days
Lighthouse Diversified Fund Limited	893,602	-	Monthly	90 days
Lighthouse Global Long/Short Fund Limited	1,104,241		Monthly	90 days
	<u>\$ 2,858,444</u>	<u>\$ 698,452</u>		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 716,322	\$ -	\$ -	\$ 716,322
Mutual funds	5,815,389	-	-	5,815,389
Equity securities	14,288,299	-	-	14,288,299
Fixed income securities	5,655,998	-	-	5,655,998
Hedge funds	-	-	508,543	508,543
Partnership funds:				
Private investment fund	-	-	220,999	220,999
Total investments	<u>26,476,008</u>	<u>-</u>	<u>729,542</u>	<u>27,205,550</u>
Gift annuity trusts	51,001	-	-	51,001
Charitable remainder trusts	-	91,941	-	91,941
Total assets held under split interest agreements	<u>51,001</u>	<u>91,941</u>	<u>-</u>	<u>142,942</u>
Total assets at fair value	<u>\$ 26,527,009</u>	<u>\$ 91,941</u>	<u>\$ 729,542</u>	<u>\$ 27,348,492</u>

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2015:

	Partnership Funds	Hedge Funds	Total
Balances, beginning of the year	\$ 118,817	\$ -	\$ 118,817
Capital contributions	112,894	500,000	612,894
Withdrawals & fees	(10,712)	-	(10,712)
Unrealized gains	-	8,543	8,543
Balance, end of the year	<u>\$ 220,999</u>	<u>\$ 508,543</u>	<u>\$ 729,542</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. 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, 2015:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership Funds				
JP Morgan Global access Private Investments Vintage 2014 Offshore, L.P.	\$ 220,999	\$ 773,830	N/A	N/A
Hedge Funds				
OZOFII Private Investors Offshore Limited	508,543	-	Quarterly	45 days
	\$ 729,542	\$ 773,830		

NOTE 5. INVESTMENT IN DIRECT FINANCING LEASES

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

Following is a summary of the components of the Foundation's net investment in direct financing-type leases as of June 30, 2016 and 2015:

	2016	2015
Total minimum lease payments to be received	\$ 78,646,502	\$ 82,516,332
Less unearned income	34,360,946	37,124,232
Net investment	\$ 44,285,556	\$ 45,392,100

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. INVESTMENT IN DIRECT FINANCING LEASES (Continued)

Net minimum lease payments to be received as of June 30, 2016 for each of the next five years and thereafter are:

	<u>Amount</u>
June 30,	
2017	\$ 1,203,160
2018	1,316,717
2019	1,417,032
2020	1,544,119
2021	1,680,259
Thereafter	37,124,269
	<u>\$ 44,285,556</u>

NOTE 6. ASSETS LIMITED AS TO USE

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

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

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

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

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. ASSETS LIMITED AS TO USE (Continued)

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2016 and 2015 is as follows:

	2016	2015
Debt Service Funds	\$ 4,952,172	\$ 5,036,630
Interest Funds	1,051,785	1,071,927
Operating and Maintenance Funds	49,909	49,903
Principal Funds	1,244,584	1,170,418
Replacement Funds	2,975,189	2,601,094
Surplus Funds	263,213	242,857
	\$ 10,536,852	\$ 10,172,829

NOTE 7. BONDS PAYABLE

Series 2004 West Georgia Foundation for Student Housing Bonds Payable:

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2004A bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (September 1.)	Principal	Interest	Total
2017	\$ 730,000	\$ 652,301	\$ 1,382,301
2018	765,000	620,598	1,385,598
2019	795,000	589,876	1,384,876
2020	825,000	553,351	1,378,351
2021	865,000	511,101	1,376,101
Thereafter	10,015,000	2,331,789	12,346,789
	<u>\$ 13,995,000</u>	<u>\$ 5,259,016</u>	<u>\$ 19,254,016</u>

Series 2005 University of West Georgia Student Housing Bonds Payable:

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

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

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

Under the Loan Agreement and Indenture of Series 2005, the bonds principal payment amounts are set forth in the following table.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2005 bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (August 1,)	Principal	Interest	Total
2017	\$ 525,000	\$ 396,172	\$ 921,172
2018	545,000	375,441	920,441
2019	570,000	353,482	923,482
2020	590,000	330,282	920,282
2021	615,000	306,182	921,182
Thereafter	<u>6,835,000</u>	<u>1,417,130</u>	<u>8,252,130</u>
	<u>\$ 9,680,000</u>	<u>\$ 3,178,689</u>	<u>\$ 12,858,689</u>

Series 2008 Evergreen Complex Bonds Payable:

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

The Series 2008 bonds 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 August 1, 2008, at a fixed interest rate set at issuance.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2008 bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (July 1,)	Principal	Interest	Total
2017	\$ 155,000	\$ 1,315,726	\$ 1,470,726
2018	200,000	1,308,501	1,508,501
2019	245,000	1,299,170	1,544,170
2020	280,000	1,286,964	1,566,964
2021	335,000	1,272,426	1,607,426
Thereafter	<u>24,290,000</u>	<u>16,055,070</u>	<u>40,345,070</u>
	<u>\$ 25,505,000</u>	<u>\$ 22,537,857</u>	<u>\$ 48,042,857</u>

Summary:

A summary of the components of bonds payable at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Series 2004A West Georgia Foundation Student Housing bonds	\$ 13,995,000	\$ 14,700,000
Series 2005 University of West Georgia Student Housing bonds	9,680,000	10,185,000
Series 2008 Evergreen Complex bonds	25,505,000	25,625,000
Unamortized original issue discount, net	<u>(408,962)</u>	<u>(408,320)</u>
	<u>\$ 48,771,038</u>	<u>\$ 50,101,680</u>

Bond interest expense incurred totaled \$2,399,813 and \$2,450,411 for the years ended June 30, 2016 and 2015, respectively.

NOTE 8. LEASES

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. LEASES (Continued)

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

NOTE 9. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2016 and 2015:

	2016	2015
Chair and professorship	\$ 317,953	\$ 561,625
Program support	4,039,597	4,418,865
Scholarship	3,959,230	5,805,699
Other University support	2,180,913	1,114,140
	\$ 10,497,693	\$ 11,900,329

Temporarily restricted net assets consist of the following as of June 30, 2016 and 2015:

	2016	2015
Cash and cash equivalents	\$ 3,159,425	\$ 2,841,029
Unconditional promises to give	3,317,105	2,333,360
Investments	3,999,592	6,703,140
Assets held under split interest agreements	21,571	22,800
	\$ 10,497,693	\$ 11,900,329

Permanently restricted net assets are available for the following purposes as of June 30, 2016 and 2015:

	2016	2015
Chair and professorship	\$ 1,781,760	\$ 1,762,715
Program support	4,413,334	4,215,805
Scholarship	14,201,002	13,054,551
Other University support	142,213	141,251
	\$ 20,538,309	\$ 19,174,322

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. RESTRICTIONS ON NET ASSETS (Continued)

Permanently restricted net assets consist of the following as of June 30, 2016 and 2015:

	2016	2015
Unconditional promises to give	\$ 1,306,070	\$ 1,491,958
Investments	19,089,638	17,635,867
Assets held under split interest agreements	44,747	46,497
Loan from unrestricted for investments underwater	97,854	-
	\$ 20,538,309	\$ 19,174,322

NOTE 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2016 and 2015 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2016	2015
Chair and professorship	\$ 101,592	\$ 95,685
Program support	835,084	541,569
Scholarship	1,165,405	905,038
Other University support	406,679	610,764
	\$ 2,508,760	\$ 2,153,056

NOTE 11. ENDOWMENT

Interpretation of Relevant Law

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2016, the Foundation had \$97,854 of deficiencies in the endowment. At June 30, 2015, the Foundation did not have any such deficiencies in the endowment.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation's Finance and Investment Committee of the Board of Trustees (the "Committee") determines the method to be used to appropriate endowment funds for expenditure. The Foundation has a spending policy whereby 4.5% of the fair value may be distributed for purposes of supporting unrestricted and temporarily restricted activities. In addition, the Foundation charges a 1.3% administration fee to support unrestricted activities, which is calculated based on the fair market value of the endowment investments. Historically, the administrative fee was calculated based on the fair market value of the endowment investments on December 31st of each calendar year. As of January 1, 2015, the administrative fee is calculated based on the fair market value of the endowment investments quarterly. The Committee recommended, and the Board of Trustees approved, a spending policy of 4.5% for the 2015 and 2016 academic school years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund as of June 30, 2016 is as follows:

Endowment Net Asset Composition by Type of Fund as of June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (97,854)	\$ 3,718,678	\$ 20,583,309	\$ 24,159,133
Board-designated endowment funds	3,760,740	-	-	3,760,740
Endowment net assets, end of year	\$ 3,662,886	\$ 3,718,678	\$ 20,583,309	\$ 27,919,873

The Changes in Endowment Net Assets for the year ended June 30, 2016 are:

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,166,544	\$ 6,498,982	\$ 19,174,322	\$ 28,839,848
Investment return:				
Investment income, net of investment fees	47,125	94,736	-	141,861
Realized and unrealized (losses) below the permanent corpus balance	(97,854)	-	-	(97,854)
Realized and unrealized (losses)	(229,895)	(1,972,952)	-	(2,202,847)
Total investment return	(280,624)	(1,878,216)	-	(2,158,840)
Contributions	-	-	1,313,163	1,313,163
Transfers	776,966	95,317	-	872,283
Change in donor intent	-	11,350	50,824	62,174
Appropriation of endowment assets for expenditure	-	(1,008,755)	-	(1,008,755)
Endowment net assets, end of year	\$ 3,662,886	\$ 3,718,678	\$ 20,583,309	\$ 27,919,873

The Endowment Net Asset Composition by type of Fund as of June 30, 2015 is as follows:

Endowment Net Asset Composition by Type of Fund as of June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 6,498,982	\$ 19,174,322	\$ 25,673,304
Board-designated endowment funds	3,166,544	-	-	3,166,544
Endowment net assets, end of year	\$ 3,166,544	\$ 6,498,982	\$ 19,174,322	\$ 28,839,848

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. ENDOWMENT (Continued)

The Changes in Endowment Net Assets for the year ended June 30, 2015 are:

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,042,991	\$ 6,957,034	\$ 18,543,527	\$ 28,543,552
Investment return:				
Investment income, net of investment fees	17,966	(163,135)	-	(145,169)
Realized and unrealized gains	5,587	546,672	-	552,259
Total investment return	23,553	383,537	-	407,090
Contributions	-	-	553,371	553,371
Transfers	100,000	-	-	100,000
Change in donor intent	-	(7,685)	77,424	69,739
Appropriation of endowment assets for expenditure	-	(833,904)	-	(833,904)
Endowment net assets, end of year	\$ 3,166,544	\$ 6,498,982	\$ 19,174,322	\$ 28,839,848

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA totaled \$20,583,309 and \$19,174,322 at June 30, 2016 and 2015, respectively. The portion of perpetual endowment funds subject to a time and purpose restriction under UPMIFA totaled \$3,718,678 and \$6,498,982 at June 30, 2016 and 2015, respectively.

NOTE 12. RELATED PARTY TRANSACTIONS

The Foundation holds funds at various financial institutions in order to minimize credit risk. The Foundation has funds in one financial institution as of June 30, 2016, of which members of their upper management were also members of the Foundation's Board of Trustees. The Foundation has funds in two local financial institutions as of June 30, 2015, of which members of their upper management were also members of the Foundation's Board of Trustees. Deposits held at the financial institutions totaled \$245,406 and \$2,020,432 at June 30, 2016 and 2015, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. RELATED PARTY TRANSACTIONS (Continued)

In 2016, the holder of a secured note receivable due from a relative of a member of Foundation's Board of Trustees contributed the remaining note of \$602,875 to the Foundation. The note has a zero percent interest rate, annual principal payments of \$86,125, matures in March 2022, and is secured by real estate. When the contribution was received, the Foundation discounted the note receivable at a rate of 5%. At June 30, 2016, the outstanding balance due from the note was \$516,750. At June 30, 2016, payments to be received in future years are as follows:

2017	\$	86,125
2018		86,125
2019		86,125
2020		86,125
2021		86,125
2022		86,125
Subtotal		<u>516,750</u>
Less unamortized discount		<u>81,226</u>
	\$	<u>435,524</u>

NOTE 13. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through September 2, 2016, the date on which the financial statements were available to be issued.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
ASSETS							
Cash and cash equivalents							
Operating	\$ 1,478,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,478,248
Money market deposits	1,764,915	-	-	-	-	-	1,764,915
Agency fund assets	379,573	-	-	-	-	-	379,573
Prepaid expenses	2,379	-	-	-	-	-	2,379
Unconditional promises to give, net	4,656,308	-	-	-	-	-	4,656,308
Accrued interest receivable	107	17,881	23,212	-	-	-	41,200
Accounts receivable - related party	2,751	-	-	-	-	-	2,751
Note receivable - related party	435,524	-	-	-	-	-	435,524
Inter-company receivables	-	334,853	344,825	-	-	679,678	-
Net investments in direct financing leases	-	8,411,043	13,567,702	22,306,811	-	-	44,285,556
Investments	26,931,193	-	-	-	-	-	26,931,193
Assets held under split interest agreements	135,201	-	-	-	-	-	135,201
Land at cost	-	-	-	-	73,578	-	73,578
Debt issuance costs, net	-	127,962	200,982	329,687	-	-	658,631
Assets limited as to use	-	3,064,962	3,735,704	3,736,166	-	-	10,536,852
Total assets	<u>\$ 35,786,199</u>	<u>\$ 11,956,721</u>	<u>\$ 17,872,425</u>	<u>\$ 26,372,664</u>	<u>\$ 73,578</u>	<u>\$ 679,678</u>	<u>\$ 91,381,909</u>
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 21,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,422
Agency fund payable	379,573	-	-	-	-	-	379,573
Inter-company payables	-	-	-	679,678	-	679,678	-
Liabilities under split interest agreements	68,860	-	-	-	-	-	68,860
Accrued interest payable	-	169,310	223,061	659,412	-	-	1,051,783
Bonds payable, net	-	9,538,778	14,080,177	25,152,083	-	-	48,771,038
Total liabilities	<u>469,855</u>	<u>9,708,088</u>	<u>14,303,238</u>	<u>26,491,173</u>	<u>-</u>	<u>679,678</u>	<u>50,292,676</u>
Net assets (deficit)							
Unrestricted	4,280,342	2,248,633	3,569,187	(118,509)	73,578	-	10,053,231
Temporarily restricted	10,497,693	-	-	-	-	-	10,497,693
Permanently restricted	20,538,309	-	-	-	-	-	20,538,309
Total net assets (deficit)	<u>35,316,344</u>	<u>2,248,633</u>	<u>3,569,187</u>	<u>(118,509)</u>	<u>73,578</u>	<u>-</u>	<u>41,089,233</u>
Total liabilities and net assets	<u>\$ 35,786,199</u>	<u>\$ 11,956,721</u>	<u>\$ 17,872,425</u>	<u>\$ 26,372,664</u>	<u>\$ 73,578</u>	<u>\$ 679,678</u>	<u>\$ 91,381,909</u>

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
ASSETS							
Cash and cash equivalents							
Operating	\$ 2,322,052	\$ -	\$ -	\$ 6,189	\$ -	\$ -	\$ 2,328,241
Money market deposits	2,611,954	-	-	-	-	-	2,611,954
Agency fund assets	17,977	-	-	-	-	-	17,977
Unconditional promises to give, net	3,836,763	-	-	-	-	-	3,836,763
Accrued interest receivable	-	17,764	23,213	-	-	-	40,977
Accounts receivable - related party	103,182	-	-	-	-	-	103,182
Inter-company receivables	-	334,853	344,825	6,860	-	686,538	-
Net investments in direct financing leases	-	8,935,972	14,150,200	22,305,928	-	-	45,392,100
Investments	27,205,550	-	-	-	-	-	27,205,550
Assets held under split interest agreements	142,942	-	-	-	-	-	142,942
Land at cost	-	-	-	-	73,578	-	73,578
Debt issuance costs, net	-	145,054	227,461	349,303	-	-	721,818
Assets limited as to use	-	3,013,939	3,620,953	3,537,937	-	-	10,172,829
Total assets	<u>\$ 36,240,420</u>	<u>\$ 12,447,582</u>	<u>\$ 18,366,652</u>	<u>\$ 26,206,217</u>	<u>\$ 73,578</u>	<u>\$ 686,538</u>	<u>\$ 92,647,911</u>
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 10,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,994
Agency fund payable	17,977	-	-	-	-	-	17,977
Inter-company payables	6,860	-	-	679,678	-	686,538	-
Liabilities under split interest agreements	73,623	-	-	-	-	-	73,623
Accrued interest payable	-	178,779	231,485	661,662	-	-	1,071,926
Bonds payable, net	-	10,030,967	14,809,468	25,261,245	-	-	50,101,680
Total liabilities	<u>109,454</u>	<u>10,209,746</u>	<u>15,040,953</u>	<u>26,602,585</u>	<u>-</u>	<u>686,538</u>	<u>51,276,200</u>
Net assets (deficit)							
Unrestricted	5,056,315	2,237,836	3,325,699	(396,368)	73,578	-	10,297,060
Temporarily restricted	11,900,329	-	-	-	-	-	11,900,329
Permanently restricted	19,174,322	-	-	-	-	-	19,174,322
Total net assets (deficit)	<u>36,130,966</u>	<u>2,237,836</u>	<u>3,325,699</u>	<u>(396,368)</u>	<u>73,578</u>	<u>-</u>	<u>41,371,711</u>
Total liabilities and net assets	<u>\$ 36,240,420</u>	<u>\$ 12,447,582</u>	<u>\$ 18,366,652</u>	<u>\$ 26,206,217</u>	<u>\$ 73,578</u>	<u>\$ 686,538</u>	<u>\$ 92,647,911</u>

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
REVENUES AND OTHER SUPPORT							
Contributions and special events	\$ 4,338,078	-	-	-	-	-	\$ 4,338,078
Investment income (loss), net of investment fees	92,544	42,543	69,830	95,694	-	-	610,811
Net realized and unrealized (loss) on investments	(2,259,034)	-	(1,712)	-	-	-	(2,260,746)
Donated goods and services	1,562,211	-	-	-	-	-	1,562,211
Administrative fees	310,200	-	-	-	-	310,200	-
Other income	49,557	-	-	-	-	-	49,557
Leasing income:							
Rental revenue	-	378,216	141,578	54,750	-	-	574,544
Interest income on direct financing leases	-	369,021	860,550	1,533,714	-	-	2,763,285
Other income	-	-	100,000	-	-	-	100,000
Total leasing income	-	747,237	1,102,128	1,588,464	-	-	3,437,829
Total revenues and other support	4,093,556	789,780	1,170,246	1,684,158	-	-	7,737,740
EXPENSES							
Program services:							
Academic and education	1,169,495	-	-	-	-	-	1,169,495
Other program support	2,405,656	-	-	-	-	-	2,405,656
Campus facilities:							
Insurance	-	-	-	35,164	-	-	35,164
Interest expense	-	421,048	649,102	1,329,663	-	-	2,399,813
Amortization	-	17,092	26,480	19,616	-	-	63,188
Professional fees	-	2,772	9,985	19,323	-	-	32,080
Other operating expenses	-	2,775	10,822	2,518	-	-	16,115
Total campus facilities	-	443,687	696,389	1,406,284	-	-	2,546,360
Total program services	3,575,151	443,687	696,389	1,406,284	-	-	6,121,511
Support services							
Administration and general	1,119,451	-	-	-	-	-	1,119,451
Fundraising	779,256	-	-	-	-	-	779,256
Total support services	1,898,707	-	-	-	-	-	1,898,707
Total expenses	5,473,858	443,687	696,389	1,406,284	-	-	8,020,218
CHANGE IN NET ASSETS	(1,380,302)	346,093	473,857	277,874	-	-	(282,478)
NET ASSETS (DEFICIT), BEGINNING	36,130,966	2,237,836	3,325,699	(396,368)	73,578	-	41,371,711
TRANSFERS	565,680	(335,296)	(230,369)	(15)	-	-	-
NET ASSETS (DEFICIT), ENDING	\$ 35,316,344	\$ 2,248,633	\$ 3,569,187	\$ (118,509)	\$ 73,578	\$ -	\$ 41,089,233

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
REVENUES AND OTHER SUPPORT							
Contributions and special events	\$ 2,243,388	-	-	\$ 6,860	-	-	\$ 2,250,248
Investment income (loss), net of investment fees	(238,067)	42,436	122,817	95,725	-	(410,765)	433,676
Net realized and unrealized gain on investments	612,326	-	-	-	-	-	612,326
Donated goods and services	1,463,626	-	-	-	-	-	1,463,626
Administrative fees	410,765	-	-	-	-	410,765	-
Leasing income:							
Rental revenue	-	356,498	137,455	53,153	-	-	547,106
Interest income on direct financing leases	-	396,379	895,421	1,431,439	-	-	2,723,239
Other income	-	-	100,000	-	-	-	100,000
Total leasing income	-	752,877	1,132,876	1,484,592	-	-	3,370,345
Total revenues and other support	4,492,038	795,313	1,255,693	1,587,177	-	-	8,130,221
EXPENSES							
Program services:							
Academic and education	981,630	-	-	-	-	-	981,630
Other program support	1,292,579	-	-	-	-	-	1,292,579
Campus facilities:							
Insurance	-	-	-	34,962	-	-	34,962
Interest expense	-	439,952	676,643	1,333,816	-	-	2,450,411
Amortization	-	17,126	26,006	18,655	-	-	61,787
Professional fees	-	5,544	43,813	43,813	-	-	93,970
Other operating expenses	-	5,274	17,411	26,051	-	-	48,736
Total campus facilities	-	467,896	720,060	1,457,297	-	-	2,645,253
Total program services	2,274,209	467,896	720,060	1,457,297	-	-	4,919,462
Support services							
Administration and general Fundraising	830,766	-	-	-	-	-	830,766
	1,057,126	-	-	-	-	-	1,057,126
Total support services	1,887,892	-	-	-	-	-	1,887,892
Total expenses	4,162,101	467,896	720,060	1,457,297	-	-	6,807,354
CHANGE IN NET ASSETS	329,937	327,417	535,633	129,890	-	-	1,322,867
NET ASSETS (DEFICIT), BEGINNING	35,047,737	2,127,419	2,967,066	(166,956)	73,578	-	40,048,844
TRANSFERS	753,292	(217,000)	(177,000)	(359,292)	-	-	-
NET ASSETS (DEFICIT), ENDING	\$ 36,130,966	\$ 2,237,836	\$ 3,325,699	\$ (396,368)	\$ 73,578	\$ -	\$ 41,371,711

See Note to Supplemental Information.

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

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the years ended June 30, 2016 and 2015, the Foundation has presented the investments in subsidiaries at cost on the consolidating statements of financial position.

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents		
Operating	\$ 1,478,248	\$ 2,322,052
Money market deposits	1,764,915	2,611,954
Agency fund assets	379,573	17,977
Prepaid expenses	2,379	-
Unconditional promises to give, net	4,656,308	3,836,763
Accrued interest receivable	107	-
Accounts receivable - related party	2,751	103,182
Note receivable - related party	435,524	-
Investments	26,931,193	27,205,550
Assets held under split interest agreements	135,201	142,942
 Total assets	 \$ 35,786,199	 \$ 36,240,420
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 21,422	\$ 10,994
Agency fund payable	379,573	17,977
Inter-company payables	-	6,860
Liabilities under split interest agreements	68,860	73,623
 Total liabilities	 469,855	 109,454
Net assets		
Unrestricted	4,280,342	5,056,315
Temporarily restricted	10,497,693	11,900,329
Permanently restricted	20,538,309	19,174,322
 Total net assets	 35,316,344	 36,130,966
 Total liabilities and net assets	 \$ 35,786,199	 \$ 36,240,420

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions and special events	\$ 370,015	\$ 2,654,900	\$ 1,313,163	\$ 4,338,078
Investment income (loss), net of investment fees	(343,937)	436,481	-	92,544
Net realized and unrealized (loss) on investments	(283,485)	(1,975,549)	-	(2,259,034)
Donated goods and services	1,562,211	-	-	1,562,211
Administrative fees	310,200	-	-	310,200
Other income	8,441	41,116	-	49,557
	<u>1,623,445</u>	<u>1,156,948</u>	<u>1,313,163</u>	<u>4,093,556</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>2,508,760</u>	<u>(2,508,760)</u>	-	-
Total revenues and other support	<u>4,132,205</u>	<u>(1,351,812)</u>	<u>1,313,163</u>	<u>4,093,556</u>
EXPENSES				
Program services				
Academic and education	1,169,495	-	-	1,169,495
Other program support	2,405,688	-	-	2,405,688
Total program services	<u>3,575,183</u>	-	-	<u>3,575,183</u>
Support services				
Administration and general	1,119,451	-	-	1,119,451
Fundraising	779,256	-	-	779,256
Total support services	<u>1,898,707</u>	-	-	<u>1,898,707</u>
Total expenses	<u>5,473,890</u>	-	-	<u>5,473,890</u>
CHANGE IN NET ASSETS	<u>(1,341,685)</u>	<u>(1,351,812)</u>	<u>1,313,163</u>	<u>(1,380,334)</u>
NET ASSETS, BEGINNING	<u>5,056,315</u>	<u>11,900,329</u>	<u>19,174,322</u>	<u>36,130,966</u>
CHANGE IN DONOR INTENT	-	<u>(50,824)</u>	<u>50,824</u>	-
TRANSFERS	<u>565,680</u>	-	-	<u>565,680</u>
NET ASSETS, ENDING	<u>\$ 4,280,310</u>	<u>\$ 10,497,693</u>	<u>\$ 20,538,309</u>	<u>\$ 35,316,312</u>

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions and special events	\$ 266,946	\$ 1,423,071	\$ 553,371	\$ 2,243,388
Investment income (loss), net of investment fees	(16,540)	(221,527)	-	(238,067)
Net realized and unrealized gain on investments	65,654	546,672	-	612,326
Donated goods and services	1,362,535	101,091	-	1,463,626
Administrative fees	410,765	-	-	410,765
	2,089,360	1,849,307	553,371	4,492,038
Net assets released from restrictions:				
Satisfaction of program restrictions	2,153,056	(2,153,056)	-	-
Total revenues and other support	4,242,416	(303,749)	553,371	4,492,038
EXPENSES				
Program services				
Academic and education	981,630	-	-	981,630
Other program support	1,292,579	-	-	1,292,579
Total program services	2,274,209	-	-	2,274,209
Support services				
Administration and general	830,766	-	-	830,766
Fundraising	1,057,126	-	-	1,057,126
Total support services	1,887,892	-	-	1,887,892
Total expenses	4,162,101	-	-	4,162,101
CHANGE IN NET ASSETS	80,315	(303,749)	553,371	329,937
NET ASSETS, BEGINNING	4,222,708	12,281,502	18,543,527	35,047,737
CHANGE IN DONOR INTENT	-	(77,424)	77,424	-
TRANSFERS	753,292	-	-	753,292
NET ASSETS, ENDING	\$ 5,056,315	\$ 11,900,329	\$ 19,174,322	\$ 36,130,966

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Accrued interest receivable	\$ 17,881	\$ 17,764
Inter-company receivables	334,853	334,853
Net investments in direct financing leases	8,411,043	8,935,972
Debt issuance costs, net	127,962	145,054
Assets limited as to use	<u>3,064,982</u>	<u>3,013,939</u>
Total assets	<u>\$ 11,956,721</u>	<u>\$ 12,447,582</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued interest payable	\$ 169,310	\$ 178,779
Bonds payable, net	<u>9,538,778</u>	<u>10,030,967</u>
Total liabilities	<u>9,708,088</u>	<u>10,209,746</u>
Net Assets		
Unrestricted	<u>2,248,633</u>	<u>2,237,836</u>
Total liabilities and net assets	<u>\$ 11,956,721</u>	<u>\$ 12,447,582</u>

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
REVENUES AND OTHER SUPPORT		
Investment income	\$ 42,543	\$ 42,436
Leasing income:		
Rental revenue	378,216	356,498
Interest income on direct financing leases	369,021	396,379
Total leasing income	747,237	752,877
 Total revenues and other support	789,780	795,313
 EXPENSES		
Program services:		
Campus facilities:		
Interest expense	421,048	439,952
Amortization	17,092	17,126
Professional fees	2,772	5,544
Other operating expenses	2,775	5,274
Total campus facilities	443,687	467,896
 Total expenses	443,687	467,896
 CHANGE IN UNRESTRICTED NET ASSETS	346,093	327,417
 NET ASSETS, BEGINNING	2,237,836	2,127,419
 TRANSFERS	(335,296)	(217,000)
 NET ASSETS, ENDING	\$ 2,248,633	\$ 2,237,836

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Accrued interest receivable	\$ 23,212	\$ 23,213
Inter-company receivables	344,825	344,825
Net investments in direct financing leases	13,567,702	14,150,200
Debt issuance costs, net	200,982	227,461
Assets limited as to use	<u>3,735,704</u>	<u>3,620,953</u>
Total assets	<u>\$ 17,872,425</u>	<u>\$ 18,366,652</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued interest payable	\$ 223,061	\$ 231,485
Bonds payable, net	<u>14,080,177</u>	<u>14,809,468</u>
Total liabilities	<u>14,303,238</u>	<u>15,040,953</u>
Net Assets		
Unrestricted	<u>3,569,187</u>	<u>3,325,699</u>
Total liabilities and net assets	<u>\$ 17,872,425</u>	<u>\$ 18,366,652</u>

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
REVENUES AND OTHER SUPPORT		
Investment income	\$ 69,830	122,817
Net realized and unrealized (losses)	(1,712)	-
Leasing income:		
Rental revenue	141,578	137,455
Interest income on direct financing leases	860,550	895,421
Other income	100,000	100,000
Total leasing income	1,102,128	1,132,876
Total revenues and other support	1,170,246	1,255,693
EXPENSES		
Program services:		
Campus facilities:		
Interest expense	649,102	676,643
Amortization	26,480	26,006
Board of Regents fees	9,985	
Other operating expenses	10,822	17,411
Total campus facilities	696,389	720,060
Total expenses	696,389	720,060
CHANGE IN UNRESTRICTED NET ASSETS	473,857	535,633
NET ASSETS, BEGINNING	3,325,699	2,967,066
TRANSFERS	(230,369)	(177,000)
NET ASSETS, ENDING	\$ 3,569,187	3,325,699

EVERGREEN COMPLEX, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents		
Operating	\$ -	\$ 6,189
Inter-company receivables	-	6,860
Net investments in direct financing leases	22,306,811	22,305,928
Debt issuance costs, net	329,687	349,303
Assets limited as to use	<u>3,736,166</u>	<u>3,537,937</u>
Total assets	<u>\$ 26,372,664</u>	<u>\$ 26,206,217</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Inter-company payables	\$ 679,678	\$ 679,678
Accrued interest payable	659,412	661,662
Bonds payable, net	<u>25,152,083</u>	<u>25,261,245</u>
Total liabilities	<u>26,491,173</u>	<u>26,602,585</u>
Net (Deficit)		
Unrestricted	<u>(118,509)</u>	<u>(396,368)</u>
Total liabilities and net assets	<u>\$ 26,372,664</u>	<u>\$ 26,206,217</u>

EVERGREEN COMPLEX, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
REVENUES AND OTHER SUPPORT		
Contributions and special events	\$ -	\$ 6,860
Investment income	95,694	95,725
Leasing income:		
Rental revenue	54,750	53,153
Interest income on direct financing leases	1,533,714	1,431,439
Total leasing income	1,588,464	1,484,592
 Total revenues and other support	 1,684,158	 1,587,177
 EXPENSES		
Program services:		
Campus facilities:		
Insurance	35,164	34,962
Interest expense	1,329,663	1,333,816
Amortization	19,616	18,655
Board of Regents fees	19,323	43,813
Other operating expenses	2,518	26,051
Total campus facilities	1,406,284	1,457,297
 Total expenses	 1,406,284	 1,457,297
 CHANGE IN UNRESTRICTED NET ASSETS	 277,874	 129,880
 NET ASSETS, BEGINNING	 (396,368)	 (166,956)
 TRANSFERS	 (15)	 (359,292)
 NET ASSETS, ENDING	 \$ (118,509)	 \$ (396,368)

WOLVES RETAIL, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Land at cost	\$ <u>73,578</u>	\$ <u>73,578</u>
Total assets	\$ <u><u>73,578</u></u>	\$ <u><u>73,578</u></u>
 NET ASSETS		
Net Assets		
Unrestricted	\$ <u>73,578</u>	\$ <u>73,578</u>
Total net assets	\$ <u><u>73,578</u></u>	\$ <u><u>73,578</u></u>

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

**SCHEDULE OF ADMINISTRATION AND GENERAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Advertising	\$ -	\$ 431
Audit & tax	21,948	37,469
Bank charges	2,577	681
Consulting	17,000	30,113
Honorarium	-	14,797
Insurance	4,328	12,602
Legal	6,889	8,775
Meals and entertainment	67,058	-
Meeting expenses	6,588	-
Membership dues	35,883	16,552
Miscellaneous	3,999	13,648
Postage	1,484	10,527
Printing and reproduction	3,757	-
President auto allowance	-	12,000
Property & tax expenses	-	2,936
Recognition items/memorial	9,131	3,465
Registration	476	5,985
Rental	-	2,592
Repairs and maintenance	-	4,002
Salaries & benefits	644,081	527,876
Software	-	7,954
Special events/entertainment	-	42,977
Staff development	1,269	1,303
Subscriptions	107	4,315
Supplies	249,139	53,854
Taxes	2,150	-
Telecommunications	-	2,557
Travel	41,587	13,355
Total	\$ 1,119,451	\$ 830,766

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

**SCHEDULE OF FUNDRAISING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
A-Day expenses	\$ 16,314	\$ 10,162
Advertising	4,180	4,243
Apparel	7,972	1,046
Consulting	-	19,113
Equipment expenses	-	1,117
Honorarium	-	14,797
Hospitality expenses	-	5,141
Membership dues	-	154
Miscellaneous expenses	-	8,225
Other fundraising expenses	-	16,922
Phonathon	1,399	1,045
Postage	-	16,356
Publications and printing	-	11,309
Recognition items	-	10,594
Registration fees	-	7,028
Rentals	-	1,751
Salaries & benefits	539,232	693,673
Software	-	7,954
Special events / entertainment	51,219	98,783
Subscriptions	-	8,189
Supplies	153,428	50,851
Telecommunications	-	6,576
Travel	5,512	62,097
Total	\$ 779,256	\$ 1,057,126