

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

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2018

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT JUNE 30, 2018

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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, 2018 and 2017, and the related consolidated statement of activities and cash flows for the years then ended, and the related consolidated statement of functional expense for the year ended June 30, 2018, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 31 - 46 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 4, 2018

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and cash equivalents		
Operating	\$ 4,941,635	\$ 3,254,985
Money market deposits	997,819	1,616,551
Agency fund assets	750,850	554,092
Prepaid expenses	2,818	15,336
Unconditional promises to give, net	8,095,065	4,837,434
Accrued interest receivable	41,659	41,285
Note receivable - related party, net	-	371,681
Net investments in direct financing leases	41,774,037	43,090,756
Investments	31,854,878	28,686,919
Assets held under split interest agreements	146,314	143,166
Cash surrender value of life insurance policy	130,458	112,427
Automobiles	329,190	-
Land at cost	-	73,578
Assets limited as to use	10,987,353	10,769,329
	\$ 100,052,076	\$ 93,567,539
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 943,659	\$ 319,153
Accounts payable - related party	56,702	66,984
Agency fund payable	750,850	554,092
Liabilities under split interest agreements	85,931	79,805
Accrued interest payable	1,006,146	1,028,951
Capital lease obligations	329,190	-
Bonds payable, net	45,317,305	46,766,179
	48,489,783	48,815,164
 Net assets		
Without donor restrictions	11,085,883	10,623,570
With donor restrictions	40,476,410	34,128,805
	51,562,293	44,752,375
	\$ 100,052,076	\$ 93,567,539

See Notes to Consolidated Financial Statements.

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

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

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

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 350,382	\$ 3,389,557	\$ 3,739,939
Investment income, net of investment fees	521,800	26,098	547,898
Net realized and unrealized gains on investments	346,721	2,399,014	2,745,735
Donated goods and services	1,362,667	-	1,362,667
Other income	30,903	-	30,903
Leasing income:			
Rental revenue	611,874	-	611,874
Interest income on direct financing leases	2,713,385	-	2,713,385
Other income	308,742	-	308,742
Total leasing income	3,634,001	-	3,634,001
Net assets released from restrictions:			
Satisfaction of program restrictions	2,334,435	(2,334,435)	-
Total revenues and other support	8,580,909	3,480,234	12,061,143
EXPENSES			
Program services			
Academic and education	1,263,897	-	1,263,897
Other program support	2,506,181	-	2,506,181
Campus facilities:			
Insurance	33,440	-	33,440
Interest expense	2,405,138	-	2,405,138
Professional fees	9,909	-	9,909
Property operating expenses	499,262	-	499,262
Other operating expenses	17,847	-	17,847
Total campus facilities	2,965,596	-	2,965,596
Total program services	6,735,674	-	6,735,674
Support services			
Administration and general	848,608	-	848,608
Fundraising	813,719	-	813,719
Total support services	1,662,327	-	1,662,327
Total expenses	8,398,001	-	8,398,001
CHANGE IN NET ASSETS	182,908	3,480,234	3,663,142
NET ASSETS, BEGINNING	10,053,231	31,036,002	41,089,233
CHANGE IN DONOR INTENT	387,431	(387,431)	-
NET ASSETS, ENDING	\$ 10,623,570	\$ 34,128,805	\$ 44,752,375

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, 2018 AND 2017**

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	\$ 6,809,918	\$ 3,663,142
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(1,832,047)	(2,745,735)
Amortization of debt issuance costs	58,796	60,994
Amortization of original bond issue net premium	(197,670)	2,778
Contributions restricted for long-term investments	(734,867)	(329,753)
Change in value of cash surrender value of life insurance policy	(18,031)	(112,427)
Change in value of split interest agreements	2,978	2,980
Gain on sale of land	(26,232)	-
Increase in unconditional promises to give	(3,257,631)	(181,126)
Decrease (increase) in prepaid expenses	12,518	(12,957)
Increase in accrued interest receivable	(374)	(85)
Decrease in accounts receivable - related party	-	2,751
Decrease in note receivable	371,681	63,843
Increase in accounts payable	624,506	297,731
(Decrease) increase in accounts payable - related party	(10,282)	66,984
Decrease in accrued interest payable	(22,805)	(22,832)
	1,780,458	756,288
INVESTING ACTIVITIES		
Principal received on net investments in direct financing leases	1,316,719	1,194,800
Sales proceeds of land	99,810	-
Sales proceeds of investments	10,460,583	11,518,741
Purchases of investments	(11,796,495)	(10,528,732)
	80,617	2,184,809
FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	734,867	329,753
Bond redemption	(1,310,000)	(1,410,000)
Net proceeds from funds held by Trustee	(218,024)	(232,477)
	(793,157)	(1,312,724)
Net increase in cash and cash equivalents	1,067,918	1,628,373
Cash and cash equivalents, at beginning of year	4,871,536	3,243,163
Cash and cash equivalents, at end of year	\$ 5,939,454	\$ 4,871,536
Operating	4,941,635	3,254,985
Money market deposits	997,819	1,616,551
	\$ 5,939,454	\$ 4,871,536
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 2,365,661	\$ 2,427,970
NON-CASH INVESTING AND FINANCING		
Automobiles purchased with capital lease obligation	\$ 329,190	\$ -

See Notes to Consolidated Financial Statements.

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

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

	Scholarships	Other program support	Campus facilities	Total program services	Administration and general	Fundraising	Total
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ 179,675	\$ -	\$ 179,675
Banking and processing fees	-	-	8,200	8,200	15,718	-	23,918
Contract services	-	10,607	-	10,607	-	1,800	12,407
Equipment	-	23,237	-	23,237	-	1,708	24,945
Event expense	-	119,022	-	119,022	-	36,825	155,847
Honorariums and speakers	-	85,409	-	85,409	-	-	85,409
Insurance	-	5,343	37,598	42,941	29,644	-	72,585
Interest expense	-	218	2,342,856	2,343,074	-	-	2,343,074
Marketing and promotions	-	32,559	-	32,559	-	2,595	35,154
Meals and entertainment	-	158,349	-	158,349	23,375	33,523	215,247
Membership and dues	-	18,205	-	18,205	29,958	-	48,163
Miscellaneous	-	33,726	8,391	42,117	6,336	2,381	50,834
Printing and reproduction	-	16,378	-	16,378	-	-	16,378
Professional fees	-	124,082	2,850	126,932	34,117	-	161,049
Program support	-	364,946	-	364,946	-	-	364,946
Recognition and awards	-	51,619	-	51,619	121	5,481	57,221
Repairs and maintenance	-	105	939,494	939,599	-	-	939,599
Salaries and benefits	-	481,172	-	481,172	469,658	679,771	1,630,601
Scholarships	1,331,486	-	-	1,331,486	-	-	1,331,486
Sponsorships	-	83,456	-	83,456	11,500	-	94,956
Supplies	-	82,509	-	82,509	124,302	87,890	294,701
Team expense	-	46,316	-	46,316	-	-	46,316
Telecommunications	-	120,600	-	120,600	-	-	120,600
Travel	-	48,721	-	48,721	2,653	34,089	85,463
Total expenses	\$ 1,331,486	\$ 1,906,579	\$ 3,339,389	\$ 6,577,454	\$ 927,057	\$ 886,063	\$ 8,390,574

See Notes to Consolidated Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

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

Significant accounting policies:

Basis of presentation:

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

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

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues. Board designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes. As of June 30, 2018 and 2017, board designated net assets totaled \$5,057,189 and \$4,242,912, respectively.

Net assets with donor restrictions consists of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Basis of consolidation:

The consolidated financial statements of the University of West Georgia Foundation, Inc. and Subsidiaries includes the accounts of the University of West Georgia Foundation, Inc., University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, 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 reputable financial institutions.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Split interest agreements:

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

Change in donor intent:

During the year ended June 30, 2017, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$387,431 resulting in transfers from net assets with donor restrictions to net assets without donor restrictions.

During the year ended June 30, 2018, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$73,528 resulting in transfers from net assets with donor restrictions to net assets without donor restrictions.

Donated goods and services:

Donated goods and services are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Donated goods and service expense, which primarily represents salaries, supplies, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as administration and general and fundraising expenses in the accompanying consolidated statement of activities. Donated goods and services totaled \$1,554,351 and \$1,362,667, respectively, for the year ended June 30, 2018 and 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Investments:

Investments, including investments held by the Trustee, consist primarily of money market accounts, mutual funds, fixed income securities, equity securities, partnership funds, and hedge funds and are carried at fair value. Investment expenses incurred totaled \$82,220 and \$75,122, respectively, for the year ended June 30, 2018 and 2017.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Automobiles:

Automobiles consists of leased vehicles, and are stated at historical cost. Depreciation is computed on the straight-line method over the estimated useful lives. At June 30, 2018, the estimated useful lives of the commercial vehicles are five years.

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 \$863,554 and \$804,758 as of June 30, 2018 and 2017, respectively.

Bond premiums and discounts:

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

Agency relationship:

From time to time, the Foundation acts as agent on behalf of another nonprofit foundation affiliated with the University of West Georgia. In certain instances, the Foundation collects cash funds from UWG Athletic Foundation, Inc. (the "Athletic Foundation") to pay scholarship expenses and other operating costs on their behalf. In 2018 and 2017, the Foundation invested money on behalf of the Athletic Foundation. At June 30, 2018 and 2017, the related investment balance held for the Athletic Foundation was \$750,850 and \$554,092, respectively.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Fair value of financial instruments:

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

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

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

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

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

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

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

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

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, 2018 and 2017, 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 Form 990 in the U.S. federal jurisdiction and the State of Georgia.

Recent accounting pronouncements:

In 2018, the Foundation adopted Accounting Standards Update 2016-14, which is available for not-for-profit organizations to simplify the financial statement presentation. Under the newly adopted standard, the Foundation now presents net assets as net assets without donor restrictions and net assets with donor restrictions. The Foundation also presents a consolidated statement of functional expenses for the year ended June 30, 2018, and detailed information on liquidity and availability of resources of the Foundation (see Note 2).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year for the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$	754,417
Unconditional promises to give		9,122
Board designated endowment distributions and appropriations		234,560
Endowment distributions and appropriations		342,423
	\$	<u>1,340,522</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments (quasi-endowments). Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Board-designated endowment of \$4,992,875 is subject to an annual spending rate of 4.5% percent as described in Note 12. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, mainly money market funds. The Foundation also draws excess student housing supply reserves. These funds are mainly transferred to the board designated quasi-endowment and also provided support to the Foundation's Capital Campaign. These transfers totaled \$646,381 for the fiscal period ended June 30, 2018.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Foundation had a total of \$5,716,697 and \$4,897,174 on deposit with multiple banks as of June 30, 2018 and 2017, respectively. Of this total, \$4,220,800 and \$3,398,522, respectively, was in excess of federally insured limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2018 and 2017, unconditional promises to give consisted of the following:

	2018	2017
Unrestricted pledges	\$ 26,056	\$ 43,818
Restricted pledges	7,013,943	4,031,403
Endowment pledges	1,254,539	969,979
Unconditional promises to give before discount and allowance for uncollectible pledges	8,294,538	5,045,200
Less unamortized discount	124,315	72,483
Subtotal	8,170,223	4,972,717
Less allowance for uncollectible pledges	75,158	135,283
	\$ 8,095,065	\$ 4,837,434
Amount due in:		
Less than one year	\$ 2,942,678	\$ 1,216,926
One to three years	4,448,977	2,666,377
More than three years	902,883	1,161,897
Total	\$ 8,294,538	\$ 5,045,200

Discount rate used was 1.77 percent as a risk-free interest rate.

NOTE 5. 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, 2018:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2018, the total investments include \$750,850 of agency fund assets held for the Athletic Foundation that are required to be reported at fair value.

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.

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following table provides information about the probability of investments being sold at amounts different from their net asset value per share at June 30, 2018:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. 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, 2017:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	\$ 765,800	\$ -	\$ -	\$ -	\$ 765,800
Mutual funds	16,173,321	-	-	-	16,173,321
Equity securities	9,141,364	-	-	-	9,141,364
Alternative investments					
Hedge funds	-	-	-	2,629,525	2,629,525
Private investment fund	-	-	-	531,001	531,001
Total investments	<u>26,080,485</u>	<u>-</u>	<u>-</u>	<u>3,160,526</u>	<u>29,241,011</u>
Gift annuity trusts	52,081	-	-	-	52,081
Charitable remainder trusts	-	91,085	-	-	91,085
Total assets held under split interest agreements	<u>52,081</u>	<u>91,085</u>	<u>-</u>	<u>-</u>	<u>143,166</u>
Total assets at fair value	<u>\$ 26,132,566</u>	<u>\$ 91,085</u>	<u>\$ -</u>	<u>\$ 3,160,526</u>	<u>\$ 29,384,177</u>

As of June 30, 2017, the total investments include \$554,092 of agency fund assets held for the Athletic Foundation that are required to be reported at fair value.

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, 2017:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership Funds				
JP Morgan Global access Private Investments Vintage 2014 Offshore, L.P.	\$ 531,001	\$ 490,082	N/A	N/A
Hedge Funds				
OZOFII Private Investors Offshore Limited	526,820	-	Quarterly	45 days
Lighthouse Diversified Fund Limited	937,402	-	Monthly	90 days
Lighthouse Global Long/Short Fund Limited	1,165,303	-	Monthly	90 days
	<u>\$ 3,160,526</u>	<u>\$ 490,082</u>		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. 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, 2018 and 2017:

	2018	2017
Total minimum lease payments to be received	\$ 70,781,592	\$ 74,738,316
Less unearned income	29,007,555	31,647,560
Net investment	<u>\$ 41,774,037</u>	<u>\$ 43,090,756</u>

Net minimum lease payments to be received as of June 30, 2018 for each of the next five years and thereafter are:

	Amount
June 30,	
2019	\$ 1,417,033
2020	1,544,118
2021	1,680,260
2022	1,824,102
2023	1,982,496
2024-2028	12,620,147
2029-2033	8,773,799
2034-2038	9,688,481
2039	2,243,601
	<u>\$ 41,774,037</u>

NOTE 7. ASSETS LIMITED AS TO USE

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. ASSETS LIMITED AS TO USE (Continued)

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

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

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

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

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2018 and 2017 is as follows:

	2018	2017
Debt Service Funds	\$ 4,918,998	\$ 4,930,338
Interest Funds	975,861	1,032,854
Operating and Maintenance Funds	50,396	49,966
Principal Funds	1,429,999	1,337,084
Replacement Funds	3,497,579	3,358,096
Revenue Funds	-	54
Surplus Funds	114,520	60,937
	\$ 10,987,353	\$ 10,769,329

NOTE 8. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. BONDS PAYABLE (Continued)

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

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
2019	\$ 795,000	\$ 589,876	\$ 1,384,876
2020	825,000	553,351	1,378,351
2021	865,000	511,101	1,376,101
2022	910,000	466,726	1,376,726
2023	955,000	420,101	1,375,101
2024-2028	5,540,000	1,319,575	6,859,575
2029-2030	2,610,000	125,387	2,735,387
	<u>\$ 12,500,000</u>	<u>\$ 3,986,117</u>	<u>\$ 16,486,117</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%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. 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
2019	\$ 570,000	\$ 353,482	\$ 923,482
2020	590,000	330,282	920,282
2021	615,000	306,182	921,182
2022	640,000	280,682	920,682
2023	665,000	253,350	918,350
2024-2028	3,780,000	805,660	4,585,660
2029-2030	1,750,000	77,438	1,827,438
	<u>\$ 8,610,000</u>	<u>\$ 2,407,076</u>	<u>\$ 11,017,076</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 8. 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
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
2022	390,000	1,255,869	1,645,869
2023	450,000	1,235,600	1,685,600
2024-2028	3,305,000	5,744,660	9,049,660
2029-2033	5,525,000	4,616,720	10,141,720
2034-2038	8,295,000	2,428,390	10,723,390
2039-2040	6,325,000	392,024	6,717,024
	<u>\$ 25,150,000</u>	<u>\$ 19,531,823</u>	<u>\$ 44,681,823</u>

Summary:

A summary of the components of bonds payable at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Series 2004A West Georgia Foundation Student Housing bonds	\$ 12,500,000	\$ 13,265,000
Series 2005 University of West Georgia Student Housing bonds	8,610,000	9,155,000
Series 2008 Evergreen Complex bonds	25,150,000	25,350,000
Unamortized bond issuance costs, net	(538,841)	(597,637)
Unamortized original issue discount, net	(403,854)	(406,184)
	<u>\$ 45,317,305</u>	<u>\$ 46,766,179</u>

Bond interest expense incurred totaled \$2,284,061 and \$2,344,144 for the years ended June 30, 2018 and 2017, respectively.

NOTE 9. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. LEASES (Continued)

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

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

The Foundation entered into capital leases on June 30, 2018 with a local dealership for the purpose of leasing ten vehicles through June 2024 for the use by UWG Athletic staff. The leases are paid from Athletic operations designated funds. The economic substance of the leases are that the Foundation is financing the acquisition of assets through the leases, and, accordingly, they are recorded in the Foundation's assets and liabilities. The following is a schedule by years of future minimum payments required under the leases together with their present value as of June 30, 2018:

	Amount
June 30,	
2019	\$ 57,391
2020	60,768
2021	60,768
2022	60,768
2023	60,768
2024	60,767
Total minimum lease payments	361,230
Less amount representing interest	32,040
Present value of minimum lease payments	\$ 329,190

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2018 and 2017:

	2018	2017
Subject to expenditure for specified purpose:		
Chair and professorship	\$ 525,961	\$ 431,040
Program support	4,525,469	4,279,446
Scholarship	6,123,565	5,480,056
Other University support	7,007,451	2,943,887
Total subject to expenditure for specified purpose:	18,182,446	13,134,429
Perpetual in nature:		
Chair and professorship	1,767,306	1,774,201
Program support	4,600,427	4,441,561
Scholarship	15,728,714	14,590,333
Other University support	197,517	188,281
Total perpetual in nature:	22,293,964	20,994,376
Total net assets with donor restrictions:	\$ 40,476,410	\$ 34,128,805

Net assets with donor restrictions consist of the following as of June 30, 2018 and 2017:

	2018	2017
Subject to expenditure for specified purpose:		
Cash	\$ 4,379,399	\$ 1,684,153
Accrued interest receivable	501	265
Note receivable – related party, net	-	371,681
Unconditional promises to give, net	8,079,796	4,809,551
CSV of life insurance policies	130,458	112,427
Assets held under split interest agreements	19,113	20,342
Investments	400,097	2,352,279
Accounts payable	(15,974)	(1,137)
Accounts payable – related party	(25,768)	(63,050)
Total subject to expenditure for specified purpose:	12,967,622	9,286,511
Endowments (perpetual in nature and purpose restrictions):		
Assets held under split interest agreements	92,696	91,084
Investments	27,416,092	24,751,210
Total endowments:	27,508,788	24,842,294
Total net assets with donor restrictions:	\$ 40,476,410	\$ 34,128,805

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2018 and 2017 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2018	2017
Chair and professorship	\$ 50,424	\$ 73,106
Program support	811,832	782,556
Scholarship	834,783	927,079
Other University support	696,635	551,694
	<u>\$ 2,393,674</u>	<u>\$ 2,334,435</u>

NOTE 12. ENDOWMENT

Interpretation of Relevant Law

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

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

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

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2018, the Foundation had \$211 of deficiencies in the endowment. At June 30, 2017, the Foundation had \$56 of deficiencies in the endowment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. ENDOWMENT (Continued)

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 calculation of the spending policy to appropriate endowment funds for expenditure. The Committee recommended, and the Board of Trustees approved, a spending policy of 4.5% for the 2017 and 2018 academic school years. The Foundation's spending policy is based on a twelve quarter rolling average of the fair market value of the endowment investments, and is distributed for purposes of supporting unrestricted and temporarily restricted activities. The spending policy allocation is charged bi-annually to the endowment funds. In addition, the Foundation charges an annual 1.3% administration fee to support unrestricted activities quarterly, which is based on a twelve quarter rolling average of the fair market value of the endowment investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund as of June 30, 2018 and 2017 is as follows:

	Quasi- Endowment <i>(Without Donor Restriction)</i>	Endowment <i>(With Donor Restriction)</i>	Total
June 30, 2018			
Board-designated endowment funds	\$ 4,992,875	\$ -	\$ 4,992,875
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	21,004,125	21,004,125
Accumulated investment gains	-	6,504,663	6,504,663
Endowment net assets, end of year	<u>\$ 4,992,875</u>	<u>\$ 27,508,788</u>	<u>\$ 32,501,663</u>
June 30, 2017			
Board-designated endowment funds	\$ 4,140,680	\$ -	\$ 4,140,680
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	19,600,146	19,600,146
Accumulated investment gains	-	5,242,148	5,242,148
Endowment net assets, end of year	<u>\$ 4,140,680</u>	<u>\$ 24,842,294</u>	<u>\$ 28,982,974</u>

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. ENDOWMENT (Continued)

The Changes in Endowment Net Assets for the year ended June 30, 2017 are:

	Quasi- Endowment (Without Donor Restriction)	Endowment (With Donor Restriction)	Total
Endowment net assets, beginning of year	\$ <u>3,760,740</u>	\$ <u>22,906,170</u>	\$ <u>26,666,910</u>
Investment return:			
Investment income, net of investment fees	42,077	19,987	62,064
Realized and unrealized net gains	<u>312,922</u>	<u>2,400,753</u>	<u>2,713,675</u>
Total investment return	354,999	2,420,740	2,775,739
Contributions	-	290,490	290,490
Transfers	24,941	-	24,941
Change in donor intent	-	(4,492)	(4,492)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(770,614)</u>	<u>(770,614)</u>
Endowment net assets, end of year	<u>\$ 4,140,680</u>	<u>\$ 24,842,294</u>	<u>\$ 28,982,974</u>

NOTE 13. RELATED PARTY TRANSACTIONS

The Foundation holds funds at various financial institutions in order to minimize credit risk. The Foundation has funds in two financial institution as of June 30, 2018 and 2017, of which members of their upper management were also members of the Foundation's Board of Trustees. Deposits held at the financial institutions totaled \$4,388,062 and \$245,652 at June 30, 2018 and 2017, respectively.

In 2016, the holder of a secured note receivable due from a relative of a member of Foundation's Board of Trustees contributed the remaining note of \$602,875 to the Foundation. The note has a zero percent interest rate, annual principal payments of \$86,125, matures in March 2022, and is secured by real estate. When the contribution was received, the Foundation discounted the note receivable at a rate of 5%. At June 30, 2017, the outstanding balance due from the note was \$430,625. In August 2017, the Foundation received payment of the outstanding note in full.

NOTE 14. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through September 4, 2018 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, 2018**

	University of West Georgia Foundation, Inc.	University of West Georgia Student Housing, LLC	West Georgia Foundation for Student Housing, LLC	Evergreen Complex, LLC	Wolves Retail, LLC	Eliminations	Total
ASSETS							
Cash and cash equivalents							
Operating	\$ 4,941,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,941,635
Money market deposits	997,819	-	-	-	-	-	997,819
Agency fund assets	750,850	-	-	-	-	-	750,850
Prepaid expenses	2,818	-	-	-	-	-	2,818
Unconditional promises to give, net	8,095,065	-	-	-	-	-	8,095,065
Accrued interest receivable	682	17,764	23,213	-	-	-	41,659
Inter-company receivables	-	334,853	344,825	-	-	-	-
Net investments in direct financing leases	-	7,314,756	12,282,429	22,176,852	-	679,678	41,774,037
Investments	31,854,878	-	-	-	-	-	31,854,878
Assets held under split interest agreements	146,314	-	-	-	-	-	146,314
Cash surrender value of life insurance policy	130,458	-	-	-	-	-	130,458
Property and equipment	329,190	-	-	-	-	-	329,190
Assets limited as to use	-	3,362,275	3,810,402	3,814,676	-	-	10,987,353
Total assets	<u>\$ 47,249,709</u>	<u>\$ 11,029,648</u>	<u>\$ 16,460,869</u>	<u>\$ 25,991,528</u>	<u>\$ -</u>	<u>\$ 679,678</u>	<u>\$ 100,052,076</u>
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 19,108	\$ 477,690	\$ 446,861	\$ -	\$ -	\$ -	\$ 943,659
Accounts payable - related party	56,702	-	-	-	-	-	56,702
Agency fund payable	750,850	-	-	-	-	-	750,850
Inter-company payables	-	-	-	679,678	-	679,678	-
Liabilities under split interest agreements	85,931	-	-	-	-	-	85,931
Accrued interest payable	-	152,034	201,925	652,187	-	-	1,006,146
Capital lease obligations	329,190	-	-	-	-	-	329,190
Bonds payable, net	-	8,399,264	12,388,879	24,529,162	-	-	45,317,305
Total liabilities	<u>1,241,781</u>	<u>9,028,988</u>	<u>13,037,665</u>	<u>25,861,027</u>	<u>-</u>	<u>679,678</u>	<u>48,489,783</u>
Net assets (deficit)							
Without donor restrictions	5,531,518	2,000,660	3,423,204	130,501	-	-	11,085,883
With donor restrictions	40,476,410	-	-	-	-	-	40,476,410
Total net assets (deficit)	<u>46,007,928</u>	<u>2,000,660</u>	<u>3,423,204</u>	<u>130,501</u>	<u>-</u>	<u>-</u>	<u>51,562,293</u>
Total liabilities and net assets	<u>\$ 47,249,709</u>	<u>\$ 11,029,648</u>	<u>\$ 16,460,869</u>	<u>\$ 25,991,528</u>	<u>\$ -</u>	<u>\$ 679,678</u>	<u>\$ 100,052,076</u>

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

	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	\$ 3,254,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,254,985
Money market deposits	1,616,551	-	-	-	-	-	1,616,551
Agency fund assets	554,092	-	-	-	-	-	554,092
Prepaid expenses	15,336	-	-	-	-	-	15,336
Unconditional promises to give, net	4,837,434	-	-	-	-	-	4,837,434
Accrued interest receivable	308	17,764	23,213	-	-	-	41,285
Note receivable-related party, net	371,681	-	-	-	-	-	371,681
Inter-company receivables	-	334,853	344,825	-	-	679,678	-
Net investments in direct financing leases	-	7,880,708	12,945,788	22,264,260	-	-	43,090,756
Investments	28,686,919	-	-	-	-	-	28,686,919
Assets held under split interest agreements	143,166	-	-	-	-	-	143,166
Cash surrender value of life insurance policy	112,427	-	-	-	-	-	112,427
Land at cost	-	-	-	-	73,578	-	73,578
Assets limited as to use	-	3,156,065	3,902,766	3,710,498	-	-	10,769,329
Total assets	<u>\$ 39,592,899</u>	<u>\$ 11,389,390</u>	<u>\$ 17,216,592</u>	<u>\$ 25,974,758</u>	<u>\$ 73,578</u>	<u>\$ 679,678</u>	<u>\$ 93,567,539</u>
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 36,502	\$ 3,902	\$ 278,749	\$ -	\$ -	\$ -	\$ 319,153
Accounts payable - related party	66,984	-	-	-	-	-	66,984
Agency fund payable	554,092	-	-	-	-	-	554,092
Inter-company payables	-	-	-	679,678	-	679,678	-
Liabilities under split interest agreements	79,805	-	-	-	-	-	79,805
Accrued interest payable	-	160,833	211,806	656,312	-	-	1,028,951
Bonds payable, net	-	8,915,588	13,152,425	24,698,166	-	-	46,766,179
Total liabilities	<u>737,383</u>	<u>9,080,323</u>	<u>13,642,980</u>	<u>26,034,156</u>	<u>-</u>	<u>679,678</u>	<u>48,815,164</u>
Net assets (deficit)							
Without donor restrictions	4,726,711	2,309,067	3,573,612	(59,398)	73,578	-	10,623,570
With donor restrictions	34,128,805	-	-	-	-	-	34,128,805
Total net assets (deficit)	<u>38,855,516</u>	<u>2,309,067</u>	<u>3,573,612</u>	<u>(59,398)</u>	<u>73,578</u>	<u>-</u>	<u>44,752,375</u>
Total liabilities and net assets	<u>\$ 39,592,899</u>	<u>\$ 11,389,390</u>	<u>\$ 17,216,592</u>	<u>\$ 25,974,758</u>	<u>\$ 73,578</u>	<u>\$ 679,678</u>	<u>\$ 93,567,539</u>

See Note to Supplemental Information.

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

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

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

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	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	\$ 3,739,939	-	-	-	-	-	\$ 3,739,939
Investment income (loss), net of investment fees	40,156	44,798	72,027	96,753	-	(294,164)	547,898
Net realized and unrealized gain (loss) on investments	2,746,648	-	(913)	-	-	-	2,745,735
Donated goods and services	1,362,667	-	-	-	-	-	1,362,667
Administrative fees	294,164	-	-	-	-	294,164	-
Other income	30,903	-	-	-	-	-	30,903
Leasing income:							
Rental revenue	-	409,655	145,829	56,390	-	-	611,874
Interest income on direct financing leases	-	357,619	823,330	1,532,436	-	-	2,713,385
Other income	-	208,742	100,000	-	-	-	308,742
Total leasing income	-	976,016	1,069,159	1,588,826	-	-	3,634,001
Total revenues and other support	8,214,477	1,020,814	1,140,273	1,685,579	-	-	12,061,143
EXPENSES							
Program services:							
Academic and education	1,263,897	-	-	-	-	-	1,263,897
Other program support	2,506,181	-	-	-	-	-	2,506,181
Campus facilities:							
Insurance	-	-	-	33,440	-	-	33,440
Interest expense	-	417,467	644,276	1,343,395	-	-	2,405,138
Professional fees	-	2,772	850	6,287	-	-	9,909
Property operating expenses	-	262,134	237,128	-	-	-	499,262
Other operating expenses	-	3,825	11,522	2,500	-	-	17,847
Total campus facilities	-	686,198	893,776	1,385,622	-	-	2,965,596
Total program services	3,770,078	686,198	893,776	1,385,622	-	-	6,735,674
Support services							
Administration and general Fundraising	848,608	-	-	-	-	-	848,608
	813,719	-	-	-	-	-	813,719
Total support services	1,662,327	-	-	-	-	-	1,662,327
Total expenses	5,432,405	686,198	893,776	1,385,622	-	-	8,398,001
CHANGE IN NET ASSETS	2,782,072	334,616	246,497	299,957	-	-	3,663,142
NET ASSETS (DEFICIT), BEGINNING	35,316,344	2,248,633	3,569,187	(118,509)	73,578	-	41,089,233
TRANSFERS	757,100	(274,182)	(242,072)	(240,846)	-	-	-
NET ASSETS (DEFICIT), ENDING	\$ 38,855,516	\$ 2,309,067	\$ 3,573,612	\$ (59,398)	\$ 73,578	\$ -	\$ 44,752,375

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, 2018 and 2017, 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, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents		
Operating	\$ 4,941,635	\$ 3,254,985
Money market deposits	997,819	1,616,551
Agency fund assets	750,850	554,092
Prepaid expenses	2,818	15,336
Unconditional promises to give, net	8,095,065	4,837,434
Accrued interest receivable	682	308
Note receivable - related party, net	-	371,681
Investments	31,854,878	28,686,919
Assets held under split interest agreements	146,314	143,166
Cash surrender value of life insurance policy	130,458	112,427
Property and equipment	329,190	-
 Total assets	 \$ 47,249,709	 \$ 39,592,899
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 19,108	\$ 36,502
Accounts payable - related party	56,702	66,984
Agency fund payable	750,850	554,092
Liabilities under split interest agreements	85,931	79,805
Capital lease obligations	329,190	-
 Total liabilities	 1,241,781	 737,383
 Net assets		
Without donor restriction	5,531,518	4,726,711
With donor restriction	40,476,410	34,128,805
 Total net assets	 46,007,928	 38,855,516
 Total liabilities and net assets	 \$ 47,249,709	 \$ 39,592,899

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

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

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 350,382	\$ 3,389,557	\$ 3,739,939
Investment income, net of investment fees	14,058	26,098	40,156
Net realized and unrealized gain on investments	347,634	2,399,014	2,746,648
Donated goods and services	1,362,667	-	1,362,667
Administrative fees	294,164	-	294,164
Other income	30,903	-	30,903
	<u>2,399,808</u>	<u>5,814,669</u>	<u>8,214,477</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	2,334,435	(2,334,435)	-
Total revenues and other support	<u>4,734,243</u>	<u>3,480,234</u>	<u>8,214,477</u>
EXPENSES			
Program services			
Academic and education	1,263,897	-	1,263,897
Other program support	2,506,181	-	2,506,181
Total program services	<u>3,770,078</u>	<u>-</u>	<u>3,770,078</u>
Support services			
Administration and general	848,608	-	848,608
Fundraising	813,719	-	813,719
Total support services	<u>1,662,327</u>	<u>-</u>	<u>1,662,327</u>
Total expenses	<u>5,432,405</u>	<u>-</u>	<u>5,432,405</u>
CHANGE IN NET ASSETS	<u>(698,162)</u>	<u>3,480,234</u>	<u>2,782,072</u>
NET ASSETS, BEGINNING	<u>4,280,342</u>	<u>31,036,002</u>	<u>35,316,344</u>
CHANGE IN DONOR INTENT	<u>387,431</u>	<u>(387,431)</u>	<u>-</u>
TRANSFERS	<u>757,100</u>	<u>-</u>	<u>757,100</u>
NET ASSETS, ENDING	<u>\$ 4,726,711</u>	<u>\$ 34,128,805</u>	<u>\$ 38,855,516</u>

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Accrued interest receivable	\$ 17,764	\$ 17,764
Inter-company receivables	334,853	334,853
Net investments in direct financing leases	7,314,756	7,880,708
Assets limited as to use	3,362,275	3,156,065
 Total assets	\$ 11,029,648	\$ 11,389,390
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 477,690	\$ 3,902
Accrued interest payable	152,034	160,833
Bonds payable, net	8,399,264	8,915,588
 Total liabilities	9,028,988	9,080,323
 Net Assets		
Without donor restrictions	2,000,660	2,309,067
 Total liabilities and net assets	\$ 11,029,648	\$ 11,389,390

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Without donor restrictions	
	2018	2017
REVENUES AND OTHER SUPPORT		
Investment income	\$ 60,272	\$ 44,798
Leasing income:		
Rental revenue	429,357	409,655
Interest income on direct financing leases	328,252	357,619
Other income	-	208,742
Total leasing income	757,609	976,016
 Total revenues and other support	817,881	1,020,814
 EXPENSES		
Program services:		
Campus facilities:		
Interest expense	395,316	417,467
Professional fees	2,772	2,772
Property operating expenses	483,508	262,134
Other operating expenses	3,875	3,825
Total campus facilities	885,471	686,198
 Total expenses	885,471	686,198
 CHANGE IN NET ASSETS	(67,590)	334,616
 NET ASSETS, BEGINNING	2,309,067	2,248,633
 TRANSFERS	(240,817)	(274,182)
 NET ASSETS, ENDING	\$ 2,000,660	\$ 2,309,067

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Accrued interest receivable	\$ 23,213	\$ 23,213
Inter-company receivables	344,825	344,825
Net investments in direct financing leases	12,282,429	12,945,788
Assets limited as to use	<u>3,810,402</u>	<u>3,902,766</u>
Total assets	<u>\$ 16,460,869</u>	<u>\$ 17,216,592</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 446,861	\$ 278,749
Accrued interest payable	201,925	211,806
Bonds payable, net	<u>12,388,879</u>	<u>13,152,425</u>
Total liabilities	<u>13,037,665</u>	<u>13,642,980</u>
 Net Assets		
Without donor restrictions	<u>3,423,204</u>	<u>3,573,612</u>
Total liabilities and net assets	<u>\$ 16,460,869</u>	<u>\$ 17,216,592</u>

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Without donor restrictions	
	2018	2017
REVENUES AND OTHER SUPPORT		
Investment income	\$ 86,896	\$ 72,027
Net realized and unrealized (losses) on investments	(11,655)	(913)
Leasing income:		
Rental revenue	150,204	145,829
Interest income on direct financing leases	783,626	823,330
Other income	100,000	100,000
Total leasing income	1,033,830	1,069,159
Total revenues and other support	1,109,071	1,140,273
EXPENSES		
Program services:		
Campus facilities:		
Interest expense	612,169	644,276
Board of Regents fees	850	850
Property operating expenses	454,130	237,128
Other operating expenses	2,825	11,522
Total campus facilities	1,069,974	893,776
Total expenses	1,069,974	893,776
CHANGE IN NET ASSETS	39,097	246,497
NET ASSETS, BEGINNING	3,573,612	3,569,187
TRANSFERS	(189,505)	(242,072)
NET ASSETS, ENDING	\$ 3,423,204	\$ 3,573,612

EVERGREEN COMPLEX, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Net investments in direct financing leases	\$ 22,176,852	\$ 22,264,260
Assets limited as to use	<u>3,814,676</u>	<u>3,710,498</u>
Total assets	<u>\$ 25,991,528</u>	<u>\$ 25,974,758</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Inter-company payables	\$ 679,678	\$ 679,678
Accrued interest payable	652,187	656,312
Bonds payable, net	<u>24,529,162</u>	<u>24,698,166</u>
Total liabilities	<u>25,861,027</u>	<u>26,034,156</u>
Net (Deficit)		
Without donor restrictions	<u>130,501</u>	<u>(59,398)</u>
Total liabilities and net assets	<u>\$ 25,991,528</u>	<u>\$ 25,974,758</u>

EVERGREEN COMPLEX, LLC

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Without donor restrictions	
	2018	2017
REVENUES AND OTHER SUPPORT		
Investment income	\$ 103,881	\$ 96,753
Leasing income:		
Rental revenue	58,081	56,390
Interest income on direct financing leases	1,528,129	1,532,436
Total leasing income	1,586,210	1,588,826
 Total revenues and other support	 1,690,091	 1,685,579
 EXPENSES		
Program services:		
Campus facilities:		
Insurance	37,507	33,440
Interest expense	1,335,371	1,343,395
Board of Regents fees	6,288	6,287
Other operating expenses	4,766	2,500
Total campus facilities	1,383,932	1,385,622
 Total expenses	 1,383,932	 1,385,622
 CHANGE IN NET ASSETS	 306,159	 299,957
 NET (DEFICIT), BEGINNING	 (59,398)	 (118,509)
 TRANSFERS	 (116,260)	 (240,846)
 NET ASSETS (DEFICIT), ENDING	 \$ 130,501	 \$ (59,398)

WOLVES RETAIL, LLC

STATEMENT OF FINANCIAL POSITION JUNE 30, 2017

	<u>2017</u>
ASSETS	
Land at cost	\$ <u>73,578</u>
Total assets	\$ <u><u>73,578</u></u>
 NET ASSETS	
Net Assets	
Without donor restrictions	\$ <u>73,578</u>
Total net assets	\$ <u><u>73,578</u></u>

WOLVES RETAIL, LLC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without donor restrictions
	2018
REVENUES AND OTHER SUPPORT	
Other income	\$ 26,232
Total revenues and other support	26,232
EXPENSES	
Program services:	
Campus facilities:	
Other operating expenses	12
Total campus facilities	12
Total expenses	12
CHANGE IN NET ASSETS	26,220
NET ASSETS, BEGINNING	73,578
TRANSFERS	(99,798)
NET ASSETS, ENDING	\$ -