

**GEORGIA SOUTHERN UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2024



MAULDIN & JENKINS

CPAs & ADVISORS

**GEORGIA SOUTHERN UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Georgia Southern University Foundation, Inc. and Subsidiaries
Statesboro, Georgia

Opinion

We have audited the accompanying consolidated financial statements of **Georgia Southern University Foundation, Inc.** (a nonprofit organization) **and Subsidiaries**, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Georgia Southern University Foundation, Inc. and Subsidiaries as of June 30, 2024 and 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities ("consolidating information") shown on pages 25 through 29 are 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, 2024

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

| | 2024 | 2023 |
|-------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| ASSETS | | |
| Cash | \$ 299,941 | \$ 357,827 |
| Investments | 125,897,546 | 114,531,395 |
| Beneficial interest in irrevocable trust | 2,778,619 | 2,480,639 |
| Accrued interest receivable | 16,746 | 22,996 |
| Contributions receivable, net | 4,262,971 | 5,518,388 |
| Due from Georgia Southern University Athletic Foundation | 2,148,208 | 2,520,017 |
| Cash value of insurance on lives of donors | 168,551 | 168,401 |
| Land | 890,860 | 890,860 |
| Buildings and equipment, net of accumulated depreciation of \$437,385 for 2024 and \$393,879 for 2023 | 536,354 | 579,860 |
| | \$ 136,999,796 | \$ 127,070,383 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 50,464 | \$ 40,351 |
| Due to University | 622,687 | 444,603 |
| Gift annuities payable | 205,301 | 217,392 |
| Total liabilities | 878,452 | 702,346 |
| Net Assets | | |
| Without donor restrictions | 9,153,195 | 8,619,067 |
| With donor restrictions | 126,968,149 | 117,748,970 |
| Total net assets | 136,121,344 | 126,368,037 |
| Total Liabilities and Net Assets | \$ 136,999,796 | \$ 127,070,383 |

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------------------------------|-------------------------------|----------------------------|-----------------------|
| SUPPORT AND REVENUES | | | |
| Contributions, net | \$ 115,336 | \$ 7,971,735 | \$ 8,087,071 |
| Contributed services and materials | 360 | 2,311,626 | 2,311,986 |
| Contributed salaries and benefits by | | | |
| Georgia Southern University | 3,205,897 | - | 3,205,897 |
| Interest and dividends, net of investment fees | 305,009 | 2,159,809 | 2,464,818 |
| Net realized and unrealized gains on investments | 2,270,183 | 11,346,540 | 13,616,723 |
| Other revenue | 68,368 | 897,069 | 965,437 |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions for University support | 9,264,269 | (9,264,269) | - |
| Satisfaction of restrictions to pay administrative fees | 1,025,741 | (1,025,741) | - |
| Satisfaction of restrictions for awards and scholarships | 3,955,010 | (3,955,010) | - |
| Total support and revenues | 20,210,173 | 10,441,759 | 30,651,932 |
| EXPENSES | | | |
| Program services | | | |
| Student support | 4,925,964 | - | 4,925,964 |
| University support | 11,089,203 | - | 11,089,203 |
| Other support | 347,845 | - | 347,845 |
| Total program services | 16,363,012 | - | 16,363,012 |
| Supporting services | | | |
| Management and general | 1,356,547 | - | 1,356,547 |
| Fundraising | 3,179,066 | - | 3,179,066 |
| Total supporting services | 4,535,613 | - | 4,535,613 |
| Total expenses | 20,898,625 | - | 20,898,625 |
| CHANGE IN NET ASSETS | (688,452) | 10,441,759 | 9,753,307 |
| NET ASSETS, BEGINNING OF YEAR | 8,619,067 | 117,748,970 | 126,368,037 |
| Change in donor intent | 1,222,580 | (1,222,580) | - |
| NET ASSETS, END OF YEAR | \$ 9,153,195 | \$ 126,968,149 | \$ 136,121,344 |

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|----------------------------------------------------------|---------------------------------------|------------------------------------|-----------------------|
| SUPPORT AND REVENUES | | | |
| Contributions, net | \$ 75,380 | \$ 7,633,043 | \$ 7,708,423 |
| Contributed services and materials | 2,702 | 5,807,451 | 5,810,153 |
| Contributed salaries and benefits by | | | |
| Georgia Southern University | 2,922,339 | - | 2,922,339 |
| Interest and dividends, net of investment fees | 241,382 | 1,522,677 | 1,764,059 |
| Net realized and unrealized gains on investments | 1,276,262 | 4,865,953 | 6,142,215 |
| Other revenue | 51,175 | 774,778 | 825,953 |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions for University support | 5,604,067 | (5,604,067) | - |
| Satisfaction of restrictions to pay administrative fees | 932,657 | (932,657) | - |
| Satisfaction of restrictions for awards and scholarships | 3,292,572 | (3,292,572) | - |
| Total support and revenues | <u>14,398,536</u> | <u>10,774,606</u> | <u>25,173,142</u> |
| EXPENSES | | | |
| Program services | | | |
| Student support | 3,719,008 | - | 3,719,008 |
| University support | <u>6,954,766</u> | <u>-</u> | <u>6,954,766</u> |
| Total program services | <u>10,673,774</u> | <u>-</u> | <u>10,673,774</u> |
| Supporting services | | | |
| Management and general | 1,371,165 | - | 1,371,165 |
| Fundraising | <u>3,068,532</u> | <u>-</u> | <u>3,068,532</u> |
| Total supporting services | <u>4,439,697</u> | <u>-</u> | <u>4,439,697</u> |
| Total expenses | <u>15,113,471</u> | <u>-</u> | <u>15,113,471</u> |
| CHANGE IN NET ASSETS | (714,935) | 10,774,606 | 10,059,671 |
| NET ASSETS, BEGINNING OF YEAR | 8,415,079 | 107,893,287 | 116,308,366 |
| Change in donor intent | <u>918,923</u> | <u>(918,923)</u> | <u>-</u> |
| NET ASSETS, END OF YEAR | <u>\$ 8,619,067</u> | <u>\$ 117,748,970</u> | <u>\$ 126,368,037</u> |

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

| | Program Services | | | Total Program Services | Supporting Services | | Total |
|------------------------------------|---------------------|-----------------------|--------------------|---------------------------|---------------------------|---------------------|----------------------|
| | Student Support | University Support | Program Support | | Management and General | Fundraising | |
| Scholarships | \$ 4,788,602 | \$ - | \$ - | \$ 4,788,602 | \$ - | \$ - | \$ 4,788,602 |
| Other student support | 137,362 | - | - | 137,362 | - | - | 137,362 |
| Salaries and wages | - | - | - | - | 1,122,064 | 2,083,833 | 3,205,897 |
| Other personnel costs | - | 1,092,984 | - | 1,092,984 | 1,588 | 27,277 | 1,121,849 |
| Facilities and maintenance | - | 3,658,352 | - | 3,658,352 | - | - | 3,658,352 |
| Professional fees and services | - | 234,588 | - | 234,588 | 87,997 | 178,522 | 501,107 |
| Transfer to affiliate | - | - | 347,845 | 347,845 | - | - | 347,845 |
| Cultivation and promotion | - | 486,363 | - | 486,363 | 22,426 | 328,283 | 837,072 |
| Conferences and travel | - | 1,073,516 | - | 1,073,516 | 45,840 | 259,320 | 1,378,676 |
| Supplies and equipment | - | 824,277 | - | 824,277 | 43,272 | 297,044 | 1,164,593 |
| Interest | - | 19,658 | - | 19,658 | - | - | 19,658 |
| Insurance | - | 10,745 | - | 10,745 | 22,040 | - | 32,785 |
| Contributed materials and services | - | 3,561,986 | - | 3,561,986 | - | - | 3,561,986 |
| Depreciation | - | 43,506 | - | 43,506 | - | - | 43,506 |
| Other | - | 83,228 | - | 83,228 | 11,320 | 4,787 | 99,335 |
| | <u>\$ 4,925,964</u> | <u>\$ 11,089,203</u> | <u>\$ 347,845</u> | <u>\$ 16,363,012</u> | <u>\$ 1,356,547</u> | <u>\$ 3,179,066</u> | <u>\$ 20,898,625</u> |

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

| | Program Services | | | Supporting Services | | Total |
|------------------------------------|---------------------|---------------------|------------------------|------------------------|---------------------|----------------------|
| | Student Support | University Support | Total Program Services | Management and General | Fundraising | |
| Scholarships | \$ 3,633,099 | \$ - | \$ 3,633,099 | \$ - | \$ - | \$ 3,633,099 |
| Other student support | 85,909 | - | 85,909 | - | - | 85,909 |
| Salaries and wages | - | - | - | 1,022,819 | 1,899,520 | 2,922,339 |
| Other personnel costs | - | 833,767 | 833,767 | 16,250 | 34,465 | 884,482 |
| Facilities and maintenance | - | 1,112,309 | 1,112,309 | - | 70 | 1,112,379 |
| Professional fees and services | - | 57,056 | 57,056 | 242,244 | 147,035 | 446,335 |
| Transfer to affiliate | - | 15,584 | 15,584 | - | - | 15,584 |
| Cultivation and promotion | - | 397,205 | 397,205 | 12,602 | 322,137 | 731,944 |
| Conferences and travel | - | 576,588 | 576,588 | 27,490 | 283,318 | 887,396 |
| Supplies and equipment | - | 501,699 | 501,699 | 2,640 | 376,275 | 880,614 |
| Interest | - | 33,581 | 33,581 | - | - | 33,581 |
| Insurance | - | 12,674 | 12,674 | 25,529 | 349 | 38,552 |
| Contributed materials and services | - | 3,310,153 | 3,310,153 | - | - | 3,310,153 |
| Depreciation | - | 39,548 | 39,548 | - | 3,958 | 43,506 |
| Other | - | 64,602 | 64,602 | 21,591 | 1,405 | 87,598 |
| | <u>\$ 3,719,008</u> | <u>\$ 6,954,766</u> | <u>\$ 10,673,774</u> | <u>\$ 1,371,165</u> | <u>\$ 3,068,532</u> | <u>\$ 15,113,471</u> |

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

| | 2024 | 2023 |
|----------------------------------------------------------------------------------------------|--------------|---------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 9,753,307 | \$ 10,059,671 |
| Adjustments to reconcile change in net assets to net cash (used in) operating activities: | | |
| Depreciation | 43,506 | 43,506 |
| Net unrealized and realized (gains) on investments | (13,616,723) | (6,142,215) |
| Contributions restricted for endowments | (1,411,670) | (2,288,192) |
| Bad debt write-offs | 90,136 | 44,248 |
| Change in allowance for bad debts | (10,790) | 1,525 |
| Change in discount on contributions receivable | (76,921) | (129,468) |
| (Increase) decrease in: | | |
| Accrued interest receivable | 6,250 | 15,984 |
| Contributions receivable | 1,252,992 | (1,349,215) |
| Due from Georgia Southern University Athletic Foundation | 371,809 | (1,079,175) |
| Cash value of insurance on lives of donors | (150) | (8,548) |
| Beneficial interest in irrevocable trust | (297,980) | (203,047) |
| Prepaid expenses | - | 158,068 |
| Increase (decrease) in: | | |
| Accounts payable | 10,113 | (21,300) |
| Due to University | 178,084 | 119,467 |
| Gift annuities payable | (12,091) | 1,831 |
| Net cash (used in) operating activities | (3,720,128) | (776,860) |
| INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 14,527,614 | 13,716,737 |
| Purchases of investments | (12,277,042) | (15,136,304) |
| Net cash provided by (used in) investing activities | 2,250,572 | (1,419,567) |
| FINANCING ACTIVITIES | | |
| Contributions restricted for endowments | 1,411,670 | 2,288,192 |
| Net cash provided by financing activities | 1,411,670 | 2,288,192 |
| NET (DECREASE) INCREASE IN CASH | (57,886) | 91,765 |
| CASH, BEGINNING OF YEAR | 357,827 | 266,062 |
| CASH, END OF YEAR | \$ 299,941 | \$ 357,827 |

See Notes to Consolidated Financial Statements.

GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Georgia Southern University Foundation, Inc. (the “Foundation”) is an independent, nonprofit organization whose purpose is to promote academic programs for Georgia Southern University (the “University”). The Foundation is supported primarily through contributions from individuals, corporations, and other nonprofit foundations. The facilities occupied and many of the resources available to the Foundation are owned or provided for by the University. Also, all Foundation employees are paid by the University. The value of these contributions is reflected in these consolidated financial statements.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Georgia Southern University Foundation, Inc. and its four wholly-owned subsidiaries: Georgia Southern University Foundation Real Estate, LLC, Georgia Southern University Foundation Real Estate Holdings, LLC, Georgia Southern University Foundation Botanical Gardens Real Estate, LLC, and Georgia Southern University Foundation Guyton Real Estate, LLC. All significant intraorganizational transactions and balances have been eliminated in consolidation.

During the year ended June 30, 2015, the Foundation formed the first three separate LLCs mentioned above with the intent for each to hold real estate assets. During the year ended June 30, 2016, the net assets of the Foundation related to all real estate assets was transferred to each LLC. During the year ended June 30, 2017, Georgia Southern University Foundation Guyton Real Estate, LLC was formed with the intent for the entity to hold real estate gifted by a donor.

Effective July 1, 2019, the Armstrong Foundation of Georgia Southern University, Inc. merged with the Georgia Southern University Foundation, Inc. The Georgia Southern University Foundation, Inc. was the surviving entity of this merger and all assets and liabilities were transferred to the Georgia Southern University Foundation, Inc.

Contributions

Contributions received are recorded as with or without donor restriction support depending on the existence and/or nature of any donor restrictions. Net assets with donor restriction are reclassified to net assets without donor restriction upon satisfaction of the time or purpose restrictions.

Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the contribution promises to give are received to discount the amounts.

An allowance for uncollectible contributions receivable is provided based on management’s evaluation of potential uncollectible contributions receivable at year end.

Endowment contributions and investments are restricted by the donor to be held in perpetuity. Investment earnings on endowments available for awards, scholarships, and other University support are recorded in net assets with donor restriction until used as stipulated by the donor. When the restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services and Materials

Contributed services and materials are reflected in the financial statements at the fair value of the services or materials received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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:

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

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

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.

For the years ended June 30, 2024 and 2023, the fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Investments

Investments are reported at fair value based on the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). Level I investments are investments for which fair value is derived from quoted prices in active markets for identical assets the Foundation has the ability to access at the measurement date. Level II investments are investments for which fair value is derived from other than quoted prices in Level I that are observable for the asset, either directly or indirectly. Level III investments are investments for which fair value is derived from significant unobservable inputs.

All investments in debt and equity securities with a readily determinable market value are reported at fair value with gains and losses included in the statements of activities based on quoted prices in active markets. Alternative investments, which are not readily marketable, are carried at estimated fair values based on information provided by external investment managers and financial information provided by the respective partnership or limited liability company investments. The estimated fair values may differ significantly from the values that would have been used had readily available markets for these securities existed.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated in the values of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's financial statements.

Investment expenses incurred totaled \$961,630 and \$749,037 for the years ended June 30, 2024 and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Fees

Administrative fees are utilized to assist with development activities and provide additional funds to the University. The fees include 1% of the fair value of the endowments annually and 5% on nonendowed receipts.

Split – Interest Agreement

During the year ended June 30, 2017, the Foundation was named a beneficiary to a charitable remainder trust. The Foundation receives the contributed amounts upon the execution of the agreement and is entitled to 50% of the assets in the trust. Changes in the recorded assets due to changes in market value of assets held in the trust are reflected as unrealized and realized gains and losses in the accompanying statements of activities. The terms of the trust state that the Foundation will receive the greater of one-half of (1) an amount equal to all net income of the trust for the preceding calendar year, (2) an amount equal to 4% of the average of the sum of the net fair market value of all publicly traded securities that are held by the trust on December 31 of the three immediately preceding years, or (3) the amount necessary to maintain its status as a supporting organization.

Land, Buildings, and Equipment

Land and buildings are recorded at cost if purchased and at fair market value if received as a contribution. The building is being depreciated using the straight-line method over thirty years. The equipment is being depreciated using the straight-line method over ten years. Depreciation expense included in University support for both the years ended June 30, 2024 and 2023 was \$43,506. The net land, buildings, and equipment are restricted for the following uses:

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|---------------------|---------------------|
| Botanical gardens | \$ 812,340 | \$ 851,888 |
| Biological sciences | 603,000 | 603,000 |
| Undesignated – without restriction | <u>11,874</u> | <u>15,832</u> |
| | <u>\$ 1,427,214</u> | <u>\$ 1,470,720</u> |

Cash Equivalents Policy

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Donor Intent

At times, the Foundation receives requests by donors or their designees to change the use for which the donor's original gift was intended. These donor requests are reviewed by the Foundation for approval, and if approved, may result in the reclassification of net assets between with and without donor restriction net assets.

Concentration of Credit Risk

The Foundation maintains an operating cash account balance at a commercial bank which, at times, may exceed federally insured limits.

Functional Allocation of Expenses

The Foundation reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, other personnel costs, professional fees and services, cultivation and promotion, conferences and travel, supplies, insurance, and other expenses include certain expenses that are allocated on the basis of estimates of time and effort. Facilities and maintenance and other expenses include certain expenses that are allocated on a square footage basis.

Reclassifications

Certain balances in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. These reclassifications had no effect on the change in net assets.

Recent Accounting Pronouncements

On July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* and all related subsequent amendments thereto (Accounting Standards Codification (ASC 326)). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology.

CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable held-to forecasts and generally applies to financial assets measured at amortized cost, including maturity debt securities and accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Foundation adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and any off-balance sheet credit exposures. Results from reporting periods beginning after July 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. There was no material impact to the estimate of credit losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis from contributions received without donor restriction, investment income to be used for operating purposes, and annual endowment distributions and appropriations available for general expenditure.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position as of June 30, 2024 and 2023, comprise the following:

| | 2024 | 2023 |
|----------------------------------------------------------|---------------|--------------|
| Cash | \$ 299,941 | \$ 357,827 |
| Investments | 8,730,097 | 7,542,796 |
| Accrued interest receivable | 16,746 | 22,996 |
| Contributions receivable, net | 3,226 | 3,068 |
| Endowment spending rate distributions and appropriations | 1,059,607 | 942,710 |
| | \$ 10,109,617 | \$ 8,869,397 |

Endowment funds consist of donor-restricted 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.

NOTE 3. INVESTMENTS

Investments are reported at fair value and are summarized as follows at June 30, 2024 and 2023:

| | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| Money market funds | \$ 864,703 | \$ 3,431,409 |
| Mutual funds | 433,633 | 283,109 |
| Equity funds | 44,092,404 | 37,329,245 |
| Fixed income funds | 15,700,778 | 15,936,839 |
| Partnership funds and private equity | 43,763,304 | 42,050,550 |
| Hedging investments | 21,042,724 | 15,500,243 |
| | \$ 125,897,546 | \$ 114,531,395 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

The following table summarizes the fair value measurements of certain investments that calculate net asset value per share (or its equivalent) as of June 30, 2024. The classifications stated above are for fair value purposes and the private equity or partnership funds stated below may be classified separately above.

| <u>Description</u> | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (If Currently Eligible)</u> | <u>Redemption Notice Period</u> |
|-----------------------|-------------------|---------------------------------|-------------------------------------------------------------|-----------------------------------------|
| Private equity (a) | \$ 12,368,418 | \$ 194,783 | Quarterly, Annually, Triennially | 45, 90, 95 days |
| Partnership funds (b) | \$ 29,812,157 | \$ 14,923,711 | | |

The following table summarizes the fair value measurements of certain investments that calculate net asset value per share (or its equivalent) as of June 30, 2023. The classifications stated above are for fair value purposes and the private equity or partnership funds stated below may be classified separately above.

| <u>Description</u> | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (If Currently Eligible)</u> | <u>Redemption Notice Period</u> |
|-----------------------|-------------------|---------------------------------|-------------------------------------------------------------|-----------------------------------------|
| Private equity (a) | \$ 10,985,072 | \$ 194,783 | Quarterly, Annually, Triennially | 45, 90, 95 days |
| Partnership funds (b) | \$ 29,560,421 | \$ 17,108,680 | | |

- a) Private equity - multistrategy hedge funds are private offerings, and as such, are not registered under the Securities Act. Investment activities are typically limited only by the contracts governing the particular fund. Managers invest in a wide variety of financial instruments with an orientation towards seeking primarily absolute returns with marketable securities. Funds use a wide variety of investment styles and implement complex investment strategies such as short selling, applying fund leverage, or entering into derivative contracts.
- b) Private capital refers to securities acquired in privately negotiated transactions. There are various types of private capital strategies: Venture Capital - privately negotiated investments in development stage companies. Private Equity - privately negotiated investments in established companies. Mezzanine - subordinated debt often with equity warrants. Distressed - unsecured high yield debt and/or public equity. Special Situations - various, including infrastructure and single-sector funds. Private Real Estate Partnerships - acquire and administer land or developed property, including residential, office, industrial, and retail properties.

The Foundation's investment and other assets recorded at fair value have been categorized based upon a fair value hierarchy (see Note 1). The following tables summarize the valuation of the Foundation's investments and other assets measured at fair value as of June 30, 2024 and 2023:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Fair value measurements at June 30, 2024:

| | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total</u> |
|--------------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| Money market funds | \$ 864,703 | \$ - | \$ - | \$ 864,703 |
| Mutual funds | 433,633 | - | - | 433,633 |
| Equity funds | 44,092,404 | - | - | 44,092,404 |
| Fixed income funds | 15,700,778 | - | - | 15,700,778 |
| Partnership funds and private equity: | | | | |
| U.S. equity funds | - | 1,582,729 | 1,081,814 | 2,664,543 |
| International equity funds | - | 9,203,401 | 10,507,203 | 19,710,604 |
| Real estate funds | - | - | 1,392,970 | 1,392,970 |
| Energy funds | - | - | 1,747,929 | 1,747,929 |
| Blended funds | - | - | 18,247,258 | 18,247,258 |
| Total partnership funds and private equity | - | 10,786,130 | 32,977,174 | 43,763,304 |
| Beneficial interest in irrevocable trust | - | - | 2,778,619 | 2,778,619 |
| Hedging investments | - | - | 21,042,724 | 21,042,724 |
| | <u>\$ 61,091,518</u> | <u>\$ 10,786,130</u> | <u>\$ 56,798,517</u> | <u>\$ 128,676,165</u> |

The following summarizes the activities in the Level 3 category of investments for the year ended June 30, 2024:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Realized and Unrealized Gains</u> | <u>Purchases and Sales</u> | <u>Ending Balance</u> |
|------------------------------------------|--------------------------|--------------------------------------|----------------------------|-----------------------|
| Partnership funds and private equity | \$ 32,674,170 | \$ 2,864,199 | \$ (2,561,195) | \$ 32,977,174 |
| Hedging investments | 15,500,243 | 3,091,384 | 2,451,097 | 21,042,724 |
| Beneficial interest in irrevocable trust | 2,480,639 | 297,980 | - | 2,778,619 |
| | <u>\$ 50,655,052</u> | <u>\$ 6,253,563</u> | <u>\$ (110,098)</u> | <u>\$ 56,798,517</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Fair value measurements at June 30, 2023:

| | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total</u> |
|--------------------------------------------|----------------------|---------------------|----------------------|-----------------------|
| Money market funds | \$ 3,431,409 | \$ - | \$ - | \$ 3,431,409 |
| Mutual funds | 283,109 | - | - | 283,109 |
| Equity funds | 37,329,245 | - | - | 37,329,245 |
| Fixed income funds | 15,936,839 | - | - | 15,936,839 |
| Partnership funds and private equity: | | | | |
| U.S. equity funds | - | 1,505,057 | 1,162,192 | 2,667,249 |
| International equity funds | - | 7,871,323 | 11,144,561 | 19,015,884 |
| Real estate funds | - | - | 1,301,246 | 1,301,246 |
| Energy funds | - | - | 1,824,197 | 1,824,197 |
| Blended funds | - | - | 17,241,974 | 17,241,974 |
| Total partnership funds and private equity | - | 9,376,380 | 32,674,170 | 42,050,550 |
| Beneficial interest in irrevocable trust | - | - | 2,480,639 | 2,480,639 |
| Hedging investments | - | - | 15,500,243 | 15,500,243 |
| | <u>\$ 56,980,602</u> | <u>\$ 9,376,380</u> | <u>\$ 50,655,052</u> | <u>\$ 117,012,034</u> |

The following summarizes the activities in the Level 3 category of investments for the year ended June 30, 2023:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Realized and Unrealized Gains (Losses)</u> | <u>Purchases and Sales</u> | <u>Ending Balance</u> |
|------------------------------------------|--------------------------|-----------------------------------------------|----------------------------|-----------------------|
| Partnership funds and private equity | \$ 29,926,454 | \$ 944,070 | \$ 1,803,646 | \$ 32,674,170 |
| Hedging investments | 14,076,226 | 1,021,280 | 402,737 | 15,500,243 |
| Beneficial interest in irrevocable trust | 2,277,592 | 203,047 | - | 2,480,639 |
| | <u>\$ 46,280,272</u> | <u>\$ 2,168,397</u> | <u>\$ 2,206,383</u> | <u>\$ 50,655,052</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|-------------------------------------|--------------|--------------|
| Receivable in less than one year | \$ 3,331,964 | \$ 3,252,802 |
| Receivable in one to five years | 1,557,833 | 2,980,125 |
| Total contributions receivable | 4,889,797 | 6,232,927 |
| Less discounts to net present value | (405,057) | (481,978) |
| Less allowance for uncollectibles | (221,769) | (232,561) |
| Net contributions receivable | \$ 4,262,971 | \$ 5,518,388 |

At June 30, 2024 and 2023, the discount rate used was 5.47% and 5.24% as a risk-free interest rate, respectively.

NOTE 5. NONCASH IN-KIND CONTRIBUTIONS

Contributed services and materials and contributed salaries and benefits were used for the following purposes for the years ended June 30, 2024 and 2023:

| Type | 2024 | 2023 | Purpose/Usage |
|--------------------------------|--------------|--------------|-----------------------------|
| Technology | \$ 2,213,534 | \$ 5,421,774 | Educational support |
| Musical instrument collections | 60,000 | 4,000 | University support |
| Educational items | 38,452 | 384,379 | Educational support |
| Salaries and benefits | 1,122,064 | 1,022,819 | University support |
| Salaries and benefits | 2,083,833 | 1,899,520 | Fundraising and advancement |
| | \$ 5,517,883 | \$ 8,732,492 | |

NOTE 6. CASH VALUE OF INSURANCE ON LIVES OF DONORS

The Foundation has a program of encouraging donors to purchase life insurance policies naming the Foundation as the owner and beneficiary. At June 30, 2024 and 2023, the death benefits of these policies totaled \$572,561 and \$622,561, respectively. The increase or decrease in cash values of such policies is recognized as income each year. The cash value of the policies is \$168,551 and \$168,401 at June 30, 2024 and 2023, respectively. No recognition is given to the deferred support attributable to death benefits because there is no objective measurement to determine how much will ultimately be collected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2024 and 2023:

| | 2024 | 2023 |
|----------------------------------------------------------|----------------|----------------|
| Subject to expenditure for specified purpose: | | |
| Student support | \$ 20,912,976 | \$ 15,903,884 |
| University support | 42,234,637 | 39,204,397 |
| Total subject to expenditure for specified purpose | 63,147,613 | 55,108,281 |
| Perpetual in nature: | | |
| Student support | 36,009,710 | 35,190,253 |
| University support | 27,810,826 | 27,450,436 |
| Total perpetual in nature | 63,820,536 | 62,640,689 |
| Total net assets with donor restrictions | \$ 126,968,149 | \$ 117,748,970 |
| | 2024 | 2023 |
| Subject to expenditure for specified purpose: | | |
| Investments | \$ 53,970,608 | \$ 46,115,489 |
| Beneficial interest in irrevocable trust | 2,778,619 | 2,480,639 |
| Contributions receivable, net | 3,636,050 | 3,747,741 |
| Due from Georgia Southern University Athletic Foundation | 2,148,208 | 2,520,017 |
| Cash value of insurance on lives of donors | 96,274 | 117,074 |
| Land | 765,500 | 765,500 |
| Accounts payable | (42,345) | (40,351) |
| Due to University | - | (380,436) |
| Gift annuities payable | (205,301) | (217,392) |
| Total subject to expenditure for specified purpose | 63,147,613 | 55,108,281 |
| Perpetual in nature: | | |
| Investments | 63,196,841 | 60,873,110 |
| Contributions receivable, net | 623,695 | 1,767,579 |
| Total perpetual in nature | 63,820,536 | 62,640,689 |
| Total net assets with donor restrictions | \$ 126,968,149 | \$ 117,748,970 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows during the years ended June 30, 2024 and 2023:

Purpose restrictions accomplished:

| | <u>2024</u> | <u>2023</u> |
|---------------------|----------------------|---------------------|
| Student support | \$ 3,955,010 | \$ 3,292,572 |
| Administrative fees | 1,025,741 | 932,657 |
| University support | 9,264,269 | 5,604,067 |
| | <u>\$ 14,245,020</u> | <u>\$ 9,829,296</u> |

NOTE 9. ENDOWMENTS

The Foundation's endowments consist of approximately six hundred ninety individual funds established primarily for scholarships and University support. Its endowments include only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the state of Georgia's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction to be held in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction to be held in perpetuity is classified as net assets with donor restriction available to be spent until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. ENDOWMENTS (Continued)

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees of the Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, funds with original gift values of \$19,213 and \$44,916, fair values of \$15,957 and \$40,059, and deficiencies of \$3,256 and \$4,857 were reported in net assets with donor restrictions, respectively. Deficiencies have resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions to be held in perpetuity and from continued appropriation for certain programs that were committed prior to unfavorable market fluctuations.

Return Objectives and Risk Parameters

The investment objective of the Foundation assets (collectively, the “Fund”) is to preserve its purchasing power while providing a continuing and stable funding source. Long term, the Fund seeks to generate a total return that will exceed its expenses and the eroding effects of inflation. Over time, the spending rate is anticipated to be in the range of 3% to 6% of the three-year moving average of the market value. Risk is controlled primarily through diversification across and within asset classes. Appropriate liquidity is maintained to fund withdrawals without impairing the investment process.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, a total return strategy is employed that relies on both capital appreciation and current income. The Fund is well diversified within global equities, hedge funds, fixed income, real assets, and private capital.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4.25% of its endowment fund’s average fair value over the three years prior, one year lagging. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. ENDOWMENTS (Continued)

The endowment net assets composition by type of fund at June 30, 2024 and 2023 are as follows:

| | <u>Endowment (With Donor Restrictions)</u> |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <u>June 30, 2024</u> | |
| Board-designated endowment funds | \$ - |
| Donor-restricted endowment funds | |
| Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor | 63,972,346 |
| Accumulated investment gains | <u>41,988,359</u> |
| Endowment net assets, end of year | <u><u>\$ 105,960,705</u></u> |
| | |
| <u>June 30, 2023</u> | |
| Board-designated endowment funds | \$ - |
| Donor-restricted endowment funds | |
| Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor | 62,640,689 |
| Accumulated investment gains | <u>31,630,323</u> |
| Endowment net assets, end of year | <u><u>\$ 94,271,012</u></u> |

The changes in endowment net assets for the year ended June 30, 2024 are:

| | <u>Endowment (With Donor Restrictions)</u> |
|---------------------------------------------------|----------------------------------------------------|
| Endowment net assets, beginning of year | <u>\$ 94,271,012</u> |
| Investment return, net | 13,083,371 |
| Contributions | 1,393,999 |
| Other revenue | 31,101 |
| Administration fees | (845,707) |
| Appropriation of endowment assets for expenditure | (2,356,263) |
| Other changes: Transfers | <u>383,192</u> |
| Endowment net assets, end of year | <u><u>\$ 105,960,705</u></u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. ENDOWMENTS (Continued)

The changes in endowment net assets for the year ended June 30, 2023 are:

| | Endowment (With Donor Restrictions) |
|------------------------------------------------------|----------------------------------------------------|
| Endowment net assets, beginning of year | \$ 87,933,188 |
| Investment return, net | 6,335,930 |
| Contributions | 2,319,572 |
| Other revenue | 67,621 |
| Administration fees | (780,846) |
| Appropriation of endowment assets for expenditure | (2,160,298) |
| Other changes: Transfers | 555,845 |
| Endowment net assets, end of year | \$ 94,271,012 |

NOTE 10. RELATED-PARTY TRANSACTIONS

At June 30, 2024 and 2023, the Foundation owed Georgia Southern University \$622,687 and \$444,603, respectively, for reimbursement for various items paid by the University on behalf of the Foundation.

Also, at June 30, 2024 and 2023, the Georgia Southern University Athletic Foundation, Inc. (“Athletic Foundation”) owed the Foundation \$2,148,208 and \$2,520,017, respectively, for contributions receivable and received for facility construction projects to be paid for by the Foundation.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Foundation has future commitments with various limited partnership agreements with investment managers of real assets and private capital funds for the endowment portfolio. Payments under the various partnership agreements are made over a period of years based on specified capital calls by the respective partnerships. The purpose of these agreements is to provide endowments funds and nonprofit organizations the opportunity to invest in private limited partnerships, which in turn, make capital investments primarily in international private equity, buyouts, distressed opportunities, venture capital, real estate, and natural resource investments that are generally not actively traded at the time of the investment with the objective of obtaining long-term growth of capital. Capital calls are drawn from other liquid assets of the endowment investment pool as part of the asset allocation process. As the underlying investments mature over time, the partnerships may receive income from the investments and will eventually sell them to other investors either through private sale or initial public offering. The proceeds received from these transactions will be distributed to the partners. This will happen periodically throughout the remaining life of the partnership until all the underlying investments have been liquidated. Unfunded investment commitments as of June 30, 2024 and 2023 totaled \$15,118,494 and \$17,303,463, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. SUBSEQUENT EVENTS

Management has evaluated events occurring through September 4, 2024, the date on which the financial statements were available to be issued.

On August 7, 2024, the Foundation committed to provide gap funding guarantees of up to \$1,000,000 for the Fall 2024 semester.

SUPPLEMENTAL INFORMATION

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024**

| | Georgia Southern University Foundation, Inc. | GSUF Real Estate, LLC | GSUF Real Estate Holdings, LLC | GSUF Botanical Gardens Real Estate, LLC | GSUF Guyton Real Estate, LLC | Eliminations | Totals |
|-----------------------------------------------------------------------|----------------------------------------------------|--------------------------|--------------------------------------|-----------------------------------------------|---------------------------------|---------------------|-----------------------|
| ASSETS | | | | | | | |
| Cash | \$ 287,464 | \$ 2,493 | \$ 663 | \$ 8,999 | \$ 322 | \$ - | \$ 299,941 |
| Investments | 125,897,546 | - | - | - | - | - | 125,897,546 |
| Beneficial interest in irrevocable trust | 2,778,619 | - | - | - | - | - | 2,778,619 |
| Accrued interest receivable | 16,746 | - | - | - | - | - | 16,746 |
| Contributions receivable, net | 4,262,971 | - | - | - | - | - | 4,262,971 |
| Due from Georgia Southern University Athletic Foundation | 2,148,208 | - | - | - | - | - | 2,148,208 |
| Cash value of insurance on lives of donors | 168,551 | - | - | - | - | - | 168,551 |
| Investment in subsidiaries | 370,600 | - | - | - | - | (370,600) | - |
| Land | - | - | 148,000 | 247,860 | 495,000 | - | 890,860 |
| Buildings and equipment, net of accumulated depreciation of \$437,385 | 11,874 | - | - | 524,480 | - | - | 536,354 |
| | <u>\$ 135,942,579</u> | <u>\$ 2,493</u> | <u>\$ 148,663</u> | <u>\$ 781,339</u> | <u>\$ 495,322</u> | <u>\$ (370,600)</u> | <u>\$ 136,999,796</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 50,464 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 50,464 |
| Due to University | 622,687 | - | - | - | - | - | 622,687 |
| Gift annuities payable | 205,301 | - | - | - | - | - | 205,301 |
| Total liabilities | <u>878,452</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>878,452</u> |
| Net Assets | | | | | | | |
| Without donor restriction | 8,861,478 | 2,493 | 40,663 | 618,839 | 322 | (370,600) | 9,153,195 |
| With donor restriction | 126,202,649 | - | 108,000 | 162,500 | 495,000 | - | 126,968,149 |
| Total net assets | <u>135,064,127</u> | <u>2,493</u> | <u>148,663</u> | <u>781,339</u> | <u>495,322</u> | <u>(370,600)</u> | <u>136,121,344</u> |
| Total Liabilities and Net Assets | <u>\$ 135,942,579</u> | <u>\$ 2,493</u> | <u>\$ 148,663</u> | <u>\$ 781,339</u> | <u>\$ 495,322</u> | <u>\$ (370,600)</u> | <u>\$ 136,999,796</u> |

See Note to Supplemental Information.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

| | Georgia Southern University Foundation, Inc. | GSUF Real Estate, LLC | GSUF Real Estate Holdings, LLC | GSUF Botanical Gardens Real Estate, LLC | GSUF Guyton Real Estate, LLC | Eliminations | Totals |
|-----------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------------------------------------------|--------------------------------------------------------|-----------------------------------------|---------------------|-----------------------|
| ASSETS | | | | | | | |
| Cash | \$ 345,749 | \$ 2,393 | \$ 563 | \$ 8,900 | \$ 222 | \$ - | \$ 357,827 |
| Investments | 114,531,395 | - | - | - | - | - | 114,531,395 |
| Beneficial interest in irrevocable trust | 2,480,639 | - | - | - | - | - | 2,480,639 |
| Accrued interest receivable | 22,996 | - | - | - | - | - | 22,996 |
| Contributions receivable, net | 5,518,388 | - | - | - | - | - | 5,518,388 |
| Due from Georgia Southern University Athletic Foundation | 2,520,017 | - | - | - | - | - | 2,520,017 |
| Cash value of insurance on lives of donors | 168,401 | - | - | - | - | - | 168,401 |
| Investment in subsidiaries | 370,600 | - | - | - | - | (370,600) | - |
| Land | - | - | 148,000 | 247,860 | 495,000 | - | 890,860 |
| Buildings and equipment, net of accumulated depreciation of \$393,879 | 15,832 | - | - | 564,028 | - | - | 579,860 |
| | <u>\$ 125,974,017</u> | <u>\$ 2,393</u> | <u>\$ 148,563</u> | <u>\$ 820,788</u> | <u>\$ 495,222</u> | <u>\$ (370,600)</u> | <u>\$ 127,070,383</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 40,351 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,351 |
| Due to University | 444,603 | - | - | - | - | - | 444,603 |
| Gift annuities payable | 217,392 | - | - | - | - | - | 217,392 |
| Total liabilities | <u>702,346</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>702,346</u> |
| Net Assets | | | | | | | |
| Without donor restriction | 8,288,201 | 2,393 | 40,563 | 658,288 | 222 | (370,600) | 8,619,067 |
| With donor restriction | 116,983,470 | - | 108,000 | 162,500 | 495,000 | - | 117,748,970 |
| Total net assets | <u>125,271,671</u> | <u>2,393</u> | <u>148,563</u> | <u>820,788</u> | <u>495,222</u> | <u>(370,600)</u> | <u>126,368,037</u> |
| Total Liabilities and Net Assets | <u>\$ 125,974,017</u> | <u>\$ 2,393</u> | <u>\$ 148,563</u> | <u>\$ 820,788</u> | <u>\$ 495,222</u> | <u>\$ (370,600)</u> | <u>\$ 127,070,383</u> |

See Note to Supplemental Information.

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

| | Georgia Southern University Foundation, Inc. | | GSUF Real Estate, LLC |
|-------------------------------------------------------------------|-------------------------------------------------|----------------------------|-------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions |
| SUPPORT AND REVENUES | | | |
| Contributions, net | \$ 115,336 | \$ 7,971,735 | \$ 100 |
| Contributed services and materials | 360 | 2,311,626 | - |
| Contributed salaries and benefits by | | | |
| Georgia Southern University | 3,205,897 | - | - |
| Interest and dividends, net of investment fees | 305,009 | 2,159,809 | - |
| Net realized and unrealized gains on investments | 2,270,183 | 11,346,540 | - |
| Administrative fees | 1,025,741 | - | - |
| Other revenue | 68,368 | 897,069 | - |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions for University support | 9,264,269 | (9,264,269) | - |
| Satisfaction of restrictions to pay administrative fees | 1,025,741 | (1,025,741) | - |
| Satisfaction of restrictions for awards and scholarships | 3,955,010 | (3,955,010) | - |
| Total support and revenues | <u>21,235,914</u> | <u>10,441,759</u> | <u>100</u> |
| EXPENSES | | | |
| Program services | | | |
| Student support | 4,925,964 | - | - |
| University support | 11,049,654 | - | - |
| Other support | 347,845 | - | - |
| Total program services | <u>16,323,463</u> | <u>-</u> | <u>-</u> |
| Supporting services | | | |
| Management and general | 1,356,947 | - | - |
| Fundraising | 3,179,066 | - | - |
| Administrative fees | 1,025,741 | - | - |
| Total supporting services | <u>5,561,754</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>21,885,217</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET ASSETS | (649,303) | 10,441,759 | 100 |
| NET ASSETS, BEGINNING OF YEAR | 8,288,201 | 116,983,470 | 2,393 |
| Transfer of net assets due to change in donor restrictions | <u>1,222,580</u> | <u>(1,222,580)</u> | <u>-</u> |
| NET ASSETS, END OF YEAR | <u>\$ 8,861,478</u> | <u>\$ 126,202,649</u> | <u>\$ 2,493</u> |

(Continued)

See Note to Supplemental Information.

| GSUF Real Estate Holdings, LLC | | GSUF Botanical Gardens Real Estate, LLC | | GSUF Guyton Real Estate, LLC | | Eliminations | Totals |
|--------------------------------|-------------------------|-----------------------------------------|-------------------------|------------------------------|-------------------------|--------------|----------------|
| Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | | |
| \$ 100 | \$ - | \$ 100 | \$ - | \$ 100 | \$ - | \$ (400) | \$ 8,087,071 |
| - | - | - | - | - | - | - | 2,311,986 |
| - | - | - | - | - | - | - | 3,205,897 |
| - | - | - | - | - | - | - | 2,464,818 |
| - | - | - | - | - | - | - | 13,616,723 |
| - | - | - | - | - | - | (1,025,741) | - |
| - | - | - | - | - | - | - | 965,437 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 100 | - | 100 | - | 100 | - | (1,026,141) | 30,651,932 |
| - | - | - | - | - | - | - | 4,925,964 |
| - | - | 39,549 | - | - | - | - | 11,089,203 |
| - | - | - | - | - | - | - | 347,845 |
| - | - | 39,549 | - | - | - | - | 16,363,012 |
| - | - | - | - | - | - | (400) | 1,356,547 |
| - | - | - | - | - | - | - | 3,179,066 |
| - | - | - | - | - | - | (1,025,741) | - |
| - | - | - | - | - | - | (1,026,141) | 4,535,613 |
| - | - | 39,549 | - | - | - | (1,026,141) | 20,898,625 |
| 100 | - | (39,449) | - | 100 | - | - | 9,753,307 |
| 40,563 | 108,000 | 658,288 | 162,500 | 222 | 495,000 | (370,600) | 126,368,037 |
| - | - | - | - | - | - | - | - |
| \$ 40,663 | \$ 108,000 | \$ 618,839 | \$ 162,500 | \$ 322 | \$ 495,000 | \$ (370,600) | \$ 136,121,344 |

**GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

| | Georgia Southern University Foundation, Inc. | | GSUF Real Estate, LLC |
|------------------------------------------------------------------|-------------------------------------------------|----------------------------|-------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions |
| SUPPORT AND REVENUES | | | |
| Contributions, net | \$ 75,380 | \$ 7,633,043 | \$ - |
| Contributed services and materials | 2,702 | 5,807,451 | - |
| Contributed salaries and benefits by | | | |
| Georgia Southern University | 2,922,339 | - | - |
| Interest and dividends, net of investment fees | 241,382 | 1,522,677 | - |
| Net realized and unrealized gains on investments | 1,276,262 | 4,865,953 | - |
| Administrative fees | 932,657 | - | - |
| Other revenue | 51,175 | 774,778 | - |
| Net assets released from restrictions: | | | |
| Satisfaction of restrictions for University support | 5,604,067 | (5,604,067) | - |
| Satisfaction of restrictions to pay administrative fees | 932,657 | (932,657) | - |
| Satisfaction of restrictions for awards and scholarships | 3,292,572 | (3,292,572) | - |
| Total support and revenues | <u>15,331,193</u> | <u>10,774,606</u> | <u>-</u> |
| EXPENSES | | | |
| Program services | | | |
| Student support | 3,719,008 | - | - |
| University support | 6,911,748 | - | 451 |
| Total program services | <u>10,630,756</u> | <u>-</u> | <u>451</u> |
| Supporting services | | | |
| Management and general | 1,371,165 | - | - |
| Fundraising | 3,068,532 | - | - |
| Administrative fees | 932,657 | - | - |
| Total supporting services | <u>5,372,354</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>16,003,110</u> | <u>-</u> | <u>451</u> |
| CHANGE IN NET ASSETS | (671,917) | 10,774,606 | (451) |
| NET ASSETS, BEGINNING OF YEAR | 8,041,195 | 107,127,787 | 2,844 |
| Transfer of net assets due to change in donor restriction | <u>918,923</u> | <u>(918,923)</u> | <u>-</u> |
| NET ASSETS, END OF YEAR | <u>\$ 8,288,201</u> | <u>\$ 116,983,470</u> | <u>\$ 2,393</u> |

(Continued)

See Note to Supplemental Information.

| GSUF Real Estate Holdings, LLC | | GSUF Botanical Gardens Real Estate, LLC | | GSUF Guyton Real Estate, LLC | | Eliminations | Totals |
|--------------------------------|-------------------------|-----------------------------------------|-------------------------|------------------------------|-------------------------|--------------|----------------|
| Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,708,423 |
| - | - | - | - | - | - | - | 5,810,153 |
| - | - | - | - | - | - | - | 2,922,339 |
| - | - | - | - | - | - | - | 1,764,059 |
| - | - | - | - | - | - | - | 6,142,215 |
| - | - | - | - | - | - | (932,657) | - |
| - | - | - | - | - | - | - | 825,953 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | (932,657) | 25,173,142 |
| - | - | - | - | - | - | - | 3,719,008 |
| 50 | - | 42,467 | - | 50 | - | - | 6,954,766 |
| 50 | - | 42,467 | - | 50 | - | - | 10,673,774 |
| - | - | - | - | - | - | - | 1,371,165 |
| - | - | - | - | - | - | - | 3,068,532 |
| - | - | - | - | - | - | (932,657) | - |
| - | - | - | - | - | - | (932,657) | 4,439,697 |
| 50 | - | 42,467 | - | 50 | - | (932,657) | 15,113,471 |
| (50) | - | (42,467) | - | (50) | - | - | 10,059,671 |
| 40,613 | 108,000 | 700,755 | 162,500 | 272 | 495,000 | (370,600) | 116,308,366 |
| - | - | - | - | - | - | - | - |
| \$ 40,563 | \$ 108,000 | \$ 658,288 | \$ 162,500 | \$ 222 | \$ 495,000 | \$ (370,600) | \$ 126,368,037 |

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

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023, the Foundation has presented the investments in subsidiaries at cost on the consolidating statements of financial position.