

AUGUSTA UNIVERSITY  
FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

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## INDEPENDENT AUDITOR'S REPORT

The Chairman and Board of Trustees  
Augusta University Foundation, Inc.  
Augusta, Georgia

### Report on the Audit of the Consolidated Financial Statements

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Augusta University Foundation, Inc. and wholly-owned limited liability companies (nonprofit organizations), 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 present fairly, in all material respects, the financial position of Augusta University Foundation, Inc. and wholly-owned limited liability companies 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Augusta University Foundation, Inc. and wholly-owned limited liability companies 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 Consolidated 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 Augusta University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated 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 and *Government 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 and *Government 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 Augusta University Foundation, Inc.'s 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 Augusta University Foundation, Inc.'s 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information as of and for the years ended June 30, 2024 and 2023 in Supplemental Schedules 1, 2, 3 and 4 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2024, on our consideration of Augusta University Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Augusta University Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Augusta University Foundation, Inc.'s internal control over financial reporting and compliance.

*Serotta Maddocks Evans & Co.*

SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia  
September 5, 2024

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

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,947,576	\$ 11,395,321
Cash restricted for specific use	4,318,151	4,114,551
Investments restricted for specific use	654,000	670,350
Investments - short-term	11,285,892	6,256,232
Current portion of unconditional promises to give - contributions receivable, net	3,459,889	2,249,901
Due from affiliate	160,785	107,635
Interest receivables	13,625	13,625
Prepaid expenses	145,621	146,969
Deposits	6,613	27,783
Investment in financing lease arrangement - related party	<u>2,087,091</u>	<u>2,084,949</u>
TOTAL CURRENT ASSETS	<u>33,079,243</u>	<u>27,067,316</u>
NON-CURRENT ASSETS		
Investments - long-term	65,399,842	53,843,323
Unconditional promises to give - charitable remainder annuity trust	84,966	81,158
Unconditional promises to give - contributions receivable, net of current portion and discount	1,669,584	3,025,373
Cash surrender value of life insurance	165,444	189,360
Investment in financing lease arrangement - related party	<u>19,083,806</u>	<u>21,170,902</u>
TOTAL NON-CURRENT ASSETS	<u>86,403,642</u>	<u>78,310,116</u>
TOTAL ASSETS	<u><u>\$ 119,482,885</u></u>	<u><u>\$ 105,377,432</u></u>

(continued)

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)  
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 132,187	\$ 283,324
Deferred revenue	1,435,490	1,534,826
Interest payable	306,124	323,990
Due to related party	762,792	477,578
Current portion of bonds payable	1,275,000	1,235,000
Current portion of unearned interest revenue	<u>638,706</u>	<u>691,416</u>
TOTAL CURRENT LIABILITIES	<u>4,550,299</u>	<u>4,546,134</u>
LONG-TERM LIABILITIES		
Series 2012 bonds payable, net of current portion	10,310,000	11,135,000
Series 2014 bonds payable, net of current portion	5,200,000	5,650,000
Premium on bonds payable	843,148	944,497
Bond issuance costs, net	(577,381)	(625,869)
Unearned interest revenue	<u>3,025,826</u>	<u>3,664,532</u>
TOTAL LONG-TERM LIABILITIES	<u>18,801,593</u>	<u>20,768,160</u>
TOTAL LIABILITIES	<u>23,351,892</u>	<u>25,314,294</u>
NET ASSETS		
Without donor restrictions	10,270,812	7,300,128
With donor restrictions	<u>85,860,181</u>	<u>72,763,010</u>
TOTAL NET ASSETS	<u>96,130,993</u>	<u>80,063,138</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 119,482,885</u></u>	<u><u>\$ 105,377,432</u></u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Donations	\$ 101,767	\$ 15,126,036	\$ 15,227,803
Change in valuation allowance to discount pledges to net present value and provision for uncollectible pledges	(12,400)	(57,884)	(70,284)
	<u>89,367</u>	<u>15,068,152</u>	<u>15,157,519</u>
Investment earnings	2,546,709	6,060,936	8,607,645
Grant revenue	-	572,562	572,562
Support from affiliate	1,760,668	-	1,760,668
Special events	50	715,014	715,064
Contributions of nonfinancial assets	2,902,741	-	2,902,741
Other income (expense)	29,136	216,306	245,442
Net assets released from restrictions	<u>8,801,047</u>	<u>(8,801,047)</u>	<u>-</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>16,129,718</u>	<u>13,831,923</u>	<u>29,961,641</u>
EXPENSES AND LOSSES			
Expenses			
Management and general	1,289,488	-	1,289,488
Fundraising	3,686,482	-	3,686,482
Program services	8,917,816	-	8,917,816
Total expenses	<u>13,893,786</u>	<u>-</u>	<u>13,893,786</u>
TOTAL EXPENSES AND LOSSES	<u>13,893,786</u>	<u>-</u>	<u>13,893,786</u>
TRANSFERS	<u>734,752</u>	<u>(734,752)</u>	<u>-</u>
CHANGES IN NET ASSETS	2,970,684	13,097,171	16,067,855
NET ASSETS, July 1, 2023	<u>7,300,128</u>	<u>72,763,010</u>	<u>80,063,138</u>
NET ASSETS, June 30, 2024	<u><u>\$ 10,270,812</u></u>	<u><u>\$ 85,860,181</u></u>	<u><u>\$ 96,130,993</u></u>



AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Donations	\$ 74,356	\$ 8,586,126	\$ 8,660,482
Change in valuation allowance to discount pledges to net present value and provision for uncollectible pledges	1,710	(124,743)	(123,033)
	<u>76,066</u>	<u>8,461,383</u>	<u>8,537,449</u>
Funds received from affiliate	2,170,018	22,067,085	24,237,103
Investment earnings	547,825	3,932,987	4,480,812
Grant revenue	-	394,038	394,038
Support from Affiliate	1,512,697	-	1,512,697
Special events	4,273	475,403	479,676
Contributions of nonfinancial assets	2,851,164	-	2,851,164
Other income	40,520	176,365	216,885
Net assets released from restrictions	<u>8,855,968</u>	<u>(8,855,968)</u>	<u>-</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>16,058,531</u>	<u>26,651,293</u>	<u>42,709,824</u>
EXPENSES AND LOSSES			
Management and general	987,944	-	987,944
Fundraising	3,659,190	-	3,659,190
Program services	9,131,577	-	9,131,577
Total expenses	<u>13,778,711</u>	<u>-</u>	<u>13,778,711</u>
TOTAL EXPENSES AND LOSSES	<u>13,778,711</u>	<u>-</u>	<u>13,778,711</u>
TRANSFERS	<u>378,339</u>	<u>(378,339)</u>	<u>-</u>
CHANGES IN NET ASSETS	2,658,159	26,272,954	28,931,113
NET ASSETS, July 1, 2022	<u>4,641,969</u>	<u>46,490,056</u>	<u>51,132,025</u>
NET ASSETS, June 30, 2023	<u><u>\$ 7,300,128</u></u>	<u><u>\$ 72,763,010</u></u>	<u><u>\$ 80,063,138</u></u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
YEAR ENDED JUNE 30, 2024

	MANAGEMENT AND GENERAL	FUNDRAISING	PROGRAM SERVICES	TOTAL
Banking and Credit Card Fees	\$ 25,488	\$ -	\$ 1,229	\$ 26,717
Dues and Memberships	6,716	2,167	28,943	37,826
Employee Benefits	181,980	535,344	447,478	1,164,802
General and Administrative Expenses	292	-	38,225	38,517
Insurance	64,750	-	-	64,750
Interest	-	-	652,479	652,479
Marketing and Advertising	615	84,209	174,273	259,097
Meals	5,508	22,680	200,705	228,893
Other Fund Disbursements	-	100,000	376,645	476,645
Other Personal Services	151,351	245,369	282,864	679,584
Professional Fees	78,967	92,925	8,501	180,393
Property and Equipment	297	21,272	1,400,463	1,422,032
Publications and Printing	8,909	163,140	45,849	217,898
Rent	633	37,577	71,420	109,630
Repairs and Maintenance	-	274	68,016	68,290
Scholarships, Fellowships, and Awards	-	-	1,912,013	1,912,013
Special Events and Fundraising Activities	16,018	301,056	567,652	884,726
Staff Salaries	666,414	1,540,913	1,515,445	3,722,772
Supplies and Other Operating Expenses	55,605	441,214	775,779	1,272,598
Travel	25,945	98,302	264,760	389,007
Medical and Surgical Supplies	-	40	85,077	85,117
	<u>\$ 1,289,488</u>	<u>\$ 3,686,482</u>	<u>\$ 8,917,816</u>	<u>\$ 13,893,786</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
YEAR ENDED JUNE 30, 2023

	MANAGEMENT AND GENERAL	FUNDRAISING	PROGRAM SERVICES	TOTAL
Banking and Credit Card Fees	\$ 27,150	\$ -	\$ 95	\$ 27,245
Dues and Memberships	5,359	3,600	257,386	266,345
Employee Benefits	166,767	564,296	304,320	1,035,383
General and Administrative Expenses	430	-	39,486	39,916
Insurance	13,871	-	269	14,140
Interest	-	-	688,565	688,565
Marketing and Advertising	-	103,528	135,059	238,587
Meals	496	31,978	211,829	244,303
Other Fund Disbursements	2,220	893	818,157	821,270
Other Personal Services	10,010	18,310	146,550	174,870
Professional Fees	78,828	54,500	7,633	140,961
Property and Equipment	-	27,930	1,523,429	1,551,359
Publications and Printing	8,341	122,202	28,853	159,396
Rent	614	31,036	84,774	116,424
Repairs and Maintenance	7,996	347	320,748	329,091
Scholarships, Fellowships, and Awards	-	-	1,933,223	1,933,223
Special Events and Fundraising Activities	13,990	368,019	613,329	995,338
Staff Salaries	596,059	1,715,348	1,039,099	3,350,506
Supplies and Other Operating Expenses	40,086	516,319	655,994	1,212,399
Travel	15,727	100,884	253,865	370,476
Medical and Surgical Supplies	-	-	68,914	68,914
	<u>\$ 987,944</u>	<u>\$ 3,659,190</u>	<u>\$ 9,131,577</u>	<u>\$ 13,778,711</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 16,067,855	\$ 28,931,113
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unconditional promises to give transferred from affiliate	-	(1,133,393)
Investments received from affiliate	-	(23,243,141)
Contributions restricted for endowment purposes	(943,388)	(965,763)
Net unrealized and realized gains on investments	(7,588,766)	(3,704,864)
Amortization of unearned interest	(691,416)	(742,224)
Amortization of bond issuance costs	48,488	47,423
Amortization of bond premium	(101,349)	(112,930)
Changes in assets and liabilities:		
Unconditional promises to give - contributions receivable	145,801	1,270,266
Unconditional promises to give - charitable remainder annuity trust	(3,808)	(1,152)
Due from affiliate	(53,150)	(107,635)
Prepaid expenses	1,348	(134,220)
Deposits	21,170	(27,783)
Cash surrender value of life insurance	23,916	5,682
Accounts payable	(151,137)	247,886
Deferred revenue	(99,336)	1,415,718
Interest payable	(17,866)	(22,134)
Due to related party	285,214	159,098
Net Cash Provided By Operating Activities	<u>6,943,576</u>	<u>\$1,881,947</u>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	1,375,164	2,244,634
Purchases of investments	(10,356,227)	(1,836,493)
Payments received on financing lease arrangements	2,084,954	2,087,893
Net Cash Provided By (Used In) Investing Activities	<u>(6,896,109)</u>	<u>2,496,034</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for endowment purposes	943,388	965,763
Principal payments on bonds	(1,235,000)	(1,180,000)
Net Cash Used In Financing Activities	<u>(291,612)</u>	<u>(214,237)</u>
Net Change in Cash and Cash Equivalents	(244,145)	4,163,744
Cash and Cash Equivalents, Beginning of Year	15,509,872	11,346,128
Cash and Cash Equivalents, End of Year	<u>\$ 15,265,727</u>	<u>\$ 15,509,872</u>
Classified as:		
Cash and cash equivalents	\$ 10,947,576	\$ 11,395,321
Cash restricted for specific use	4,318,151	4,114,551
Total cash and cash equivalents	<u>\$ 15,265,727</u>	<u>\$ 15,509,872</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 776,067	\$ 776,206

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PRESENTATION** - Augusta University Foundation, Inc. (the “Foundation”) is a private nonprofit corporation organized for purpose of supporting the educational purposes of Augusta University, in Augusta, Georgia, and its affiliated entities, which are governed by the Board of Regents of the University System of Georgia (“Augusta University”), in such ways the Board of Trustees shall determine in its discretion. The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation is the single member of the following limited liability companies: 1) ASU Jaguar Student Housing I, LLC, which is a limited liability company organized for the purpose of constructing and holding an apartment complex for the benefit of students attending Augusta University; 2) ASU Jaguar Student Center, LLC, which is a limited liability company organized for the purpose of constructing and holding the student center property located on the campus of the University for the benefit of its students.

**CONSOLIDATION** - The consolidated financial statements include the accounts of the Foundation and its wholly-owned limited liability companies. All significant intercompany accounts and transactions are eliminated in consolidation.

**FINANCIAL STATEMENT PRESENTATION** - Contributions received or promises to give are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor-imposed restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the donor restrictions have been met. The Foundation chooses to show contributions with donor restrictions (including contributions of long-lived assets) whose restrictions are met in the same reporting period as contributions without donor restrictions.

Net assets without donor restrictions - represent resources over which the Foundation has discretionary control and are used to carry out the operations of the Foundation in accordance with its bylaws.

Net assets with donor restrictions - represent resources currently available for use, but expendable only for those operating purposes specified by the donor or bond agreement. Resources of this classification originate from contributions and grants received with designations placed thereon by the donor, resources that are subject to donor-imposed stipulations that do not expire with time nor can be fulfilled or otherwise removed by actions of the Foundation, or from resources expendable only for those operating purposes specified by the bond agreement. The donor of these assets permits the Foundation to use all of the income earned on the related investments for general and specific purposes.

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act of 2006, which requires the Foundation to classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets, unless stated otherwise in the gift instrument by the donor.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Subject to expenditure for specified purpose:		
Academic program support and university advancement	\$ 47,722,153	\$ 40,239,726
Not subject to appropriation or expenditure	38,138,028	32,523,284
Total net assets with donor restrictions	<u>\$ 85,860,181</u>	<u>\$ 72,763,010</u>

Income from the net assets not subject to appropriation or expenditure is available for the following purposes at June 30, 2024:

- Scholarships and awards
- Endowed faculty chairs
- Other programmatic support

CONTRIBUTIONS - Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions received are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with external stipulations that limit the use of the donated assets or if they are designated as support for future periods. When an external restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Foundation records gifts of land, buildings, and equipment at fair value at the date of donation and records them as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

CASH AND CASH EQUIVALENTS - For purposes of the statements of cash flows, the Foundation considers all unrestricted highly-liquid investment instruments with an original maturity of three months or less to be cash equivalents.

CASH RESTRICTED FOR SPECIFIC USE - Cash identified separately on the statement of financial position as cash restricted for a specific use represents funds held in bond trustee accounts.

INVESTMENTS - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**UNCONDITIONAL PROMISES TO GIVE - CONTRIBUTIONS RECEIVABLE** - Pledge receivables are presented at face value, net of the allowance for doubtful accounts. Unconditional promises to give receivables greater than one year from the statement of financial position date are stated at their present value discounted using the Foundation's average borrowing rate. Management also records an allowance for uncollectible unconditional promises to give based on their analysis of the receivable outstanding. As of June 30, 2024 and 2023, the Foundation's allowance for doubtful receivables was \$374,783 and \$164,987, respectively.

**SPLIT INTEREST AGREEMENT** - The Foundation is the beneficiary of a split-interest agreement that is a charitable remainder annuity trust. The estimated present value of the interest is determined by the Foundation using certain actuarial assumptions and the Internal Revenue Service discount rate in place at the date of the donation. Changes in the recorded assets due to changes in life expectancy, present value actuarial assumptions, or the market value are reflected as changes in the split-interest agreement in the accompanying consolidated statement of activities.

**INVESTMENT IN FINANCING LEASE ARRANGEMENTS** - The Foundation recorded the lease of the University Village Apartment Complex and the lease of the Augusta University Student Center as direct financing leases. Unearned interest income under these leases was recognized over the term of the lease in investment earnings, including options, using the interest method. See Note 7 - Investment in financing lease arrangements.

**BOND ISSUANCE COSTS** - Bond issuance costs consist of bond costs which are amortized to interest expense over the term of the bonds. Amortization began when the related bond projects were originally placed in service during the year ended June 30, 2007. Total expense for the years ended June 30, 2024 and 2023 was \$48,488 and \$47,422, respectively.

**DEFERRED REVENUE** - The Foundation recognizes revenues as earned. Amounts collected in advance of the period in which service is rendered are recorded as a liability under "Deferred revenue."

**INCOME TAXATION** - The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements. The Foundation files a consolidated informational return with the following limited liability companies: ASU Jaguar Student Housing I, LLC, and ASU Jaguar Student Center, LLC, in which the Foundation is the single member.

**USE OF ESTIMATES** - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS** - In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*,” which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost and net investments in financing lease agreements. The model replaces the probable, incurred loss model for those assets and broadens the information an entity must consider in developing its expected credit loss estimate for assets measured at amortized cost. Management adopted ASU No. 2016-13 as of July 1, 2023, and the adoption did not have a material impact on its financial statements.

**RECLASSIFICATIONS** - Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**SUBSEQUENT EVENTS** - The Foundation has evaluated subsequent events through September 5, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY

The Foundation’s financial assets available within one year of the balance sheet date for general expenditure are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 15,265,727	\$ 15,509,872
Investments restricted for specific use	654,000	670,350
Investments - short-term	11,285,892	6,256,232
Current portion of unconditional promises to give, net	3,459,889	2,249,901
Current portion of investment in financing lease arrangements - related party	2,087,091	2,084,949
Other receivables	13,625	13,625
	<u>32,766,224</u>	<u>26,784,929</u>
Amount subject to donor restriction or board designation	<u>(21,805,023)</u>	<u>(15,375,983)</u>
Amounts not subject to donor restriction or board designation	<u>\$ 10,961,201</u>	<u>\$ 11,408,946</u>

The Foundation maintains financial assets, which consist of cash on hand to meet one year of normal operating expenses, which are, on average, approximately \$10,152,000. The Foundation has a policy to structure its assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Foundation maintains its cash accounts at several local financial institutions. The balances, at times, exceed the federally-insured limit. At June 30, 2024 and 2023, the Foundation had uninsured cash balances of approximately \$14,900,000 and \$15,000,000, respectively.



AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - RESTRICTED INVESTMENTS

Investments identified separately on the statement of financial position as investments restricted for a specific use represent funds held in bond trustee accounts of the student housing facility and the student center facility.

NOTE 5 - INVESTMENTS

Investments are stated at fair value and are summarized as follows at June 30:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Pooled investments	\$ 11,250,475	\$ 11,285,892	\$ 6,297,956	\$ 6,256,232
Mutual funds	51,364,657	55,257,208	38,572,904	39,318,102
Exchange traded funds	7,144,868	6,849,214	12,468,609	11,861,616
Repurchase agreements	654,000	654,000	670,350	670,350
Money market funds	3,293,420	3,293,420	2,663,605	2,663,605
	<u>\$ 73,707,420</u>	<u>\$ 77,339,734</u>	<u>\$ 60,673,424</u>	<u>\$ 60,769,905</u>

Investment return on cash and investments is summarized as follows at June 30:

	2024	2023
Dividend and interest income	\$ 2,536,067	\$ 2,037,204
Net realized and unrealized gains	6,225,948	2,576,650
Trust and investment fees	(154,370)	(133,043)
	<u>\$ 8,607,645</u>	<u>\$ 4,480,812</u>

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE - CONTRIBUTIONS RECEIVABLE

Contributions receivable of unconditional promises to give are receivable as follows at June 30:

	2024	2023
Due in less than one year	\$ 3,834,672	\$ 2,414,888
Due in 1-5 years	1,858,469	3,366,006
	5,693,141	5,780,894
Less allowance for doubtful accounts	(374,783)	(164,987)
Less amount representing interest	(188,885)	(340,633)
Net	<u>\$ 5,129,473</u>	<u>\$ 5,275,274</u>
Current receivable portion net of allowances	\$ 3,459,889	\$ 2,249,901
Long-term receivable net of allowances and interest	1,669,584	3,025,373
Net pledges receivable	<u>\$ 5,129,473</u>	<u>\$ 5,275,274</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE - CONTRIBUTIONS RECEIVABLE  
(continued)

Unconditional promises to give receivable in more than one year are discounted at 4.33% and 4.13% at June 30, 2024 and 2023, respectively. Four donors comprise 73% and three donors comprise 65% of total pledges receivable at June 30, 2024 and 2023, respectively.

NOTE 7 - INVESTMENT IN FINANCING LEASE ARRANGEMENTS

ASU Jaguar Student Housing I, LLC entered into a lease agreement with the Board of Regents of the University System of Georgia to lease the property and equipment known as University Village on behalf of Augusta University commencing on August 1, 2005. The lease agreement is renewable annually for a term of 29 years. During 2024 and 2023 the Organization recognized interest revenue in the amount of \$496,507 and \$531,076, respectively. Management intends to gift the property to the University at the time that the bond debt on the 2012 Series Bonds is repaid. The components of the lease are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Minimum lease payments receivable	\$ 14,398,877	\$ 15,759,812
Less: Unearned interest revenue	<u>(2,725,334)</u>	<u>(3,221,841)</u>
Net investment in lease	<u>\$ 11,673,543</u>	<u>\$ 12,537,971</u>

Future scheduled maturities of minimum lease payments receivable are as follows:

Years ending June 30, 2025	\$ 1,361,135
2026	1,361,140
2027	1,361,140
2028	1,361,140
2029	1,361,140
Thereafter	<u>7,593,182</u>
	<u>\$ 14,398,877</u>

ASU Jaguar Student Center, LLC entered into a lease agreement with the Board of Regents of the University System of Georgia to lease the property and equipment known as the Student Center on behalf of Augusta University commencing on January 1, 2006. The lease agreement is renewable annually for a term of 29 years. During 2024 and 2023 the Organization recognized interest revenue in the amount of \$194,909 and \$211,148, respectively. Management intends to gift the property to the University at the time the bond debt on the 2014 Series Bonds is repaid. The components of the lease are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Minimum lease payments receivable	\$ 6,772,020	\$ 7,496,039
Less: Unearned interest revenue	<u>(939,198)</u>	<u>(1,134,107)</u>
Net investment in lease	<u>\$ 5,832,822</u>	<u>\$ 6,361,932</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - INVESTMENT IN FINANCING LEASE ARRANGEMENTS (continued)

Future scheduled maturities of minimum lease payments receivable are as follows:

Years ending June 30, 2025	\$ 725,956
2026	726,613
2027	720,363
2028	729,163
2029	726,775
Thereafter	3,143,150
	<u>\$ 6,772,020</u>

NOTE 8 - REVENUE BONDS

ASU Jaguar Student Housing I, LLC had the following revenue bonds payable at June 30:

	<u>2024</u>	<u>2023</u>
\$17,505,000 ASU Jaguar Student Housing I, LLC, Revenue Bonds, Series 2012, dated November 1, 2012, due in annual installments of \$825,000 to \$1,245,000, due through February 1, 2035, interest at 3.0% to 5.0%	\$ 11,135,000	\$ 11,935,000
Original issue premium on Series 2012 Revenue Bonds	716,008	792,014
Less: Unamortized bond issuance cost	<u>(465,437)</u>	<u>(502,731)</u>
	<u>\$ 11,385,571</u>	<u>\$ 12,224,283</u>

The annual requirement to amortize the Series 2012 bonds is as follows:

Years ending June 30, 2025	\$ 825,000
2026	865,000
2027	890,000
2028	935,000
2029	965,000
Thereafter	6,655,000
	<u>\$ 11,135,000</u>

Interest expense on the bonds totaled \$455,672 and \$476,309 during the years ending June 30, 2024 and 2023, respectively. Amortization of the bond premium began November 1, 2012 using the effective interest method which reduced interest expense for the years ended June 30, 2024 and 2023 by \$76,006 and \$85,636, respectively. The bonds are secured by a deed on the University Village Apartments and repayment responsibility of the bonds lies solely with the ASU Jaguar Student Housing I, LLC.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - REVENUE BONDS (continued)

ASU Jaguar Student Center, LLC had the following revenue bonds payable at June 30:

	<u>2024</u>	<u>2023</u>
\$9,025,000 ASU Jaguar Student Center, LLC, Educational Facilities Revenue Bonds, Series 2014, dated October 30, 2014, due in annual installments of \$245,000 to \$1,795,000, due through July 1, 2034, interest at 3.125% to 5%	\$ 5,650,000	\$ 6,085,000
Original issue premium on Series 2012 Revenue Bonds	127,140	152,483
Less: Unamortized bond issuance cost	<u>(111,944)</u>	<u>(123,138)</u>
	<u>\$ 5,665,196</u>	<u>\$ 6,114,345</u>

The annual requirement to amortize the Series 2014 bonds is as follows:

Years ending June 30, 2025	\$ 450,000
2026	475,000
2027	500,000
2028	510,000
2029	535,000
Thereafter	<u>3,180,000</u>
	<u>\$ 5,650,000</u>

Interest incurred during the years ending June 30, 2024 and 2023 totaled \$196,807 and \$212,256, respectively. Amortization of the bond premium began July 1, 2007 using the effective interest method which reduced interest expense for the years ended June 30, 2024 and 2023 by \$25,343 and \$27,294, respectively. The bonds are secured by a deed on the Student Center and repayment responsibility of the bonds lies solely with the ASU Jaguar Student Center, LLC.

The bond indentures each require, among other things, that certain cash and investment accounts be maintained as follows:

<u>Fund</u>	<u>Purpose</u>
Revenue Fund	To receive all revenues derived from the ownership and operation of the project.
Bond Fund	To pay the principal, premium, and interest on the bonds.
Interest Fund	To receive all loan repayments corresponding to interest and hedge receipts on the bonds.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - REVENUE BONDS (continued)

Principal Account	To receive all loan repayments corresponding to principal of the bonds.
Debt Service Reserve Fund	To provide for the principal and interest on the bonds.
Capitalized Interest Fund	To maintain money for the repayment of interest on the bonds.
Operation and Maintenance Fund	To pay the necessary and reasonable costs of operating the facilities.
Repair and Replacement Fund	To provide for the costs of material additions or alterations to the facilities.
Issuance Cost Fund	To maintain monies for the purpose of paying the costs of issuing the bonds.
Project Fund	To maintain monies for the construction of the project.
Surplus Fund	To maintain excess funds.
Insurance and Condemnation Funds	To receive net proceeds from insurance or condemnation awards to be used to prepay basic loan payments, or to repair, restore, or replace the facilities.

NOTE 9 - FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurements must be classified and disclosed in one of the three levels of the fair value hierarchy described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability; and
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Unconditional promises to give - Charitable remainder annuity trusts (CRATs) are determined by calculating the present value of future distributions expected to be received.

Unconditional promises to give - Contributions receivable are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less.

Pooled investments are valued based on the quoted market rate of the underlying securities purchased in accordance with the agreement.

Available for sale mutual funds and exchange-traded funds are valued at the net asset value ("NAV") of shares held by the Foundation at year end based on quoted market prices.

Repurchase agreements are valued based on the quoted market rate of the underlying securities purchased in accordance with the agreement.

Money market funds are valued at amortized cost of shares held by the Foundation at year end.

The proceeding 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. The Foundation recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2024 and 2023.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's fair value measurements at June 30, 2024 and 2023:

		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
June 30, 2024				
Unconditional promises to give -				
Charitable remainder unitrusts	\$ 84,966	\$ -	\$ 84,966	\$ -
Contributions receivable	5,129,473	-	5,129,473	-
Pooled investments	11,285,892	-	11,285,892	-
Available for sale mutual funds:				
Allocation	4,105,946	4,105,946	-	-
Diversified emerging markets	2,035,551	2,035,551	-	-
Financial services	1,527,181	1,527,181	-	-
Foreign large blend	4,607,752	4,607,752	-	-
Foreign large growth	1,534,568	1,534,568	-	-
High yield bond	1,025,476	1,025,476	-	-
Inflation-protected bond	361,136	361,136	-	-
Intermediate core bond	1,880,259	1,880,259	-	-
Intermediate core-plus bond	3,058,739	3,058,739	-	-
Large blend	12,017,576	12,017,576	-	-
Large value	5,102,436	5,102,436	-	-
Mid-cap blend	2,555,218	2,555,218	-	-
Mid-cap growth	2,548,996	2,548,996	-	-
Private equity sector	996,919	996,919	-	-
Short-term bond	2,977,434	2,977,434	-	-
Small growth	2,429,969	2,429,969	-	-
Small value	2,450,334	2,450,334	-	-
World allocation	4,041,718	4,041,718	-	-
Available for sale exchange-traded funds:				
Large blend	3,177,833	3,177,833	-	-
Intermediate-term bond	3,671,381	3,671,381	-	-
Repurchase agreements	654,000	-	654,000	-
Money market funds:				
Government MMA	3,293,420	3,293,420	-	-
Total assets, at fair value	<u>\$ 82,554,173</u>	<u>\$ 65,399,842</u>	<u>\$ 17,154,331</u>	<u>\$ -</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
June 30, 2023				
Unconditional promises to give -				
Charitable remainder unitrusts	\$ 81,158	\$ -	\$ 81,158	\$ -
Contributions receivable	5,275,274	-	5,275,274	-
Pooled investments	6,256,232	-	6,256,232	-
Available for sale mutual funds:				
Allocation	2,422,841	2,423,727	-	-
Diversified emerging markets	1,033,487	1,033,487	-	-
Financial services	970,992	970,992	-	-
Intermediate core-plus bond	1,731,807	1,731,807	-	-
Large blend	5,141,288	5,141,288	-	-
Large value	6,637,210	6,637,210	-	-
Market neutral	1,656,709	1,656,709	-	-
Mid-cap blend	1,941,077	1,941,077	-	-
Mid-cap growth	1,818,506	1,818,506	-	-
Short term bond	2,816,776	2,816,776	-	-
Small growth	1,726,818	1,726,818	-	-
Small value	1,933,236	1,933,236	-	-
High yield bond	1,258,256	1,258,256	-	-
World allocation	1,968,242	1,968,242	-	-
Real estate	243,995	243,995	-	-
Inflation-protected bond	364,148	364,148	-	-
Intermediate core bond	1,456,399	1,456,399	-	-
Foreign large growth	4,196,315	4,196,315	-	-
Available for sale exchange-traded funds:				
Diversified emerging markets	1,211,924	1,211,924	-	-
Intermediate - term Bond	3,702,706	3,702,706	-	-
Large blend	5,573,510	5,573,510	-	-
Real estate	1,373,476	1,373,476	-	-
Repurchase agreements	670,350	-	670,350	-
Money market funds:				
Government MMA	2,663,605	2,663,605	-	-
Total assets, at fair value	<u>\$ 66,126,337</u>	<u>\$ 53,844,209</u>	<u>\$ 12,283,014</u>	<u>\$ -</u>



AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT FUNDS

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 Foundation, and (7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters, and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to achieve consistency of investment returns through a total return concept, preserve the long-term purchasing power of the fund while maintaining sufficient liquidity to provide a relatively predictable and stable stream of distributions in support of the fund's spending requirements, achieve an investment return that meets or exceeds the endowment distribution target spending rate of five percent ("target spending rate") over a trailing three and five-year period, net of inflation and fees, enhance the purchasing power of the fund over time by generating an average real total return in excess of asset class benchmarks, withdrawals, and inflation over the long-term, and manage the fund in compliance with all applicable laws and regulations. Therefore, the Foundation expects its endowment assets, over time, to meet its long-term objectives and generally surpass "market" performances over an extended period of time. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT FUNDS (continued)

*Spending Policy.* The Foundation determines the method to be used to appropriate endowment funds for expenditure. The appropriation amount is determined as of the calendar year, six months prior to when it becomes available for expenditure. The rolling average of the preceding five years' December 31st market value shall be the basis upon which the spending rate is applied. The target spending rate shall be 4% of the rolling average market value. There will be a cap on annual spending for each fund equal to a fixed percentage of average annual total return. Real returns shall be calculated, and defined, as the trailing average rate of return on the endowment funds for the first five years prior, adjusted by the Consumer Price Index (CPI). The investment committee annually shall establish a percentage payout of no more than 5% of any endowment fund. All endowed funds shall be subject to an administrative fee equal to 1% of the rolling average of the preceding five years' December 31<sup>st</sup> market value, which fee shall be deducted before calculating the annual payout. Normally, this would prevent any invasion of the original principal. The annual payout will be that such payment would not violate the terms of the gift agreement or applicable law.

Endowment net asset compositions, by type of fund, are as follows as of June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
2024			
Donor-restricted endowment funds	\$ -	\$49,312,374	\$49,312,374
Board-designated endowment funds	3,504,241	-	3,504,241
	<u>\$3,504,241</u>	<u>\$49,312,374</u>	<u>\$52,816,615</u>
2023			
Donor-restricted endowment funds	\$ -	\$39,837,698	\$39,837,698
Board-designated endowment funds	2,828,098	-	2,828,098
	<u>\$2,828,098</u>	<u>\$39,837,698</u>	<u>\$42,665,796</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 1,748,515	\$ 30,592,534	\$ 32,341,049
Contributions	-	2,010,181	2,010,181
Received from affiliate	1,222,014	5,988,115	7,210,129
Transfers in	349,081	(349,081)	-
Investment income, net	189,898	3,157,054	3,346,952
Amounts appropriated for expenditure	(681,410)	(1,561,105)	(2,242,515)
Endowment net assets, June 30, 2023	\$ 2,828,098	\$ 39,837,698	\$ 42,665,796
Contributions	-	5,844,206	5,844,206
Transfers in	371,491	(371,491)	-
Investment income, net	676,143	5,125,313	5,801,456
Amounts appropriated for expenditure	(371,491)	(1,123,352)	(1,494,843)
Endowment net assets, June 30, 2024	<u>\$ 3,504,241</u>	<u>\$ 49,312,374</u>	<u>\$ 52,816,615</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT FUNDS (continued)

The donor restricted endowment funds held as of June 30 are available for the following:

2024	Held with Temporary Restrictions	Held in Perpetuity	Total	Actual Assets Held	Underwater Endowments
Academic program support and university advancement	\$14,490,464	\$34,821,910	\$49,312,374	\$49,312,374	\$ -
2023	Held with Temporary Restrictions	Held in Perpetuity	Total	Actual Assets Held	Underwater Endowments
Academic program support and university advancement	\$10,564,885	\$29,272,813	\$39,837,698	\$39,721,008	\$ 116,690

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA and SIMPFA to permit spending from underwater endowments in accordance with prudent measures required under law. The following were reported in net assets with donor restrictions at June 30, 2023:

Funds with original gift values of	\$ 2,299,291
Fair value	<u>2,415,981</u>
Deficiency	<u>\$ 116,690</u>

During 2024 and 2023, the Foundation did not appropriate any expenditure from underwater endowments.

NOTE 11 - AFFILIATE AGREEMENT

The Foundation has entered into an agreement between Augusta University and the Augusta Golf Association, Inc., a Georgia non-profit corporation, for the management of the Forest Hills Golf Course. The terms of the agreement call for the Foundation to manage, invest, and distribute funds related to certain golf scholarship funds and capital improvement funds. Additionally, the Foundation is to receive certain excess revenues, as defined, from the golf course operations to benefit athletic and educational programs of Augusta University. The management agreement should be consulted for complete details.

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - CONTRIBUTED NONFINANCIAL ASSETS

Augusta University provides the Foundation with management and general and fundraising support for the Foundation's activities. For the years ending June 30, 2024 and 2023, recognized contributed nonfinancial assets in the consolidated statement of activities, in the amount of \$2,902,741 and \$2,851,164, respectively.

For the years ending June 30, 2024 and 2023 contributed nonfinancial assets recognized within the consolidated statement of activities included:

	2024	2023
Employee Benefits	\$ 674,416	\$ 651,886
Faculty Salaries	516,715	-
Staff Salaries	1,680,155	2,106,724
Supplies and Other Operating Expenses	27,099	87,406
Property and Equipment	4,356	5,148
	<u>\$ 2,902,741</u>	<u>\$ 2,851,164</u>

Contributions of nonfinancial assets were utilized during the years ending June 30, 2024 and 2023. Contributed management and general expenses in the amount of \$837,937 and \$762,826, respectively, and fundraising expenses in the amount of \$2,064,804 and \$2,088,338, respectively, are valued and are reported at the actual cost to the University.

NOTE 13 - RELATED PARTY TRANSACTIONS

In July 2017, a memorandum of understanding entered into by the Foundation, the University System of Georgia Board of Regents, and AUMC was amended. The amendment states that AUMC will contribute funds to support the annual operating budget of the AU Philanthropy and Alumni Engagement Office. During the year ended June 30, 2024 and 2023, the Foundation recorded revenue of \$1,760,668 and \$1,512,697, respectively, which is included in support from affiliate without donor restrictions in the statements of activities. At June 30, 2024 and 2023, \$152,628 and \$107,635, respectively, is included in due from affiliate on the statement of financial position.

In May of 2021, the Boards of Trustees of the Foundation and the Georgia Health Sciences Foundation, Inc. (an Augusta University affiliate foundation) unanimously approved a proposal for a transaction to combine the assets of both foundations into the Foundation. The determination has been made that the Georgia Health Sciences Foundation will transfer most of its assets, other than its real estate assets, to the Foundation. During the year ended June 30, 2023, the Foundation, Georgia Health Sciences Foundation, Inc., and the Board of Regents of the University System of Georgia entered into a memorandum of understanding (MOU) to memorialize this transaction. The MOU was effective on July 1, 2022. Funds received from this affiliate in the amount of \$24,237,103 are included on the consolidated statement of activities for the year ending June 30, 2023.

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Chairman and Board of Trustees  
Augusta University Foundation, Inc.  
Augusta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Augusta University Foundation, Inc. and wholly-owned limited liability companies (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 5, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Foundation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Serotta Maddocks Evans & Co.*  
 SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia  
 September 5, 2024

SUPPLEMENTAL INFORMATION  
(See Independent Auditor's Report)

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE 1 -  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
JUNE 30, 2024

	Augusta University Foundation, Inc.	ASU Jaguar Student Housing 1, LLC	ASU Jaguar Student Center, LLC	Eliminating Entries	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 10,715,773	\$ 139,814	\$ 91,989		\$ 10,947,576
Cash restricted for specific use	-	2,171,393	2,146,758		4,318,151
Investments restricted for specific use	-	654,000	-		654,000
Investments - short-term	11,285,892	-	-		11,285,892
Current portion of unconditional promises to give - contributions receivable, net	3,459,889	-	-		3,459,889
Due from affiliate	160,785	-	-		160,785
Other receivables	-	13,625	-		13,625
Prepaid expenses	73,485	52,457	19,679		145,621
Deposits	6,613	-	-		6,613
Interfund receivable	1,100	50,000	-	\$ (51,100)	-
Investment in financing lease arrangement - related party	-	1,361,135	725,956		2,087,091
<b>TOTAL CURRENT ASSETS</b>	<b>25,703,537</b>	<b>4,442,424</b>	<b>2,984,382</b>		<b>33,079,243</b>
<b>NON-CURRENT ASSETS</b>					
Investments - long-term	65,399,842	-	-		65,399,842
Unconditional promises to give - Charitable remainder unitrusts	84,966	-	-		84,966
Unconditional promises to give - contributions receivable, net of current portion and discount	1,669,584	-	-		1,669,584
Cash surrender value of life insurance	165,444	-	-		165,444
Investment in financing lease arrangement - related party	-	13,037,742	6,046,064		19,083,806
<b>TOTAL NON-CURRENT ASSETS</b>	<b>67,319,836</b>	<b>13,037,742</b>	<b>6,046,064</b>		<b>86,403,642</b>
<b>TOTAL ASSETS</b>	<b>\$ 93,023,373</b>	<b>\$ 17,480,166</b>	<b>\$ 9,030,446</b>		<b>\$ 119,482,885</b>

(continued)



AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE 1 -  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (continued)  
JUNE 30, 2024

	Augusta University Foundation, Inc.	ASU Jaguar Student Housing 1, LLC	ASU Jaguar Student Center, LLC	Eliminating Entries	Total
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 132,187	\$ -	\$ -		\$ 132,187
Deferred revenue	1,403,922	-	31,568		1,435,490
Interest payable	-	200,646	105,478		306,124
Due to related party	762,792	-	-		762,792
Current portion of bonds payable	-	825,000	450,000		1,275,000
Interfund payable	-	550	50,550	\$ (51,100)	-
Current portion of unearned interest revenue	-	460,493	178,213		638,706
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,298,901</b>	<b>1,486,689</b>	<b>815,809</b>		<b>4,550,299</b>
<b>LONG-TERM LIABILITIES</b>					
Series 2012 bonds payable, net of current portion	-	10,310,000	-		10,310,000
Series 2014 bonds payable, net of current portion	-	-	5,200,000		5,200,000
Premium on bonds payable	-	716,008	127,140		843,148
Bond issuance costs, net	-	(465,437)	(111,944)		(577,381)
Unearned interest revenue	-	2,264,841	760,985		3,025,826
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>12,825,412</b>	<b>5,976,181</b>		<b>18,801,593</b>
<b>TOTAL LIABILITIES</b>	<b>2,298,901</b>	<b>14,312,101</b>	<b>6,791,990</b>		<b>23,351,892</b>
<b>NET ASSETS</b>					
Without donor restrictions	10,040,109	189,264	41,439		10,270,812
With donor restrictions	80,684,363	2,978,801	2,197,017		85,860,181
<b>TOTAL NET ASSETS</b>	<b>90,724,472</b>	<b>3,168,065</b>	<b>2,238,456</b>		<b>96,130,993</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 93,023,373</b>	<b>\$ 17,480,166</b>	<b>\$ 9,030,446</b>		<b>\$ 119,482,885</b>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE 2 -  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
JUNE 30, 2023

	Augusta University Foundation, Inc.	ASU Jaguar Student Housing 1, LLC	ASU Jaguar Student Center, LLC	Eliminating Entries	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$10,943,008	\$266,890	\$185,423		\$ 11,395,321
Cash restricted for specific use	-	2,049,841	2,064,710		4,114,551
Investments restricted for specific use	-	670,350	-		670,350
Investments - short-term	6,256,232	-	-		6,256,232
Current portion of unconditional promises to give - contributions receivable, net	2,249,901	-	-		2,249,901
Due from affiliate	107,635	-	-		107,635
Other receivables	-	13,625	-		13,625
Prepaid expenses	146,969	-	-		146,969
Deposits	27,783	-	-		27,783
Interfund receivable	100,000	50,000	-	\$ (150,000)	-
Investment in financing lease arrangement - related party	-	1,360,930	724,019		2,084,949
TOTAL CURRENT ASSETS	19,831,528	4,411,636	2,974,152		27,067,316
NON-CURRENT ASSETS					
Investments - long-term	53,843,323	-	-		53,843,323
Unconditional promises to give - Charitable remainder unitrusts	81,158	-	-		81,158
Unconditional promises to give - contributions receivable, net of current portion and discount	3,025,373	-	-		3,025,373
Cash surrender value of life insurance	189,360	-	-		189,360
Investment in financing lease arrangement - related party	-	14,398,882	6,772,020		21,170,902
TOTAL NON-CURRENT ASSETS	57,139,214	14,398,882	6,772,020		78,310,116
TOTAL ASSETS	\$ 76,970,742	\$ 18,810,518	\$ 9,746,172		\$ 105,377,432

(continued)

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE 2 -  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (continued)  
JUNE 30, 2023

	Augusta University Foundation, Inc.	ASU Jaguar Student Housing 1, LLC	ASU Jaguar Student Center, LLC	Eliminating Entries	Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 283,324	\$ -	\$ -		\$ 283,324
Deferred revenue	1,504,485	-	30,341		1,534,826
Interest payable	-	209,812	114,178		323,990
Due to related party	477,578	-	-		477,578
Current portion of bonds payable	-	800,000	435,000		1,235,000
Interfund payable	-	50,000	100,000	\$ (150,000)	-
Current portion of unearned interest revenue	-	496,507	194,909		691,416
TOTAL CURRENT LIABILITIES	2,265,387	1,556,319	874,428		4,546,134
LONG-TERM LIABILITIES					
Series 2012 bonds payable, net of current portion	-	11,135,000	-		11,135,000
Series 2014 bonds payable, net of current portion	-	-	5,650,000		5,650,000
Premium on bonds payable	-	792,014	152,483		944,497
Bond issuance costs, net	-	(502,731)	(123,138)		(625,869)
Unearned interest revenue	-	2,725,334	939,198		3,664,532
TOTAL LONG-TERM LIABILITIES	-	14,149,617	6,618,543		20,768,160
TOTAL LIABILITIES	2,265,387	15,705,936	7,492,971		25,314,294
NET ASSETS					
Without donor restrictions	6,947,815	266,890	85,423		7,300,128
With donor restrictions	67,757,540	2,837,692	2,167,778		72,763,010
TOTAL NET ASSETS	74,705,355	3,104,582	2,253,201		80,063,138
TOTAL LIABILITIES AND NET ASSETS	\$ 76,970,742	\$ 18,810,518	\$ 9,746,172		\$ 105,377,432

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE 3 -  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024

	Augusta University Foundation, Inc.	ASU Jaguar Student Housing I, LLC	ASU Jaguar Student Center, LLC	Eliminating Entries	Total
REVENUES, GAINS AND OTHER SUPPORT					
Donations	\$ 15,227,803	\$ -	\$ -		\$ 15,227,803
Change in valuation allowance to discount pledges to net present value and provision for uncollectible pledges	(70,284)	-	-		(70,284)
	<u>15,157,519</u>	<u>-</u>	<u>-</u>		<u>15,157,519</u>
Investment earnings	7,882,058	530,678	194,909		8,607,645
Grant revenue	572,562	-	-		572,562
Support from affiliates	1,760,668	-	-		1,760,668
Special events	715,064	-	-		715,064
Contributed services	2,902,741	-	-		2,902,741
Other income	<u>145,641</u>	<u>125,265</u>	<u>74,536</u>	\$ (100,000)	<u>245,442</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>29,136,253</u>	<u>655,943</u>	<u>269,445</u>		<u>29,961,641</u>
EXPENSES AND LOSSES					
Expenses					
Management and general	1,204,771	110,411	74,306	(100,000)	1,289,488
Fundraising	3,686,482	-	-		3,686,482
Program services	<u>8,225,883</u>	<u>482,049</u>	<u>209,884</u>		<u>8,917,816</u>
Total expenses	<u>13,117,136</u>	<u>592,460</u>	<u>284,190</u>		<u>13,893,786</u>
TOTAL EXPENSES AND LOSSES	<u>13,117,136</u>	<u>592,460</u>	<u>284,190</u>		<u>13,893,786</u>
CHANGES IN NET ASSETS	16,019,117	63,483	(14,745)		16,067,855
NET ASSETS, July 1, 2023	<u>74,705,355</u>	<u>3,104,582</u>	<u>2,253,201</u>		<u>80,063,138</u>
NET ASSETS, June 30, 2024	<u>\$ 90,724,472</u>	<u>\$ 3,168,065</u>	<u>\$ 2,238,456</u>		<u>\$ 96,130,993</u>

AUGUSTA UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE 4 -  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

	Augusta University Foundation, Inc.	ASU Jaguar Student Housing I, LLC	ASU Jaguar Student Center, LLC	Eliminating Entries	Total
REVENUES, GAINS AND OTHER SUPPORT					
Donations	\$ 8,660,482	\$ -	\$ -		\$ 8,660,482
Change in valuation allowance to discount pledges to net present value and provision for uncollectible pledges	(123,033)	-	-		(123,033)
	<u>8,537,449</u>	<u>-</u>	<u>-</u>		<u>8,537,449</u>
Funds received from affiliate	24,237,103	-	-		24,237,103
Investment earnings	3,704,864	564,800	211,148		4,480,812
Grant revenue	394,038	-	-		394,038
Support from affiliates	1,512,697	-	-		1,512,697
Special events	479,676	-	-		479,676
Contributed services	2,851,164	-	-		2,851,164
Other income	<u>122,154</u>	<u>121,131</u>	<u>73,600</u>	\$ (100,000)	<u>216,885</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>41,839,145</u>	<u>685,931</u>	<u>284,748</u>		<u>42,709,824</u>
EXPENSES AND LOSSES					
Management and general	958,076	70,393	59,475	(100,000)	987,944
Fundraising	3,659,190	-	-		3,659,190
Program Services	<u>8,394,865</u>	<u>503,500</u>	<u>233,212</u>		<u>9,131,577</u>
Total expenses	<u>13,012,131</u>	<u>573,893</u>	<u>292,687</u>		<u>13,778,711</u>
TOTAL EXPENSES AND LOSSES	<u>13,012,131</u>	<u>573,893</u>	<u>292,687</u>		<u>13,778,711</u>
CHANGES IN NET ASSETS	28,827,014	112,038	(7,939)		28,931,113
NET ASSETS, July 1, 2022	<u>45,878,341</u>	<u>2,992,544</u>	<u>2,261,140</u>		<u>51,132,025</u>
NET ASSETS, June 30, 2023	<u>\$ 74,705,355</u>	<u>\$ 3,104,582</u>	<u>\$ 2,253,201</u>		<u>\$ 80,063,138</u>