

ANNUAL FINANCIAL REPORT

Board of Regents of the University System of Georgia



For the Year Ended
June 30, 2005

"Creating a More Educated Georgia"

**Board of Regents of
The University System of Georgia
Annual Financial Report
June 30, 2005**

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BOARD OF REGENTS
UNIVERSITY SYSTEM OF GEORGIA
June 30, 2005

| | |
|--|---|
| Hugh A. Carter, Jr.Atlanta State-At-Large Term Expires January 1, 2009 | Elridge W. McMillanAtlanta Fifth District Term Expires January 1, 2010 |
| William H. ClevelandAtlanta State-At-Large Term Expires January 1, 2009 | Michael J. ColesKennesaw Sixth District Term Expires January 1, 2008 |
| Donald M. Leebern, Jr.....Atlanta State-At-Large Term Expires January 1, 2012 | Richard L. Tucker.....Lawrenceville Seventh District Term Expires January 1, 2012 |
| Doreen Stiles PoitevintBainbridge State-At-Large Term Expires January 1, 2011 | Connie CaterMacon Eighth District Term Expires January 1, 2006 |
| Joel O. Wooten, Jr.Columbus State-At-Large Term Expires January 1, 2006 | Patrick W. PittardAtlanta Ninth District Term Expires January 1, 2008 |
| W. Mansfield Jennings, Jr.....Hawkinsville First District Term Expires January 1, 2010 | James R. Jolly.....Dalton Tenth District Term Expires January 1, 2008 |
| Julie Ewing HuntTifton Second District Term Expires January 1, 2011 | Joe Frank HarrisCartersville Eleventh District Term Expires January 1, 2006 |
| Martin W. NeSmith.Claxton Third District Term Expires January 1, 2006 | Timothy J. ShelnutAugusta Twelfth District Term Expires January 1, 2007 |
| Wanda Yancey Rodwell.....Stone Mountain Fourth District Term Expires January 1, 2012 | Allan VigilMorrow Thirteenth District Term Expires January 1, 2010 |

OFFICERS OF THE BOARD OF REGENTS

| | |
|--|---|
| Joel O. Wooten, Jr.....Chairman | William R. BowesTreasurer |
| Timothy J. Shelnut Vice Chairman | Gail S. WeberSecretary to the Board |
| Thomas C. MeredithChancellor | |

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

270 Washington Street, S.W.
Atlanta, Georgia 30334

Office of Fiscal Affairs
Office of Internal Audit

404-656-2232
404-656-2237

January 13, 2006

Interim Chancellor Corlis P. Cummings
Board of Regents
University System of Georgia

Dear Interim Chancellor Cummings:

In keeping with the by-laws of the Board of Regents, we submit to you the Annual Financial Report of the University System of Georgia for the fiscal year ended June 30, 2005.

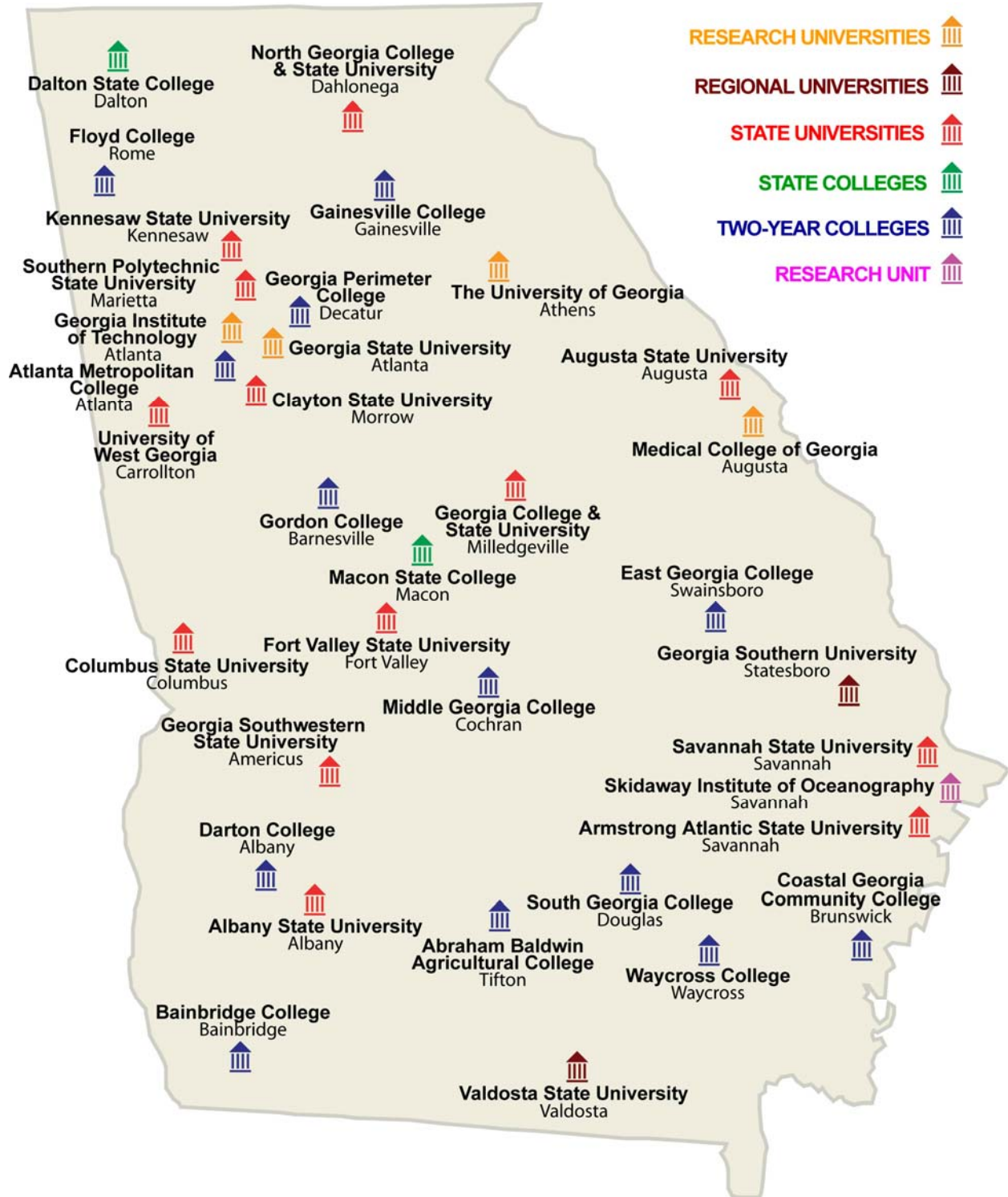
The officers of the various institutions represented in this report have assured us that every effort has been made to reflect accurately the information considered important to all concerned parties. In the event that this report is not sufficient in detail or if there is additional information desired, this office will be glad to supply such information.

Sincerely,

William R. Bowes
Vice Chancellor for Fiscal Affairs
and Treasurer of the Board

Ronald B. Stark
Associate Vice Chancellor for
Internal Audit

UNIVERSITY SYSTEM OF GEORGIA



Institutions of the University System of Georgia

RESEARCH UNIVERSITIES

| | |
|---------------------------------------|---------|
| Georgia Institute of Technology | Atlanta |
| Georgia State University | Atlanta |
| Medical College of Georgia | Augusta |
| University of Georgia | Athens |

REGIONAL UNIVERSITIES

| | |
|-----------------------------------|------------|
| Georgia Southern University | Statesboro |
| Valdosta State University | Valdosta |

STATE UNIVERSITIES

| | |
|--|---------------|
| Albany State University | Albany |
| Armstrong Atlantic State University | Savannah |
| Augusta State University | Augusta |
| Clayton State University | Morrow |
| Columbus State University | Columbus |
| Fort Valley State University | Fort Valley |
| Georgia College & State University | Milledgeville |
| Georgia Southwestern State University | Americus |
| Kennesaw State University | Kennesaw |
| North Georgia College & State University | Dahlonega |
| Savannah State University | Savannah |
| Southern Polytechnic State University | Marietta |
| University of West Georgia | Carrollton |

STATE COLLEGES

| | |
|----------------------------|--------|
| Dalton State College | Dalton |
| Macon State College | Macon |

TWO-YEAR COLLEGES

| | |
|--|-------------|
| Abraham Baldwin Agricultural College | Tifton |
| Atlanta Metropolitan College | Atlanta |
| Bainbridge College | Bainbridge |
| Coastal Georgia Community College | Brunswick |
| Darton College | Albany |
| East Georgia College | Swainsboro |
| Floyd College | Rome |
| Gainesville College | Gainesville |
| Georgia Perimeter College | Decatur |
| Gordon College | Barnesville |
| Middle Georgia College | Cochran |
| South Georgia College | Douglas |
| Waycross College | Waycross |

INDEPENDENT RESEARCH UNIT

| | |
|--|----------|
| Skidaway Institute of Oceanography | Savannah |
|--|----------|

STATE RESOURCES

The General Appropriations Act of 2005, as amended, provided a total of \$1,670,074,292 to the University System of Georgia. In addition, indirect funding from the Department of Administrative Services (DOAS) provided \$3,583,000 and House Bill 1181 provided \$6,243,177 from Tobacco funds. The amounts were as follows:

STATE APPROPRIATIONS AVAILABLE

General Appropriations Act of 2005

House Bill 1181

General State Funds \$1,651,799,330

Tobacco funds 6,243,177

Indirect DOAS Funding - Communications 3,583,000

House Bill 84

General State Funds 18,274,962

TOTAL STATE APPROPRIATIONS AVAILABLE

\$1,679,900,469

ALLOCATIONS BY BOARD OF REGENTS

Educational and General

Teaching \$1,401,477,363

Non-Teaching 128,514,165

Tobacco funds 6,243,177

Other Activities

Regents Central Office \$10,021,056

Information Technology 30,156,111

Southern Regional Education Board 493,379

Rental Payments - Georgia Military College 2,831,338

Georgia Public Telecommunications Commission 17,295,253

Public Libraries 33,349,738

Research Consortium 20,651,083

Total Other Activities 114,797,958

Special Initiative Funding 28,867,806

Total Educational and General 1,679,900,469

TOTAL ALLOCATIONS BY BOARD OF REGENTS

\$1,679,900,469

UNIVERSITY SYSTEM OF GEORGIA

Management's Discussion and Analysis

Introduction

The mission of the University System of Georgia is to contribute to the educational, cultural, economic, and social advancement of Georgia by providing excellent undergraduate general education and first-rate programs leading to associate, baccalaureate, masters, professional, and doctorate degrees; by pursuing leading-edge basic and applied research, scholarly inquiry, and creative endeavors; and by bringing these intellectual resources, and those of the public libraries, to bear on the economic development of the State and the continuing education of its citizens.

The 34 institutions in the University System were led by Chancellor Thomas C. Meredith and the Board of Regents at June 30, 2005. The University System continues to thrive as shown by the following statistics:

| | <u>Faculty</u> | <u>Students</u> |
|--------|----------------|-----------------|
| FY2005 | 11,531 | 262,149 |
| FY2004 | 11,274 | 257,715 |
| FY2003 | 10,626 | 241,878 |

Overview of the Financial Statements and Financial Analysis

The University System of Georgia is proud to present its consolidated financial statements for fiscal year 2005. These consolidated statements contain information from the 34 institutions of the University System of Georgia, the Skidaway Institute of Oceanography and the University System Office. Each institution has prepared a separate financial statement that is available on CD. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. This discussion and analysis of the University System's financial statements provides an overview of its financial activities for the year. Comparative data is provided for FY 2004 and FY2005.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University System as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the University System of Georgia. The Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (Assets minus Liabilities). The difference between current and non-current assets will be discussed in the footnotes to the financial statements.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors.

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution. Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

Statement of Net Assets, Condensed

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|---|---------------------------|---------------------------|
| Assets: | | |
| Current Assets | \$947,979,849.96 | \$967,965,917.14 |
| Capital Assets, net | 4,296,787,691.41 | 3,820,578,831.89 |
| Other Assets | <u>186,302,259.14</u> | <u>265,591,459.96</u> |
| Total Assets | 5,431,069,800.51 | 5,054,136,208.99 |
| Liabilities: | | |
| Current Liabilities | 509,673,815.40 | 599,470,011.14 |
| Noncurrent Liabilities | <u>722,090,349.96</u> | <u>519,089,808.10</u> |
| Total Liabilities | 1,231,764,165.36 | 1,118,559,819.24 |
| Net Assets: | | |
| Invested in Capital Assets, net of debt | 3,617,349,272.10 | 3,344,344,298.42 |
| Restricted - nonexpendable | 118,133,173.33 | 110,605,284.81 |
| Restricted - expendable | 198,810,437.25 | 214,894,160.38 |
| Capital Projects | 21,226,392.45 | 48,794,309.89 |
| Unrestricted | <u>243,786,360.02</u> | <u>216,938,336.25</u> |
| Total Net Assets | <u>\$4,199,305,635.15</u> | <u>\$3,935,576,389.75</u> |

The total assets of the institution increased by \$376,933,591.52. A review of the Statement of Net Assets will reveal that the increase was primarily due to an increase of \$476,208,859.52 of investment in plant, net of accumulated depreciation. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction, research and public service missions of the institution.

The total liabilities for the year increased by \$113,204,346.12. The combination of the increase in total assets of \$376,933,591.52 and the increase in total liabilities of \$113,204,346.12 yields an increase in total net assets of \$263,729,245.40. The increase in total net assets is primarily in the category of invested in capital assets, net of debt in the amount of \$273,004,973.68.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution. Generally speaking operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenues, Expenses and Changes in Net Assets, Condensed

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|---|---------------------------|---------------------------|
| Operating Revenues | \$2,825,156,653.83 | \$2,589,007,666.01 |
| Operating Expenses | <u>4,663,773,494.41</u> | <u>4,329,890,871.25</u> |
| Operating Loss | (1,838,616,840.58) | (1,740,883,205.24) |
| Nonoperating Revenues and Expenses | <u>1,788,577,591.48</u> | <u>1,723,746,569.65</u> |
| Income (Loss) Before other revenues, expenses, gains or losses | (50,039,249.10) | (17,136,635.59) |
| Other revenues, expenses, gains or losses | <u>301,253,507.11</u> | <u>398,545,015.20</u> |
| Increase in Net Assets | 251,214,258.01 | 381,408,379.61 |
| Net Assets at beginning of year, as originally reported | 3,935,576,389.75 | 3,604,648,977.55 |
| Prior Year Adjustments | <u>12,514,987.39</u> | <u>(50,480,967.41)</u> |
| Net Assets at beginning of year, restated | <u>3,948,091,377.14</u> | <u>3,554,168,010.14</u> |
| Net Assets at End of Year | <u>\$4,199,305,635.15</u> | <u>\$3,935,576,389.75</u> |

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are as follows:

Revenue by Source
For the Years Ended June 30, 2005 and June 30, 2004

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|--------------------------------|---------------------------|---------------------------|
| Operating Revenue | | |
| Tuition and Fees | \$695,664,180.31 | \$670,113,329.92 |
| Federal Appropriations | 11,537,500.71 | 13,885,343.98 |
| Grants and Contracts | 1,221,599,455.04 | 1,185,964,548.75 |
| Sales and Services | 105,786,007.00 | 55,585,260.69 |
| Auxiliary | 391,461,435.97 | 362,483,691.01 |
| Other | <u>399,108,074.80</u> | <u>300,975,491.66</u> |
| Total Operating Revenue | 2,825,156,653.83 | 2,589,007,666.01 |
| Nonoperating Revenue | | |
| State Appropriations | 1,676,360,954.76 | 1,628,294,046.57 |
| Grants and Contracts | 61,806,941.42 | 75,818,809.02 |
| Gifts | 54,754,440.68 | 26,898,053.28 |
| Investment Income | 22,855,806.20 | 11,076,681.72 |
| Other | <u>8,173,142.86</u> | <u>6,176,855.63</u> |
| Total Nonoperating Revenue | 1,823,951,285.92 | 1,748,264,446.22 |
| Capital Gifts and Grants | | |
| State | 276,013,805.56 | 288,947,516.91 |
| Other Capital Gifts and Grants | <u>25,239,701.55</u> | <u>109,597,498.29</u> |
| Total Capital Gifts and Grants | 301,253,507.11 | 398,545,015.20 |
| Total Revenues | <u>\$4,950,361,446.86</u> | <u>\$4,735,817,127.43</u> |

Expenses (By Functional Classification)
For the Years Ended June 30, 2005 and June 30, 2004

| | <u>June 30, 2005</u> | <u>June 20, 2004</u> |
|-----------------------------------|---------------------------|---------------------------|
| Operating Expenses | | |
| Instruction | \$1,323,314,195.56 | \$1,141,553,684.34 |
| Research | 724,674,718.51 | 710,589,107.88 |
| Public Service | 381,049,885.70 | 377,577,598.69 |
| Academic Support | 325,414,901.69 | 312,467,204.85 |
| Student Services | 173,525,170.80 | 164,330,214.03 |
| Institutional Support | 638,303,116.65 | 630,479,986.72 |
| Plant Operations and Maintenance | 350,471,825.78 | 304,703,195.62 |
| Scholarships and Fellowships | 143,593,840.78 | 147,295,114.37 |
| Auxiliary Enterprises | 365,456,631.37 | 320,677,234.64 |
| Unallocated Expenses | 65,781,126.24 | 61,550,568.19 |
| Patient Care (MCG only) | <u>172,188,081.33</u> | <u>158,666,961.92</u> |
| Total Operating Expenses | 4,663,773,494.41 | 4,329,890,871.25 |
| Nonoperating Expenses | | |
| Interest Expense (Capital Assets) | <u>35,373,694.44</u> | <u>24,517,876.57</u> |
| Total Expenses | <u>\$4,699,147,188.85</u> | <u>\$4,354,408,747.82</u> |

Statement of Cash Flows

The final statement presented by the University System of Georgia is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University System during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University System. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Cash Flows for the Years Ended June 30, 2005 and 2004, Condensed

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|--|--------------------------------|--------------------------------|
| Cash Provided (used) By: | | |
| Operating Activities | (\$1,498,551,179.64) | (1,486,924,500.38) |
| Non-capital Financing Activities | 1,798,238,947.07 | 1,747,145,363.31 |
| Capital and Related Financing Activities | (218,233,085.12) | (168,098,929.55) |
| Investing Activities | <u>(7,884,248.48)</u> | <u>(51,933,170.88)</u> |
| Net Change in Cash | 73,570,433.83 | 40,188,762.50 |
| Cash, Beginning of Year | <u>467,098,895.47</u> | <u>477,104,740.67</u> |
| Cash, End of Year | <u><u>\$540,669,329.30</u></u> | <u><u>\$517,293,503.17</u></u> |

Capital Assets

The University System of Georgia had many significant capital asset additions and renovations during FY2005. Some of these additions and renovations include the following:

At Georgia Institute of Technology: The Married and Family Housing Complex and Parking Deck (\$70.3M), The Food Processing Technology Building (\$5.3M), and The Penny and Roe Stamps Student Center Commons (\$6M).

At the University of Georgia: The East Campus Village Residence Halls (\$73.2M), the East Village Commons Dining Hall (\$17.2M), the Veterinary Bio-Resource Facility (\$5.8M), the Hull Street Parking Deck (\$9.5M), and the South Campus Parking Deck Expansion (\$5.5M).

At Georgia State University: Atlanta Jail Property (\$7.5M)

At the Medical College of Georgia: Major renovations to the Interdisciplinary Research Center (\$7.9M)

At Valdosta State University: Renovations to Nevins Hall (\$4.4M)

At Augusta State University: Classroom Replacement (\$18.9M)

At Clayton State University: University Learning Center (\$22.3M)

At Fort Valley State University: Health and PE Building (\$16.3M)

At Georgia College and State University: Russell Library & Information Technology Center (\$16.6M)

At Georgia College and State University: Central Chiller (\$3.9M)

At Kennesaw State University: Classroom and Convocation Center (\$13.9M)

At Macon State College: Nursing, Health Science and Outreach Complex (\$16.3M)

At Darton College: Physical Education Building (\$12.4M)

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 10 in the notes to the financial statements.

Long-Term Debt and Liabilities

The University System of Georgia had Long-Term Debts and Liabilities of \$823,192,449.71 of which \$101,102,099.75 was reflected as current liability at June 30, 2005.

For additional information concerning Long-Term Debt, see notes 1 and 8 in the Notes to the Financial Statements.

Component Units

In compliance with GASB Statement No. 39, the University System of Georgia has included the financial statements and notes for all required component units for FY2005. System-wide, there were 54 component units at 30 of the colleges and universities. All 54 component units are discretely presented in this consolidated Annual Financial Report. Nine of the foundations were also included as component units of the State of Georgia in the State Comprehensive Annual Financial Report (CAFR) for FY2005.

The 54 component units had combined total assets of \$4.8 billion and total liabilities of \$2.3 billion at June 30, 2005. The assets included \$2.1 billion in investments and \$1.2 billion in capital assets. The liabilities included \$1.9 billion in long-term liabilities. Details are available in Note 1, Summary of Significant Accounting Policies and Note 16, Component Units.

Economic Outlook

After three years of budget cuts through fiscal year 2005, the University System of Georgia financial picture appears to be improving significantly. FY 2006 state appropriations for current University System of Georgia operations, including institutions and other organized activities, were \$1.8 billion, an increase of 8.5%, or \$140.7 million, over fiscal year 2005 appropriations. This was one of the largest percentage increases provided to higher education systems in the country. It restores the University System of Georgia's share of state funding to 11.5%. As a result of continuing strong state support, the University System of Georgia has had to rely less than most higher education systems on non-state revenue sources.

Tuition rate increases this year of 8% for the University System of Georgia's research institutions and 5% for all other USG institutions have boosted total revenues for educational and general expenses to the highest levels ever. Total funds generated for the University System of Georgia, including all fund sources, now exceed \$5 billion annually.

With a solid base of state funding support, and the recent growth in appropriations and non-state revenues, the University System of Georgia remains financially strong. Enrollment in the system continues to grow although at rates lower than previously projected. Nonetheless, increases in funding based on enrollment growth (i.e., the funding formula) are projected to be fairly high in future years. There do not appear to be any conditions or economic factors on the horizon that would affect the University System of Georgia's operations or its financial position.

William R. Bowes
Vice Chancellor for Fiscal Affairs
University System of Georgia

Statement of Net Assets

UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF NET ASSETS June 30, 2005

University System of
Georgia
(Primary Government)

ASSETS

Current Assets

| | |
|--|-----------------------|
| Cash and Cash Equivalents | \$529,505,901.76 |
| Short-term Investments | 125,384,825.64 |
| Accounts Receivable, net (note 3) | |
| Receivables - Federal Financial Assistance | 56,447,965.74 |
| Receivables - State General Appropriations Allotment | |
| Margin Allocation Funds | 7,458,093.00 |
| Receivables - Others | 94,877,109.99 |
| Leases Receivable | |
| Pledges Receivable | |
| Contributions Receivable | |
| Due from Component Units | 84,871,864.93 |
| Due From Primary Government | |
| Inventories (note 4) | 18,840,541.73 |
| Prepaid Items | 30,526,077.36 |
| Notes and Mortgages Receivable | |
| Other Assets | 67,469.81 |
| Total Current Assets | 947,979,849.96 |

Noncurrent Assets

| | |
|-------------------------------------|-------------------------|
| Noncurrent Cash | 11,163,427.54 |
| Due from Component Units | 2,650,527.00 |
| Due From Primary Government | |
| Short-Term Investments | 145,416.51 |
| Investments (including real estate) | 129,463,484.26 |
| Notes Receivable, net | 42,879,403.83 |
| Leases Receivable | |
| Receivables Other | |
| Contributions Receivable | |
| Pledges Receivable | |
| Capital Assets, net (note 6) | 4,296,787,691.41 |
| Other Assets | |
| Total Noncurrent Assets | 4,483,089,950.55 |
| TOTAL ASSETS | 5,431,069,800.51 |

LIABILITIES

Current Liabilities

| | |
|---|-----------------------|
| Accounts Payable | 80,647,110.64 |
| Salaries Payable | 12,493,364.07 |
| Benefits Payable | 27,784,267.11 |
| Contracts Payable | 5,953,360.38 |
| Deposits | 22,839,310.65 |
| Deferred Revenue (note 7) | 176,937,057.85 |
| Other Liabilities | 8,294,499.19 |
| Deposits Held for Other Organizations | 64,995,639.34 |
| Due to Component Units | 8,627,106.42 |
| Due to Primary Government | |
| Capital Lease (current portion) | |
| Current Portion of Long-term Debt | 18,595,197.71 |
| Estimated Third-Party Payor Settlements | |
| Compensated Absences (current portion) | 82,008,479.18 |
| US DOE Settlement (current portion) | 426,167.36 |
| Notes and Loans Payable (current portion) | 72,255.50 |
| Total Current Liabilities | 509,673,815.40 |

Noncurrent Liabilities (note 8)

| | |
|--|-------------------------|
| Due to Component Units | |
| Due to Primary Government | |
| Lease Purchase Obligations (noncurrent) | 658,145,729.72 |
| Deferred Revenue (noncurrent) and Other Noncurrent Liabilities | 1,702,403.07 |
| Compensated Absences (noncurrent) | 58,633,246.47 |
| Deposits | |
| Liabilities under Split Interest Agreements | |
| Other Long-Term Liabilities | |
| US DOE Settlement (noncurrent) | 1,244,050.96 |
| Notes and Loans Payable (noncurrent) | 2,364,919.74 |
| Total Noncurrent Liabilities | 722,090,349.96 |
| TOTAL LIABILITIES | 1,231,764,165.36 |

NET ASSETS

| | |
|---|---------------------------|
| Invested in Capital Assets, net of related debt | 3,617,349,272.10 |
| Restricted for | |
| Nonexpendable | 118,133,173.33 |
| Expendable | 198,810,437.25 |
| Capital Projects | 21,226,392.45 |
| Unrestricted | 243,786,360.02 |
| TOTAL NET ASSETS | \$4,199,305,635.15 |

Statement of Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005**

| | Component Units | | |
|---|--|------------------------------------|---|
| | Georgia Tech Athletic Association | Georgia Tech Foundation | Georgia Tech Research Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$7,335,336.00 | \$3,125,000.00 | \$35,665,205.00 |
| Short-term Investments | | 4,800,000.00 | 1,387,956.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment Margin Allocation Funds | | | |
| Receivables - Other | 1,241,436.00 | | 29,210,625.00 |
| Leases Receivable | | | |
| Pledges Receivable | 3,719,002.00 | 5,941,918.33 | |
| Contributions Receivable | | | |
| Due from Component Units | 27,000.00 | 6,539.00 | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | 388,032.00 | | 17,310.00 |
| Notes and Mortgages Receivable | | 728,000.00 | |
| Other Assets | 510,579.00 | 6,263,233.19 | |
| Total Current Assets | <u>13,221,385.00</u> | <u>20,864,690.52</u> | <u>66,281,096.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | 61,369,437.00 | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | | 1,003,837,000.00 | |
| Notes Receivable, net | | 1,284,000.00 | |
| Leases Receivable | | 175,409,227.81 | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 7,775,926.00 | 5,182,081.67 | |
| Capital Assets, net (note 6) | 105,438,994.00 | 42,842,000.00 | 2,428,892.00 |
| Other Assets | 2,872,088.00 | 21,540,000.00 | 31,409,896.00 |
| Total Noncurrent Assets | <u>177,456,445.00</u> | <u>1,250,094,309.48</u> | <u>33,838,788.00</u> |
| TOTAL ASSETS | <u>190,677,830.00</u> | <u>1,270,959,000.00</u> | <u>100,119,884.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 2,058,377.00 | 1,517,592.87 | 1,967,309.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | 5,565,801.00 | | |
| Deferred Revenue (note 7) | 767,501.00 | | |
| Other Liabilities | | 9,575,932.07 | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | 10,302,000.00 | |
| Due to Primary Government | 235,897.00 | 5,131,821.08 | 34,387,629.00 |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 1,779,481.00 | 4,115,633.03 | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | 751,616.00 | 268,430.75 | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>11,158,673.00</u> | <u>30,911,409.80</u> | <u>36,354,938.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | 61,369,437.00 | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | 26,989,798.00 |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | 108,994,692.00 | 285,073,153.20 | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>108,994,692.00</u> | <u>346,442,590.20</u> | <u>26,989,798.00</u> |
| TOTAL LIABILITIES | <u>120,153,365.00</u> | <u>377,354,000.00</u> | <u>63,344,736.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | (945,636.00) | 3,175,346.57 | 2,428,892.00 |
| Restricted for | | | |
| Nonexpendable | 12,467,317.00 | 296,172,000.00 | |
| Expendable | 43,646,392.00 | 266,785,093.97 | |
| Capital Projects | | 12,031,906.03 | |
| Unrestricted | 15,356,392.00 | 315,440,653.43 | 34,346,256.00 |
| TOTAL NET ASSETS | <u>\$70,524,465.00</u> | <u>\$893,605,000.00</u> | <u>\$36,775,148.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|--|---------------------------------------|----------------------------------|
| | Georgia Advanced Technology Ventures | Georgia Tech Alumni Association | Georgia Tech Facilities, Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$1,583,777.00 | \$1,837.00 | \$63,000.00 |
| Short-term Investments | | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 1,513,345.00 | 1,178,991.00 | 9,201,000.00 |
| Leases Receivable | | | |
| Pledges Receivable | | | |
| Contributions Receivable | | | |
| Due from Component Units | | | 10,302,000.00 |
| Due From Primary Government | | | |
| Inventories (note 4) | | 11,406.00 | |
| Prepaid Items | | 3,539.00 | |
| Notes and Mortgages Receivable | | | |
| Other Assets | | | |
| Total Current Assets | <u>3,097,122.00</u> | <u>1,195,773.00</u> | <u>19,566,000.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | | 578,346.00 | 208,717,000.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | | |
| Capital Assets, net (note 6) | 76,585,105.00 | 484,954.00 | 13,240,000.00 |
| Other Assets | | | 4,243,000.00 |
| Total Noncurrent Assets | <u>76,585,105.00</u> | <u>1,063,300.00</u> | <u>226,200,000.00</u> |
| TOTAL ASSETS | <u>79,682,227.00</u> | <u>2,259,073.00</u> | <u>245,766,000.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 849,726.00 | 336,742.00 | 11,017,000.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | 500,000.00 | |
| Other Liabilities | 1,500,000.00 | 300,000.00 | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | 33,539.00 | |
| Due to Primary Government | 75,632.00 | 174,885.00 | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 14,374.00 | | 2,150,000.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | 156,752.00 | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>2,439,732.00</u> | <u>1,501,918.00</u> | <u>13,167,000.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | 49,631,945.00 | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | 6,821,580.00 | | 54,488,000.00 |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | 173,005,000.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>56,453,525.00</u> | <u>0.00</u> | <u>227,493,000.00</u> |
| TOTAL LIABILITIES | <u>58,893,257.00</u> | <u>1,501,918.00</u> | <u>240,660,000.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 20,076,225.00 | 484,954.00 | (1,311,000.00) |
| Restricted for | | | |
| Nonexpendable | | | |
| Expendable | 712,745.00 | | |
| Capital Projects | | | 12,125,000.00 |
| Unrestricted | | 272,201.00 | (5,708,000.00) |
| TOTAL NET ASSETS | <u>\$20,788,970.00</u> | <u>\$757,155.00</u> | <u>\$5,106,000.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|---|---|--|--|
| | Georgia State University Research Foundation | Georgia State University Foundation | Medical College of Georgia Health, Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$5,875,296.00 | \$18,472,377.00 | \$78,276,837.00 |
| Short-term Investments | | | 8,184,573.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | 1,624,787.00 | | |
| Receivables - State General Appropriations Allotment Margin Allocation Funds | | | |
| Receivables - Other | 4,909,291.00 | 1,178,958.00 | 137,059,859.58 |
| Leases Receivable | | | |
| Pledges Receivable | | 2,561,476.00 | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | 69,503.00 | | 201,173.42 |
| Inventories (note 4) | | | 5,753,058.00 |
| Prepaid Items | 4,648,137.00 | 111,389.00 | |
| Notes and Mortgages Receivable | | | |
| Other Assets | | | 831,804.00 |
| Total Current Assets | <u>17,127,014.00</u> | <u>22,324,200.00</u> | <u>230,307,305.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | 5,305,184.00 | | |
| Investments (including real estate) | | 86,166,685.00 | 15,013,190.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | 7,235,119.00 | |
| Capital Assets, net (note 6) | 3,731,752.00 | 62,380,196.00 | 60,267,711.00 |
| Other Assets | | 5,085,454.00 | |
| Total Noncurrent Assets | <u>9,036,936.00</u> | <u>160,867,454.00</u> | <u>75,280,901.00</u> |
| TOTAL ASSETS | <u>26,163,950.00</u> | <u>183,191,654.00</u> | <u>305,588,206.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 6,510.00 | 1,766,747.00 | 11,781,557.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | 4,648,137.00 | | 219,612.00 |
| Other Liabilities | 161,897.00 | 10,383,469.00 | 0.00 |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 6,001,560.00 | 629,034.00 | 10,067,509.00 |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | 651,277.00 | 1,098,111.00 |
| Estimated Third-Party Payor Settlements | | | 10,369,000.00 |
| Compensated Absences (current portion) | | | 8,892,686.00 |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | 40,189,161.00 |
| Total Current Liabilities | <u>10,818,104.00</u> | <u>13,430,527.00</u> | <u>82,617,636.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | 10,408,676.00 | 2,636,435.00 |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | 33,439,966.00 | 8,826,000.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>43,848,642.00</u> | <u>11,462,435.00</u> |
| TOTAL LIABILITIES | <u>10,818,104.00</u> | <u>57,279,169.00</u> | <u>94,080,071.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 3,731,752.00 | 18,282,993.00 | 56,344,004.00 |
| Restricted for | | | |
| Nonexpendable | 2,000,000.00 | 59,821,377.00 | 155,164,131.00 |
| Expendable | 361,547.00 | 41,422,769.00 | |
| Capital Projects | | | |
| Unrestricted | 9,252,547.00 | 6,385,346.00 | |
| TOTAL NET ASSETS | <u>\$15,345,846.00</u> | <u>\$125,912,485.00</u> | <u>\$211,508,135.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|--|---|
| | Medical College of Georgia Foundation, Inc. | Medical College of Georgia Dental Foundation | Medical College of Georgia Research Institute |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$16,078,399.00 | \$524,636.81 | \$4,611,024.00 |
| Short-term Investments | 337,212.00 | 3,423,390.02 | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | 3,513,180.00 |
| Receivables - State General Appropriations Allotment Margin Allocation Funds Receivables - Other | | | 707,360.00 |
| Leases Receivable | | | |
| Pledges Receivable | | | |
| Contributions Receivable | 254,478.00 | | |
| Due from Component Units | | | |
| Due From Primary Government | | 608,936.87 | |
| Inventories (note 4) | | | |
| Prepaid Items | | | |
| Notes and Mortgages Receivable | 187,129.00 | | |
| Other Assets | 80,826.00 | | |
| Total Current Assets | <u>16,938,044.00</u> | <u>4,556,963.70</u> | <u>8,831,564.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | 216,720.00 | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 99,116,075.00 | | |
| Notes Receivable, net | 113,513.00 | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | 2,414,803.00 | | |
| Pledges Receivable | | | |
| Capital Assets, net (note 6) | 4,373,735.00 | | 28,198.00 |
| Other Assets | 280,379.00 | | |
| Total Noncurrent Assets | <u>106,515,225.00</u> | <u>0.00</u> | <u>28,198.00</u> |
| TOTAL ASSETS | <u>123,453,269.00</u> | <u>4,556,963.70</u> | <u>8,859,762.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 6,451.79 | 419,217.00 | 27,219.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | 2,035,942.00 | | 68,075.00 |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 22,809.21 | 4,137,746.70 | 4,710,329.00 |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>2,065,203.00</u> | <u>4,556,963.70</u> | <u>4,805,623.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>2,065,203.00</u> | <u>4,556,963.70</u> | <u>4,805,623.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 4,373,735.00 | | 28,198.00 |
| Restricted for | | | |
| Nonexpendable | 94,091,271.00 | | |
| Expendable | 16,328,492.00 | | |
| Capital Projects | | | |
| Unrestricted | 6,594,568.00 | | 4,025,941.00 |
| TOTAL NET ASSETS | <u>\$121,388,066.00</u> | <u>\$0.00</u> | <u>\$4,054,139.00</u> |

Statement of Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005**

| | Component Units | | |
|--|--|--|---|
| | Medical College of Georgia PPG Foundation | University of Georgia Research Foundation | University of Georgia Athletic Association |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$21,757,598.00 | \$3,388,932.00 | \$42,713,096.00 |
| Short-term Investments | 25,344,147.00 | | 2,273,308.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 28,957.00 | 24,326,885.00 | 2,498,531.00 |
| Leases Receivable | | | |
| Pledges Receivable | | | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | 851.00 | 473,569.00 | |
| Inventories (note 4) | | | |
| Prepaid Items | | | 219,554.00 |
| Notes and Mortgages Receivable | | | |
| Other Assets | 180,803.00 | 14,326,065.00 | |
| Total Current Assets | <u>47,312,356.00</u> | <u>42,515,451.00</u> | <u>47,704,489.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | 7,687,500.00 | |
| Short-Term Investments | | | |
| Investments (including real estate) | 16,423,575.00 | 33,557,355.00 | |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | | |
| Capital Assets, net (note 6) | 24,759,477.00 | 607,158.00 | 157,256,707.00 |
| Other Assets | 2,386,565.00 | 497,425.00 | 1,542,895.00 |
| Total Noncurrent Assets | <u>43,569,617.00</u> | <u>42,349,438.00</u> | <u>158,799,602.00</u> |
| TOTAL ASSETS | <u>90,881,973.00</u> | <u>84,864,889.00</u> | <u>206,504,091.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 1,569,463.00 | 7,142,806.00 | 1,966,099.96 |
| Salaries Payable | | | 1,041,140.00 |
| Benefits Payable | | | 1,282,736.00 |
| Contracts Payable | | | 1,814,023.00 |
| Deposits | 745,493.00 | 14,326,065.00 | |
| Deferred Revenue (note 7) | | 3,780,816.00 | 18,236,663.00 |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 2,936,485.00 | 22,211,510.00 | 1,568,211.04 |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | 2,029,126.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | 238,707.00 |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>5,251,441.00</u> | <u>47,461,197.00</u> | <u>28,176,706.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | 2,650,527.00 |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | 11,657,546.00 | |
| Compensated Absences (noncurrent) | 471,830.00 | | 1,542,895.00 |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | 69,682,274.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | 33,368,784.00 | | |
| Total Noncurrent Liabilities | <u>33,840,614.00</u> | <u>11,657,546.00</u> | <u>73,875,696.00</u> |
| TOTAL LIABILITIES | <u>39,092,055.00</u> | <u>59,118,743.00</u> | <u>102,052,402.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 5,094,483.00 | 607,158.00 | 82,599,225.00 |
| Restricted for | | | |
| Nonexpendable | | | |
| Expendable | | | 2,295,518.00 |
| Capital Projects | | | |
| Unrestricted | 46,695,435.00 | 25,138,988.00 | 19,556,946.00 |
| TOTAL NET ASSETS | <u>\$51,789,918.00</u> | <u>\$25,746,146.00</u> | <u>\$104,451,689.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|---|---|
| | University of Georgia Foundation | Georgia Southern University Housing Foundation | Georgia Southern University Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$12,330,672.00 | \$49,029,129.00 | \$52,758.00 |
| Short-term Investments | 52,415,674.00 | | 33,938,153.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 3,085,128.00 | 2,402,425.00 | 34,366.00 |
| Leases Receivable | | 849,919.00 | |
| Pledges Receivable | 10,086,128.00 | | 1,138,228.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | 21,250.00 |
| Notes and Mortgages Receivable | | 1,511,400.00 | |
| Other Assets | 26,908,561.00 | | |
| Total Current Assets | <u>104,826,163.00</u> | <u>53,792,873.00</u> | <u>35,184,755.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 425,917,587.00 | | 1,106,376.00 |
| Notes Receivable, net | 87,671.00 | | |
| Leases Receivable | | 31,943,963.00 | |
| Receivables Other | | 38,767,867.00 | |
| Contributions Receivable | | | |
| Pledges Receivable | 20,827,237.00 | | 1,764,898.00 |
| Capital Assets, net (note 6) | 187,007,627.00 | 36,780,363.00 | 423,082.00 |
| Other Assets | | | |
| Total Noncurrent Assets | <u>633,840,122.00</u> | <u>107,492,193.00</u> | <u>3,294,356.00</u> |
| TOTAL ASSETS | <u>738,666,285.00</u> | <u>161,285,066.00</u> | <u>38,479,111.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 4,793,532.00 | 1,372,802.00 | 15,829.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | 2,300,684.00 | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | 2,224,077.00 | |
| Other Liabilities | | 2,047,916.00 | 173,992.00 |
| Deposits Held for Other Organizations | 5,126,247.00 | | 3,741,522.00 |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 2,953,288.00 | 985,000.00 | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | 25,079.00 | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>15,198,830.00</u> | <u>6,629,795.00</u> | <u>3,931,343.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | 38,767,867.00 | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | 13,243,328.00 | | |
| Other Long-Term Liabilities | 210,067,183.00 | 114,393,489.00 | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>223,310,511.00</u> | <u>153,161,356.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>238,509,341.00</u> | <u>159,791,151.00</u> | <u>3,931,343.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | | | 423,082.00 |
| Restricted for | | | |
| Nonexpendable | 249,596,597.00 | | 23,659,597.00 |
| Expendable | 238,332,497.00 | | 8,792,660.00 |
| Capital Projects | | 942,009.00 | |
| Unrestricted | 12,227,850.00 | 551,906.00 | 1,672,429.00 |
| TOTAL NET ASSETS | <u>\$500,156,944.00</u> | <u>\$1,493,915.00</u> | <u>\$34,547,768.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|---|--|--|---|
| | GSU - Southern Boosters, Inc. | GSU Research & Service Foundation | Valdosta State University Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$501,791.00 | \$698,405.00 | \$1,984,637.00 |
| Short-term Investments | | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment Margin Allocation Funds | | | |
| Receivables - Other | 2,337.00 | 1,588,551.00 | |
| Leases Receivable | | | |
| Pledges Receivable | 388,585.00 | | 50,000.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | |
| Notes and Mortgages Receivable | | | 320,669.00 |
| Other Assets | | 235,103.00 | 1,311,385.00 |
| Total Current Assets | <u>892,713.00</u> | <u>2,522,059.00</u> | <u>3,666,691.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | 553,828.00 | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 6,155.00 | | 36,431,071.00 |
| Notes Receivable, net | 579,000.00 | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 548,843.00 | | 184,749.00 |
| Capital Assets, net (note 6) | 417,620.00 | | 23,464,194.00 |
| Other Assets | | | |
| Total Noncurrent Assets | <u>2,105,446.00</u> | <u>0.00</u> | <u>60,080,014.00</u> |
| TOTAL ASSETS | <u>2,998,159.00</u> | <u>2,522,059.00</u> | <u>63,746,705.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 77,313.00 | 20,000.00 | 3,819,481.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | 54,588.00 | 400,870.00 | |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | 1,823,841.00 | |
| Due to Component Units | | | |
| Due to Primary Government | | | 99,603.00 |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 19,947.00 | | 940,278.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>151,848.00</u> | <u>2,244,711.00</u> | <u>4,859,362.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | 230,606.00 | | 38,226,153.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>230,606.00</u> | <u>0.00</u> | <u>38,226,153.00</u> |
| TOTAL LIABILITIES | <u>382,454.00</u> | <u>2,244,711.00</u> | <u>43,085,515.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 417,620.00 | | |
| Restricted for | | | |
| Nonexpendable | | | 15,136,733.00 |
| Expendable | 1,194,789.00 | | 1,902,680.00 |
| Capital Projects | 643,305.00 | | |
| Unrestricted | 359,991.00 | 277,348.00 | 3,621,777.00 |
| TOTAL NET ASSETS | <u>\$2,615,705.00</u> | <u>\$277,348.00</u> | <u>\$20,661,190.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|--|---|
| | Albany State University Foundation | Armstrong Atlantic State Univ. Foundation | ASSU Educational Properties Foundation, Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$909,856.00 | \$577,092.00 | \$523,116.00 |
| Short-term Investments | | | 1,974,449.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | | |
| Leases Receivable | | | 49,157.00 |
| Pledges Receivable | | 58,094.00 | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | |
| Notes and Mortgages Receivable | | | |
| Other Assets | | | |
| Total Current Assets | <u>909,856.00</u> | <u>635,186.00</u> | <u>2,546,722.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 2,556,935.00 | 4,314,908.00 | |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | 58,480.00 | |
| Capital Assets, net (note 6) | 7,745,073.00 | | 27,163,425.00 |
| Other Assets | | | |
| Total Noncurrent Assets | <u>10,302,008.00</u> | <u>4,373,388.00</u> | <u>27,163,425.00</u> |
| TOTAL ASSETS | <u>11,211,864.00</u> | <u>5,008,574.00</u> | <u>29,710,147.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 292,528.00 | | 354,856.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | 99,307.00 |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 80,565.00 | | 450,000.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | 12,532,388.00 |
| Total Current Liabilities | <u>373,093.00</u> | <u>0.00</u> | <u>13,436,551.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | 2,391,718.00 | | |
| Other Long-Term Liabilities | | | 16,800,000.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>2,391,718.00</u> | <u>0.00</u> | <u>16,800,000.00</u> |
| TOTAL LIABILITIES | <u>2,764,811.00</u> | <u>0.00</u> | <u>30,236,551.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 5,272,790.00 | | (2,618,963.00) |
| Restricted for | | | |
| Nonexpendable | | 3,287,469.00 | |
| Expendable | 2,952,539.00 | 1,625,332.00 | |
| Capital Projects | | | |
| Unrestricted | 221,724.00 | 95,773.00 | 2,092,559.00 |
| TOTAL NET ASSETS | <u>\$8,447,053.00</u> | <u>\$5,008,574.00</u> | <u>(\$526,404.00)</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|--|---|--|
| | Augusta State University Foundation | Augusta State University Athletic Foundation | Clayton State University Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$16,401,839.00 | \$290,130.00 | \$658,594.00 |
| Short-term Investments | | | 154,898.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 48,131.00 | 6,488.00 | |
| Leases Receivable | | | |
| Pledges Receivable | 250,563.00 | | 1,097,461.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | 2,847.00 | |
| Prepaid Items | | 5,599.00 | 1,942.00 |
| Notes and Mortgages Receivable | 35,500.00 | | |
| Other Assets | 852,409.00 | | 10,025.00 |
| Total Current Assets | <u>17,588,442.00</u> | <u>305,064.00</u> | <u>1,922,920.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 12,838,311.00 | | 1,922,355.00 |
| Notes Receivable, net | 1,509,195.00 | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 684,167.00 | | |
| Capital Assets, net (note 6) | 15,706,558.00 | 2,080,565.00 | |
| Other Assets | | | |
| Total Noncurrent Assets | <u>30,738,231.00</u> | <u>2,080,565.00</u> | <u>1,922,355.00</u> |
| TOTAL ASSETS | <u>48,326,673.00</u> | <u>2,385,629.00</u> | <u>3,845,275.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 222,169.10 | 174,030.00 | 22,131.00 |
| Salaries Payable | | 4,724.00 | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | 1,155.00 | 16,142.00 | |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 1,450.90 | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 35,500.00 | 13,450.00 | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>260,275.00</u> | <u>208,346.00</u> | <u>22,131.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | 32,361,713.00 | 1,558,658.00 | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>32,361,713.00</u> | <u>1,558,658.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>32,621,988.00</u> | <u>1,767,004.00</u> | <u>22,131.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 268,804.00 | 508,457.00 | |
| Restricted for | | | |
| Nonexpendable | 11,376,055.00 | | 1,355,533.00 |
| Expendable | 1,265,443.00 | | 2,384,896.00 |
| Capital Projects | | | |
| Unrestricted | 2,794,383.00 | 110,168.00 | 82,715.00 |
| TOTAL NET ASSETS | <u>\$15,704,685.00</u> | <u>\$618,625.00</u> | <u>\$3,823,144.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|--|--|
| | Clayton State University Walter & Emilie Spivey Found. | Columbus State University Foundation | Columbus State University Alumni Association |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$738,392.00 | \$6,239,308.00 | \$166,302.00 |
| Short-term Investments | | | 7,703.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | 13,329.00 | 2.00 |
| Leases Receivable | | | |
| Pledges Receivable | | 8,532,917.00 | 2,978.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | 129,569.00 | 43,204.00 |
| Inventories (note 4) | | | |
| Prepaid Items | | | |
| Notes and Mortgages Receivable | 29,114.00 | | |
| Other Assets | | 174,695.00 | 150.00 |
| Total Current Assets | <u>767,506.00</u> | <u>15,089,818.00</u> | <u>220,339.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 7,166,989.00 | 23,287,295.00 | 39,990.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | 20,256,348.00 | |
| Capital Assets, net (note 6) | 13,847.00 | | 4,464.00 |
| Other Assets | | | |
| Total Noncurrent Assets | <u>7,180,836.00</u> | <u>43,543,643.00</u> | <u>44,454.00</u> |
| TOTAL ASSETS | <u>7,948,342.00</u> | <u>58,633,461.00</u> | <u>264,793.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 307,636.00 | 61,602.00 | 6,625.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | 25,282.00 | 4,940.00 |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>307,636.00</u> | <u>86,884.00</u> | <u>11,565.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | 1,158,922.00 | |
| Other Long-Term Liabilities | | | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>1,158,922.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>307,636.00</u> | <u>1,245,806.00</u> | <u>11,565.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 13,847.00 | | 4,464.00 |
| Restricted for | | | |
| Nonexpendable | | 12,454,351.00 | 76,874.00 |
| Expendable | | 16,516,169.00 | 97,520.00 |
| Capital Projects | | 27,775,744.00 | |
| Unrestricted | 7,626,859.00 | 641,391.00 | 74,370.00 |
| TOTAL NET ASSETS | <u>\$7,640,706.00</u> | <u>\$57,387,655.00</u> | <u>\$253,228.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|--|--|--|
| | Foundation Properties, Inc. | Columbus State University Athletic Fund, Inc. | Georgia College & State University Foundation, Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$9,244,488.00 | \$142,787.00 | \$684,216.00 |
| Short-term Investments | | | 8,745,856.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 127,356.00 | 44,908.00 | |
| Leases Receivable | | | |
| Pledges Receivable | | 1,200.00 | 48,582.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | 9,953.00 | |
| Prepaid Items | | | 218,685.00 |
| Notes and Mortgages Receivable | | | |
| Other Assets | 888,112.00 | 2,083.00 | 2,805,698.00 |
| Total Current Assets | 10,259,956.00 | 200,931.00 | 12,503,037.00 |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | 12,498,274.00 |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 5,451,206.00 | 1,405,378.00 | 10,979,497.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | | 6,500.00 |
| Capital Assets, net (note 6) | 59,226,546.00 | 18,562.00 | 77,469,008.00 |
| Other Assets | | | |
| Total Noncurrent Assets | 64,677,752.00 | 1,423,940.00 | 100,953,279.00 |
| TOTAL ASSETS | 74,937,708.00 | 1,624,871.00 | 113,456,316.00 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 2,205,348.00 | 48,292.00 | 4,924,890.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | 5,511.00 | |
| Other Liabilities | | | 68,100.00 |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 264,011.00 | 18,855.00 | 1,411,181.00 |
| Capital Lease (current portion) | 214,845.00 | | |
| Current Portion of Long-term Debt | 440,000.00 | | 265,000.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | 4,926,343.00 | | |
| Total Current Liabilities | 8,050,547.00 | 72,658.00 | 6,669,171.00 |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | 15,115,155.00 | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | 46,538.00 | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | 26,940,000.00 | | 96,038,076.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | 284,724.00 | | |
| Total Noncurrent Liabilities | 42,386,417.00 | 0.00 | 96,038,076.00 |
| TOTAL LIABILITIES | 50,436,964.00 | 72,658.00 | 102,707,247.00 |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 16,231,822.00 | 18,562.00 | 1,043,420.00 |
| Restricted for | | | |
| Nonexpendable | | 1,219,724.00 | 8,237,420.00 |
| Expendable | | 372,307.00 | 959,173.00 |
| Capital Projects | | | 0.00 |
| Unrestricted | 8,268,922.00 | (58,380.00) | 509,056.00 |
| TOTAL NET ASSETS | \$24,500,744.00 | \$1,552,213.00 | \$10,749,069.00 |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|--|---|--|
| | Georgia College & State University Alumni Association, Inc. | Georgia Southwestern State University Foundation, Inc. | GSSU Research and Development Corp., Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$205,763.00 | \$1,545,251.00 | \$18,154.00 |
| Short-term Investments | | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | 94,662.00 | |
| Leases Receivable | | | |
| Pledges Receivable | 2,500.00 | 386,508.00 | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | 8,111.00 | 17,849.00 | |
| Prepaid Items | 1,748.00 | | |
| Notes and Mortgages Receivable | | | |
| Other Assets | 16,687.00 | 96,270.00 | |
| Total Current Assets | 234,809.00 | 2,140,540.00 | 18,154.00 |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 5,055,352.00 | 22,064,943.00 | |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | | |
| Capital Assets, net (note 6) | 98,867.00 | 957,038.00 | 541,620.00 |
| Other Assets | | | |
| Total Noncurrent Assets | 5,154,219.00 | 23,021,981.00 | 541,620.00 |
| TOTAL ASSETS | 5,389,028.00 | 25,162,521.00 | 559,774.00 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | | 20,018.00 | |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | 115,056.00 | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | 0.00 | 135,074.00 | 0.00 |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | 0.00 | 0.00 | 0.00 |
| TOTAL LIABILITIES | 0.00 | 135,074.00 | 0.00 |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 98,867.00 | 957,038.00 | 541,620.00 |
| Restricted for | | | |
| Nonexpendable | 5,040,045.00 | 6,478,048.00 | |
| Expendable | 120,781.00 | 4,487,863.00 | |
| Capital Projects | | 6,745.00 | |
| Unrestricted | 129,335.00 | 13,097,753.00 | 18,154.00 |
| TOTAL NET ASSETS | \$5,389,028.00 | \$25,027,447.00 | \$559,774.00 |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|--|---|
| | Kennesaw State University Foundation | North Georgia College & State University Foundation | Southern Polytechnic State University Foundation, Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$3,655,013.00 | \$2,095,882.00 | \$817,665.02 |
| Short-term Investments | | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 922,530.00 | | 428,333.53 |
| Leases Receivable | 3,496,981.00 | | |
| Pledges Receivable | 1,899,351.00 | 76,853.00 | 38,014.06 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | 177,274.00 | | |
| Inventories (note 4) | | | |
| Prepaid Items | 212,842.00 | 43,718.00 | 96,306.83 |
| Notes and Mortgages Receivable | 450,778.00 | | |
| Other Assets | 17,859,483.00 | 55,063.00 | |
| Total Current Assets | <u>28,674,252.00</u> | <u>2,271,516.00</u> | <u>1,380,319.44</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 15,295,143.00 | 15,953,141.00 | 6,418,988.16 |
| Notes Receivable, net | 757,397.00 | | |
| Leases Receivable | 73,509,538.00 | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 403,133.00 | 135,525.00 | |
| Capital Assets, net (note 6) | 98,352,514.00 | 8,810,632.00 | 29,472,197.33 |
| Other Assets | 13,178,112.00 | | |
| Total Noncurrent Assets | <u>201,495,837.00</u> | <u>24,899,298.00</u> | <u>35,891,185.49</u> |
| TOTAL ASSETS | <u>230,170,089.00</u> | <u>27,170,814.00</u> | <u>37,271,504.93</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 5,554,749.39 | 1,774,697.00 | 630,277.50 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | 3,038,633.00 | | |
| Deposits | | | 31,667.41 |
| Deferred Revenue (note 7) | 3,236,631.00 | | 139,152.00 |
| Other Liabilities | 5,194,831.00 | | (258,394.99) |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 658,276.61 | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 2,310,000.00 | 100,000.00 | 850,000.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>19,993,121.00</u> | <u>1,874,697.00</u> | <u>1,392,701.92</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | 33,415,436.00 | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | 20,548.00 | 107,250.00 | |
| Liabilities under Split Interest Agreements | 210,930.00 | 28,584.00 | |
| Other Long-Term Liabilities | 164,491,448.00 | 10,700,000.00 | 34,840,000.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>198,138,362.00</u> | <u>10,835,834.00</u> | <u>34,840,000.00</u> |
| TOTAL LIABILITIES | <u>218,131,483.00</u> | <u>12,710,531.00</u> | <u>36,232,701.92</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | (7,623,346.00) | | (1,787,656.67) |
| Restricted for | | | |
| Nonexpendable | 10,113,623.00 | 11,320,995.00 | 867,369.00 |
| Expendable | 5,802,636.00 | 3,560,168.00 | 411,555.25 |
| Capital Projects | | | |
| Unrestricted | 3,745,693.00 | (420,880.00) | 1,547,535.43 |
| TOTAL NET ASSETS | <u>\$12,038,606.00</u> | <u>\$14,460,283.00</u> | <u>\$1,038,803.01</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|--|--|--|
| | University of West Georgia Foundation | University of West Georgia Real Estate Foundation | Dalton State College Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$1,879,912.00 | \$26,312,614.00 | \$1,669,138.00 |
| Short-term Investments | 18,684,928.00 | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | 299,277.00 | |
| Leases Receivable | | | |
| Pledges Receivable | 586,806.00 | | 161,488.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | 2,144.00 | 86,739.00 | |
| Inventories (note 4) | | | |
| Prepaid Items | | 51,132.00 | |
| Notes and Mortgages Receivable | 68,586.00 | | |
| Other Assets | 27,582.00 | 814,761.00 | |
| Total Current Assets | <u>21,249,958.00</u> | <u>27,564,523.00</u> | <u>1,830,626.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 12,664,768.00 | | 8,939,673.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 83,000.00 | | 363,016.00 |
| Capital Assets, net (note 6) | 20,159,050.00 | 5,660,911.00 | |
| Other Assets | | | |
| Total Noncurrent Assets | <u>32,906,818.00</u> | <u>5,660,911.00</u> | <u>9,302,689.00</u> |
| TOTAL ASSETS | <u>54,156,776.00</u> | <u>33,225,434.00</u> | <u>11,133,315.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | | 1,494,777.00 | 90,652.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | 353,277.00 | |
| Deposits | | | |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | | 1,021,022.00 | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | 1,191,032.00 | 7,476.00 | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>1,191,032.00</u> | <u>2,876,552.00</u> | <u>90,652.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | 37,694,382.00 | 30,930,376.00 | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>37,694,382.00</u> | <u>30,930,376.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>38,885,414.00</u> | <u>33,806,928.00</u> | <u>90,652.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 178,766.00 | | |
| Restricted for | | | |
| Nonexpendable | 13,227,827.00 | | 7,134,345.00 |
| Expendable | 1,377,454.00 | | 409,942.00 |
| Capital Projects | | | 1,009,961.00 |
| Unrestricted | 487,315.00 | (581,494.00) | 2,488,415.00 |
| TOTAL NET ASSETS | <u>\$15,271,362.00</u> | <u>(\$581,494.00)</u> | <u>\$11,042,663.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|--|--|
| | Macon State College Foundation | Abraham Baldwin Agricultural College Foundation | Bainbridge College Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$158,708.00 | \$458,421.00 | \$42,592.16 |
| Short-term Investments | | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | | |
| Leases Receivable | | | |
| Pledges Receivable | 1,203,536.00 | 120,253.00 | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | |
| Notes and Mortgages Receivable | | 206,039.00 | |
| Other Assets | | | |
| Total Current Assets | <u>1,362,244.00</u> | <u>784,713.00</u> | <u>42,592.16</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | 7,483,831.00 | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 5,407,933.00 | 5,685,041.00 | 10,000.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 705,411.00 | 244,017.00 | |
| Capital Assets, net (note 6) | 1,901,996.00 | 30,248,826.00 | |
| Other Assets | | | |
| Total Noncurrent Assets | <u>8,015,340.00</u> | <u>43,661,715.00</u> | <u>10,000.00</u> |
| TOTAL ASSETS | <u>9,377,584.00</u> | <u>44,446,428.00</u> | <u>52,592.16</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 54,158.00 | 1,486,142.00 | |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | 166,739.00 | |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | 4,455.00 | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | 689,220.00 | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | 802,321.00 | | |
| Total Current Liabilities | <u>856,479.00</u> | <u>2,346,556.00</u> | <u>0.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | 31,908,071.00 | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>31,908,071.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>856,479.00</u> | <u>34,254,627.00</u> | <u>0.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 1,901,996.00 | 368,207.00 | |
| Restricted for | | | |
| Nonexpendable | 6,002,912.00 | 6,291,032.00 | |
| Expendable | 78,905.00 | 2,588,381.00 | |
| Capital Projects | 6,673.00 | 97,777.00 | |
| Unrestricted | 530,619.00 | 846,404.00 | 52,592.16 |
| TOTAL NET ASSETS | <u>\$8,521,105.00</u> | <u>\$10,191,801.00</u> | <u>\$52,592.16</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|---|------------------------------|---|
| | Coastal Georgia Community College Foundation | Darton College Foundation | East Georgia College Foundation, Inc. |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$250,150.00 | \$1,081,271.00 | \$90,431.00 |
| Short-term Investments | 4,235,272.00 | | |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | | 1,650.00 |
| Leases Receivable | | | |
| Pledges Receivable | 739,741.00 | 56,000.00 | 17,094.00 |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | 8,413.00 |
| Notes and Mortgages Receivable | | | 3,978.00 |
| Other Assets | | | 106,340.00 |
| Total Current Assets | <u>5,225,163.00</u> | <u>1,137,271.00</u> | <u>227,906.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | 1,530,410.00 | 828,523.00 | 654,182.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | 28,022.00 | | |
| Capital Assets, net (note 6) | | | |
| Other Assets | | | 153,600.00 |
| Total Noncurrent Assets | <u>1,558,432.00</u> | <u>828,523.00</u> | <u>807,782.00</u> |
| TOTAL ASSETS | <u>6,783,595.00</u> | <u>1,965,794.00</u> | <u>1,035,688.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | | | 211.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | | | |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>0.00</u> | <u>0.00</u> | <u>211.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>0.00</u> | <u>0.00</u> | <u>211.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | | | 153,600.00 |
| Restricted for | | | |
| Nonexpendable | 3,092,095.00 | 1,092,802.00 | |
| Expendable | 1,340,199.00 | 224,746.00 | 796,483.00 |
| Capital Projects | 499,196.00 | 574,925.00 | |
| Unrestricted | 1,852,105.00 | 73,321.00 | 85,394.00 |
| TOTAL NET ASSETS | <u>\$6,783,595.00</u> | <u>\$1,965,794.00</u> | <u>\$1,035,477.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|-------------------------------------|---|--------------------------------------|
| | Floyd College Foundation | Gainesville College Foundation | Gordon College Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$253,971.00 | (\$388,652.00) | \$180,865.00 |
| Short-term Investments | 580,875.00 | | 1,617,197.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | | | |
| Leases Receivable | | | |
| Pledges Receivable | | 352,727.00 | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | |
| Notes and Mortgages Receivable | | | |
| Other Assets | | 491,873.00 | 12,787,815.00 |
| Total Current Assets | <u>834,846.00</u> | <u>455,948.00</u> | <u>14,585,877.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | | | |
| Investments (including real estate) | | 8,402,110.00 | 3,597,579.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | | |
| Capital Assets, net (note 6) | 300,786.00 | 8,400.00 | |
| Other Assets | | | 3,604,500.00 |
| Total Noncurrent Assets | <u>300,786.00</u> | <u>8,410,510.00</u> | <u>7,202,079.00</u> |
| TOTAL ASSETS | <u>1,135,632.00</u> | <u>8,866,458.00</u> | <u>21,787,956.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | | | |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | | | 274,725.00 |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | 5,278.00 | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | 10,486.00 |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>5,278.00</u> | <u>0.00</u> | <u>285,211.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | 16,195,754.00 |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>0.00</u> | <u>16,195,754.00</u> |
| TOTAL LIABILITIES | <u>5,278.00</u> | <u>0.00</u> | <u>16,480,965.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 300,786.00 | | 34,623.00 |
| Restricted for | | | |
| Nonexpendable | 443,000.00 | 2,533,260.00 | 86,843.00 |
| Expendable | 167,250.00 | 5,572,074.00 | |
| Capital Projects | 336,626.00 | | |
| Unrestricted | (117,308.00) | 761,124.00 | 5,185,525.00 |
| TOTAL NET ASSETS | <u>\$1,130,354.00</u> | <u>\$8,866,458.00</u> | <u>\$5,306,991.00</u> |

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

| | Component Units | | |
|--|------------------------------|--|--------------------------------|
| | Middle Georgia Foundation | South Georgia College Foundation | Waycross College Foundation |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$145,026.00 | \$146,208.18 | \$115,295.00 |
| Short-term Investments | 181,708.00 | | 121,466.00 |
| Accounts Receivable, net (note 3) | | | |
| Receivables - Federal Financial Assistance | | | |
| Receivables - State General Appropriations Allotment | | | |
| Margin Allocation Funds | | | |
| Receivables - Other | 1,209.00 | | |
| Leases Receivable | | | |
| Pledges Receivable | | | |
| Contributions Receivable | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Inventories (note 4) | | | |
| Prepaid Items | | | 691.00 |
| Notes and Mortgages Receivable | | | |
| Other Assets | | | 138.00 |
| Total Current Assets | <u>327,943.00</u> | <u>146,208.18</u> | <u>237,590.00</u> |
| Noncurrent Assets | | | |
| Noncurrent Cash | | | |
| Due from Component Units | | | |
| Due From Primary Government | | | |
| Short-Term Investments | 118,292.00 | | |
| Investments (including real estate) | 639,374.00 | 2,538,577.04 | 1,162,020.00 |
| Notes Receivable, net | | | |
| Leases Receivable | | | |
| Receivables Other | | | |
| Contributions Receivable | | | |
| Pledges Receivable | | | |
| Capital Assets, net (note 6) | | | |
| Other Assets | 63,150.00 | | |
| Total Noncurrent Assets | <u>820,816.00</u> | <u>2,538,577.04</u> | <u>1,162,020.00</u> |
| TOTAL ASSETS | <u>1,148,759.00</u> | <u>2,684,785.22</u> | <u>1,399,610.00</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 5,750.00 | | 1,878.00 |
| Salaries Payable | | | |
| Benefits Payable | | | |
| Contracts Payable | | | |
| Deposits | | | |
| Deferred Revenue (note 7) | | | |
| Other Liabilities | | | 50.00 |
| Deposits Held for Other Organizations | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Capital Lease (current portion) | | | |
| Current Portion of Long-term Debt | | | |
| Estimated Third-Party Payor Settlements | | | |
| Compensated Absences (current portion) | | | |
| US DOE Settlement (current portion) | | | |
| Notes and Loans Payable (current portion) | | | |
| Total Current Liabilities | <u>5,750.00</u> | <u>0.00</u> | <u>1,928.00</u> |
| Noncurrent Liabilities (note 8) | | | |
| Due to Component Units | | | |
| Due to Primary Government | | | |
| Lease Purchase Obligations (noncurrent) | | | |
| Deferred Revenue (noncurrent) & Other Noncurrent Liab. | | | |
| Compensated Absences (noncurrent) | | | |
| Deposits | | | |
| Liabilities under Split Interest Agreements | | | |
| Other Long-Term Liabilities | | | |
| US DOE Settlement (noncurrent) | | | |
| Notes and Loans Payable (noncurrent) | | | |
| Total Noncurrent Liabilities | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>5,750.00</u> | <u>0.00</u> | <u>1,928.00</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 63,150.00 | | |
| Restricted for | | | |
| Nonexpendable | 723,094.00 | 2,086,093.88 | 1,162,020.00 |
| Expendable | 320,406.00 | 130,673.76 | 109,717.00 |
| Capital Projects | 1,524.00 | | |
| Unrestricted | 34,835.00 | 468,017.58 | 125,945.00 |
| TOTAL NET ASSETS | <u>\$1,143,009.00</u> | <u>\$2,684,785.22</u> | <u>\$1,397,682.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets

UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS June 30, 2005

| | University System of Georgia (Primary Government) |
|---|---|
| REVENUES | |
| Operating Revenues | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$876,227,371.24 |
| Less: Scholarship Allowances | 180,563,190.93 |
| Gifts and Contributions | |
| Endowment Income (per spending plan) | |
| Federal Appropriations | 11,537,500.71 |
| Grants and Contracts | |
| Federal | 707,312,536.69 |
| State | 216,155,635.75 |
| Other | 298,131,282.60 |
| Sales and Services | 105,786,007.00 |
| Rents and Royalties | 2,874,211.24 |
| Auxiliary Enterprises | |
| Residence Halls | 120,019,949.03 |
| Bookstore | 71,578,267.00 |
| Food Services | 76,815,871.50 |
| Parking/Transportation | 36,954,323.70 |
| Health Services | 30,527,982.11 |
| Intercollegiate Athletics | 40,758,879.05 |
| Other Organizations | 14,806,163.58 |
| Clinical and Patient Fees | |
| Net Patient Service Revenue | |
| Realized/Unrealized Gains (Losses) | |
| Interest and Dividend Income | |
| Other Operating Revenues | 396,233,863.56 |
| Total Operating Revenues | 2,825,156,653.83 |
| EXPENSES | |
| Operating Expenses | |
| Salaries: | |
| Faculty | 855,522,585.15 |
| Staff | 1,285,026,047.03 |
| Benefits | 650,266,880.10 |
| Other Personal Services | 3,228,395.84 |
| Travel | 42,814,924.95 |
| Scholarships and Fellowships | 161,843,155.64 |
| Utilities | 142,211,175.64 |
| Supplies and Other Services | 1,302,428,315.90 |
| Depreciation | 220,432,014.16 |
| Other Operating Expense | |
| Payments to Other Component Units | |
| Payments to or on behalf of College/University | |
| Total Operating Expenses | 4,663,773,494.41 |
| Operating Income (loss) | (1,838,616,840.58) |
| NONOPERATING REVENUES (EXPENSES) | |
| State Appropriations | 1,676,360,954.76 |
| Grants and Contracts | |
| Federal | 17,792,247.64 |
| State | 2,714,779.07 |
| Other | 41,299,914.71 |
| Gifts | 54,754,440.68 |
| Investment Income (endowments, auxiliary and other) | 22,855,806.20 |
| Interest Income | |
| Interest Expense (capital assets) | (35,373,694.44) |
| Combined Margin Allocation | |
| Other Nonoperating Revenues | 8,173,142.86 |
| Net Nonoperating Revenues | 1,788,577,591.48 |
| Income before other revenues, expenses, gains, or loss | (50,039,249.10) |
| Capital Grants and Gifts | |
| Federal | 3,853,579.32 |
| State | 276,013,805.56 |
| Other | 21,386,122.23 |
| Loss on Bond Retirement | |
| Additions to permanent endowments | |
| Total Other Revenues | 301,253,507.11 |
| Increase in Net Assets | 251,214,258.01 |
| NET ASSETS | |
| Net Assets-beginning of year, as originally reported | 3,935,576,389.75 |
| Prior Year Adjustments | 12,514,987.39 |
| Net Assets-beginning of year, restated | 3,948,091,377.14 |
| Net Assets-End of Year | \$4,199,305,635.15 |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|--|--|------------------------------------|---|
| | Georgia Tech Athletic Association | Georgia Tech Foundation | Georgia Tech Research Foundation |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubt | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | | 32,612,406.77 | |
| Endowment Income (per spending plan) | | 34,569,665.86 | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | 263,242,490.00 |
| State | | | 12,999,629.00 |
| Other | | | 48,748,609.00 |
| Sales and Services | 18,440,665.00 | | |
| Rents and Royalties | | 15,472,000.00 | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 2,970,825.00 | 1,264,000.00 | 6,639,834.00 |
| Total Operating Revenues | 21,411,490.00 | 83,918,072.63 | 331,630,562.00 |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 11,300,620.00 | 1,551,000.00 | |
| Benefits | 2,046,925.00 | 321,000.00 | |
| Other Personal Services | 9,559.00 | | |
| Travel | 1,918,443.00 | 50,000.00 | |
| Scholarships and Fellowships | 1,055,859.00 | | |
| Utilities | 1,040,721.00 | 1,000.00 | |
| Supplies and Other Services | 7,404,566.00 | 6,145,000.00 | |
| Depreciation | 4,706,126.00 | 2,353,000.00 | 674,442.00 |
| Other Operating Expense | | | 5,385,669.00 |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 8,070,895.00 | 49,839,000.00 | 322,162,494.00 |
| Total Operating Expenses | 37,553,714.00 | 60,260,000.00 | 328,222,605.00 |
| Operating Income (loss) | (16,142,224.00) | 23,658,072.63 | 3,407,957.00 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | 9,772,230.00 | | |
| Investment Income (endowments, auxiliary and other) | 6,112,591.00 | 53,582,334.14 | 756,705.00 |
| Interest Income | (6,093,557.00) | (13,276,000.00) | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | 681,623.00 |
| Net Nonoperating Revenues | 9,791,264.00 | 40,306,334.14 | 1,438,328.00 |
| Income before other revenues, expenses, gains and losses | (6,350,960.00) | 63,964,406.77 | 4,846,285.00 |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | 16,822,593.23 | |
| Total Other Revenues | 0.00 | 16,822,593.23 | 0.00 |
| Increase in Net Assets | (6,350,960.00) | 80,787,000.00 | 4,846,285.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 76,875,425.00 | 812,818,000.00 | 31,928,863.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | 76,875,425.00 | 812,818,000.00 | 31,928,863.00 |
| Net Assets-End of Year | \$70,524,465.00 | \$893,605,000.00 | \$36,775,148.00 |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--|--|
| | Georgia Advanced Technology Ventures | Georgia Tech Alumni Association | Georgia Tech Facilities, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | | | |
| Endowment Income (per spending plan) | | | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | 14,195.00 | | |
| Sales and Services | 1,009,611.00 | 716,873.00 | 228,000.00 |
| Rents and Royalties | 5,377,562.00 | 1,290,128.00 | 745,000.00 |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 1,039,919.00 | 179,238.00 | 612,000.00 |
| Total Operating Revenues | <u>7,441,287.00</u> | <u>2,186,239.00</u> | <u>1,585,000.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 29,715.00 | 2,528,886.00 | |
| Benefits | 7,221.00 | 643,424.00 | |
| Other Personal Services | | 45,815.00 | |
| Travel | 7,980.00 | 253,821.00 | |
| Scholarships and Fellowships | | 94,179.00 | |
| Utilities | 316,448.00 | | |
| Supplies and Other Services | 3,667,734.00 | 1,258,962.00 | 462,000.00 |
| Depreciation | 1,461,968.00 | 136,251.00 | 60,000.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | | 801,262.00 | |
| Total Operating Expenses | <u>5,491,066.00</u> | <u>5,762,600.00</u> | <u>522,000.00</u> |
| Operating Income (loss) | <u>1,950,221.00</u> | <u>(3,576,361.00)</u> | <u>1,063,000.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | 23,142.00 | 3,745,381.00 | (133,000.00) |
| Investment Income (endowments, auxiliary and other) | 19,494.00 | 97,202.00 | 1,829,000.00 |
| Interest Income | (2,763,828.00) | (5,007.00) | (8,505,000.00) |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | <u>(2,721,192.00)</u> | <u>3,837,576.00</u> | <u>(6,809,000.00)</u> |
| Income before other revenues, expenses, gains, or loss | <u>(770,971.00)</u> | <u>261,215.00</u> | <u>(5,746,000.00)</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | | |
| Total Other Revenues | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Increase in Net Assets | <u>(770,971.00)</u> | <u>261,215.00</u> | <u>(5,746,000.00)</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 21,559,941.00 | 495,940.00 | 10,852,000.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>21,559,941.00</u> | <u>495,940.00</u> | <u>10,852,000.00</u> |
| Net Assets-End of Year | <u>\$20,788,970.00</u> | <u>\$757,155.00</u> | <u>\$5,106,000.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--|--|
| | Georgia State University Research Foundation | Georgia State University Foundation | Medical College of Georgia Health, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | | 849,532.00 | |
| Endowment Income (per spending plan) | | 4,307,441.00 | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | 37,074,566.00 | | |
| State | 4,547,596.00 | | |
| Other | 8,508,265.00 | | |
| Sales and Services | | | |
| Rents and Royalties | | 10,247,054.00 | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | 310,336,817.00 |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | | 7,213,266.00 |
| Total Operating Revenues | <u>50,130,427.00</u> | <u>15,404,027.00</u> | <u>317,550,083.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | 133,959,407.00 |
| Staff | | 641,470.00 | |
| Benefits | | 162,752.00 | 36,927,136.00 |
| Other Personal Services | | | 38,647,963.00 |
| Travel | | 192,179.00 | 398,315.00 |
| Scholarships and Fellowships | | | |
| Utilities | | | 3,246,541.00 |
| Supplies and Other Services | 602,104.00 | 4,667,838.00 | 109,139,056.00 |
| Depreciation | 144,239.00 | 2,224,553.00 | 16,323,600.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 49,057,069.00 | 6,686,723.00 | |
| Total Operating Expenses | <u>49,803,412.00</u> | <u>14,575,515.00</u> | <u>338,642,018.00</u> |
| Operating Income (loss) | <u>327,015.00</u> | <u>828,512.00</u> | <u>(21,091,935.00)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | 31,761,251.00 |
| Grants and Contracts | | | |
| Federal | | | 4,980,518.00 |
| State | | | |
| Other | | | |
| Gifts | | 11,808,314.00 | |
| Investment Income (endowments, auxiliary and other) | 269,984.00 | 5,504,206.00 | 2,473,304.00 |
| Interest Income | | (2,505,962.00) | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | (7,458,093.00) |
| Other Nonoperating Revenues | 425,334.00 | | (778,736.00) |
| Net Nonoperating Revenues | <u>695,318.00</u> | <u>14,806,558.00</u> | <u>30,978,244.00</u> |
| Income before other revenues, expenses, gains, or loss | <u>1,022,333.00</u> | <u>15,635,070.00</u> | <u>9,886,309.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | 1,012,459.00 | |
| Total Other Revenues | <u>0.00</u> | <u>1,012,459.00</u> | <u>0.00</u> |
| Increase in Net Assets | 1,022,333.00 | 16,647,529.00 | 9,886,309.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 14,323,513.00 | 109,264,956.00 | 201,621,826.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>14,323,513.00</u> | <u>109,264,956.00</u> | <u>201,621,826.00</u> |
| Net Assets-End of Year | <u>\$15,345,846.00</u> | <u>\$125,912,485.00</u> | <u>\$211,508,135.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|--|---|--|
| | Medical College of Georgia Foundation, Inc. | Medical College of Georgia Dental Foundation | Medical College of Georgia Research Institute |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 4,660,225.00 | | |
| Endowment Income (per spending plan) | | | 75,122.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | 41,377,823.00 |
| State | | | |
| Other | | | 7,416,498.00 |
| Sales and Services | | | |
| Rents and Royalties | 1,469,105.00 | | 112,400.00 |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | 4,175,027.00 | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | (13,125.00) | | |
| Interest and Dividend Income | 1,276,863.00 | | |
| Other Operating Revenues | | | 47,966.00 |
| Total Operating Revenues | <u>7,393,068.00</u> | <u>4,175,027.00</u> | <u>49,029,809.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | 318,792.90 | |
| Staff | 473,936.37 | 143,051.05 | |
| Benefits | 144,896.63 | 8,433.77 | |
| Other Personal Services | 25,427.00 | 1,994,682.53 | |
| Travel | 17,704.00 | 22,484.38 | 23,493.00 |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | 288,873.00 | 1,767,666.32 | 436,555.00 |
| Depreciation | 275,790.00 | | 478.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 12,200,000.00 | | 47,876,901.00 |
| Total Operating Expenses | <u>13,426,627.00</u> | <u>4,255,110.95</u> | <u>48,337,427.00</u> |
| Operating Income (loss) | <u>(6,033,559.00)</u> | <u>(80,083.95)</u> | <u>692,382.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 7,299,401.00 | 80,083.95 | |
| Interest Income | | | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | 9,941.00 | | |
| Net Nonoperating Revenues | <u>7,309,342.00</u> | <u>80,083.95</u> | <u>0.00</u> |
| Income before other revenues, expenses, gains, or loss | <u>1,275,783.00</u> | <u>(0.00)</u> | <u>692,382.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 3,753,476.00 | | |
| Total Other Revenues | <u>3,753,476.00</u> | <u>0.00</u> | <u>0.00</u> |
| Increase in Net Assets | <u>5,029,259.00</u> | <u>(0.00)</u> | <u>692,382.00</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 116,358,807.00 | 0.00 | 3,361,757.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>116,358,807.00</u> | <u>0.00</u> | <u>3,361,757.00</u> |
| Net Assets-End of Year | <u>\$121,388,066.00</u> | <u>(\$0.00)</u> | <u>\$4,054,139.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Medical College of Georgia PPG Foundation | Component Units University of Georgia Research Foundation | University of Georgia Athletic Association |
|---|--|--|---|
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | | | |
| Endowment Income (per spending plan) | | | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | 131,815,923.00 | |
| Sales and Services | 86,004,557.00 | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | 65,449,621.00 |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | 13,380,173.00 | |
| Total Operating Revenues | 86,004,557.00 | 145,196,096.00 | 65,449,621.00 |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 9,348,857.00 | | |
| Benefits | 13,948,592.00 | | |
| Other Personal Services | | | |
| Travel | 1,391,125.00 | | |
| Scholarships and Fellowships | 268,450.00 | | |
| Utilities | 47,366.00 | | |
| Supplies and Other Services | 8,805,272.00 | 8,945,205.00 | 21,256,578.44 |
| Depreciation | 663,957.00 | 46,083.00 | 4,034,865.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 55,537,118.00 | 130,895,226.00 | 22,100,476.56 |
| Total Operating Expenses | 90,010,737.00 | 139,886,514.00 | 47,391,920.00 |
| Operating Income (loss) | (4,006,180.00) | 5,309,582.00 | 18,057,701.00 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | 847,559.00 |
| Investment Income (endowments, auxiliary and other) | 2,976,725.00 | 1,418,112.00 | 629,679.00 |
| Interest Income | | | |
| Interest Expense (capital assets) | (826,783.00) | | (1,832,381.00) |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | 110,280.00 | 570,283.00 | 79,329.00 |
| Net Nonoperating Revenues | 2,260,222.00 | 1,988,395.00 | (275,814.00) |
| Income before other revenues, expenses, gains, or loss | (1,745,958.00) | 7,297,977.00 | 17,781,887.00 |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | | |
| Total Other Revenues | 0.00 | 0.00 | 0.00 |
| Increase in Net Assets | (1,745,958.00) | 7,297,977.00 | 17,781,887.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 53,535,876.00 | 18,448,169.00 | 86,669,802.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | 53,535,876.00 | 18,448,169.00 | 86,669,802.00 |
| Net Assets-End of Year | \$51,789,918.00 | \$25,746,146.00 | \$104,451,689.00 |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|---|---|
| | University of Georgia Foundation | Georgia Southern University Housing Foundation | Georgia Southern University Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 22,992,752.00 | | 2,135,387.00 |
| Endowment Income (per spending plan) | 20,635,171.00 | | 1,087,339.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 6,179,579.00 | 61,588.00 | 292,055.00 |
| Total Operating Revenues | <u>49,807,502.00</u> | <u>61,588.00</u> | <u>3,514,781.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 1,351,246.00 | | |
| Benefits | 175,795.00 | | |
| Other Personal Services | | | |
| Travel | | | 92,732.00 |
| Scholarships and Fellowships | | | |
| Utilities | 83,406.00 | | |
| Supplies and Other Services | 7,940,022.00 | 109,332.00 | 895,674.00 |
| Depreciation | 5,448,303.00 | | 1,667.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 22,901,776.00 | | 1,551,855.00 |
| Total Operating Expenses | <u>37,900,548.00</u> | <u>109,332.00</u> | <u>2,541,928.00</u> |
| Operating Income (loss) | <u>11,906,954.00</u> | <u>(47,744.00)</u> | <u>972,853.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | 190,696.00 |
| Investment Income (endowments, auxiliary and other) | 34,076,184.00 | 873,651.00 | |
| Interest Income | | 2,028,478.00 | |
| Interest Expense (capital assets) | (7,725,849.00) | (2,298,381.00) | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | 10,236,901.00 | | |
| Net Nonoperating Revenues | <u>36,587,236.00</u> | <u>603,748.00</u> | <u>190,696.00</u> |
| Income before other revenues, expenses, gains, or loss | <u>48,494,190.00</u> | <u>556,004.00</u> | <u>1,163,549.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | | 2,214,665.00 |
| Total Other Revenues | 0.00 | 0.00 | <u>2,214,665.00</u> |
| Increase in Net Assets | 48,494,190.00 | 556,004.00 | 3,378,214.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 451,662,754.00 | 937,911.00 | 31,169,554.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>451,662,754.00</u> | <u>937,911.00</u> | <u>31,169,554.00</u> |
| Net Assets-End of Year | <u>\$500,156,944.00</u> | <u>\$1,493,915.00</u> | <u>\$34,547,768.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--|---|
| | GSU- Southern Boosters, Inc. | GSU Research & Service Foundation | Valdosta State University Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 1,180,980.00 | | |
| Endowment Income (per spending plan) | | | 499,318.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | 3,005,441.00 | |
| State | | 505,576.00 | |
| Other | | 328,627.00 | |
| Sales and Services | | | |
| Rents and Royalties | 142,090.00 | | 745,095.00 |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 85,840.00 | 26,108.00 | 569,358.00 |
| Total Operating Revenues | <u>1,408,910.00</u> | <u>3,865,752.00</u> | <u>1,813,771.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | | | |
| Benefits | | | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | 28,372.00 | | |
| Utilities | | | |
| Supplies and Other Services | 382,055.00 | 39,195.00 | 450,902.53 |
| Depreciation | 18,488.00 | | 127,704.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 728,029.00 | 3,709,976.00 | 1,415,275.47 |
| Total Operating Expenses | <u>1,156,944.00</u> | <u>3,749,171.00</u> | <u>1,993,882.00</u> |
| Operating Income (loss) | <u>251,966.00</u> | <u>116,581.00</u> | <u>(180,111.00)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 16,564.00 | 15,202.00 | 2,422,465.00 |
| Interest Income | | | |
| Interest Expense (capital assets) | (15,069.00) | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | 1,495.00 | 15,202.00 | 2,422,465.00 |
| Income before other revenues, expenses, gains, or loss | <u>253,461.00</u> | <u>131,783.00</u> | <u>2,242,354.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | | 246,078.00 |
| Total Other Revenues | 0.00 | 0.00 | <u>246,078.00</u> |
| Increase in Net Assets | 253,461.00 | 131,783.00 | 2,488,432.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 2,362,244.00 | 145,565.00 | 18,172,758.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>2,362,244.00</u> | <u>145,565.00</u> | <u>18,172,758.00</u> |
| Net Assets-End of Year | <u>\$2,615,705.00</u> | <u>\$277,348.00</u> | <u>\$20,661,190.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--|--|
| | Albany State University Foundation | Armstrong Atlantic State Univ. Foundation | AASU Educational Properties, Foundation, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 639,068.00 | 327,951.00 | |
| Endowment Income (per spending plan) | | 53,804.00 | 3,826,329.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | | |
| Total Operating Revenues | <u>639,068.00</u> | <u>381,755.00</u> | <u>3,826,329.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | | | 281,605.00 |
| Benefits | | | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | 600,408.00 | 77,195.00 | |
| Utilities | | | 351,315.00 |
| Supplies and Other Services | 65,462.00 | 35,642.00 | 1,118,231.00 |
| Depreciation | 98,914.00 | | 1,069,324.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 480,512.00 | 385,392.00 | |
| Total Operating Expenses | <u>1,245,296.00</u> | <u>498,229.00</u> | <u>2,820,475.00</u> |
| Operating Income (loss) | <u>(606,228.00)</u> | <u>(116,474.00)</u> | <u>1,005,854.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | (38,221.00) | 52,891.00 | |
| Interest Income | | | |
| Interest Expense (capital assets) | (119,092.00) | | (1,459,693.00) |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | <u>(157,313.00)</u> | <u>52,891.00</u> | <u>(1,459,693.00)</u> |
| Income before other revenues, expenses, gains, or loss | <u>(763,541.00)</u> | <u>(63,583.00)</u> | <u>(453,839.00)</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | 44,616.00 | |
| Total Other Revenues | <u>0.00</u> | <u>44,616.00</u> | <u>0.00</u> |
| Increase in Net Assets | <u>(763,541.00)</u> | <u>(18,967.00)</u> | <u>(453,839.00)</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 9,210,594.00 | 5,027,541.00 | (72,565.00) |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>9,210,594.00</u> | <u>5,027,541.00</u> | <u>(72,565.00)</u> |
| Net Assets-End of Year | <u>\$8,447,053.00</u> | <u>\$5,008,574.00</u> | <u>(\$526,404.00)</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|--|---|--|
| | Augusta State University Foundation | Augusta State University Athletic Foundation | Clayton State University Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 1,343,613.00 | | 1,498,325.00 |
| Endowment Income (per spending plan) | 412,730.00 | | 56,777.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | 875,671.00 | 29,965.00 |
| Total Operating Revenues | <u>1,756,343.00</u> | <u>875,671.00</u> | <u>1,585,067.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | 11,897.00 | | |
| Staff | | 445,236.00 | 224,774.00 |
| Benefits | | 10,490.00 | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | 57,592.00 | 353,709.00 | 183,771.00 |
| Depreciation | | 167,280.00 | |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 1,013,163.00 | | 313,674.00 |
| Total Operating Expenses | <u>1,082,652.00</u> | <u>976,715.00</u> | <u>722,219.00</u> |
| Operating Income (loss) | <u>673,691.00</u> | <u>(101,044.00)</u> | <u>862,848.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 360,056.00 | | (33,011.00) |
| Interest Income | (35,864.00) | 2,511.00 | |
| Interest Expense (capital assets) | | (67,356.00) | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | 38,036.00 | |
| Net Nonoperating Revenues | <u>324,192.00</u> | <u>(26,809.00)</u> | <u>(33,011.00)</u> |
| Income before other revenues, expenses, gains, or loss | <u>997,883.00</u> | <u>(127,853.00)</u> | <u>829,837.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 515,168.00 | | 191,139.00 |
| Total Other Revenues | <u>515,168.00</u> | <u>0.00</u> | <u>191,139.00</u> |
| Increase in Net Assets | <u>1,513,051.00</u> | <u>(127,853.00)</u> | <u>1,020,976.00</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 14,191,634.00 | 746,478.00 | 2,802,168.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>14,191,634.00</u> | <u>746,478.00</u> | <u>2,802,168.00</u> |
| Net Assets-End of Year | <u>\$15,704,685.00</u> | <u>\$618,625.00</u> | <u>\$3,823,144.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|---|---|
| | Clayton State University Walter & Emilie Spivey Foundation | Columbus State University Foundation | Columbus State University Alumni Association |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | | 454,564.00 | 15,135.00 |
| Endowment Income (per spending plan) | | (335,557.00) | (2,045.00) |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | 27,361.00 | |
| Total Operating Revenues | <u>0.00</u> | <u>146,368.00</u> | <u>13,090.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 23,491.00 | 10,451.00 | 4,750.00 |
| Benefits | | | 1,217.00 |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | | 212,789.00 | 4,097.00 |
| Depreciation | | | 55.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | 54,566.00 | |
| Payments to or on behalf of College/University | 450,900.00 | 78,564.00 | 12,001.00 |
| Total Operating Expenses | <u>474,391.00</u> | <u>356,370.00</u> | <u>22,120.00</u> |
| Operating Income (loss) | <u>(474,391.00)</u> | <u>(210,002.00)</u> | <u>(9,030.00)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 494,294.00 | | 37.00 |
| Interest Income | | | |
| Interest Expense (capital assets) | | (46,643.00) | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | 494,294.00 | (46,643.00) | 37.00 |
| Income before other revenues, expenses, gains, or loss | <u>19,903.00</u> | <u>(256,645.00)</u> | <u>(8,993.00)</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | | 6,776.00 | |
| Total Other Revenues | 0.00 | 6,776.00 | 0.00 |
| Increase in Net Assets | <u>19,903.00</u> | <u>(249,869.00)</u> | <u>(8,993.00)</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 7,620,803.00 | 57,637,524.00 | 262,221.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>7,620,803.00</u> | <u>57,637,524.00</u> | <u>262,221.00</u> |
| Net Assets-End of Year | <u>\$7,640,706.00</u> | <u>\$57,387,655.00</u> | <u>\$253,228.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|--|--|--|
| | Foundation Properties, Inc. | Columbus State University Athletic Fund, Inc. | Georgia College & State University Foundation, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 191,586.00 | 4,075.00 | 3,019,216.00 |
| Endowment Income (per spending plan) | | (25,854.00) | 246,027.00 |
| Federal Appropriations | | | 7,360,040.00 |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | 82,525.00 | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 149,993.00 | 52,004.00 | 281,754.00 |
| Total Operating Revenues | <u>424,104.00</u> | <u>30,225.00</u> | <u>10,907,037.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | 55,764.00 |
| Staff | 18,081.00 | 821.00 | |
| Benefits | 2,885.00 | 60.00 | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | 47,557.00 | | 4,364.00 |
| Supplies and Other Services | 90,151.00 | 16,923.00 | 5,685,174.00 |
| Depreciation | 87,445.00 | 30.00 | 1,565,091.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | 1,297.00 | |
| Payments to or on behalf of College/University | 8,111.00 | 37,444.00 | 278,714.00 |
| Total Operating Expenses | <u>254,230.00</u> | <u>56,575.00</u> | <u>7,589,107.00</u> |
| Operating Income (loss) | <u>169,874.00</u> | <u>(26,350.00)</u> | <u>3,317,930.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | (92,462.00) | | 293,959.00 |
| Interest Income | | | |
| Interest Expense (capital assets) | (61,242.00) | | (3,254,321.00) |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | (310.00) | | |
| Net Nonoperating Revenues | <u>(154,014.00)</u> | <u>0.00</u> | <u>(2,960,362.00)</u> |
| Income before other revenues, expenses, gains, or loss | <u>15,860.00</u> | <u>(26,350.00)</u> | <u>357,568.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | (1,066,839.00) |
| Additions to permanent endowments | | | 223,110.00 |
| Total Other Revenues | <u>0.00</u> | <u>0.00</u> | <u>(843,729.00)</u> |
| Increase in Net Assets | <u>15,860.00</u> | <u>(26,350.00)</u> | <u>(486,161.00)</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 24,484,884.00 | 1,578,563.00 | 11,235,230.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>24,484,884.00</u> | <u>1,578,563.00</u> | <u>11,235,230.00</u> |
| Net Assets-End of Year | <u>\$24,500,744.00</u> | <u>\$1,552,213.00</u> | <u>\$10,749,069.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|--|---|--|
| | Georgia College & State University Alumni Association, Inc. | Georgia Southwestern State University Foundation, Inc. | GSSU Research and Development Corporation, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 170,257.00 | 842,725.00 | 9,600.00 |
| Endowment Income (per spending plan) | 202,419.00 | 394,863.00 | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | 69,236.00 |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 131,812.00 | 326,798.00 | |
| Total Operating Revenues | <u>504,488.00</u> | <u>1,564,386.00</u> | <u>78,836.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 64.00 | 130,163.00 | 29,017.00 |
| Benefits | | 54,074.00 | 20,527.00 |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | 9,458.00 | 2,279.00 | |
| Supplies and Other Services | 110,595.00 | 205,889.00 | 11,138.00 |
| Depreciation | 5,162.00 | 3,189.00 | 240,720.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 186,108.00 | 1,649,220.00 | |
| Total Operating Expenses | <u>311,387.00</u> | <u>2,044,814.00</u> | <u>301,402.00</u> |
| Operating Income (loss) | <u>193,101.00</u> | <u>(480,428.00)</u> | <u>(222,566.00)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 164,833.00 | | |
| Interest Income | | | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | <u>164,833.00</u> | <u>0.00</u> | <u>0.00</u> |
| Income before other revenues, expenses, gains, or loss | <u>357,934.00</u> | <u>(480,428.00)</u> | <u>(222,566.00)</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 168,633.00 | 131,387.00 | |
| Total Other Revenues | <u>168,633.00</u> | <u>131,387.00</u> | <u>0.00</u> |
| Increase in Net Assets | <u>526,567.00</u> | <u>(349,041.00)</u> | <u>(222,566.00)</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 4,862,461.00 | 25,376,487.00 | 782,340.00 |
| Prior Year Adjustments | | 1.00 | |
| Net Assets-beginning of year, restated | <u>4,862,461.00</u> | <u>25,376,488.00</u> | <u>782,340.00</u> |
| Net Assets-End of Year | <u>\$5,389,028.00</u> | <u>\$25,027,447.00</u> | <u>\$559,774.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--|---|
| | Kennesaw State University Foundation | North Georgia College & State University Foundation | Southern Polytechnic State University Foundation, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 2,651,919.00 | 743,290.00 | 733,314.25 |
| Endowment Income (per spending plan) | | 2,670,415.00 | 140,123.68 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | 13,995,996.00 | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | 3,167,440.00 |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 175,513.00 | 172,599.00 | |
| Total Operating Revenues | <u>16,823,428.00</u> | <u>3,586,304.00</u> | <u>4,040,877.93</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | 316,618.00 | |
| Staff | 657,236.00 | 132,278.00 | 274,195.66 |
| Benefits | | 10,879.00 | 30,323.20 |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | 357,867.00 | |
| Utilities | 926,723.00 | 207,254.00 | 252,726.02 |
| Supplies and Other Services | 7,924,149.00 | 620,623.00 | 1,447,382.96 |
| Depreciation | 3,528,413.00 | 310,779.00 | 1,382,828.00 |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 1,725,376.00 | 678,650.00 | 510,560.60 |
| Total Operating Expenses | <u>14,761,897.00</u> | <u>2,634,948.00</u> | <u>3,898,016.44</u> |
| Operating Income (loss) | <u>2,061,531.00</u> | <u>951,356.00</u> | <u>142,861.49</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 1,082,235.00 | | 6,887.16 |
| Interest Income | | | |
| Interest Expense (capital assets) | (7,146,039.00) | (547,106.00) | (1,374,274.81) |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | <u>(6,063,804.00)</u> | <u>(547,106.00)</u> | <u>(1,367,387.65)</u> |
| Income before other revenues, expenses, gains, or loss | <u>(4,002,273.00)</u> | <u>404,250.00</u> | <u>(1,224,526.16)</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 397,191.00 | 299,089.00 | 83,501.00 |
| Total Other Revenues | <u>397,191.00</u> | <u>299,089.00</u> | <u>83,501.00</u> |
| Increase in Net Assets | <u>(3,605,082.00)</u> | <u>703,339.00</u> | <u>(1,141,025.16)</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 15,643,688.00 | 13,756,944.00 | 2,179,828.17 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>15,643,688.00</u> | <u>13,756,944.00</u> | <u>2,179,828.17</u> |
| Net Assets-End of Year | <u>\$12,038,606.00</u> | <u>\$14,460,283.00</u> | <u>\$1,038,803.01</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005

| | Component Units | | |
|---|--|---|------------------------------------|
| | University of West Georgia Foundation | University of West Georgia Real Estate Foundation | Dalton State College Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 1,442,856.00 | | 1,127,968.00 |
| Endowment Income (per spending plan) | 471,862.00 | | 218,300.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 766,223.00 | | |
| Total Operating Revenues | <u>2,680,941.00</u> | <u>0.00</u> | <u>1,346,268.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | 371,685.00 | | |
| Benefits | 90,186.00 | | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | 858,047.00 | | 33,488.00 |
| Depreciation | | 17,087.00 | |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 1,077,504.00 | | 279,317.00 |
| Total Operating Expenses | <u>2,397,422.00</u> | <u>17,087.00</u> | <u>312,805.00</u> |
| Operating Income (loss) | <u>283,519.00</u> | <u>(17,087.00)</u> | <u>1,033,463.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 997,686.00 | 471,458.00 | |
| Interest Income | | | |
| Interest Expense (capital assets) | | (1,016,394.00) | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | (19,471.00) | |
| Net Nonoperating Revenues | 997,686.00 | (564,407.00) | 0.00 |
| Income before other revenues, expenses, gains, or loss | <u>1,281,205.00</u> | <u>(581,494.00)</u> | <u>1,033,463.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 376,956.00 | | 150,705.00 |
| Total Other Revenues | <u>376,956.00</u> | <u>0.00</u> | <u>150,705.00</u> |
| Increase in Net Assets | 1,658,161.00 | (581,494.00) | 1,184,168.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 13,613,201.00 | | 9,858,495.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>13,613,201.00</u> | <u>0.00</u> | <u>9,858,495.00</u> |
| Net Assets-End of Year | <u>\$15,271,362.00</u> | <u>(\$581,494.00)</u> | <u>\$11,042,663.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--|--|
| | Macon State College Foundation | Abraham Baldwin Agricultural College Foundation | Bainbridge College Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 334,333.00 | 1,025,640.00 | 16,947.55 |
| Endowment Income (per spending plan) | 92,373.00 | 3,959,119.00 | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 55,615.00 | | |
| Total Operating Revenues | <u>482,321.00</u> | <u>4,984,759.00</u> | <u>16,947.55</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | | 103,918.00 | |
| Benefits | | | |
| Other Personal Services | | | |
| Travel | | 4,069.00 | |
| Scholarships and Fellowships | | 4,455.00 | |
| Utilities | | | |
| Supplies and Other Services | 60,257.00 | 2,631,308.00 | |
| Depreciation | | 817,934.00 | |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 751,097.00 | 242,811.00 | 13,118.90 |
| Total Operating Expenses | <u>811,354.00</u> | <u>3,804,495.00</u> | <u>13,118.90</u> |
| Operating Income (loss) | <u>(329,033.00)</u> | <u>1,180,264.00</u> | <u>3,828.65</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | (61,781.00) | | |
| Interest Income | | | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | <u>(61,781.00)</u> | <u>0.00</u> | <u>0.00</u> |
| Income before other revenues, expenses, gains, or loss | <u>(390,814.00)</u> | <u>1,180,264.00</u> | <u>3,828.65</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 85,910.00 | 140,185.00 | |
| Total Other Revenues | <u>85,910.00</u> | <u>140,185.00</u> | <u>0.00</u> |
| Increase in Net Assets | <u>(304,904.00)</u> | <u>1,320,449.00</u> | <u>3,828.65</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 8,826,009.00 | 8,871,352.00 | 48,763.51 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>8,826,009.00</u> | <u>8,871,352.00</u> | <u>48,763.51</u> |
| Net Assets-End of Year | <u>\$8,521,105.00</u> | <u>\$10,191,801.00</u> | <u>\$52,592.16</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|---|--------------------------------------|--|
| | Coastal Georgia Community College Foundation | Darton College Foundation | East Georgia College Foundation, Inc. |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 1,882,925.00 | 850,504.00 | 268,550.00 |
| Endowment Income (per spending plan) | 167,948.00 | 18,530.00 | |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | | 12,925.00 |
| Total Operating Revenues | <u>2,050,873.00</u> | <u>869,034.00</u> | <u>281,475.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | | | |
| Benefits | | | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | 27,154.00 | 153,252.00 | 126,269.00 |
| Depreciation | | | |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 488,165.00 | 176,283.00 | 25,116.00 |
| Total Operating Expenses | <u>515,319.00</u> | <u>329,535.00</u> | <u>151,385.00</u> |
| Operating Income (loss) | <u>1,535,554.00</u> | <u>539,499.00</u> | <u>130,090.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | | 6,101.00 | 19,173.00 |
| Interest Income | | | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | 0.00 | 6,101.00 | 19,173.00 |
| Income before other revenues, expenses, gains, or loss | <u>1,535,554.00</u> | <u>545,600.00</u> | <u>149,263.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 1,701,277.00 | 51,000.00 | |
| Total Other Revenues | <u>1,701,277.00</u> | <u>51,000.00</u> | <u>0.00</u> |
| Increase in Net Assets | 3,236,831.00 | 596,600.00 | 149,263.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 3,546,764.00 | 1,369,194.00 | 886,214.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>3,546,764.00</u> | <u>1,369,194.00</u> | <u>886,214.00</u> |
| Net Assets-End of Year | <u>\$6,783,595.00</u> | <u>\$1,965,794.00</u> | <u>\$1,035,477.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|-------------------------------------|---|--------------------------------------|
| | Floyd College Foundation | Gainesville College Foundation | Gordon College Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 70,440.00 | 601,234.00 | 103,702.00 |
| Endowment Income (per spending plan) | | 250,624.00 | 5,558.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | 33,600.00 | 201,735.00 | 151.00 |
| Total Operating Revenues | <u>104,040.00</u> | <u>1,053,593.00</u> | <u>109,411.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | | 39,481.75 | |
| Benefits | | 13,545.02 | |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | 113,641.00 | 76,797.23 | 29,137.00 |
| Depreciation | 10,742.00 | | |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 141,958.00 | 494,132.00 | 109,173.00 |
| Total Operating Expenses | <u>266,341.00</u> | <u>623,956.00</u> | <u>138,310.00</u> |
| Operating Income (loss) | <u>(162,301.00)</u> | <u>429,637.00</u> | <u>(28,899.00)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | 42,044.00 | 192,452.00 | 490,568.00 |
| Interest Income | | | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | 42,044.00 | 192,452.00 | 490,568.00 |
| Income before other revenues, expenses, gains, or loss | <u>(120,257.00)</u> | <u>622,089.00</u> | <u>461,669.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | 17,570.00 | |
| Additions to permanent endowments | | 17,570.00 | |
| Total Other Revenues | 0.00 | 17,570.00 | 0.00 |
| Increase in Net Assets | <u>(120,257.00)</u> | <u>639,659.00</u> | <u>461,669.00</u> |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 1,250,611.00 | 8,226,799.00 | 4,845,322.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>1,250,611.00</u> | <u>8,226,799.00</u> | <u>4,845,322.00</u> |
| Net Assets-End of Year | <u>\$1,130,354.00</u> | <u>\$8,866,458.00</u> | <u>\$5,306,991.00</u> |

Statement of Revenues, Expenses and Changes in Net Assets, Continued

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005**

| | Component Units | | |
|---|--|---|--|
| | Middle Georgia College Foundation | South Georgia College Foundation | Waycross College Foundation |
| REVENUES | | | |
| Operating Revenues | | | |
| Student Tuition and Fees (net of allowance for doubtful accounts) | \$0.00 | \$0.00 | \$0.00 |
| Less: Scholarship Allowances | | | |
| Gifts and Contributions | 150,912.00 | 80,747.89 | 72,250.00 |
| Endowment Income (per spending plan) | 41,714.00 | | 30,352.00 |
| Federal Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Sales and Services | | | |
| Rents and Royalties | | | |
| Auxiliary Enterprises | | | |
| Residence Halls | | | |
| Bookstore | | | |
| Food Services | | | |
| Parking/Transportation | | | |
| Health Services | | | |
| Intercollegiate Athletics | | | |
| Other Organizations | | | |
| Clinical and Patient Fees | | | |
| Net Patient Service Revenue | | | |
| Realized/Unrealized Gains (Losses) | | | |
| Interest and Dividend Income | | | |
| Other Operating Revenues | | 1,137.08 | |
| Total Operating Revenues | <u>192,626.00</u> | <u>81,884.97</u> | <u>102,602.00</u> |
| EXPENSES | | | |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | | | |
| Staff | | | 1,200.00 |
| Benefits | | | 86.00 |
| Other Personal Services | | | |
| Travel | | | |
| Scholarships and Fellowships | | | |
| Utilities | | | |
| Supplies and Other Services | 10,902.00 | 7,519.11 | 7,133.00 |
| Depreciation | | | |
| Other Operating Expense | | | |
| Payments to Other Component Units | | | |
| Payments to or on behalf of College/University | 96,238.00 | 186,115.77 | 60,083.00 |
| Total Operating Expenses | <u>107,140.00</u> | <u>193,634.88</u> | <u>68,502.00</u> |
| Operating Income (loss) | <u>85,486.00</u> | <u>(111,749.91)</u> | <u>34,100.00</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| State Appropriations | | | |
| Grants and Contracts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Gifts | | | |
| Investment Income (endowments, auxiliary and other) | | 49,792.20 | (13,284.00) |
| Interest Income | | | |
| Interest Expense (capital assets) | | | |
| Combined Margin Allocation | | | |
| Other Nonoperating Revenues | | | |
| Net Nonoperating Revenues | 0.00 | 49,792.20 | (13,284.00) |
| Income before other revenues, expenses, gains, or loss | <u>85,486.00</u> | <u>(61,957.71)</u> | <u>20,816.00</u> |
| Capital Grants and Gifts | | | |
| Federal | | | |
| State | | | |
| Other | | | |
| Loss on Bond Retirement | | | |
| Additions to permanent endowments | 1,000.00 | 149,106.58 | 61,515.00 |
| Total Other Revenues | <u>1,000.00</u> | <u>149,106.58</u> | <u>61,515.00</u> |
| Increase in Net Assets | 86,486.00 | 87,148.87 | 82,331.00 |
| NET ASSETS | | | |
| Net Assets-beginning of year, as originally reported | 1,056,523.00 | 2,597,636.35 | 1,315,351.00 |
| Prior Year Adjustments | | | |
| Net Assets-beginning of year, restated | <u>1,056,523.00</u> | <u>2,597,636.35</u> | <u>1,315,351.00</u> |
| Net Assets-End of Year | <u>\$1,143,009.00</u> | <u>\$2,684,785.22</u> | <u>\$1,397,682.00</u> |

Statement of Cash Flows

UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF CASH FLOWS June 30, 2005

| | <u>June 30, 2005</u> |
|---|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Tuition and Fees | \$723,359,426.31 |
| Federal Appropriations | 9,419,901.31 |
| Grants and Contracts (Exchange) | 1,215,645,022.89 |
| Sales and Services of Educational Departments | 97,361,845.07 |
| Payments to Suppliers | (1,947,259,224.47) |
| Payments to Employees | (2,134,316,363.53) |
| Payments for Scholarships and Fellowships | (188,684,833.97) |
| Loans Issued to Students and Employees | (12,429,908.62) |
| Collection of Loans to Students and Employees | 11,399,445.19 |
| Auxiliary Enterprise Charges: | |
| Residence Halls | 192,370,455.88 |
| Bookstore | 68,167,422.69 |
| Food Services | 95,249,604.92 |
| Parking/Transportation | 38,835,188.36 |
| Health Services | 31,695,437.63 |
| Intercollegiate Athletics | 42,021,280.78 |
| Other Organizations | 12,741,527.64 |
| Other Receipts (payments) | 245,872,592.28 |
| Net Cash Provided (used) by Operating Activities | <u>(1,498,551,179.64)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| State Appropriations | 1,676,360,954.76 |
| Agency Funds Transactions | (17,560,007.98) |
| Gifts and Grants Received for Other Than Capital Purposes | 128,053,865.00 |
| Principal Paid on Installment Debt | (308,081.55) |
| Interest Paid on Installment Debt | (91,918.40) |
| Other Nonoperating Receipts | 11,784,135.24 |
| Net Cash Flows Provided by Non-capital Financing Activities | <u>1,798,238,947.07</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Capital Grants and Gifts Received | 42,303,733.61 |
| Proceeds from sale of Capital Assets | (3,227,194.20) |
| Purchases of Capital Assets | (202,583,325.79) |
| Principal Paid on Capital Debt and Leases | (19,632,858.25) |
| Interest Paid on Capital Debt and Leases | (35,093,440.49) |
| Net Cash used by Capital and Related Financing Activities | <u>(218,233,085.12)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from Sales and Maturities of Investments | 82,881,175.83 |
| Interest on Investments | 22,072,209.42 |
| Purchase of Investments | (112,837,633.73) |
| Net Cash Provided (used) by Investing Activities | <u>(7,884,248.48)</u> |
| Net Increase/Decrease in Cash | 73,570,433.83 |
| Cash and Cash Equivalents - Beginning of year | 467,098,895.47 |
| Cash and Cash Equivalents - End of Year | <u>\$540,669,329.30</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating Income (loss) | (1,838,616,840.58) |
| Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operating Activities | |
| Depreciation | 220,432,014.16 |
| Change in Assets and Liabilities: | |
| Receivables, net | 3,212,526.40 |
| Inventories | (1,944,380.97) |
| Other Assets | (2,837,745.84) |
| Notes Receivable, Net | (1,107,439.23) |
| Accounts Payable | 10,769,662.01 |
| Deferred Revenue | 10,187,785.89 |
| Other Liabilities | 92,378,475.84 |
| Compensated Absences | 8,974,762.68 |
| Net Cash Provided (used) by Operating Activities | <u>(\$1,498,551,179.64)</u> |
| ** NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS | |
| Fixed assets acquired by incurring capital lease obligations | <u>\$224,859,284.28</u> |
| Change in fair value of investments recognized as a component of interest income | <u>\$252,302.53</u> |
| Gift of capital assets reducing proceeds of capital grants and gifts | <u>(\$268,790,583.33)</u> |

UNIVERSITY SYSTEM OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The University System of Georgia serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge, and by disseminating knowledge to the people of Georgia and throughout the country.

Reporting Entity

The University System of Georgia is comprised of thirty-four (34) State supported member institutions of higher education in Georgia. The accompanying financial statements reflect the consolidated operations of the University System of Georgia.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. The University System of Georgia does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, all 34 institutions are considered organizational units of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of their legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The Board of Regents of the University System of Georgia implemented GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units - an amendment of Statement No. 14*, in fiscal year 2004. This statement requires the inclusion of the financial statements for foundations and affiliated organizations that qualify as component units in the Annual Financial Report. These statements (Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets) are discretely presented for the 54 component units of the University System of Georgia.

See Note 16. Component Units, for foundation notes.

Financial Statement Presentation

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The State of Georgia implemented GASB Statement No. 34 as of and for the year ended June 30, 2002. As an organizational unit of the State of Georgia, the University System was also required to adopt GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. The financial statements have been

prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the University System's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

Generally Accepted Accounting Principles (GAAP) requires that the reporting of summer school revenues and expenses be between fiscal years rather than in one fiscal year. Due to the lack of materiality, Institutions of the University System of Georgia will continue to report summer revenues and expenses in the year in which the predominate activity takes place.

Basis of Accounting

For financial reporting purposes, the University System is considered a special-purpose government engaged only in business-type activities. Accordingly, the University System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting, except as noted in the preceding paragraph. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant inter-institution transactions have been eliminated.

The University System has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University System has elected to not apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool and the Board of Regents Short-Term Investment Pool.

Short-Term Investments

Short-Term Investments consist of investments of 90 days – 13 months. This would include certificates of deposits or other time restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal.

Investments

The University System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, and the Board of Regents Total Return Fund are included under Investments.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Georgia. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable

expenditures made pursuant to the University System's grant and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Consumable supplies are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis. Resale Inventories are valued at cost using the average-cost basis.

Noncurrent Cash and Investments

Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Assets.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University System's capitalization policy includes all items with a unit cost of \$5,000.00 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To obtain the total picture of plant additions in the University System, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) – an organization that is external to the System. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

Effective July 1, 2001, the GSFIC retains construction in progress on their books throughout the construction period and transfers the entire project to University System of Georgia when complete. For the year ended June 30, 2005, GSFIC transferred capital additions valued at \$243,215,368.66 to University System of Georgia. This includes projects completed during FY2005 and additional expenditures for projects completed in prior years. This resulted in a cumulative total of \$2,235,165,111.43 as of June 30, 2005.

Deposits

Deposits represent good faith deposits from students to reserve housing assignments in a University System residence hall.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Assets. The University System of Georgia had accrued liability for compensated absences in the amount of \$131,781,521.99 as of 7-1-2004. For FY2005, \$102,775,086.88 was earned in compensated absences and employees were paid \$ 93,914,883.22 for a net increase of \$8,860,203.66. The ending balance as of 6-30-2005 in accrued liability for compensated absences was \$ 140,641,725.65.

Noncurrent Liabilities

Noncurrent liabilities include (1) liabilities that will not be paid within the next fiscal year; (2) capital lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Net Assets

The University System's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University System's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 – Capital Assets section.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University System may accumulate as much of the annual net income of an institutional fund as is prudent under the standard established by Code Section 44-15-7 of Annotated Code of Georgia.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the University System is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Expendable Restricted Net Assets include the following:

| | <u>June 30, 2005</u> |
|---|-------------------------|
| Restricted - E&G and Other Organized Activities | \$107,141,837.56 |
| Federal Loans | 44,564,973.45 |
| Institutional Loans | 18,410,072.35 |
| Term Endowments | 4,770,738.25 |
| Quasi-Endowments | <u>23,922,815.64</u> |
| Total Restricted Expendable | <u>\$198,810,437.25</u> |

Restricted net assets – expendable – Capital Projects: This represents resources for which the University System is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University System, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance to the office of Treasury and Fiscal Services. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Unrestricted Net Assets includes the following items which are quasi-restricted by management.

| | <u>June 30, 2005</u> |
|-------------------------------|-------------------------|
| R & R Reserve | \$66,187,571.21 |
| Reserve for Encumbrances | 164,167,497.40 |
| Reserve for Inventory | 4,744,226.11 |
| Other Unrestricted | <u>8,687,065.30</u> |
| Total Unrestricted Net Assets | <u>\$243,786,360.02</u> |

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University System's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Taxes

The University System of Georgia, as a political subdivision of the State of Georgia, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues

The University System has classified its revenues as either operating or non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of sponsored and unsponsored scholarships, (2) sales and services of auxiliary enterprises, net of sponsored and unsponsored scholarships, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University System, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University System's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University System has recorded contra revenue for scholarship allowances.

Restatement of Prior Year Balances

The following institutions had restatements of prior year balances in FY2005:

Prior Year Adjustments - Restatements

| | |
|----------------------------|------------------------|
| Medical College of Georgia | \$11,051,667.92 |
| Kennesaw State University | 1,620,415.99 |
| Bainbridge College | (871,955.53) |
| South Georgia College | 526,053.38 |
| Waycross College | <u>188,805.63</u> |
| Total | <u>\$12,514,987.39</u> |

Medical College of Georgia: Restatement of prior year assets. Margin allocation funds due from component units as of June 30, 2004, were reported as revenue by the College in the current fiscal period. A prior period adjustment in the amount of \$11,051,667.92 was made to increase net assets July 1, 2004, for margin allocation funds earned in fiscal year 2004.

Kennesaw State University: Restatement of prior year net assets. Prior year net assets were restated due to a change in depreciation. The prior period adjustment on the Statement of Revenues, Expenses and Changes in Net Assets reflects this restatement of \$1,620,415.99.

Bainbridge College: Restatement of prior year net assets. Bainbridge College had a restatement of prior year net assets decreasing beginning net assets by (\$871,955.53). This was due to removing capital assets that do not meet the capitalization threshold.

South Georgia College: Restatement of prior year net assets. Prior year net assets were restated due to a \$526,053.38 correction in capital assets. This is shown as a prior year adjustment on the Statement of Revenues, Expenses and Changes in Net Assets.

Waycross College: Restatement of prior year net assets. Prior period accumulated depreciation for the library collection has been restated in the amount of \$188,805.63. Accumulated depreciation had been overstated due to an error in the library collection depreciation schedule.

Note 2. Deposits and Investments

DEPOSITS

Funds belonging to the State of Georgia (and thus the University System) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, The Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.
6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in the Official Code of Georgia Annotated Section 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia (and thus the University System), the option of exempting demand deposits from the collateral requirements.

The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2005, the carrying value of deposits was \$281,123,560.77 and the bank balance was \$315,204,903.11. Of the University System's deposits, \$311,281,942.32 was uninsured. Of these uninsured deposits, \$3,922,960.79 was collateralized with securities held by the financial institution's trust department or agent in the University System's name, \$69,208,648.97 was collateralized with securities held by the financial institution, by its trust department or agency, but not in the University System's name and \$242,073,293.35 were uncollateralized.

INVESTMENTS

The University System maintains investment policy guidelines that are intended to foster sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable federal and state laws.

The University System's investments as June 30, 2005 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

| | Fair Value | Investment Maturity | | | |
|--|-------------------------|------------------------|-------------------------|-----------------------|-----------------------|
| | | Less Than 1 Year | 1-5 Years | 6-10 Years | More Than 10 Years |
| Investment type | | | | | |
| <u>Debt Securities</u> | | | | | |
| U.S. Treasuries | \$29,652,355.03 | \$895,236.03 | \$23,684,035.04 | \$4,114,863.46 | \$958,220.50 |
| U.S. Agencies | 162,014,948.99 | 65,170,532.91 | 95,995,209.16 | 808,065.18 | 41,141.74 |
| Certificates of Deposit | 35,000.00 | | 35,000.00 | | |
| Corporate Debt | 6,124,714.72 | 241,898.10 | 2,678,870.95 | 3,191,014.40 | 12,931.27 |
| General Obligation Bonds | 970,057.60 | 713,950.00 | 212,112.00 | 43,995.60 | |
| Money Market Mutual Fund | 601,677.69 | 54,931.45 | 546,746.24 | | |
| Mortgage Backed Securities (U.S. Agencies) | 326,044.24 | | 72,323.00 | 76,073.06 | 177,648.18 |
| Municipal Obligation | 1,200,000.00 | 1,200,000.00 | | | |
| Mutual Bond Fund | 45,714,509.43 | 442,538.00 | 45,036,970.75 | 95,135.76 | 139,864.92 |
| Repurchase Agreements | 4,945,321.00 | 4,945,321.00 | | | |
| | <u>\$251,584,628.70</u> | <u>\$73,664,407.49</u> | <u>\$168,261,267.14</u> | <u>\$8,329,147.46</u> | <u>\$1,329,806.61</u> |
| <u>Other Investments</u> | | | | | |
| Bond/Fixed Income Mutual Funds | 168,366.57 | | | | |
| Equity Mutual Funds | 21,736,542.68 | | | | |
| Equity Securities - Domestic | 61,171,495.80 | | | | |
| Real Estate Held for Investment Purposes | 241,927.11 | | | | |
| Real Estate Investment Fund | 5,146,812.03 | | | | |
| <u>Investment Pools</u> | | | | | |
| Office of Treasury and Fiscal Services | | | | | |
| Georgia Fund 1 | 165,004,293.65 | | | | |
| Georgia Extended Asset Pool | <u>9,485,428.40</u> | | | | |
| | <u>\$514,539,494.94</u> | | | | |

The Georgia Fund 1 Investment Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company, but

does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, \$1.00 per share.

The Georgia Extended Asset Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was \$1.98 at June 30, 2005. The Georgia Extended Asset Pool is an AAA rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 1.07 years.

The State Depository Board, which has oversight over the Office of Treasury and Fiscal Services, may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses, are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63).

The University System serves as fiscal agent for various cooperative organizations. The University System pools the monies of these organizations with the University System's monies for investment purposes. The University System cannot allocate pool investments between the internal (University System) and external (cooperative organizations) investment pool portions. The investment pool is not registered with the SEC as an investment company. The investment pool is not rated. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns.

The University System maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable federal and state laws.

Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolio should be one of above average quality processing, at most, an average degree of investment risk.

Short-Term Fund

The Short-Term fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Holdings in this fund are restricted to U. S. Government obligations and obligations of selected U. S. Government Agencies, in accordance with Georgia Code 50-17-59 and 50-17-63. The investment maturities of this fund will range between daily and two years. The Weighted Average Maturity of the Short-Term fund is 1.1 years. Investments shall be limited to fixed income securities.

Legal Fund

The Legal fund provides an opportunity for greater income and modest principal growth to the extent possible with the securities allowed under Georgia Code 50-17-59 and 50-17-63. Holdings for this fund should have a limited degree of financial risk, such as U. S. Treasury obligations or U. S. Agency securities. The investment maturities of this fund will typically range between one and five years, with a maximum of thirty years for any individual investment. The Weighted Average Maturity for debt securities of the Legal fund is 3.9 years.

Balance Income Fund

The Balanced Income fund is designed to be a convenient vehicle to invest endowment funds and other funds that are not subject to the regulations on state funds under Georgia law. This fund is comprised of fixed income, equity, and cash equivalent instruments. The investment maturities for debt securities of this fund will typically range between three and five years. The Weighted Average Maturity for debt securities of the Balanced Income fund is 4.4 years.

The equity allocation range shall be between 30% and 40%, with a target of 35% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 60% and 70%, with a target of 65% of the total portfolio. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality short-term instruments.

Total Return Fund

The Total Return fund is another pool designed for the investment of endowment and other funds that are not subject to Georgia law limiting investment of state funds. This pool offers the greatest percentage of overall equity exposure, with well over half of the funds typically invested in equities. The investment maturities for debt securities of this fund will typically range between three and five years. The Weighted Average Maturity for debt securities of the Total Return fund is 4.4 years.

The equity allocation range shall be between 60% and 70%, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 30% and 40%, with a target of 35% of the total portfolio. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality short-term instruments.

Diversified Fund

The Diversified fund is designed to gain further diversification and increase exposures to assets that have lower correlation to equity and bond markets by utilizing alternative asset classes. In addition, this fund is constructed to build an optimal portfolio where return is increased and risk is reduced. The investment maturities for debt securities of this fund will typically range between three and five years. The Weighted Average Maturity for debt securities of the Diversified fund is 4.4 years.

The equity allocation range shall be between 50% and 75% of the portfolio. The fixed income (bond) portion of the portfolio shall be between 20% and 40%. The portfolio may also consist of Hedge Funds, Real Estate and Venture Capital/Private Equity/Post Venture Capital.

Hedge Funds - The investment approach to this asset class is to use a multi-strategy, multi-manager fund of hedge funds. The Board of Regents believes that a fund of fund strategy will provide the best access to a highly diversified pool of hedge fund strategies and managers.

Real Estate - The Board of Regents' approach for investing in this asset class is to use real estate investment trusts (REITs). REITs are more liquid than owning commercial real estate and diversification can be achieved by purchasing a mutual fund.

Venture Capital/Private Equity/Post Venture Capital - This asset class is the riskiest and most volatile permitted investment opportunity. This asset should be considered as an additional diversification investment strategy due to the low correlation with stock and bonds.

Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality short-term instruments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair market value of an investment. The University System's policy for managing interest rate risk is to comply with Regents policy and applicable Federal and state laws.

The University System's policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled investment funds:

1. In the Short-Term Fund, the average maturity of the fixed income portfolio shall not exceed three years.
2. In all the other pooled funds, the average maturity of the fixed income portfolio shall not exceed ten years.
3. Fixed income investments shall be limited to U. S. Treasury government agency, and corporate debt instruments having minimum investment grade credit ratings of BAA by Moody's and/or Standard and Poor's.
4. The fixed income target allocation is defined in the investment policy guidelines for each pooled investment fund. These targets may be modified upon recommendation of the fund's investment manager and approval by the Board of Regents.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University System will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University System's policy for managing custodial credit risk for investments is:

1. The University System has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the University System for claims, losses, liabilities, and expenses arising

from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.

2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or The Federal Reserve.
3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2005, \$168,067,579.44 was uninsured and held by the University System's custodian bank or a depository institution, but not in the University System's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University System's policy for managing credit quality risk is to comply with Regents policy and applicable Federal and state laws.

The University System's formal policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds:

1. In all pooled funds except the Diversified Fund, all debt issues must be investment grade with ratings of at least BAA by Moody's and Standard and Poor's at the time of purchase.
2. The Diversified Fund is permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire portfolio.
3. The portfolios shall be well diversified as to issuer and maturity.

| | Fair Value | AAA | AA | A | Ba | Baaa | Unrated |
|--|-------------------------|-------------------------|-----------------------|-----------------------|---------------------|-----------------------|-------------------------|
| Related Debt Investments | | | | | | | |
| U. S. Agencies | \$162,014,948.99 | \$105,493,297.27 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$56,521,651.72 |
| Certificates of Deposit | 35,000.00 | | | | | | 35,000.00 |
| Corporate Debt | 6,124,714.72 | 556,842.81 | 1,479,913.01 | 2,222,083.13 | 565,872.20 | 1,121,589.00 | 178,414.57 |
| General Obligation Bonds | 970,057.60 | 868,843.60 | 101,214.00 | | | | |
| Money Market Mutual Fund | 601,677.69 | | | | | | 601,677.69 |
| Mortgage Backed Securities (U.S. Agencies) | 326,044.26 | 318,269.59 | | | | | 7,774.67 |
| Municipal Obligation | 1,200,000.00 | 1,200,000.00 | | | | | |
| Mutual Bond Fund | 45,714,509.43 | | | | | | 45,714,509.43 |
| Repurchase Agreements - Underlying | | | | | | | |
| U. S. Agency Securities | 4,945,321.00 | 4,945,169.00 | | | | | 152.00 |
| | <u>\$221,932,273.69</u> | <u>\$113,382,422.27</u> | <u>\$1,581,127.01</u> | <u>\$2,222,083.13</u> | <u>\$565,872.20</u> | <u>\$1,121,589.00</u> | <u>\$103,059,180.08</u> |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University System's policy for managing concentration of credit risk is to diversify investments to the extent that any single issuer shall be limited to 5% of the market value in a particular investment fund. United States Government and United States Governmental agency securities are exempt from this requirement.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University System's policy for managing foreign currency risk is to comply with Regents policy and applicable Federal and state laws.

The University System's policy for managing exposure to foreign currency credit risk for the various pooled funds is:

1. The Diversified Fund is the only pooled investment fund authorized to hold foreign investments. The current approved asset allocation target for international equity is 0 - 10% and for global fixed income 0 - 10%. As of June 30, 2005, the Diversified Fund had 7% (\$3,265,537.84) exposure to international equity and 0% exposure to global fixed income.
2. The Diversified Fund is subject to exchange rate risk on these investments, which does ultimately impact performance.
3. The market value of all international investments is reported in United States Dollars (securities held by international investment managers).
4. Direct currency hedging is not permissible under the current investment policy guidelines.

Condensed financial information for the investment pool follows:

Statement of Net Assets - June 30, 2005

Assets

| | |
|---------------------|-------------------------|
| Cash | \$ 10,703,990.77 |
| Investments | 157,445,069.61 |
| Interest Receivable | <u>161,914.26</u> |
| | <u>\$168,310,974.64</u> |

Net Assets Held in Trust for Pool Participants

| | |
|------------------|-------------------------|
| Internal Portion | \$ 10,994,502.03 |
| External Portion | <u>157,316,472.61</u> |
| | <u>\$168,310,974.64</u> |

Statement of Changes in Net Assets - Year Ended June 30, 2005

Revenues

| | |
|--|--------------------|
| Interest Income | \$ 4,674,812.30 |
| Net Increase (Decrease) in Fair Value of Investments | <u>-945,372.36</u> |
| Total Revenues | \$ 3,729,439.94 |

Expenses

| | |
|---|-------------------------|
| Operating Expenses | |
| Administrative Expenses | <u>434,303.05</u> |
| Net Increase (Decrease) in Assets Resulting from Operations | \$ 3,295,136.89 |
| Distribution to Participants | -13,131,964.50 |
| Capital Transactions | <u>13,609,344.43</u> |
| Total Increase (Decrease) in Net Assets | \$ 3,772,516.82 |
| Net Assets July 1, 2004 | <u>164,538,457.82</u> |
| Net Assets June 30, 2005 | <u>\$168,310,974.64</u> |

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2005.

| | <u>June 30, 2005</u> |
|--|-------------------------|
| Student Tuition and Fees | \$18,878,325.55 |
| Auxiliary Enterprises and Other Operating Activities | 13,783,869.01 |
| Federal Financial Assistance | 80,849,981.31 |
| State General Appropriations Allotment | |
| Georgia State Financing and Investment Commission | 8,769,447.24 |
| Margin Allocation Funds | 7,458,093.00 |
| Other | 125,580,498.96 |
| Sub Total | <u>255,320,215.07</u> |
| Less Allowance for Doubtful Accounts | <u>11,665,181.41</u> |
| Net Accounts Receivable | <u>\$243,655,033.66</u> |

Note 4. Inventories

Inventories consisted of the following at June 30, 2005.

| | <u>June 30, 2005</u> |
|----------------|------------------------|
| Bookstore | \$12,076,231.57 |
| Food Services | 1,504,514.95 |
| Physical Plant | 1,953,664.23 |
| Other | 3,306,130.98 |
| Total | <u>\$18,840,541.73</u> |

Note 5. Notes/Loans Receivable

Notes/Loans receivable primarily consist of student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30, 2005. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University System for amounts cancelled under these provisions. As the University System determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University System has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2005 the allowance for uncollectible loans was approximately \$1,619,512.22.

Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2005:

| | Restated Beg. Bal. July 1, 2004 | Additions | Reductions | End. Bal. June 30, 2005 |
|--|--|------------------|-------------------|------------------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$131,762,706.86 | \$24,222,468.59 | \$365,000.00 | \$155,620,175.45 |
| Capitalized Collections | 15,590,660.58 | 567,880.00 | | 16,158,540.58 |
| Construction Work-in-Progress | 168,780,661.39 | 98,131,212.04 | 128,995,570.18 | 137,916,303.25 |
| Total Capital Assets Not Being Depreciated | 316,134,028.83 | 122,921,560.63 | 129,360,570.18 | 309,695,019.28 |
| Capital Assets, Being Depreciated: | | | | |
| Infrastructure | 238,467,934.97 | 14,595,636.17 | 1,276,420.97 | 251,787,150.17 |
| Building and Building Improvements | 3,696,888,629.85 | 531,047,150.81 | 32,837,638.84 | 4,195,098,141.82 |
| Facilities and Other Improvements | 212,413,146.36 | 15,233,978.19 | 1,885,397.51 | 225,761,727.04 |
| Equipment | 896,599,792.92 | 78,488,730.75 | 53,369,736.28 | 921,718,787.39 |
| Capital Leases | 172,680,957.93 | 65,420,123.51 | 5,457,974.98 | 232,643,106.46 |
| Library Collections | 527,010,192.45 | 31,198,021.76 | 1,488,942.97 | 556,719,271.24 |
| Capitalized Collections | 1,426,510.99 | 41,513.33 | 10,750.00 | 1,457,274.32 |
| Total Assets Being Depreciated | 5,745,487,165.47 | 736,025,154.52 | 96,326,861.55 | 6,385,185,458.44 |
| Less: Accumulated Depreciation | | | | |
| Infrastructure | 44,530,151.47 | 3,748,032.17 | 145,165.99 | 48,133,017.65 |
| Buildings | 1,116,124,440.68 | 99,355,993.00 | 13,469,602.43 | 1,202,010,831.25 |
| Facilities and Other improvements | 64,548,425.84 | 6,185,865.73 | 853,863.95 | 69,880,427.62 |
| Equipment | 599,165,278.55 | 75,054,690.60 | 41,680,824.01 | 632,539,145.14 |
| Capital Leases | 14,897,023.14 | 11,008,155.43 | 2,676,948.81 | 23,228,229.76 |
| Library Collections | 397,966,672.52 | 25,050,735.98 | 1,347,033.16 | 421,670,375.34 |
| Capitalized Collections | 603,140.14 | 28,541.25 | 921.84 | 630,759.55 |
| Total Accumulated Depreciation | 2,237,835,132.34 | 220,432,014.16 | 60,174,360.19 | 2,398,092,786.31 |
| Total Capital Assets, Being Depreciated, Net | 3,507,652,033.13 | 515,593,140.36 | 36,152,501.36 | 3,987,092,672.13 |
| Capital Assets, net | \$3,823,786,061.96 | \$638,514,700.99 | \$165,513,071.54 | \$4,296,787,691.41 |

Note 7. Deferred Revenue

Deferred revenue consisted of the following at June 30, 2005.

| | <u>June 30, 2005</u> |
|--------------------------|-------------------------|
| Prepaid Tuition and Fees | \$95,368,798.63 |
| Research | 37,334,963.90 |
| Other Deferred Revenue | <u>44,233,295.32</u> |
| Totals | <u>\$176,937,057.85</u> |

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005 was as follows:

| | <u>Beg. Bal.</u> <u>July 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | <u>End. Bal.</u> <u>June 30, 2005</u> | <u>Current</u> <u>Portion</u> |
|------------------------------------|---|-------------------------|-------------------------|--|----------------------------------|
| Leases | | | | | |
| Lease Obligations | \$471,656,629.37 | \$225,028,957.01 | \$19,982,146.25 | \$676,703,440.14 | \$18,557,710.42 |
| Other Liabilities | | | | | |
| Deferred Revenue (noncurrent) | 1,973,595.20 | 234,890.36 | 468,595.20 | 1,739,890.36 | 37,487.29 |
| Compensated Absences | 131,781,521.99 | 102,775,086.88 | 93,914,883.22 | 140,641,725.65 | 82,008,479.18 |
| US DOE Settlement | 2,046,749.65 | | 376,531.33 | 1,670,218.32 | 426,167.36 |
| Notes & Loans | 2,505,614.80 | | 68,439.56 | 2,437,175.24 | 72,255.50 |
| Total | <u>138,307,481.64</u> | <u>103,009,977.24</u> | <u>94,828,449.31</u> | <u>146,489,009.57</u> | <u>82,544,389.33</u> |
| Total Long Term Obligations | <u>\$609,964,111.01</u> | <u>\$328,038,934.25</u> | <u>\$114,810,595.56</u> | <u>\$823,192,449.71</u> | <u>\$101,102,099.75</u> |

Note 9. Significant Commitments

The University System of Georgia had significant unearned, outstanding, construction or renovation contracts executed in the amount of \$54,046,086.97 as of June 30, 2005. This amount is not reflected in the accompanying basic financial statements.

Note 10. Lease Obligations

The University System of Georgia is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and also is obligated under capital leases and installment purchase agreements for the acquisition of real property.

CAPITAL LEASES

Several of the institutions in the University System of Georgia had capital leases as of June 30, 2005. Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2006 and 2035. Expenditures for fiscal year 2005 were \$55,355,840.69 of which \$35,373,694.44 represented interest. Total principal paid on capital leases was \$19,982,146.25 for the fiscal year ended June 30, 2005. Interest rates range from 2.87 percent to 9.14 percent.

Certain capital leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

Details for each capital lease are included with the individual institution financial report. Some of the major leases are listed below:

Georgia Institute of Technology

Georgia Institute of Technology had four capital leases with related parties in fiscal year 2005. In November 1997, Georgia Institute of Technology entered into a capital lease of \$21,560,000.00 for the Parker H. Petit Institute of Bioengineering and Biosciences Building with the Georgia Tech Research Corporation and Georgia Tech Facilities, Inc., both discretely presented component units. The lease term is for a 30-year period that began November 1997 and expires May 2028. At June 30, 2005 the remaining long-term debt obligation (principal) under the lease was \$19,495,000.00, and the amount due (principal and interest) in the next fiscal year is \$1,425,453.76.

In August 2001, Georgia Institute of Technology entered into a capital lease of \$142,298,200.00 with the Georgia Tech Foundation, Inc. for a complex of buildings collectively named "Technology Square". Georgia Tech Foundation, Inc. is a discretely presented component unit of the Institute. The lease term is for a 29-year period that began August 2003 and expires July 2032. At June 30, 2005 the remaining long-term debt obligation (principal) under the lease was \$137,275,320.00, and the amount due (principal and interest) in the next fiscal year is \$9,936,557.29.

In February 2001 Georgia Institute of Technology entered into a capital lease of \$44,980,000.00 with the Georgia Tech Foundation, Inc. for the Institute's Campus Recreation Center. As noted previously, Georgia Tech Foundation, Inc. is a discretely presented component unit of the Institute. The lease term is for a 30-year period that began February 2001 and expires February 2031. At June 30, 2005 the remaining long-term debt obligation (principal) under the lease was \$43,430,000.00, and the amount due (principal and interest) in the next fiscal year is \$3,068,017.52.

In May 2005 Georgia Institute of Technology entered into a capital lease of \$70,320,000.00 with Georgia Tech Facilities, Inc., a discretely presented component unit, for a complex of buildings collectively named "Married Family Housing". The lease term is for 25 years and expires in June, 2030. At June 30, 2005 the remaining long-term debt obligation under the lease was \$70,320,000.00 and the amount due (principal and interest) in the next fiscal year is \$4,742,545.02.

Georgia Institute of Technology also has one real property capital lease with an unrelated party. In June 2003, the Institute entered into a capital lease of \$64,029,360.00 with The University Financing Foundation for the Technology Square Research Building. The lease term is for a 23-year period that began June 2003 and expires June 2026. At June 30, 2005 the remaining long-term debt obligation (principal) under the lease was \$63,399,609.54 and the amount due (principal and interest) in the next fiscal year is \$4,012,528.01. The Institute may cancel the lease agreement under prescribed terms if sufficient appropriations, revenues, income, grants or

other funding sources are not available. The Institute is responsible for most operating costs such as repairs, utilities and insurance for this lease.

Georgia State University

Georgia State University has two capital leases associated with buildings. In July 2001, Georgia State University entered in to a capital lease valued at \$34,650,000.00 with an effective interest rate of 6.985 percent with the Georgia State University Foundation (Foundation), whereby the University leases the Student Recreation Center for a twenty-year period that began July 2001 and expires June 2021. In March 2000, the University entered into a capital lease valued at \$14,038,328.00 with an effective interest rate of 6.985 percent with the Foundation whereby the University leases the Alpharetta Center for a twenty-year period that began March 2000 and expires February 2020. The outstanding principal liability at June 30, 2005 on these capital leases is \$30,972,130.00 and \$11,951,903.15 respectively. Each year, the monthly payments for both of these leases will increase by the greater of 2% or the CPI. Georgia State University had no new capital building leases with related entities in the current fiscal year.

Georgia State University also has various capital leases for equipment with an outstanding balance at June 30, 2005 in the amount of \$703,875.00.

Medical College of Georgia

Medical College of Georgia has various leases for equipment with an outstanding balance at June 30, 2005 in the amount of \$2,755,796.76.

University of Georgia

The University of Georgia occupies six real properties and holds various equipment items under capital leases. The real property leases expire in fiscal years 2011, 2032, 2033, and three expire in 2034. The equipment capital leases expire between 2006 and 2010. Expenditures for fiscal year 2005 were \$12,362,027.39, of which \$9,459,657.79 represented interest and \$2,902,369.60 represented principal paid on capital leases. Interest rates range from 0.65 percent to 8.48 percent. The carrying values of assets held under capital lease, including the current liability portion, at June 30, 2005 were \$149,387,597.14.

All six of the University of Georgia's current real property capital leases are with the University of Georgia Real Estate Foundation (UGAREF), a related entity. In June of 2001, the University of Georgia entered into a capital lease with the UGAREF whereby the University leases a building for a 10-year period that began June 1, 2001 and expires June 30, 2011. In August of 2001, the University of Georgia entered into a second capital lease with the UGAREF, whereby the University leases the Carlton Street Parking Deck for a 30-year period that began September 30, 2001 and expires August 31, 2031. In November of 2002, the University of Georgia entered into the third capital lease with the UGAREF whereby the University leases the East Village Parking Deck for a 30-year period that began on November 1, 2002 and expires July 31, 2032. In September of 2003, The University of Georgia entered into the fourth capital lease with The University of Georgia Real Estate foundation, whereby, the University leases the Complex Carbohydrate Research Center for a 30-year period that began on September 25, 2003 and expires September 30, 2033. The University of Georgia entered into the fifth and sixth capital

leases with The University of Georgia Real Estate Foundation, whereby the University leases the East Campus Village dormitory complex and the East Village Commons dining hall for a 30 year period that began July 1, 2004, and expires June 30, 2005. The outstanding liability at June 30, 2005 on these capital leases is \$148,387,597.14.

Georgia Southern University

Georgia Southern University had one capital lease with related entities in the current fiscal year. In September 2003, Georgia Southern University entered into a capital lease of \$42,668,051.33 (recorded at Net Present Value of Lease Payments) at 4.89 percent with the Georgia Southern University Housing Foundation, Inc. an affiliated organization, whereby the University leases Land and Buildings for a twenty-seven year period that began September 2003 and expires October 2031. The outstanding liability at June 30, 2005 on this capital leases is \$41,040,443.18.

Georgia Southern University also has various capital leases for equipment with an outstanding balance at June 30, 2005 in the amount of \$424,327.72.

Valdosta State University

Valdosta State University had two capital leases with related entities in the current fiscal year. In 2005, Valdosta State University entered into a capital lease of \$19,285,471.00 at a varying interest rate with the Valdosta State University Foundation Real Estate I, LLC. The University leases a Centennial Hall, a housing unit located on Sustella Avenue for a twenty-five year period. In July of 2004, the University entered into a capital lease of \$1,141,194.06 at 6.25 percent with the Valdosta State University Foundation, also a related party, whereby the University leases a building for a six-year period. The outstanding liability at June 30, 2005 on these capital leases is \$18,956,090.22 and \$979,334.21 respectively.

Valdosta State University also has various capital leases for equipment with an outstanding balance at June 30, 2005 in the amount of \$55,629.13.

Kennesaw State University

Kennesaw State University had five capital leases with Kennesaw State University Foundation, Inc., a discretely presented component unit, in the current fiscal year.

In May 2002, Kennesaw State University entered into a capital lease of \$3,965,767.73 at 9.14 percent whereby the University leases nine houses for a twenty-five-year period that expires April 2027. The outstanding liability at June 30, 2005 on this capital lease is \$3,775,691.36.

In August 2002, the University entered into a capital lease of \$21,016,937.82 at 4.7 percent whereby the University leases two parking decks for a twenty-four-year period that expires July 2026. In August 2003, the lease payments increased because additional space was added to one of the decks, bringing the value of the lease to \$24,093,887.21. The decks are constructed on land owned by the University and leased to Kennesaw State University Foundation, Inc. for \$1.00 annually for a period of 25 years commencing in June 2001. At the expiration of the

ground lease, ownership of the parking decks transfers to the University. The outstanding liability at June 30, 2005 on this capital lease is \$22,327,339.50.

In January 2004, the University entered into a capital lease of \$2,718,027.73 at 5.5 percent whereby the University leases a portion of a building for a twenty-five-year period that expires June 2029. The University has the right of first refusal to lease additional space in the building complex. Should the cumulative value of the rent payments equal the value of the Foundation's financing instrument and all additional rent under the terms of the agreement, Kennesaw State University Foundation, Inc. will gift the property to the University. In December 2004, the University entered into a capital lease at 7.2% for additional space in the complex, bringing the value of the lease to \$3,378,929.27. The outstanding liability at June 30, 2005 on these capital leases is \$3,271,876.90.

In February 2004, the University entered into a capital lease of \$200,000.00 at 2.0 percent whereby the University leases a house for a fifteen-year period that expires January 2019. The outstanding liability at June 30, 2005 on this capital lease is \$183,569.35.

In September 2004, the University entered into a capital lease of \$14,323,133.54 at 5.79 percent whereby the University leases a parking deck for a twenty-five year period that began September 2004 and expires August 31, 2029. The deck is constructed on land owned by the University and leased to Kennesaw State University Foundation, Inc. for \$197,600.00 annually for a period of twenty-five years commencing in July 2005. At the expiration of the ground lease, ownership of the parking deck transfers to the University. The outstanding liability at June 30, 2005 on this capital lease is \$14,037,349.82.

Georgia Perimeter College

Georgia Perimeter College has one capital lease on the Gwinnett University Center. In November 2001, Georgia Perimeter entered into this 22-year lease with an implicit interest rate of 5.15 percent. Current outstanding balance as of June 30, 2005 is \$15,866,074.54. This lease will expire in 2023.

University System Office

The University System Office entered into five new Capital Lease Obligations in the current year. In September 2004, the University System Office entered into a capital lease of \$12,027,359.68 at 4.88 percent for an office building with the Daniels Bridge Technology Center, LLC. The lease term for the building is a twenty-year period that began October 2004, and expires September 2025. The University System Office may cancel the lease agreement at the end of any fiscal year when sufficient appropriations, revenues, income, grants or other funding sources are not available. The University System Office has the option to purchase the property for the redemption price and the payment of \$10.

In December 2004, lease obligation number 216 was completed for Optical Fiber Use for a principal amount of \$2,684,626.00 at an interest rate of 4.47 percent. In February 2005, lease obligation number 224 was completed for numerous items of equipment for a principal amount of \$2,995,012.10 at an interest rate of 4.95 percent. In June 2005, lease obligation numbers 232 and 240 were completed for numerous items of equipment for principal amounts of

\$1,737,387.00 and \$1,448,479.97 respectively, at an interest rate of 5.65 percent. All of the above obligations were entered into with SunTrust Bank and have maturity dates during FY 2010.

OPERATING LEASES

The University System of Georgia's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2007 through 2030. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancelable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Examples of property under operating leases are copiers and other small business equipment. System-wide remaining payments on operating leases total \$120,883,297.73.

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2005, were as follows:

| Year Ending June 30: | Year | <u>Total Capital Leases</u> | <u>Total Operating Leases</u> |
|---------------------------------|-------|---------------------------------|-----------------------------------|
| 2006 | 1 | \$56,507,535.42 | \$23,085,251.23 |
| 2007 | 2 | 55,915,027.76 | 9,711,417.93 |
| 2008 | 3 | 55,366,355.09 | 7,491,042.85 |
| 2009 | 4 | 54,818,343.67 | 6,377,227.52 |
| 2010 | 5 | 53,249,455.19 | 6,062,842.93 |
| 2011 through 2015 | 6-10 | 259,275,262.20 | 23,279,231.83 |
| 2016 through 2020 | 11-15 | 266,515,296.86 | 14,600,993.28 |
| 2021 through 2025 | 16-20 | 238,233,909.33 | 15,445,293.72 |
| 2026 through 2030 | 21-25 | 176,126,597.79 | 14,829,996.44 |
| 2031 through 2035 | 26-30 | 60,217,089.78 | |
| 2036 through 2040 | 31-35 | | |
| 2041 through 2045 | 36-40 | | |
| Total minimum lease payments | | <u>1,276,224,873.09</u> | <u>\$120,883,297.73</u> |
| Less: Interest | | 584,314,609.98 | |
| Less: Executory costs (if paid) | | <u>15,206,822.97</u> | |
| Principal Outstanding | | <u>\$676,703,440.14</u> | |

Note 11. Retirement Plans

Teachers Retirement System of Georgia

Plan Description

The University System of Georgia participates in the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly. TRS provides retirement allowances and other benefits for plan participants. TRS provides service retirement, disability retirement, and survivor's benefits for its members in accordance with State statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the TRS offices or from the Georgia Department of Audits and Accounts.

Funding Policy

Employees of the University System of Georgia who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. The University System of Georgia makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2005, the employer contribution rate was 9.24% for covered employees. Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Percentage Contributed</u> | <u>Required Contribution</u> |
|--------------------|-------------------------------|------------------------------|
| 2005 | 100% | \$106,062,476.85 |
| 2004 | 100% | \$106,773,703.51 |
| 2003 | 100% | \$106,408,437.39 |

Employees' Retirement System of Georgia

Plan Description

The University System of Georgia participates in the Employees' Retirement System of Georgia (ERS), a single-employer defined benefit pension plan established by the General Assembly of Georgia for the purpose of providing retirement allowances for employees of the State of Georgia.

The benefit structure of ERS is defined by State statute and was significantly modified on July 1, 1982. Unless elected otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old plan and new plan, members become vested after 10 years of creditable service. A member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 65. If 10 years of service is completed and age 60 is reached, the member may retire with a reduced benefit. Additionally, there are certain provisions allowing for retirement after 25 years of service regardless of age.

Retirement benefits paid to members are based upon a formula which considers the monthly average of the member's highest twenty-four consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Postretirement cost-of-living adjustments are also made to member's benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension at reduced rates to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

In addition, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan (SRBP) effective January 1, 1998. The SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC 415.

The ERS issues a financial report each fiscal year, which may be obtained through ERS.

Funding Policy

As established by State statute, all full-time employees of the State of Georgia and its political subdivisions, who are not members of other state retirement systems, are eligible to participate in the ERS. Both employer and employee contributions are established by State statute.

Under the old plan, member contributions consist of 7.16% of annual compensation. Of these member contributions, the employee pays the first 1.5% and the University System pays the remainder on behalf of the employee. Under the new plan, member contributions consist solely of 1.5% of annual compensation paid by employee. The University System also is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation.

Total contributions to the plan made during fiscal year 2005 amounted to \$368,058.04, of which \$284,942.51 was made by the University System and \$84,020.99 was made by employees. These contributions met the requirements of the plan.

Actuarial and Trend Information

Actuarial and historical trend information is presented in the ERS June 30, 2005, financial report, which may be obtained through ERS.

Regents Retirement Plan

Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. 47-21-1 et.seq. and is administered by the Board of Regents of the University System of Georgia. O.C.G.A. 47-3-68(a) defines who may participate in the Regents Retirement Plan. An “eligible university system employee” is a faculty member or a principal administrator, as designated by the regulations of the Board of Regents. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State Statute and as advised by their independent actuary. For fiscal year 2005, the employer contribution was 9.65% of the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University System of Georgia and the covered employees made the required contributions of \$64,013,570.64 (9.65%) and \$32,852,619.33 (5%), respectively.

AIG-VALIC, American Century, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

Georgia Defined Contribution Plan

Plan Description

The University System of Georgia participates in the Georgia Defined Contribution Plan (GDGP) which is a single-employer defined contribution plan established by the General Assembly of Georgia for the purpose of providing retirement coverage for State employees who are temporary, seasonal, and part-time and are not members of a public retirement or pension system. GDGP is administered by the Board of Trustees of the Employees' Retirement System of Georgia.

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board of Trustees. If a member has less than \$ 3,500.00 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

Contributions

Member contributions are seven and one-half percent (7.5%) of gross salary. There are no employer contributions. Contribution rates are established by State statute. Earnings are credited to each member's account in a manner established by the Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

Total contributions made by employees during fiscal year 2005 amounted to \$6,109,564.65 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

The Georgia Defined Contribution Plan issues a financial report each fiscal year, which may be obtained from the ERS offices.

Note 12. Risk Management

The University System of Georgia offers its employees and retirees access to two different self-insured healthcare plan options – a PPO/PPO Consumer healthcare plan, and an indemnity healthcare plan. The University System of Georgia and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. The respective self-insured healthcare plan options are included in the financial statements of the Board of Regents of the University System of Georgia – University System Office. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these two plans are considered to be a self-sustaining risk fund. Both self-insured healthcare plan options provide a maximum lifetime benefit of \$2,000,000 per person. The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the two self-insured healthcare plan products. In addition to the two different self-insured healthcare plan options offered to the employees of the University System of Georgia, two fully insured HMO healthcare plan options are also offered to System employees.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. The University System of Georgia, as an organizational unit of the Board of Regents of the University System of Georgia, is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the Official Code of Georgia Annotated Section 45-9-1. The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the

performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 13. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditures that are disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the University System of Georgia expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the University System of Georgia, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005.

Note 14. Post-Employment Benefits Other Than Pension Benefits

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the employee.

As of June 30, 2005, there were 12,178 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2005, the University System of Georgia recognized as incurred \$49,212,798.28 of expenditures, which was net of \$18,141,227.28 of participant contributions.

Note 15. Natural Classifications with Functional Classifications

The University System's operating expenses by functional classification for FY2005 are shown below:

| Natural Classification | Functional Classification FY2005 | | | | | |
|------------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Instruction | Research | Public Service | Academic Support | Student Services | Institutional Support |
| | Faculty | \$591,725,381.02 | \$194,951,323.17 | \$49,280,681.26 | \$11,180,326.37 | \$599,842.07 |
| Staff | 213,267,793.23 | 224,405,005.34 | 128,915,814.78 | 161,937,789.41 | 92,129,854.66 | 197,024,766.56 |
| Benefits | 333,625,240.57 | 75,184,319.05 | 40,709,648.61 | 42,545,171.28 | 21,706,021.88 | 69,966,592.29 |
| Personal Services | 1,908,620.92 | 323,809.78 | 683,581.96 | 90,725.36 | 76,704.39 | 146,322.37 |
| Travel | 10,875,197.68 | 16,999,835.18 | 5,381,799.47 | 3,271,125.10 | 1,763,168.76 | 2,791,203.99 |
| Scholarships and Fellowships | (1,086,742.40) | 1,917,942.96 | 929,368.71 | 243,346.15 | 2,215,142.30 | 2,672,687.19 |
| Utilities | 7,139,853.90 | 1,621,359.00 | 20,392,314.18 | 2,747,579.81 | 1,717,018.56 | 9,831,531.52 |
| Supplies and Other Services | 130,202,792.51 | 190,468,326.68 | 129,024,795.79 | 77,784,050.07 | 50,274,838.01 | 340,323,047.51 |
| Depreciation | 35,656,058.13 | 18,802,797.35 | 5,731,880.94 | 25,614,788.14 | 3,042,580.17 | 14,023,470.47 |
| Total Expenses | \$1,323,314,195.56 | \$724,674,718.51 | \$381,049,885.70 | \$325,414,901.69 | \$173,525,170.80 | \$638,303,116.65 |

| Natural Classification | Functional Classification FY2005 | | | | | |
|------------------------------|-------------------------------------|----------------------------|-------------------------|------------------------|-------------------------|---------------------------|
| | Plant Operations & Maintenance | Scholarships & Fellowships | Auxiliary Enterprises | Unallocated Expenses | MCG only Patient Care | Total Expenses |
| | Faculty | \$125,332.04 | \$69,516.00 | \$799,132.14 | \$0.00 | \$5,267,556.33 |
| Staff | 109,416,250.65 | 20,238.38 | 94,887,822.42 | 13,291.60 | 63,007,420.00 | 1,285,026,047.03 |
| Benefits | 28,016,088.48 | 25,367.57 | 21,342,913.08 | 6,345.13 | 17,139,172.16 | 650,266,880.10 |
| Personal Services | (7,409,330.93) | | 7,407,961.99 | | | 3,228,395.84 |
| Travel | 298,204.99 | 7,516.16 | 1,196,924.64 | | 229,948.98 | 42,814,924.95 |
| Scholarships and Fellowships | 30,000.00 | 143,432,060.37 | 11,489,350.36 | | | 161,843,155.64 |
| Utilities | 81,829,437.01 | | 16,659,925.57 | | 272,156.09 | 142,211,175.64 |
| Supplies and Other Services | 111,952,172.15 | 39,089.35 | 186,039,197.89 | 48,178.17 | 86,271,827.77 | 1,302,428,315.90 |
| Depreciation | 26,213,671.39 | 52.95 | 25,633,403.28 | 65,713,311.34 | | 220,432,014.16 |
| Total Expenses | \$350,471,825.78 | \$143,593,840.78 | \$365,456,631.37 | \$65,781,126.24 | \$172,188,081.33 | \$4,663,773,494.41 |

Note 16. Component Units

Georgia Institute of Technology

Georgia Tech Athletic Association (Association) is a legally separate, tax-exempt affiliate of the Georgia Institute of Technology (Institute). The Association administers the Institute's intercollegiate athletics program, including fund-raising to support scholarships. The 14-member association board of trustees is appointed predominantly by the President of the Georgia Institute of Technology, and consists of faculty, alumni, students, and friends of the Institute. Although the Institute does not control the timing or amount of receipts and disbursements, all of the Association's resources are restricted to support the intercollegiate athletic program for Georgia Tech. Because the resources are used for the benefit of the Institute, the Association is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Association is a private nonprofit organization that reports under GASB standards, the same used by the Institute. The Association's financial information has been condensed, and expenses have been converted from functional to natural classification for presentation within the Institute's financial statements. The Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Association distributed \$4,672,816.87 to the Institute for scholarships and \$3,398,077.78 in other payments that were either expense reimbursements or support for Institute programs. The Institute distributed to the Association, \$1,991,697.34 in (net) fees collected from students for support of the intercollegiate athletic program. Complete financial statements for the Association can be requested at the following address:

Georgia Tech Athletic Association
150 Bobby Dodd Way, NW
Atlanta, GA 30332-0455
Attention: Mollie Simmons Mayfield
Assistant Director of Athletics

Georgia Advanced Technology Ventures, Inc. (GATV) is a Georgia non-profit organization formed to support Georgia Institute of Technology's technology transfer and economic development mission and its Advanced Technology Development Center (ATDC) incubator program. GATV provides capital and operating support for technology transfer and economic activities including ATDC incubator facilities and services to ATDC affiliated companies.

GATV is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. Georgia Advanced Technology Ventures fiscal year is July 1 through June 30.

Complete financial statements for GATV can be requested at the following address:

Georgia Advanced Technology Ventures, Inc.
Treasurer's Office
Lyman Hall, Room 315
Atlanta, GA 30332-0257
Attention: Joel Hercik

Georgia Tech Alumni Association (Alumni Association) is a legally separate, tax-exempt affiliate of the Georgia Institute of Technology (Institute). The Alumni Association acts primarily as a point of contact with the Institute's alumni, prospective students, and friends for outreach and development. The 43-member Alumni Association board of trustees is self-perpetuating and consists of alumni and friends of the Institute. Although the Institute does not control the timing or amount of receipts from the Alumni Association, the majority of resources or income thereon that the Alumni Association holds and invests is restricted to support the Alumni Association's mission of serving and promoting the alumni of the Institute. Because resources held by the Alumni Association are used by, or for the benefit of, the Institute, the Alumni Association is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Alumni Association is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from the Institute's GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. The Alumni Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Alumni Association paid \$801,262.00 to the Institute primarily for employee salary and insurance costs. The Institute funded \$145,497.00 in Alumni Association costs in support of that unit's communication and outreach mission. The Alumni Association also received \$3,599,884.00 in funding support from the Georgia Tech Foundation, Inc., another component unit of the Institute. Complete financial statements for the Alumni Association can be requested at the following address:

Georgia Tech Alumni Association
190 North Avenue
Atlanta, GA 30313
Attention: Controller

Georgia Tech Facilities, Inc., (Facilities) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). Facilities constructs research and auxiliary buildings and other structures for use by the Institute and then leases the completed buildings/structures to the Institute. The eight-member Facilities board is appointed by the President of the Georgia Institute of Technology and consists of alumni and friends of Georgia Tech. Although the Institute does not control the timing or amount of receipts and disbursements for Facilities, its resources and income are restricted to support the construction activities of Georgia Tech. Because the restricted resources held by Facilities can only be used by, or for the

benefit of, the Institute, Facilities is considered a component unit of Georgia tech and is discretely presented in the Institute's financial statements.

The Georgia Tech Facilities, Inc is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. Facilities fiscal year is July 1 through June 30.

Investments carried as capital assets valued at \$208,717,000.00 and bonds payable are included in Facilities financial statements. The corresponding buildings and associated long-term debt are included in the Institute's report. Note 10 of this financial report provides information on related party leases. Complete financial statements for Facilities can be requested at the following address:

Georgia Tech Facilities, Inc.
Treasurer's Office
Lyman Hall, Room 315
Atlanta, GA 30332-0257
Attention: Joel Hercik

Georgia Tech Foundation, Inc., (Foundation) is a legally separate, tax-exempt affiliate of the Georgia Institute of Technology (Institute). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Institute in support of its programs. The Foundation board of trustees is self-perpetuating and consists of forty-five (45) elected trustees, who are alumni of the Institute and five (5) ex-officio trustees. Although the Institute does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted for support of the Institute. Because the resources held by the Foundation are used by, or for the benefit of, the Institute, the Foundation is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from the Institute's GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$49,839,000.00 to the Institute for restricted and unrestricted purposes. Note 9 of this financial report provides information on related party leases between the Foundation and the Institute.

Complete financial statements for the Foundation can be requested at the following address:

Georgia Tech Foundation, Inc.
Controller's Office
760 Spring Street, N.W., Suite 400
Atlanta, GA 30308

Georgia Tech Research Corporation and its subsidiary Georgia Tech Applied Research Corporation (referred to in the singular as GTRC in this document) are legally separate, tax-exempt component units of the Georgia Institute of Technology (Institute). GTRC functions as the prime contractor for most sponsored research conducted at Georgia Tech and subcontracts with the Institute for faculty and staff services. GTRC's 12-member board of trustees is self-perpetuating and consists of senior Institute administrators, alumni, and supporters of Georgia Tech. GTRC's income and resources are restricted to support research mission objectives of Georgia Tech. Because resources held by GTRC are restricted for use in support of the Institute, GTRC is considered a component unit of Georgia Tech and is discretely presented in the Institute's financial statements.

The Georgia Tech Research Corporation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. The Research Corporation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, GTRC distributed \$34,387,628.00 to the Institute, primarily as reimbursement for research and other sponsored activities conducted on campus. The Institute distributed \$3,187,047.72 to GTRC, primarily for related-party rental payments. Note 10 of this financial report provides information on related party leases. Complete financial statements for GTRC can be requested at the following address:

Georgia Tech Research Corporation
Director of Accounting and Reports
505 Tenth Street
Atlanta, GA 30332-0415

Investments for Component Units

The Georgia Tech Athletic Association utilizes the services of the Georgia Tech Foundation, Inc. for investment purposes. At June 30, 2005, the Foundation held \$61,369,437.00 in investments for the Athletic Association. This amount is reflected as a Due To/From Component Units on the Statement of Net Assets for the respective organizations.

Georgia Tech Alumni Association holds investments in mutual funds valued at \$578,346.00.

Georgia Tech Facilities, Inc. lists investments totaling \$208,717,000.00 on its balance sheet, which is composed of investments in U.S. Treasury Notes totaling \$65,458,000.00 and investments in real estate totaling \$143,259,000.00. The U. S. Treasury notes will be used to construct facilities that will be leased by Georgia Institute of Technology.

The Georgia Tech Foundation, Inc. (GTF) holds investments totaling \$1.0 billion as of June 30, 2005, of which \$310.8 million is the corpus of the endowment (permanently restricted). The corpus is nonexpendable, but the earnings on the investments may be spent in accordance with donor restrictions or in accordance with GTF's spending policy. GTF has established a spending policy in which up to 6% of the twelve (12) quarter average market value of the endowment funds is allocated from the earnings for expenditure. In fiscal year 2005, the Foundation allocated 5.35% of that average.

Georgia Tech Research Corporation (GTRC) holds investments in the amount of \$1.4 million. Investments consist of marketable securities.

Long –Term Liabilities for Component Units

The Georgia Tech Athletic Association, Inc. has one bond issue outstanding with a balance of \$108,465,000 and one unsecured note payable totaling \$1,012,694. The combined balance for the two is \$109,477,694. The bonds payable total does not include an unamortized discount of \$966,978 and an unamortized "swaption" premium of \$2,263,457. Proceeds from the bonds and note payable were used to finance the acquisition and/or construction of athletic related facilities. Interest rates on the bonds and note range from 4% to 5.5%. Detail of outstanding balances and current year activity for the long-term debt is shown in the statements, which follow.

Georgia Advanced Technology Ventures, Inc. has two long-term leases and two notes payable, one secured and one unsecured. The leases are for Centergy Floors 1-3 with an interest rate of 6.25% and Centergy Floors 4-5 with an interest rate of 7.75%. The balances for both leases total \$49,631,945.00. The secured note payable has a balance of \$6,000,000.00 and an interest rate of LIBOR plus 5.10%. The unsecured note has a balance of \$215,939.00 and an interest rate of 6%. There is \$605,641.00 in accrued interest payable associated with the discount on the capital lease.

Georgia Tech Facilities, Inc. has four bond issues outstanding with balances totaling \$175,155,000. The proceeds from the bond issues were used to acquire or construct (for the benefit of the Georgia Institute of Technology) the Habersham Building, which houses the Ivan Allen College, Bioengineering and Biosciences Building, Family Housing Complex, Klaus parking deck, and the Molecular Science and Engineering Building. Interest rates on the bonds range from 2% to 5.25%. Details of outstanding balances and current year activity for the four bond issues are shown in the statements, which follow.

Georgia Tech Foundation, Inc. has three bond issues outstanding with balances totaling \$222,055,000 (not including an unamortized bond discount of \$1,683,000). These serial and term bonds include both tax exempt and taxable instruments. The proceeds from the bond issues were used to construct (for the Georgia Institute of Technology) a new Campus Recreation Center and Technology Square, a complex of buildings which includes a bookstore, retail space, a hotel, professional education center, economic development building, parking deck, and an academic building which houses the College of Management. Interest rates on the bonds range from 3.0% to 6.6%. Details of outstanding balances and current year activity for the three bond issues are shown in the statements, which follow.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 3, 2005 | Amounts due within One Year |
|---|--------------------------------------|------------------------|-----------------------|-----------------------------------|-----------------------------------|
| Georgia Tech Foundation, Inc. | | | | | |
| Bonds Payable | | | | | |
| Series 2001A | \$44,220,000.00 | \$0.00 | \$790,000.00 | \$43,430,000.00 | \$825,000.00 |
| Series 2001A (Tax Exempt) | 109,255,000.00 | | 1,900,000.00 | 107,355,000.00 | 1,975,000.00 |
| Series 2002A (Taxable) | 72,585,000.00 | | 1,315,000.00 | 71,270,000.00 | 1,380,000.00 |
| Georgia Tech Facilities, Inc. | | | | | |
| Bonds Payable | | | | | |
| Series 1997A | 10,370,000.00 | | | 10,370,000.00 | |
| Series 1997B | 19,945,000.00 | | 235,000.00 | 19,710,000.00 | 245,000.00 |
| Series 2003 | 70,320,000.00 | | 450,000.00 | 69,870,000.00 | 470,000.00 |
| Series 2004 | 75,205,000.00 | | | 75,205,000.00 | 1,435,000.00 |
| Georgia Tech Athletic Association | | | | | |
| Bonds and Notes Payable | | | | | |
| Series 2001 and Note Payable | 112,536,503.00 | | 1,762,330.00 | 110,774,173.00 | 1,779,481.00 |
| Georgia Advanced Technology Ventures | | | | | |
| Capital Lease Payable | | | | | |
| Centergy Floor 1-5 | 33,365,772.00 | 23,087,753.00 | | 56,453,525.00 | 14,374.00 |
| Total Long Term Debt | <u>\$547,802,275.00</u> | <u>\$23,087,753.00</u> | <u>\$6,452,330.00</u> | <u>\$564,437,698.00</u> | <u>\$8,123,855.00</u> |

Debt Service Obligations

Annual debt service requirements to maturity for Georgia Tech Foundation, Inc. Series 2001A, 2002A, and 2002B bonds payable are as follows:

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|-------------------------|-------------------------|-------------------------|
| 2006 | 1 | \$4,180,000.00 | \$12,079,973.78 | \$16,259,973.78 |
| 2007 | 2 | 4,385,000.00 | 11,879,629.78 | 16,264,629.78 |
| 2008 | 3 | 4,605,000.00 | 11,662,200.03 | 16,267,200.03 |
| 2009 | 4 | 4,825,000.00 | 11,437,490.53 | 16,262,490.53 |
| 2010 | 5 | 5,060,000.00 | 11,203,636.65 | 16,263,636.65 |
| 2011 through 2015 | 6-10 | 29,685,000.00 | 51,584,868.85 | 81,269,868.85 |
| 2016 through 2020 | 11-15 | 39,445,000.00 | 41,821,414.47 | 81,266,414.47 |
| 2021 through 2025 | 16-20 | 47,005,000.00 | 29,440,424.40 | 76,445,424.40 |
| 2026 through 2030 | 21-25 | 57,960,000.00 | 15,293,067.00 | 73,253,067.00 |
| 2031 through 2032 | 26-30 | 24,905,000.00 | 1,326,603.00 | 26,231,603.00 |
| | | <u>\$222,055,000.00</u> | <u>\$197,729,308.49</u> | <u>\$419,784,308.49</u> |

Annual debt service requirements to maturity for Georgia Tech Facilities, Inc. Series 1997A, 1997B, 2003, and 2004 bonds payable are as follows:

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|-------------------------|-------------------------|-------------------------|
| 2006 | 1 | \$2,150,000.00 | \$8,449,238.78 | \$10,599,238.78 |
| 2007 | 2 | 2,550,000.00 | 8,383,616.28 | 10,933,616.28 |
| 2008 | 3 | 3,920,000.00 | 8,309,060.65 | 12,229,060.65 |
| 2009 | 4 | 4,040,000.00 | 8,186,708.76 | 12,226,708.76 |
| 2010 | 5 | 4,185,000.00 | 8,049,312.50 | 12,234,312.50 |
| 2011 through 2015 | 6-10 | 23,820,000.00 | 37,307,903.17 | 61,127,903.17 |
| 2016 through 2020 | 11-15 | 30,480,000.00 | 30,647,177.80 | 61,127,177.80 |
| 2021 through 2025 | 16-20 | 39,400,000.00 | 21,742,330.18 | 61,142,330.18 |
| 2026 through 2030 | 21-25 | 39,330,000.00 | 11,327,250.01 | 50,657,250.01 |
| 2031 through 2035 | 26-30 | 20,535,000.00 | 4,366,750.00 | 24,901,750.00 |
| 2036 through 2040 | 31-35 | 4,745,000.00 | 237,247.00 | 4,982,247.00 |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$175,155,000.00</u> | <u>\$147,006,595.13</u> | <u>\$322,161,595.13</u> |

Annual debt service requirements to maturity for the Georgia Tech Athletic Association Series 2001 bonds payable and unsecured note payable are as follows:

| Year Ending June 30: | Year | Bonds and Note Payable | | Total |
|----------------------|-------|-------------------------|------------------------|-------------------------|
| | | Principal | Interest | |
| 2006 | 1 | \$1,779,481.00 | \$5,554,895.00 | \$7,334,376.00 |
| 2007 | 2 | 1,855,480.00 | 5,475,095.00 | 7,330,575.00 |
| 2008 | 3 | 1,951,979.00 | 5,380,006.00 | 7,331,985.00 |
| 2009 | 4 | 2,052,978.00 | 5,279,962.00 | 7,332,940.00 |
| 2010 | 5 | 2,149,479.00 | 5,182,909.00 | 7,332,388.00 |
| 2011 through 2015 | 6-10 | 12,445,864.00 | 24,208,391.00 | 36,654,255.00 |
| 2016 through 2020 | 11-15 | 16,309,323.00 | 20,347,028.00 | 36,656,351.00 |
| 2021 through 2025 | 16-20 | 21,066,775.00 | 15,585,039.00 | 36,651,814.00 |
| 2026 through 2030 | 21-25 | 27,916,335.00 | 9,398,861.00 | 37,315,196.00 |
| 2031 through 2035 | 26-30 | 1,950,000.00 | 1,744,037.00 | 23,694,037.00 |
| 2036 through 2040 | 31-35 | | | 0.00 |
| 2041 through 2045 | 36-40 | | | 0.00 |
| | | <u>\$109,477,694.00</u> | <u>\$98,156,223.00</u> | <u>\$207,633,917.00</u> |
| Unamortized Premium | | 2,263,457.00 | | |
| Unamortized Discount | | (966,978.00) | | |
| | | <u>\$110,774,173.00</u> | | |

Annual debt service requirements to maturity for the Georgia Advanced Technology Ventures, Inc. capital lease payable are as follows:

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|------------------------|------------------------|-------------------------|
| 2006 | 1 | \$0.00 | \$3,020,724.12 | \$3,020,724.12 |
| 2007 | 2 | | 3,112,687.44 | 3,112,687.44 |
| 2008 | 3 | | 3,200,365.32 | 3,200,365.32 |
| 2009 | 4 | | 3,288,293.04 | 3,288,293.04 |
| 2010 | 5 | | 3,383,249.64 | 3,383,249.64 |
| 2011 through 2015 | 6-10 | 1,218,496.90 | 17,195,213.43 | 18,413,710.33 |
| 2016 through 2020 | 11-15 | 4,867,377.41 | 16,219,404.80 | 21,086,782.21 |
| 2021 through 2025 | 16-20 | 10,000,767.57 | 13,771,186.41 | 23,771,953.98 |
| 2026 through 2030 | 21-25 | 17,160,042.26 | 9,332,038.78 | 26,492,081.04 |
| 2031 through 2035 | 26-30 | 18,153,011.58 | 2,482,777.26 | 20,635,788.84 |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$51,399,695.72</u> | <u>\$75,005,940.24</u> | <u>\$126,405,635.96</u> |
| Unamortized Premium | | (\$1,767,750.72) | | |
| Unamortized Discount | | <u>6,821,580.00</u> | | |
| | | <u>\$56,453,525.00</u> | | |

Georgia State University

Georgia State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 37-member board of the Foundation, of which 6 members are ex-officio, is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. During the 2005 fiscal year, the Foundation adopted GASB Statement No. 35, *Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and University*, and has applied those statements having been defined a component unit of the University under the provisions of GASB Statement No. 39 *Determining Whether Certain Organizations Are Component Units*. The objective of the GASB in developing the new reporting standards is to enhance the understandability and usefulness of the external financial reports of state and local governments to the citizenry, legislative and oversight bodies and investors and creditors. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$6,686,723 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Ellen Burgin, Assistant Vice President Finance and Operations, Georgia State

University Foundation, P. O. Box 3963, Atlanta, GA 30302-3963 or in person at 1 Park Place South, Atlanta, GA.

Georgia State University Research Foundation (the Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants. The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the 2005 fiscal year, the Research Foundation adopted GASB Statement No. 35, *Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and University*, and has applied those statements having been defined a component unit of the University under the provisions of GASB Statement No. 30 *Determining Whether Certain Organizations Are Component Units*. The objective of the GASB in developing the new reporting standards is to enhance the understandability and usefulness of the external financial reports of state and local governments to the citizenry, legislative and oversight bodies and investors and creditors. The Research Foundation's fiscal year is July 1 through June 30.

At the end of Fiscal Year 2005, the Research Foundation had a Due to Primary Government of \$6,001,560 which is not reflected in the University's financial statements as a Due from Component Units. This amount includes \$1,600,092 of Accounts Receivable Federal Financial Assistance and \$4,401,468 of Accounts Receivable Other exclusive of Federal Pass-Thru. Additionally, the University shows \$6,510 in Due from Component Units that is reflected on the Research Foundation's financial statements as Accounts Payable.

During the year ended June 30, 2005, the Research Foundation paid to the University \$48,248,002 in grant revenue and \$809,067 for support of research activities. Complete financial statements for the Research Foundation can be obtained from the office of the Georgia State University Research Foundation, Inc., Alumni Hall, 30 Courtland Street, Suite 219, Atlanta, GA 30303.

Investments for Component Units:

Georgia State University Foundation holds endowment investments in the amount of \$75.2 million. The Foundation determines the spendable amounts for endowment funds using a total return formula and makes no spending allocations to restricted funds from the operating portfolio. Income from the operating portfolio is used to fund the Foundation's administrative activities pursuant to an unrestricted spending policy. The Trustees of the Foundation adopted an endowment spending policy that provides for the allocation of endowment funds at the rate of 70% of the previous year's allocation plus 30% of the current year's market values at a spending

rate of 4.5% of the market value of the endowment funds. A 1% management fee is used to fund the Foundation's administrative activities. The balance of the return is applied to the value of the endowment funds.

Georgia State University Foundation also holds investments in real property (land, buildings, net of depreciation) valued at \$62,380,196.04 (net of depreciation of \$16,844,619.27).

Investments:

| | |
|----------------------------|-------------------------------|
| U.S. Equity Funds | \$32,887,322.53 |
| International Equity Funds | 10,046,059.85 |
| Venture Capital Funds | 7,559,578.75 |
| Futures and Hedge Funds | 9,462,320.82 |
| Bond Funds | 19,883,393.26 |
| REIT's | 6,328,009.79 |
| Total Investments | <u>\$86,166,685.00</u> |

At June 30, 2005, the carrying value and fair value of Georgia State University Research Foundations investments was \$5,305,184. Investments are comprised of common stock and mutual funds. The common stock investment in the amount of \$322,335 is held by the Research Foundation. Other investments are held in Georgia State University Foundation's investment pool in the Research Foundation's name.

| | |
|----------------------------|------------------------------|
| Common Stock | \$5,305,184.00 |
| Corporate Bonds | |
| Investments in Real Estate | |
| Total Investments | <u>\$5,305,184.00</u> |

Long Term Liabilities for Component Units:

Changes in long-term liabilities for the fiscal year ended June 30, 2005 for the Foundation are as follows:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts Due Within One Year |
|--|--------------------------------------|---------------|-----------------------|------------------------------------|-----------------------------------|
| Rialto Center - Capital Lease | \$4,003,881.60 | \$0.00 | \$170,853.33 | \$3,833,028.27 | \$263,001.74 |
| Alpharetta Campus Facilities - Capital Lease | 7,602,675.00 | | 375,750.00 | 7,226,925.00 | 388,275.00 |
| Student Recreation Center - Bonds | 29,445,000.00 | | 1,430,000.00 | 28,015,000.00 | 1,490,000.00 |
| Piedmont Ellis - Promissory Note | 9,000,000.00 | | 166,668.00 | 8,833,332.00 | 8,833,332.00 |
| | <u>\$50,051,556.60</u> | <u>\$0.00</u> | <u>\$2,143,271.33</u> | <u>\$47,908,285.27</u> | <u>\$10,974,608.74</u> |

Rialto Center Facilities Capital Lease

During 1994, the Foundation purchased and has since renovated facilities currently occupied by the University's School of Music. The project included the purchase and renovation of two existing office buildings and the Foundation entered into a long term land lease for the renovation and use of an existing performing arts theater (Rialto Theater). The project is being

financed through contributions to the Foundation and through bonds issued by the Downtown Development Authority of the City of Atlanta (the "Authority") and loaned to The University Financing Foundation (TUFF). The Foundation has entered into long term lease commitments with TUFF to provide for the debt service payments on the bonds and other bond financing related expenses. The Foundation will in turn lease the facilities to the University through a series of one year renewable lease agreements. Title to the two office buildings will pass to the Foundation at the end of the lease period or the retirement of the bonds, whichever occurs first.

During 2004, the 1994 bonds issued by the Authority were refunded to obtain savings in debt service and to obtain funds for improvements to the Rialto Theater. Accordingly, the Authority entered into a new loan agreement with TUFF and a new agreement with the Foundation as the guarantor of the bonds. The guarantee is expressly limited to the unrestricted income and unrestricted assets of the Foundation. The terms of the long-term lease commitment between TUFF and the Foundation were modified to reflect the new interest rate of the bonds, the additional proceeds available for capital improvements, the additional bond financing-related expenses and extending the term of the lease through November 1, 2015. Pursuant to this transaction, the Foundation also formed Rialto Center, LLC, a single member LLC with the Foundation as the sole member, for the purpose of holding the related capital lease. Financial statements of the Foundation incorporate the financial activities of Rialto Center, LLC. Interest expense relating to the TUFF lease obligation for the year ended June 30, 2005 amounted to \$344,030.

Annual debt service requirements to maturity for the Rialto Center Capital Lease are as follows:

Rialto Capital Lease

| Year Ending June 30: | Year | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|------|-----------------------|-----------------------|-----------------------|
| 2006 | 1 | \$263,001.74 | \$249,782.26 | \$512,784.00 |
| 2007 | 2 | 281,245.56 | 231,538.44 | 512,784.00 |
| 2008 | 3 | 300,754.89 | 212,029.11 | 512,784.00 |
| 2009 | 4 | 321,617.54 | 191,166.46 | 512,784.00 |
| 2010 | 5 | 343,927.38 | 168,856.62 | 512,784.00 |
| 2011 through 2015 | 6-10 | 2,112,367.21 | 451,552.79 | 2,563,920.00 |
| 2016 | 11 | 210,113.95 | 3,546.05 | 213,660.00 |
| | | <u>\$3,833,028.27</u> | <u>\$1,508,471.73</u> | <u>\$5,341,500.00</u> |

Alpharetta Campus Facilities Capital Lease

On September 23, 1998, \$10,600,000 of revenue bonds were issued by the Development Authority of Alpharetta, Georgia (the "Authority") for the purpose of financing the costs of acquiring, constructing and installing educational facilities located in the City of Alpharetta to be leased by the Foundation. The bonds are special limited obligation bonds payable by the Development Authority from lease payments made to it by the Foundation. The lease obligates the Foundation, on a limited recourse basis, to make lease payments sufficient to pay 83.5% of

principal and interest on the bonds with the balance to be paid by the Authority. The Foundation will in turn sublease the facilities to the Board of Regents of the University System of Georgia (Board of Regents) for the use of the University. The liability of the Foundation is limited to the interest of the Foundation in the project and the rents, profits, issues, products and proceeds thereof. The City of Alpharetta is obligated to make 100% of the principal and interest payments on the bonds to the extent rental payments derived from the project are insufficient for such purposes. Interest expense related to lease obligations with the Authority amounted to \$332,019 for the year ended June 30, 2005.

Annual debt service requirements to maturity for the Alpharetta Campus Facilities Capital Lease are as follows:

Alpharetta Capital Lease

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|----------------|----------------|----------------|
| 2006 | 1 | \$388,275.00 | \$314,614.41 | \$702,889.41 |
| 2007 | 2 | 404,975.00 | 298,973.68 | 703,948.68 |
| 2008 | 3 | 421,675.00 | 282,469.35 | 704,144.35 |
| 2009 | 4 | 438,375.00 | 264,956.94 | 703,331.94 |
| 2010 | 5 | 455,075.00 | 246,318.72 | 701,393.72 |
| 2011 through 2015 | 6-10 | 2,584,325.00 | 904,295.82 | 3,488,620.82 |
| 2016 through 2019 | 11-14 | 2,534,225.00 | 240,340.65 | 2,774,565.65 |
| | | \$7,226,925.00 | \$2,551,969.57 | \$9,778,894.57 |

Student Recreation Center Bond

On October 15, 1998, \$33,430,000 of revenue bonds were issued by the Atlanta Development Authority (ADA) with the proceeds to be loaned to the Foundation for the purpose of financing the acquisition, construction, improvement and equipping of a student recreation center for the benefit of the University. The bonds are special limited obligation bonds of the ADA payable from funds received from the Foundation pursuant to a promissory note between the ADA and the Foundation. The Foundation leases the facilities to the Board of Regents for the use of the University. The Foundation's liability on the note is limited to its interest in the project and the rents and revenues from the project, including amounts received pursuant to the rental agreement with the Board of Regents. Payment of principal and interest on the bonds are insured by AMBAC Assurance Corporation. Principal payments are to be made annually to October 1, 2018. Interest is paid semi-annually also through 2018 at a rate specified in the revenue bonds ranging from 3.60% to 4.60%. During 2005, interest expense, in the amount of \$1,274,165 has been charged to operations.

Annual debt service requirements to maturity for the Student Recreation Center Bonds are as follows:

Student Recreation Center Bonds

| Year Ending June 30: | Year | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-------|------------------------|-----------------------|------------------------|
| 2006 | 1 | \$1,490,000.00 | \$1,216,338.36 | \$2,706,338.36 |
| 2007 | 2 | 1,550,000.00 | 1,155,386.68 | 2,705,386.68 |
| 2008 | 3 | 1,615,000.00 | 1,090,576.64 | 2,705,576.64 |
| 2009 | 4 | 1,680,000.00 | 1,021,464.96 | 2,701,464.96 |
| 2010 | 5 | 1,755,000.00 | 948,220.00 | 2,703,220.00 |
| 2011 through 2015 | 6-10 | 10,035,000.00 | 3,470,489.18 | 13,505,489.18 |
| 2016 through 2019 | 11-14 | 9,890,000.00 | 889,041.68 | 10,779,041.68 |
| | | <u>\$28,015,000.00</u> | <u>\$9,791,517.50</u> | <u>\$37,806,517.50</u> |

Piedmont/Ellis Promissory Note

The Foundation, as sole member of Piedmont/Ellis, LLC has entered into a \$9 million promissory note with a financial entity to finance the purchase of land and buildings. The note has an interest rate of 4.0% per annum above the Commercial Paper Rate, secured by the associated real and personal property and is payable over 24 consecutive months of interest only, ten equal monthly installments of \$27,778 with principal payments beginning January 2005 with a balloon payment of \$8,833,332 due November 2005.

Annual debt service requirements to maturity for the Piedmont Ellis Promissory Note are as follows:

Piedmont Ellis Promissory Note

| Year Ending June 30: | Year | <u>Principal</u> | <u>Interest (Estimated)</u> | <u>Total</u> |
|----------------------|------|------------------|-----------------------------|----------------|
| 2006 | 1 | \$8,833,332.00 | \$160,000.00 | \$8,993,332.00 |

Working Capital Note

In 1998, the Foundation entered into an arrangement with a bank for a discretionary line of credit that was unsecured. Loan proceeds were used to finance the purchase of land for the Helen Aderhold Learning Center and repayments were scheduled to occur when pledge payments for the facility are received. After five (5) years and when the balance was reduced below \$400,000, the loan was converted to a one-year renewable promissory note at Prime for the remainder of the repayments. The Foundation continues to repay the balance when pledge payments are received. The interest rate as of June 30, 2005 was 5.04%. The outstanding balance as of June 30, 2005 was \$60,137.

Medical College of Georgia

Medical College of Georgia Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Foundation acts primarily as a

fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation functions as an independent corporation governed by its articles of incorporation, by-laws and its Board of Directors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources and income that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Statements for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$12.2 million to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation office at 919 15th Street, Augusta, GA 30912 or from the Foundation's website at www.mcgfoundation.org.

The Foundation's investments are comprised of the following amounts at June 30, 2005:

| | Cost | Fair Value |
|---------------------------------|---------------------|---------------------|
| Properties held for investment | \$1,117,212 | \$1,117,212 |
| Equities | 15,680,723 | 21,942,874 |
| Mutual funds and other equities | 43,472,657 | 48,966,127 |
| Bonds | 16,877,870 | 16,789,142 |
| Short-term investments | 10,637,930 | 10,637,932 |
| | | |
| Total investments | <u>\$87,786,392</u> | <u>\$99,453,287</u> |

Medical College of Georgia Dental Foundation (Foundation) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Foundation receives and manages funds and property that are ultimately used to maintain and improve the high standard of instruction at the Medical College of Georgia Dental School. Substantially all revenue of the Foundation is received from clinical and patient fees for dental services performed for the public by resident and faculty of the College. The Foundation does not have any employees, and depends on the College for staff support. Resources of the Foundation are used for research and advanced study at the Medical College of Georgia. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the foundation is considered to be a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is from March 1, 2004 through February 28, 2005. Because the Foundation's year end differs from that of the College, amounts due to or due from the two entities are not consistent in this report.

Complete financial statements for the Foundation can be obtained from the Administrative Office of Medical College of Georgia, School of Dentistry, AD 1104, Augusta, Georgia 30912.

The Foundation's investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|---------------------------|-------------------------------|-------------------------------|
| Certificates of deposit | \$1,853,000 | \$1,819,675 |
| U.S. Treasury obligations | 753,926 | 739,963 |
| Annuities | 200,000 | 230,845 |
| Index fund | 300,000 | 284,700 |
| Cash management fund | 12,153 | 12,153 |
| Domestic equities | <u>291,564</u> | <u>336,054</u> |
| Total investments | <u><u>\$3,410,643</u></u> | <u><u>\$3,423,390</u></u> |

Medical College of Georgia Research Institute, Inc. (Institute) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Institute was established in 1980 to contribute to the educational, research and service functions of the College in obtaining contracts from individuals, industrial or other private organizations, government or other public agencies for the performance of sponsored research, development or other programs by the various departments or other units of the College. All research contracts awarded to the Institute are sub-contracted to the College, which is responsible for the fiscal administration of the research projects. Although the College does not control the timing or amount of activity, all grant awards are sub-contracted and managed by the College. Because of this special relationship, the Institute is considered a component unit of the College and is discretely presented in the College's financial statements.

Prior to the year ended June 30, 2005, the Institute followed accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. During the year ended June 30, 2005, the Institute adopted accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The Institute adopted this change in accounting principles in order to be consistent with the accounting principles followed by its primary government, Medical College of Georgia. The information for the year ended June 30, 2005 has been presented in a manner consistent with the newly adopted accounting principles. The change in accounting principles had no effect on beginning net assets or the change in net assets. The Institute's fiscal year is July 1 through June 30.

During the year ended June 2005, the Institute sub-contracted approximately \$46 million of research projects to the College. Complete financial statements for the Institute can be obtained from the Medical College of Georgia's Office of Grants and Contracts at Medical College of Georgia, Augusta, GA 30912.

The Medical College of Georgia Physicians Practice Group Foundation (PPG) is a legally separate, tax-exempt component unit of the Medical College of Georgia (College). The PPG acts primarily as a nonprofit organization for the purpose of enhancing the clinical, research, and educational missions of the College and billing and collecting for medical services provided to patients. Revenues are obtained primarily from physician fees charged to patients at Medical College of Georgia Hospital and Clinics, which is operated by MCG Health, Inc. The PPG Properties, LLC is a limited liability company formed in 2001 by PPG to manage real estate rental properties. PPG Alternative Collections, LLC is a limited liability company formed in 2003 by PPG to bill and collect for anesthesia services provided to patients. Georgia Esoteric and Molecular Labs, LLC was formed in 2004 by PPG to operate a specialized pathology laboratory with genetic or molecular testing capabilities. MCG-PPG Cancer Research Center, LLC was formed in 2004 by PPG to construct, own and operate a portion of a building to house a cancer research center on the campus of MCG. PPG is the sole partner and has sole voting control of each LLC. Because the PPG's purpose is to support the clinical, research, and educational missions of the College, it is considered a component unit of the College and is discretely presented in the College's financial statements.

The PPG is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations* with the exceptions as noted below. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The PPG's consolidated financial statements have been prepared substantially on the basis of cash receipts and cash disbursements with the exception of the following: interest earned on investments, salary supplements due to the College, incentive compensation, and retirement plan contribution expense are accounted for using the accrual method of accounting. Additionally, four-year scholarships awarded to College students are expensed in the year awarded, and property and equipment are capitalized and depreciated. Other adjustments required under accounting principles generally accepted in the United States of America for the accrual basis of accounting have not been reflected in the accompanying financial statements, including the equity method of accounting for PPG's investments in a joint venture. The equity method of accounting requires that the carrying value of investments meeting certain criteria be adjusted to reflect the investor's share of the investee's income and losses with the income or losses included in a statement of activities. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The PPG's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the PPG distributed \$55.5 million to the College for salaries and departmental support. Complete financial statements for the PPG can be obtained from the Administrative Office at 1499 Walton Way, Suite 1400, Augusta, Georgia 30901.

The PPG's investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------|---------------------|------------------------|
| U. S. Treasury bonds and notes | \$9,257,215 | \$9,268,123 |
| Corporate bonds and notes | 8,582,299 | 8,697,780 |
| Common stocks | 9,112,713 | 11,419,965 |
| Federal Home Loan Bank | 226,364 | 227,622 |
| Mortgage-backed securities | 2,164,472 | 2,176,520 |
| Mutual funds | 9,580,046 | 9,977,712 |
| | <u>\$38,923,109</u> | <u>\$41,767,722.00</u> |

MCG Health, Inc. (Company) is a legally, separate tax-exempt component unit of Medical College of Georgia (College). The Company is organized to further the health sciences, patient care, research, and education missions of the Medical College of Georgia Hospitals and Clinics (Hospital). The Hospital, which is owned by the Board of Regents of the University System of Georgia (Regents), consists of a 632 licensed bed acute care hospital and related outpatient care facilities principally located in Augusta, Georgia. Because of the special relationship with the College, the Company is considered a component unit and is discretely presented in the College's financial statements.

The Company utilizes the accrual basis of accounting using the economic resources measurement focus. Pursuant to, and as permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Company has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issues after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Company's fiscal year is July 1 through June 30.

Complete financial statements for the Company can be obtained from the Administrative Office at 1120 15th Street, Augusta, Georgia 30912.

At June 30, 2005, MCG Health, Inc.'s cash deposits totaled \$78,276,837. Of that amount, \$100,000 was insured by the FDIC and \$78,176,837 was uninsured, uncollateralized, or collateralized by securities held by the pledging institution or by its trust department or agent in other than the Company's name.

At June 30, 2005, MCH Health, Inc. maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy, and applicable federal and state laws.

The Company's investments as of June 30, 2005 are presented below. All investments are presented by investment type and debt securities are presented by maturity

| Investment Type | Fair Value | Investment Maturity | | | More than 10 Years |
|--------------------------------|-----------------|---------------------|-----------------|--------------|--------------------|
| | | Less Than 1 Year | 1 - 5 Years | 6 - 10 Years | |
| Debt Securities | | | | | |
| U. S. Treasuries | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| U. S. Agencies | 20,405,831.00 | 7,737,025.00 | 12,668,806.00 | | |
| Corporate Debt | 1,147,969.00 | 252,655.00 | 895,314.00 | | |
| Repurchase Agreements | | | | | |
| | 21,553,800.00 | \$7,989,680.00 | \$13,564,120.00 | \$0.00 | \$0.00 |
| Other Investments | | | | | |
| Equity Mutual Funds | | | | | |
| Equity Securities - Domestic | | | | | |
| Certificate of Deposit | 118,243.00 | | | | |
| Accrued Interest and Dividends | 76,651.00 | | | | |
| Total Investments | \$21,748,694.00 | | | | |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. MCG Health, Inc. does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Company will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Company does not have a formal policy for managing custodial credit risk for investments.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Company's policy for managing credit quality risk is as follows: The Company's assets may be invested only in investment grade bonds rated AA (or equivalent) or better. The Company's assets may be invested only in commercial paper rated A1 (or equivalent) or better. Fixed income maturity restrictions are as follows: Maximum maturity for any single security is five years, and weighted average portfolio maturity may not exceed 3 years. Securities comprising money market funds must be rated investment grade by Standard and Poors and/or Moody's.

Rated Debt Investments

| Rated Debt Investments | Fair Value | Quality Ratings | | | Unrated |
|-------------------------------------|------------------------|---------------------|---------------------|--------------------|------------------------|
| | | AAA | AA | A | |
| U. S. Agencies | \$20,405,831.00 | \$0.00 | \$0.00 | \$0.00 | \$20,405,831.00 |
| Corporate Debt | 1,147,969.00 | 447,465.00 | 603,104.00 | 97,400.00 | |
| Money Market Mutual Fund | | | | | |
| Commercial Paper | | | | | |
| Repurchase Agreements - Underlying: | | | | | |
| U. S. Agency Securities | | | | | |
| Corporate Debt | | | | | |
| Municipal Bonds | | | | | |
| Totals by Ratings | \$21,553,800.00 | \$447,465.00 | \$603,104.00 | \$97,400.00 | \$20,405,831.00 |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Company limits investments in any single equity security and any single government agency to 10% and 30%, respectively, of its investment portfolio. Individual U.S. Treasury securities may represent up to 30% of the total investment portfolio, while the total allocation to U.S. Treasury notes and bonds may represent up to 100% of the Company's aggregate bond position.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Company does not have a policy for managing exposure to foreign currency risk.

Long-Term Liabilities

MCG Health, Inc. is the lessee of certain equipment under noncancellable leases expiring in various years through 2010. Interest rates range from 4.24% to 6.98%. Professional liability is the self-insured portion of professional liability risks. Accrued professional liability costs are determined actuarially.

Changes in long-term liabilities for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|--------------------------|--------------------------------------|-----------------------|-----------------------|------------------------------------|-----------------------------------|
| Leases | | | | | |
| Lease Obligations | \$2,094,713.00 | \$2,590,619.00 | \$950,786.00 | \$3,734,546.00 | \$1,098,111.00 |
| Other Liabilities | | | | | |
| Professional Liabilities | <u>6,328,000.00</u> | <u>2,852,105.00</u> | <u>354,105.00</u> | <u>8,826,000.00</u> | |
| Total Long Term Debt | <u>\$8,422,713.00</u> | <u>\$5,442,724.00</u> | <u>\$1,304,891.00</u> | <u>\$12,560,546.00</u> | <u>\$1,098,111.00</u> |

Annual debt service requirements to maturity for capital leases are as follows:

| | | Lease Obligations | | Total |
|------|---|-----------------------|---------------------|-----------------------|
| | | Principal | Interest | |
| 2006 | 1 | \$1,098,111.08 | \$196,325.02 | \$1,294,436.10 |
| 2007 | 2 | 1,129,552.09 | 128,808.27 | 1,258,360.36 |
| 2008 | 3 | 679,686.07 | 71,996.92 | 751,682.99 |
| 2009 | 4 | 541,764.31 | 36,961.61 | 578,725.92 |
| 2010 | 5 | 285,432.45 | 6,398.21 | 291,830.66 |
| | | <u>\$3,734,546.00</u> | <u>\$440,490.03</u> | <u>\$4,175,036.03</u> |

University of Georgia

The University of Georgia Research Foundation (the Research Foundation) is a legally separate, tax-exempt component unit of The University of Georgia. The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research Foundation. The eighteen-member board of directors consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is considered a special-purpose government entity engaged only in business-type activities and is required to follow all applicable GASB pronouncements. The Research Foundation's fiscal year is July 1 through June 30.

During fiscal year 2005, the Research Foundation transferred approximately \$131 million in sponsored research to the University and shows a net payable to the University at June 30 related to this activity. Approximately \$2.2 million in Research Foundation assets are invested with the University of Georgia Foundation, a component unit of the University. These and other transactions will be eliminated for CAFR reporting. Complete financial statements for the Research Foundation can be obtained from the Treasurer's office at 456 East Broad Street, Athens, GA 30602.

DEPOSITS AND INVESTMENTS

Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be recovered. The Research Foundation does not have a deposit policy for custodial credit risk.

At June 30, 2005, the book value of the Foundation's deposits, including demand accounts and cash and cash equivalents held in managed investment accounts, was \$3,388,932. The bank and investment account balances at June 30, 2005 were \$4,541,947 of which \$4,441,947 was uninsured. Of these uninsured deposits, none were collateralized with securities held by the financial institution's trust department or agent in the Foundation's name, \$3,156,199 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the Foundation's name and \$1,285,748 were uncollateralized.

Investments

The University of Georgia Research Foundation maintains both short-term and long-term investment policies. Both establish primary and secondary objectives, specify allowable investments, set target investment mix, and provide investment guidelines.

The Foundation's investments as June 30, 2005 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

| Investment Type | Fair Value | Investment Maturity | | | |
|-------------------------------------|----------------|---------------------|----------------|-----------------|-----------------------|
| | | Less Than 1 Year | 1 - 5 Years | 6 - 10 Years | More than 10 Years |
| <u>Debt Securities</u> | | | | | |
| U. S. Treasuries | \$1,069,512.80 | \$0.00 | \$445,554.70 | \$566,263.10 | \$57,695.00 |
| U. S. Agencies | 2,396,368 | | 1,474,553 | 360,952 | 560,863 |
| Corporate Debt | 17,813,771 | 14,899,864 | 2,722,658 | 191,249 | |
| | 21,279,652 | \$14,899,864.08 | \$4,642,766.03 | \$1,118,464.31 | \$618,558.10 |
| <u>Other Investments</u> | | | | | |
| Equity Mutual Funds - Domestic | 2,118,412 | | | | |
| Equity Mutual Funds - International | 1,428,138 | | | | |
| Equity Securities - Domestic | 4,696,172 | | | | |
| Equity Securities - International | 1,044,229 | | | | |
| Managed Futures/Hedge Funds | 769,866 | | | | |
| <u>Investment Pools</u> | | | | | |
| University of Georgia Foundation | | | | | |
| Long-Term Fund | 2,220,886 | | | | |
| Total Investments | \$33,557,355 | | | | |

As of June 30, 2005, Research Foundation investments held by the University of Georgia Foundation in the long-term investment pool consists of investments in domestic and international equities (70.6%), fixed income instruments (10.0%), private equity investments (5.4%), real estate funds (6.2%), hedge funds (7.5%) and deposits (.3%) that are held by outside investment managers.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Foundation's policy for managing interest rate risk is divided between short-term and long-term investments. Short-term investments will have a maximum maturity of eighteen months to five years depending on type of investment. Long-term investments are managed using a planning timeline of five years or more and overall risk measurements rather than specific maturity limits.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Foundation does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2005, \$27,030,053 of the Foundation's applicable investments were uninsured and held by the investment's counterparty in the Foundation's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's short-term investment policy specifies that corporate bonds be rated BBB (Standard & Poor's) or higher; the long-term policy requires a BBB- rating or higher.

| | Rated Investments | | | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | Value | Agencies | Debt | Funds |
| Quality Ratings | | | | |
| Standard & Poor's | \$461,186 | \$461,186 | \$0 | \$0 |
| AAA | 124,990.00 | | 124,990.00 | |
| AA+ | 420,606.00 | | 420,606.00 | |
| AA- | 1,739,165.00 | | 1,739,165.00 | |
| A+ | 606,895.00 | | 606,895.00 | |
| A | 923,842.00 | | 923,842.00 | |
| A- | 5,107,850.00 | | 5,107,850.00 | |
| BBB+ | 3,697,868.00 | | 3,697,868.00 | |
| BBB | 2,004,597.00 | | 2,004,597.00 | |
| BBB- | 1,303,248.00 | | 1,303,248.00 | |
| BB+ | 1,884,710.00 | | 1,884,710.00 | |
| BB | | | | |
| Morningstar | 1,599,681.00 | | | 1,599,681.00 |
| 5-Star | 1,428,138.00 | | | 1,428,138.00 |
| 4-Star | 518,731.00 | | | 518,731.00 |
| 3-Star | 1,564,675.00 | 1,564,675.00 | | |
| Unrated | 23,386,182.00 | 2,025,861.00 | 17,813,771.00 | 3,546,550.00 |
| Non-rated investments | | | | |
| GNMA securities | 370,507.00 | 370,507.00 | | |
| U.S. Treasury securities | 1,069,513.00 | | | |
| Total | <u>\$24,826,202</u> | <u>\$2,396,368</u> | <u>\$17,813,771</u> | <u>\$3,546,550</u> |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's policy for managing concentration of credit risk is divided between short-term and long-term investments. For short-term investments, maximum percentages are set for cash and cash equivalents at 15%, asset backed securities at 50% and corporate bonds at 90% while U. S. Treasuries, U. S. Agencies debt, and certificates of deposit may comprise 100% for the short-term investments. For long-term investment equities comprise 40-80%, bonds 20-60% and alternative investments can range 0-20%.

As of June 30, 2005, investments in a single issuer where those investments exceed 5% of total investments were as follows:

| | |
|--|----|
| Federal Home Loan Mortgage Corporation | 5% |
| General Motors Acceptance | 6% |
| University of Georgia Foundation | 7% |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation's investments are not exposed to foreign currency risk as securities denominated in currencies other than the U.S. dollar are not permissible by the Research Foundation's investment policy.

CAPITAL ASSETS

Changes in capital assets for the University of Georgia Research Foundation for the year ended June 30, 2005 are as follows:

| | Beginning Balances 7/1/2004 | Additions | Reductions | Ending Balance 6/30/2005 |
|--|-----------------------------------|------------|------------|--------------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$110,000 | \$0 | \$0 | \$110,000 |
| Total Capital Assets Not Being Depreciated | 110,000 | 0 | 0 | 110,000 |
| Capital Assets, Being Depreciated: | | | | |
| Library Repository Building | 1,142,307 | | | 1,142,307 |
| Total Assets Being Depreciated | 1,142,307 | 0 | 0 | 1,142,307 |
| Less: Accumulated Depreciation | | | | |
| Library Repository Building | 599,066 | 46,083 | | 645,149 |
| Total Accumulated Depreciation | 599,066 | 46,083 | 0 | 645,149 |
| Total Capital Assets, Being Depreciated, Net | 543,241 | (46,083) | 0 | 497,158 |
| Capital Assets, net | \$653,241 | (\$46,083) | \$0 | \$607,158 |

Long Term Liabilities

The University of Georgia Research Foundation had no long term liabilities at June 30, 2005

The University of Georgia Athletic Association (the Athletic Association) is a legally separate, tax-exempt component unit of The University of Georgia (the "University"). The Association was organized in 1938 as a not-for-profit corporation to promote intercollegiate athletic sports representing the University. The twenty-member board of directors consists of faculty, staff, students, and alumni of the University. Although the University does not control the timing or amount of receipts from the Association, the majority of resources or income thereon that the Association holds and invests is restricted to the athletic activities of the University. Because these restricted resources held by the Association can only be used by or for the benefit of the University and their management role is significant to the accomplishment of the University's mission, the Association is considered a component unit of the University and is discretely presented in the University's financial statements.

For financial reporting purposes, the Association is considered a special purpose government agency engaged only in business type activities, as defined by GASB Statement 34. The Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Association made payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$21,901,018 and were recognized as expenses of the Association. Capital assets net of accumulated depreciation of \$139.2M are included in the financial statements of the Association. These capital assets, excluding moveable equipment, are included in the University's report and will be eliminated for CAFR reporting. Complete financial statements for the Association can be obtained from the Treasurer's office at 456 East Broad Street, Athens, GA 30602.

DEPOSITS AND INVESTMENTS

Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Association's deposits may not be recovered. Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in the Official Code of Georgia Annotated Section 50-17-53, the State Depository Board has adopted policies which allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

At year-end, the book-carrying amount of the Association's deposits, including restricted cash and cash equivalents, was \$42,713,096 and \$46,525,928 in 2005 and 2004, respectively. The bank balance was \$44,029,742 and \$49,157,519 in 2005 and 2004, respectively.

The Association's bank balance is classified as follows at June 30:

| | <u>2005</u> | <u>2004</u> |
|---|---------------------|---------------------|
| Amount insured by the FDIC and FSLIC or collateralized with securities held in the Associations' name | \$38,007,574 | \$42,751,961 |
| Uncollateralized | 6,022,168 | 6,405,558 |
| | <u>\$44,029,742</u> | <u>\$49,157,519</u> |

Investments

Since 2001, the Association has transferred funds to the University of Georgia Foundation (the "Foundation") for investment management. The current value of Association investments held by the Foundation is \$2,273,308. The Association reflects the value of the investments as Receivables from the Foundation. The Athletic Association has ultimate control over the use of the assets and has the ability to request that all funds be returned to the Association at any time. The Foundation reports include a categorization of all investments, including those held for the Association.

As of June 30, 2005, Athletic Association investments held by the University of Georgia Foundation in the long-term investment pool consists of investments in domestic and international equities (70.6%), fixed income instruments (10.0%), private equity investments (5.4%), real estate funds (6.2%), hedge funds (7.5%) and deposits (.3%) that are held by outside investment managers.

CAPITAL ASSETS

Changes in capital assets for the University of Georgia Athletic Association for the year ended June 30, 2005 are as follows:

| | <u>Beginning Balances 7/1/2004</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance 6/30/2005</u> |
|---|--|--------------------|-------------------|---|
| Capital Assets, Not Being Depreciated: | | | | |
| Construction Work-in-Progress | \$5,005,013 | \$4,761,467 | \$5,005,013 | \$4,761,467 |
| Total Capital Assets Not Being Depreciated | 5,005,013 | 4,761,467 | 5,005,013 | 4,761,467 |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 16,216,108 | 685,975 | | 16,902,083 |
| Buildings, Fixed Equipment, and Infrastructure | 157,796,405 | 4,395,072 | (5,005,013) | 167,196,490 |
| Other Equipment | 5,045,539 | 1,854,999 | 247,652 | 6,652,886 |
| Total Assets Being Depreciated | 179,058,052 | 6,936,046 | (4,757,361) | 190,751,459 |
| Less: Accumulated Depreciation | | | | |
| Land Improvements | 4,056,169 | 691,864 | | 4,748,033 |
| Buildings, Fixed Equipment, and Infrastructure | 25,834,727 | 2,886,206 | | 28,720,933 |
| Other Equipment | 4,535,225 | 252,028 | | 4,787,253 |
| Total Accumulated Depreciation | 34,426,121 | 3,830,098 | 0 | 38,256,219 |
| Total Capital Assets, Being Depreciated, Net | 144,631,931 | 3,105,948 | (4,757,361) | 152,495,240 |
| Capital Assets, net | <u>\$149,636,944</u> | <u>\$7,867,415</u> | <u>\$247,652</u> | <u>\$157,256,707</u> |

Long Term Liabilities

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance <u>July 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>June 30, 2005</u> | Amounts due within <u>One Year</u> |
|-----------------------|---|------------------------|------------------------|---|--|
| Revenue Bonds Payable | | | | | |
| Athletic Association | | | | | |
| Athletic Facilities | \$84,502,614.00 | \$17,470,000.00 | \$27,315,132.00 | \$74,657,482.00 | \$2,324,681.00 |
| Deferred Compensation | <u>0.00</u> | <u>1,781,602.00</u> | | <u>1,781,602.00</u> | <u>238,707.00</u> |
| Total Long Term Debt | <u>\$84,502,614.00</u> | <u>\$19,251,602.00</u> | <u>\$27,315,132.00</u> | <u>\$76,439,084.00</u> | <u>\$2,563,388.00</u> |

Total long-term debt of the University of Georgia Athletic Association consisted of the following at June 30:

| | 2005 | 2004 |
|--|-----------------|-----------------|
| Note payable to bank in 20 semi-annual principal payments of \$340,000 plus interest beginning January 1, 1995. Interest is paid at a fixed rate of 5.98%. The Association has assigned all proceeds expected to be received from certain sky suites as collateral for the loan. | \$0 | \$340,000 |
| Note payable to bank in 40 semi-annual principal payments of \$320,000 plus interest beginning January 1, 2001. Interest is payable at interest rate ranging from 5.30% to 8.50%, adjusted monthly, based on an adjusted thirty-day LIBOR rate of LIBOR plus 0.50% (5.30% at June 30, 2004). | | 10,560,000 |
| Note payable to the University of Georgia over 20 years in annual payments of \$477,917 at a rate fixed rate of 6.186% beginning in 1996. | 2,946,082 | 3,224,540 |
| Note payable to vendor over 10 years in annual payments of \$94,518 through 2008. The implicit interest rate is 8.5% and the note is secured by a first priority purchase money security interest on equipment with a net book value of \$1,011,626. | 241,400 | 378,074 |
| Development Authority of Athens-Clarke County Series 2001 revenue bonds. Interest is payable monthly based on a formula rate adjusted daily (2.28% and 1.1% in June 2005 and 2004, respectively). The loan matures in 2031, based on certain repayment provisions. | 34,000,000 | 34,000,000 |
| Development Authority of Athens-Clarke County Series 2003 revenue bonds. Interest is payable monthly based on a formula rate adjusted daily (2.28% and 1.1% in June 2005 and 2004, respectively). The loan matures in 2033, based on certain repayment provisions. | 20,000,000 | 36,000,000 |
| Development Authority of Athens-Clarke County Series 2005A revenue bonds. Interest is payable monthly based on a formula rate adjusted daily (3.28% in June 2005). The loan matures in 2021, based on certain repayment provisions. | 17,470,000 | |
| Total Debt | 74,657,482 | 84,502,614 |
| Less Current Portion of Debt | 2,324,681 | 1,352,976 |
| Total Long-Term Debt | \$72,332,801.00 | \$83,149,638.00 |

Ramsey Student Center for Physical Activities

Under an agreement with The University of Georgia, the Association assumed the responsibility for a portion of the funding for the construction of the Ramsey Student Center for Physical Activities. In fiscal 1996, the Association recorded as property approximately \$7,800,000, representing the Association's share of the Ramsey Center based on estimated usage as defined in the agreement. The Association paid cash of \$2,858,928, and subsequently recorded a liability of \$4,941,072 at June 30, 1996 representing the remaining principal balance of the obligation. This balance is reported as the note payable to the University of Georgia above and has an outstanding principal balance at June 30, 2005 and 2004 of \$2,946,082 and \$3,224,540, respectively. The Association made payments of principal and interest of \$477,917 during the year June 30, 2005 and will make an equal payment in each succeeding year through 2013. The interest rate associated with this liability is 6.19%.

Revenue Bonds Payable

On September 27, 2001, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$34 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2001 (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$34 million to the Association. The Bonds are secured by a letter of credit issued by SunTrust Bank in favor of the Authority. The letter of credit expires on January 15, 2006. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (2.28% and 1.1% on June 30, 2005 and 2004, respectively). The loan matures in 2031, subject to certain early repayment provisions.

On August 28, 2003, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$36 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2003 (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$36 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that expires on August 28, 2005 and must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (2.28% and 1.1% on June 30, 2005 and 2004, respectively). The loan matures in 2033, subject to certain early repayment provisions. On March 7, 2005, the Association redeemed \$16 million of these bonds.

The Association has entered into a twenty-eight year interest rate swap agreement for the remaining \$20 million of the Series 2003 Bonds. Based on the swap agreement, the association owes interest calculated at a fixed rate of 3.38% to the counterparty to the swap. In return, the counterparty owes the Association interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Association continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Association effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The Association will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment. The market value of the interest rate swap agreement as of June 30, 2005 represented an \$853,859 liability of the Association had the swap been terminated at that time

On January 27, 2005, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$17.47 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2005 (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$17.47 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that expires on January 27, 2006 and must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (3.28% on June 30, 2005). The loan matures in 2021 and requires yearly principal reductions.

Debt Service Obligations

Annual debt service requirements at 06/30/2005 for the Athletic Association are as follows:

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|------------------------|------------------------|-------------------------|
| 2006 | 1 | \$2,324,683.00 | \$2,150,649.00 | \$4,475,332.00 |
| 2007 | 2 | 1,850,371.00 | 2,084,039.00 | 3,934,410.00 |
| 2008 | 3 | 1,904,951.00 | 2,015,359.00 | 3,920,310.00 |
| 2009 | 4 | 1,866,794.00 | 1,944,540.00 | 3,811,334.00 |
| 2010 | 5 | 1,922,025.00 | 1,871,343.00 | 3,793,368.00 |
| 2011 through 2015 | 6-10 | 9,471,991.00 | 8,102,196.00 | 17,574,187.00 |
| 2016 through 2020 | 11-15 | 9,062,778.00 | 6,956,843.00 | 16,019,621.00 |
| 2021 through 2025 | 16-20 | 6,045,556.00 | 5,261,869.00 | 11,307,425.00 |
| 2026 through 2030 | 21-25 | 3,833,333.00 | 4,589,769.00 | 8,423,102.00 |
| 2031 through 2035 | 26-30 | 36,375,000.00 | 922,741.00 | 37,297,741.00 |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$74,657,482.00</u> | <u>\$35,899,348.00</u> | <u>\$110,556,830.00</u> |

The University of Georgia Foundation is a legally separate, tax-exempt component unit of the University of Georgia. The Foundation was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (the "University"). The 35-member Board of Trustees has fiduciary responsibility for managing the Foundation's assets. The Foundation Executive Committee is composed of the chairman, vice-chairman, secretary, treasurer, the chairman from each of the other standing trustee committees and one at-large member. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

In 1996, the Foundation entered into a cooperative organization agreement with the Board of Regents which provided administrative services and facilities to the Foundation. In April 2005, the Board of Regents exercised its right to terminate the agreement after a period of 90 days. On July 1, 2005, the Foundation entered into an agreement with the University to provide administrative services and facilities to the Foundation, effectively terminating the cooperative organization agreement. The administrative services and facilities agreement expires on June 30, 2006 and provides for annual renewal. The Real Estate Foundation's \$75 million revolving credit facility provides the bank with certain rights upon the termination of the cooperative organization agreement. In September of 2005, the Real Estate Foundation entered into a forbearance agreement with the bank whereby the bank agreed not to exercise their termination event rights until July 31, 2006.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$14,635,504 to the University for scholarships and donor restricted support. Facilities valued at \$162 million and the associated long-term debt are included in the financial statements of the Foundation. The corresponding capital leases and associated long-term debt are included in the University's report and will be eliminated for CAFR reporting. Complete financial statements for the Foundation can be obtained from the Foundation Office at 394 South Milledge Avenue, Athens, GA 30602.

INVESTMENTS

The University of Georgia Foundation holds investments in the amount of \$426 million. The University of Georgia Foundation established a spending plan for all endowment funds effective with fiscal year 1999. Under this plan, funds are allowed to expend the lesser of Investment Return (dividend/interest yield and market appreciation) or the Spending Calculation for that fund. The Spending Calculation is derived by applying a "Spending Calculation Rate" to the average principal balance of the fund over the preceding 36 months. The Investment Committee of the Foundation's Board of Trustees establishes the "Spending Calculation Rate" to be used in the spending calculation each year. Gifts made to fund current expenditures are not endowed and, therefore, are not subject to the Spending Policy.

The University of Georgia Foundation also holds investments in real property valued at \$17,477,005.

Investments:

| | <u>Cost</u> | <u>Fair Value</u> |
|----------------------------|-------------------------|-------------------------|
| Certificates of Deposit | \$158,457.00 | \$158,457.00 |
| Common Stock | 3,796,047.83 | 4,130,055.00 |
| Corporate Bonds | 1,020,363.62 | 1,026,947.00 |
| U.S. Government Securities | 734,220.04 | 726,907.00 |
| Mutual Funds | 1,135,432.74 | 1,164,501.00 |
| Split-Interest Investments | 13,173,259.25 | 14,845,294.00 |
| Long-Term Investment Pool | 333,249,156.00 | 386,388,421.00 |
| Investments in Real Estate | <u>17,477,005.00</u> | <u>17,477,005.00</u> |
| Total Investments | <u>\$370,743,941.48</u> | <u>\$425,917,587.00</u> |

As of June 30, 2005, the long-term investment pool consists of investments in domestic and international equities (70.6%), fixed income instruments (10.0%), private equity investments (5.4%), real estate funds (6.2%), hedge funds (7.5%) and deposits (.3%) that are held by outside investment managers.

The Long-Term Investment Pool includes assets held for the Athletic Association and the Research Foundation in the amounts of \$2,273,308 and \$2,220,886, respectively. These amounts are also reported as investments by those entities. The Foundation reports the liability for these investments in Deposits Held for Other Organizations.

Long Term Liabilities

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Principal due within One Year |
|--|--------------------------------------|--------------------|----------------------|------------------------------------|-------------------------------------|
| \$25,620,000 bond issue--Par value of bonds outstanding | \$24,610,000 | \$0 | (\$535,000) | \$24,075,000 | \$0 |
| \$39,155,000 bond issue: | | | | | |
| Par value of bonds outstanding | 39,155,000 | | (740,000) | 38,415,000 | 760,000 |
| Bond premium, net of accumulated amortization of \$20,871 and \$12,135 | <u>138,150</u> | | (8,736) | <u>129,414</u> | |
| Total \$39,155,000 bonds payable | 39,293,150 | | (748,736) | 38,544,414 | 760,000 |
| \$99,860,000 bond issue: | | | | | |
| Par value of bonds outstanding | 99,860,000 | | (125,000) | 99,735,000 | 1,825,000 |
| Bond premium, net of accumulated amortization of \$239,333 and \$146,083 | <u>1,808,468</u> | | (93,250) | <u>1,715,218</u> | |
| Total \$99,860,000 bonds payable | 101,668,468 | | (218,250) | 101,450,218 | 1,825,000 |
| \$8,215,000 bond issue: | | | | | |
| Par value of bonds outstanding | 8,125,000 | | (230,000) | 7,895,000 | 240,000 |
| Bond discount, net of accumulated amortization of \$14,371 and \$7,341 | <u>(100,168)</u> | | 7,030 | <u>(93,138)</u> | |
| Total \$8,215,000 bonds payable | 8,024,832 | | (222,970) | 7,801,862 | 240,000 |
| \$25,970,000 bond issue: | | | | | |
| Par value of bonds outstanding | 25,970,000 | | | 25,970,000 | |
| Bond discount, net of accumulated amortization of \$9,213 and \$1,274 | <u>(165,519)</u> | | 7,939 | <u>(157,580)</u> | |
| Total \$25,970,000 bonds payable | <u>25,804,481</u> | | <u>7,939</u> | <u>25,812,420</u> | |
| Total bonds payable | <u>199,400,931</u> | | <u>(1,717,017)</u> | <u>197,683,914</u> | <u>2,825,000</u> |
| \$75,000,000 revolving credit agreement | 11,997,170 | 972,087 | | 12,969,257 | |
| \$1,900,000 credit agreement | 1,636,000 | | (1,636,000) | | |
| \$300,000 credit agreement | <u>200,000</u> | <u>100,000</u> | <u>(300,000)</u> | | |
| Total revolving credit agreements | 13,833,170 | 1,072,087 | (1,936,000) | 12,969,257 | |
| \$1,800,000 note payable | 1,357,250 | | (89,000) | 1,268,250 | 89,000 |
| \$1,117,865 note payable | <u>831,034</u> | <u>300,000</u> | <u>(31,984)</u> | <u>1,099,050</u> | <u>39,288</u> |
| Total notes payable | <u>2,188,284</u> | <u>300,000</u> | <u>(120,984)</u> | <u>2,367,300</u> | <u>128,288</u> |
| Total Long Term Debt | <u>\$215,422,385</u> | <u>\$1,372,087</u> | <u>(\$3,774,001)</u> | <u>\$213,020,471</u> | <u>\$2,953,288</u> |

The University of Georgia Foundation Debt Disclosure

\$25,620,000 Bond Issue—In 2001, the Development Authority of the Unified Government of Athens—Clarke County, Georgia (the “Development Authority”) issued Revenue Bonds (UGA Real Estate Foundation, Inc. Project), Series 2001 (the “2001 Bonds”) and entered into an agreement (the “2001 Loan Agreement”) to loan \$25,620,000 to the Real Estate Foundation. The 2001 Bonds are secured by a letter of credit issued on behalf of the Real Estate Foundation in favor of the Development Authority under the Real Estate Foundation’s \$75 million credit agreement discussed below. The Foundation has guaranteed the obligations, including the letter of credit, under the Real Estate Foundation’s \$75 million revolving credit agreement. During 2002, the Real Estate Foundation used the proceeds of this loan to fund purchases and improvements of certain properties.

Borrowings under the 2001 Loan Agreement bear interest payable monthly at a formula rate adjusted each week (2.29% and 1.08% at June 30, 2005 and 2004, respectively). The loan matures in 2031, subject to certain early repayment provisions. During the years ended June 30, 2005 and 2004, principal payments of \$535,000 and \$515,000, respectively, were made.

During 2003, the Real Estate Foundation entered into an interest rate swap agreement effectively changing the interest rate exposure on the 2001 Loan Agreement from variable to a 1.75% fixed rate until February 1, 2005. The fair value of the termination cost of the interest rate swap as of June 30, 2004 was \$48,489 and was recorded as an accrued liability in accordance with SFAS No. 133. The Real Estate Foundation recorded a gain of \$160,765 for the year ended June 30, 2004 as an adjustment to interest expense related to this swap. During the year ended June 30, 2005, this swap agreement expired and the related gain on the fair value of the derivative of \$48,489 has been reflected in interest expense.

During 2005, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on a portion of the 2001 Loan Agreement to a 3.5% fixed rate until November 30, 2007. The Real Estate Foundation paid a premium of \$91,000 in connection with this agreement. The fair value of the interest rate cap as of June 30, 2005 was \$58,311 and was recorded as an asset in accordance with SFAS No. 133. The Real Estate Foundation recorded a loss on the fair value of the derivative of \$32,689 for the year ended June 30, 2005 as an adjustment to interest expense related to this agreement.

\$25,620,000 Bond Issue

| Year Ending June 30: | Year | Principal | Interest* | Total |
|----------------------|-------|---------------------|--------------------|---------------------|
| 2006 | 1 | \$0 | \$551,318 | \$551,318 |
| 2007 | 2 | 11,659,523 | 284,314 | 11,943,837 |
| 2008 | 3 | | 284,314 | 284,314 |
| 2009 | 4 | | 284,314 | 284,314 |
| 2010 | 5 | | 284,314 | 284,314 |
| 2011 through 2015 | 6-10 | | 1,421,572 | 1,421,572 |
| 2016 through 2020 | 11-15 | | 1,421,572 | 1,421,572 |
| 2021 through 2025 | 16-20 | | 1,421,572 | 1,421,572 |
| 2026 through 2030 | 21-25 | | 1,421,572 | 1,421,572 |
| 2031 | 26 | 12,415,477 | 284,314 | 12,699,791 |
| | | <u>\$24,075,000</u> | <u>\$7,659,178</u> | <u>\$31,734,178</u> |

* Interest is calculated using rate in effect at June 30, 2005, which was 2.29% .

\$39,155,000 Bond Issue—In 2002, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF CCRC Building, LLC Project), Series 2002 (the “CCRC Bonds”) and entered into an agreement (the “CCRC Loan Agreement”) to loan \$39,155,000 to UGAREF CCRC Building, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the “CCRC Entity”). Payment of principal and interest under the CCRC Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facility and by the CCRC Entity’s interest in certain rents and leases derived from the facility. During the years ended June 30, 2005 and 2004, the CCRC Entity used the proceeds of this loan to fund construction of the facility.

Borrowings under the CCRC Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2004 and continuing through 2032. During the year ended June 30, 2005, a principal payment of \$740,000 was made.

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|--------------|--------------|--------------|
| 2006 | 1 | \$760,000 | \$1,728,264 | \$2,488,264 |
| 2007 | 2 | 780,000 | 1,709,014 | 2,489,014 |
| 2008 | 3 | 800,000 | 1,688,264 | 2,488,264 |
| 2009 | 4 | 825,000 | 1,664,889 | 2,489,889 |
| 2010 | 5 | 850,000 | 1,639,233 | 2,489,233 |
| 2011 through 2015 | 6-10 | 4,710,000 | 7,724,501 | 12,434,501 |
| 2016 through 2020 | 11-15 | 5,840,000 | 6,601,211 | 12,441,211 |
| 2021 through 2025 | 16-20 | 7,435,000 | 5,009,541 | 12,444,541 |
| 2026 through 2030 | 21-25 | 9,480,000 | 2,946,563 | 12,426,563 |
| 2031 through 2033 | 26-28 | 6,935,000 | 530,469 | 7,465,469 |
| | | \$38,415,000 | \$31,241,949 | \$69,656,949 |

\$99,860,000 Bond Issue—In 2002, the Housing Authority of the City of Athens, Georgia, issued Student Housing Lease Revenue Bonds (UGAREF East Campus Housing, LLC Project), Series 2002 (the “Housing Bonds”) and entered into an agreement (the “Housing Loan Agreement”) to loan \$99,860,000 to UGAREF East Campus Housing, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the “Housing Entity”). Payment of principal and interest under the Housing Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facilities and by the Housing Entity’s interest in certain rents and leases derived from the facilities. During the years ended June 30, 2005 and 2004, the Housing Entity used the proceeds of this loan to fund construction of certain real estate projects.

Borrowings under the Housing Loan Agreement bear interest payable semiannually on December 1 and June 1 at fixed rates ranging from 3% to 5.25% depending on the schedule of bond maturities. Principal payments are due on December 1 starting in 2005 and continuing through 2033. During the year ended June 30, 2005, a prepayment of principal in the amount of \$125,000 was made based on surplus bond proceeds as required under the bond agreement.

\$99,860,000 Bond Issue

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|--------------|--------------|---------------|
| 2006 | 1 | \$1,825,000 | \$4,764,175 | \$6,589,175 |
| 2007 | 2 | 1,875,000 | 4,708,675 | 6,583,675 |
| 2008 | 3 | 1,935,000 | 4,651,525 | 6,586,525 |
| 2009 | 4 | 2,000,000 | 4,590,000 | 6,590,000 |
| 2010 | 5 | 2,060,000 | 4,516,300 | 6,576,300 |
| 2011 through 2015 | 6-10 | 11,515,000 | 21,240,800 | 32,755,800 |
| 2016 through 2020 | 11-15 | 14,235,000 | 18,231,857 | 32,466,857 |
| 2021 through 2025 | 16-20 | 18,640,000 | 13,950,456 | 32,590,456 |
| 2026 through 2030 | 21-25 | 23,635,000 | 8,604,375 | 32,239,375 |
| 2031 through 2034 | 26-29 | 22,015,000 | 2,214,250 | 24,229,250 |
| | | \$99,735,000 | \$87,472,413 | \$187,207,413 |

\$8,215,000 Bond Issue—In 2003, the Oconee County Industrial Development Authority issued Revenue Bonds (UGAREF Gainesville Campus, LLC Project), Series 2003 (the “Gainesville Campus Bonds”) and entered into an agreement (the “Gainesville Campus Loan Agreement”) to loan \$8,215,000 to UGAREF Gainesville Campus, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the “Gainesville Campus Entity”). Payment of principal and interest under the Gainesville Campus Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facility and by the Gainesville Campus Entity’s interest in certain rents and leases derived from the facility. During the year ended June 30, 2003, the Gainesville Campus Entity used the proceeds of this loan to fund the purchase of a facility and land.

Borrowings under the Gainesville Campus Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.2% to 4.375% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2003 and continuing through 2027. During the years ended June 30, 2005 and 2004, principal payments of \$230,000 and \$90,000, respectively, were made.

\$8,215,000 Bond Issue

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|-------------|-------------|--------------|
| 2006 | 1 | \$240,000 | \$288,241 | \$528,241 |
| 2007 | 2 | 250,000 | 282,729 | 532,729 |
| 2008 | 3 | 250,000 | 277,104 | 527,104 |
| 2009 | 4 | 260,000 | 271,431 | 531,431 |
| 2010 | 5 | 260,000 | 265,321 | 525,321 |
| 2011 through 2015 | 6-10 | 1,420,000 | 1,205,244 | 2,625,244 |
| 2016 through 2020 | 11-15 | 1,680,000 | 933,713 | 2,613,713 |
| 2021 through 2025 | 16-20 | 2,065,000 | 550,766 | 2,615,766 |
| 2026 through 2028 | 21-23 | 1,470,000 | 98,219 | 1,568,219 |
| | | \$7,895,000 | \$4,172,768 | \$12,067,768 |

\$25,970,000 Bond Issue—In 2004, the Development Authority issued \$25,545,000 of Educational Facilities Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004A, and \$425,000 of Educational Facilities Taxable Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004B (collectively, the “Coverdell Bonds”). The Development Authority entered into an agreement (the “Coverdell Loan Agreement”) to loan \$25,970,000 to UGAREF Coverdell Building, LLC (a single-member limited liability company owned by the

Real Estate Foundation) (the “Coverdell Entity”). Payment of principal and interest under the Coverdell Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting a portion of the facility and by the Coverdell Entity’s interest in certain rents and leases derived from a portion of the facility. During the years ended June 30, 2005 and 2004, the Coverdell Entity used the proceeds of this loan to fund construction of a portion of the facility.

Borrowings under the Coverdell Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2006 and continuing through 2034.

\$25,970,000 Bond Issue

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|--------------|--------------|--------------|
| 2006 | 1 | \$0 | \$1,165,645 | \$1,165,645 |
| 2007 | 2 | 460,000 | 1,159,002 | 1,619,002 |
| 2008 | 3 | 500,000 | 1,146,110 | 1,646,110 |
| 2009 | 4 | 510,000 | 1,133,485 | 1,643,485 |
| 2010 | 5 | 525,000 | 1,119,235 | 1,644,235 |
| 2011 through 2015 | 6-10 | 2,915,000 | 5,305,950 | 8,220,950 |
| 2016 through 2020 | 11-15 | 3,580,000 | 4,637,894 | 8,217,894 |
| 2021 through 2025 | 16-20 | 4,505,000 | 3,720,286 | 8,225,286 |
| 2026 through 2030 | 21-25 | 5,700,000 | 2,521,275 | 8,221,275 |
| 2031 through 2035 | 26-30 | 7,275,000 | 945,625 | 8,220,625 |
| | | \$25,970,000 | \$22,854,507 | \$48,824,507 |

\$75,000,000 Revolving Credit Agreement—During 2002, the Real Estate Foundation established a \$50 million revolving credit agreement with a bank which was later increased to a limit of \$75 million. The agreement expires November 30, 2007. The revolving credit agreement provides for direct borrowings or letters of credit at the Real Estate Foundation’s option. Credit available under the revolving credit agreement is reduced by outstanding borrowings and outstanding letters of credit. At June 30, 2005 and 2004, amounts outstanding or issued under this agreement included borrowings of \$12,969,257 and \$11,997,170, respectively, and letters of credit and bank credit reserves of \$24,519,347 and \$25,485,347, respectively, resulting in \$37,511,396 and \$35,617,483, respectively, available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank’s 30-day London Interbank Offered Rate (“LIBOR”) rate plus 32½ basis points (or .325%). At June 30, 2005 and 2004, the rates applicable to the borrowings were 3.465% and 1.45%, respectively. The Foundation has guaranteed the obligations of the Real Estate Foundation under this revolving credit agreement.

The revolving credit agreement provides the bank with certain rights after a 90 day forbearance period from the date of the termination of the cooperative services agreement between the Board of Regents and the Foundation. The cooperative service agreement was terminated July 1, 2005. Those termination event rights include (1) the ability to require that the Real Estate Foundation prepay a portion of the outstanding loans which are not directly and fully supported by a lease

agreement with the Board of Regents and (2) the ability to decline to make any further loans or to issue further letters of credit to the Real Estate Foundation.

In September 2005, the Real Estate Foundation entered into a forbearance agreement with the bank which expires July 31, 2006. During the forbearance period, the bank agrees not to call any borrowings or letters of credit and to continue to make loans as long as the conditions of the revolving credit agreement and the forbearance agreement are met. The balance of borrowings and letters of credit as of June 30, 2005 that is callable by the bank after the forbearance period is \$18,476,566 and is included in the total principal payments due during the year ended June 30, 2007.

\$1,900,000 Credit Agreement—During 2003, the Real Estate Foundation established a \$1.9 million credit agreement with a bank which was to expire July 29, 2007. The credit agreement provided for direct borrowings for the purchase and improvement of a property in Cortona, Italy. At June 30, 2004, the amount outstanding under this agreement was \$1,636,000, with \$264,000 available as borrowing capacity. Borrowings under the credit agreement bore interest at the bank’s 30-day LIBOR rate plus 45 basis points (or .45%). During the year ended June 30, 2004, the rate applicable to the borrowings was 1.81%. The Foundation had guaranteed the obligations of the Real Estate Foundation under this credit agreement.

During the year ended June 30, 2005, this line of credit was repaid using funds from the \$75 million revolving credit agreement described previously.

\$300,000 Credit Agreement—During 2003, the Foundation established a \$0.3 million credit agreement with a bank which was to expire June 30, 2009. The credit agreement provided for direct borrowings for the purchase and improvement of a property in Costa Rica. At June 30, 2004, the amount outstanding under this agreement was \$200,000, with \$100,000 available as borrowing capacity. Borrowings under the credit agreement bore interest at the bank’s 30-day LIBOR rate plus 45 basis points (or .45%). During the year ended June 30, 2004, the rate applicable to the borrowings was 1.61%.

\$1,800,000 Note Payable—During 2000, the Foundation signed a \$1.8 million promissory note agreement with a bank, which expires on December 31, 2019. At June 30, 2005 and 2004, \$1,268,250 and \$1,357,250, respectively, was outstanding under this agreement. Interest is charged at a fixed rate of 7.13%. Principal payments in the amount of \$22,250 are payable quarterly.

\$1,800,000 Note Payable

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|-------------|-----------|-------------|
| 2006 | 1 | \$89,000 | \$88,047 | \$177,047 |
| 2007 | 2 | 89,000 | 81,701 | 170,701 |
| 2008 | 3 | 89,000 | 75,355 | 164,355 |
| 2009 | 4 | 89,000 | 69,009 | 158,009 |
| 2010 | 5 | 89,000 | 62,664 | 151,664 |
| 2011 through 2015 | 6-10 | 445,000 | 218,133 | 663,133 |
| 2016 through 2020 | 11-15 | 378,250 | 60,681 | 438,931 |
| | | \$1,268,250 | \$655,590 | \$1,923,840 |

\$1,117,865 Note Payable—During 2002, the Foundation signed an \$880,000 promissory loan agreement with a bank which was amended during 2005 to increase the borrowed amount to \$1,117,865. This agreement expires on May 1, 2007. At June 30, 2005 and 2004, \$1,099,050 and \$831,034, respectively, was outstanding under this agreement. Interest is charged at the bank’s 30-day LIBOR rate plus 0.45%, or 3.56% and 1.56% at June 30, 2005 and 2004, respectively. Principal and interest are payable monthly.

At June 30, 2005, the Foundation had an outstanding interest rate swap agreement effectively changing the interest rate exposure on the \$1,117,865 note payable from variable to a 5.9% fixed rate through December 2004 and a 5.75% fixed rate thereafter over the term of the note payable. The fair value of the termination cost of the interest rate swap as of June 30, 2005 and 2004 was \$67,045 and \$39,855, respectively, and was recorded as an accrued liability in accordance with SFAS No. 133. The Foundation recorded a loss of \$27,190 and a gain of \$74,474 for the years ended June 30, 2005 and 2004, respectively, as an adjustment to interest expense related to this swap.

\$1,117,865 Note Payable

| Year Ending June 30: | Year | Principal | Interest* | Total |
|----------------------|------|-------------|-----------|-------------|
| 2006 | 1 | \$39,288 | \$38,485 | \$77,773 |
| 2007 | 2 | 1,059,762 | 34,049 | 1,093,811 |
| | | \$1,099,050 | \$72,534 | \$1,171,584 |

* Interest is calculated using rate in effect at June 30, 2005, which was 3.56%

Georgia Southern University

Georgia Southern University Foundation (Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The forty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University’s financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation’s fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$1,551,855 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Georgia Southern Legal Office, P.O. Box 8020, Statesboro, GA 30461.

Investments for Component Units

Georgia Southern University Foundation holds endowment investments in the amount of \$150 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Georgia Southern University Foundation, in conjunction with the donors, has an established a spending plan.

Georgia Southern University Foundation also holds investments valued at \$35,044,529.00 as shown below:

Investments at Fair Market Value:

| | |
|------------------------------|------------------------|
| Money Market Funds | \$491,812.00 |
| Corporate Stocks | 11,873,781.00 |
| Mutual Funds | 21,572,560.00 |
| Cash Value of Life Insurance | 102,226.00 |
| Investments in Real Estate | 1,004,150.00 |
| Total Investments | <u>\$35,044,529.00</u> |

Georgia Southern University Housing Foundation (Housing Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Housing Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the institution. The six-member board of the Housing Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Housing Foundation, the majority of resources or income thereon that the Housing Foundation holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by the Housing Foundation can only be used by, or for the benefit of, the University, the Housing Foundation is considered a component unit of the University and is discretely presented in the University’s financial statements.

The Housing Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Housing Foundation’s fiscal year is July 1 through June 30.

Buildings (Construction in Progress) valued at \$37 million and the associated long-term debt of \$37 million, plus the net Investment in Direct Financing Lease valued at \$32 million and the associated long-term receivables of \$32 million along with the associated long-term debt of \$77 are included in the financial statements of the Housing Foundation. The corresponding capital leases and associated long-term debt are included in the University’s report. Complete financial

statements for the Foundation can be obtained from Georgia Southern Legal Office, P.O. Box 8020, Statesboro, GA 30461.

Investments for Component Units

Georgia Southern University Housing Foundation holds net investments in direct financing in the amount of \$32,793,882.00.

Total Investments in Real Estate \$32,793,882.00

Long-Term Liabilities for Component Units

Student Housing Bonds are issued by the Georgia Southern University Housing Foundation to finance student housing and recreation facilities on university property funded by the proceeds of the Bond Issuance. The Foundation has note payables with banks and grants a pledge and assignment of and grants a lien upon and security interest in, the loan agreement, the deed, and the development agreement as security for the bonds. The interest rate on the Bonds varies, based on the Bond and the Year; from 2.75% to 5.25%.

Changes in long-term liabilities for the Georgia Southern Housing Foundation for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance <u>July 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>June 30, 2005</u> | Amounts due within <u>One Year</u> |
|------------------------|---|------------------------|---------------------|---|--|
| Revenue Bonds Payable | | | | | |
| GSU Housing Foundation | | | | | |
| Note Payable-Wachovia | \$38,737,928.00 | \$0.00 | \$395,000.00 | \$38,342,928.00 | \$885,000.00 |
| Note Payable-BB&T | <u>35,983,721.00</u> | <u>41,051,840.00</u> | | <u>77,035,561.00</u> | <u>100,000.00</u> |
| Total Long Term Debt | <u>\$74,721,649.00</u> | <u>\$41,051,840.00</u> | <u>\$395,000.00</u> | <u>\$115,378,489.00</u> | <u>\$985,000.00</u> |

Debt Service Obligations:

Annual debt service requirements to maturity for Student Housing for Georgia Southern Housing Foundation revenue bonds payable (Wachovia) are as follows:

| | | Bonds Payable | | |
|----------------------|-------|------------------------|------------------------|------------------------|
| | | Principal | Interest | Total |
| Year Ending June 30: | Year | | | |
| 2006 | 1 | \$885,000.00 | \$1,693,706.00 | \$2,578,706.00 |
| 2007 | 2 | 910,000.00 | 1,657,681.00 | 2,567,681.00 |
| 2008 | 3 | 955,000.00 | 1,620,606.00 | 2,575,606.00 |
| 2009 | 4 | 985,000.00 | 1,590,275.00 | 2,575,275.00 |
| 2010 | 5 | 1,000,000.00 | 1,556,769.00 | 2,556,769.00 |
| 2011 through 2015 | 6-10 | 5,685,000.00 | 7,168,059.00 | 12,853,059.00 |
| 2016 through 2020 | 11-15 | 7,010,000.00 | 5,782,750.00 | 12,792,750.00 |
| 2021 through 2025 | 16-20 | 8,940,000.00 | 3,808,509.00 | 12,748,509.00 |
| 2026 through 2030 | 21-25 | 11,972,928.00 | 1,284,396.00 | 13,257,324.00 |
| 2031 through 2035 | 26-30 | | | |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$38,342,928.00</u> | <u>\$26,162,751.00</u> | <u>\$64,505,679.00</u> |

Annual debt service requirements to maturity for Student Housing & Recreation Facility for Georgia Southern Housing Foundation revenue bonds payable (BB&T) are as follows:

| | | Bonds Payable | | |
|----------------------|-------|------------------------|------------------------|-------------------------|
| | | Principal | Interest | Total |
| Year Ending June 30: | Year | | | |
| 2006 | 1 | \$100,000.00 | \$2,484,938.00 | \$2,584,938.00 |
| 2007 | 2 | 875,000.00 | 3,582,529.00 | 4,457,529.00 |
| 2008 | 3 | 755,000.00 | 3,558,466.00 | 4,313,466.00 |
| 2009 | 4 | 1,815,000.00 | 3,536,760.00 | 5,351,760.00 |
| 2010 | 5 | 1,950,000.00 | 3,467,329.00 | 5,417,329.00 |
| 2011 through 2015 | 6-10 | 11,145,000.00 | 16,006,043.00 | 27,151,043.00 |
| 2016 through 2020 | 11-15 | 13,595,000.00 | 12,123,848.00 | 25,718,848.00 |
| 2021 through 2025 | 16-20 | 17,010,000.00 | 9,874,363.00 | 26,884,363.00 |
| 2026 through 2030 | 21-25 | 21,700,000.00 | 5,104,250.00 | 26,804,250.00 |
| 2031 through 2035 | 26-30 | 8,090,561.00 | 471,250.00 | 8,561,811.00 |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$77,035,561.00</u> | <u>\$60,209,776.00</u> | <u>\$137,245,337.00</u> |

Georgia Southern University Research & Service Foundation (the Research Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research Foundation. The seven member board of the Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals

selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During fiscal year 2005, the Research Foundation transferred approximately \$3.7 million in sponsored research to the University. Complete financial statements for the Research Foundation can be obtained from Georgia Southern University Provost Office, P.O. Box 8022, Statesboro, GA 30461.

Southern Boosters, Inc. (Boosters Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Boosters Foundation acts primarily as a fund-raising organization to supplement resources that are available to the University in support of its athletic programs. The fifty-member board of the Boosters Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Boosters Foundation, the majority of resources or income thereon that the Boosters Foundation holds and invests is restricted to the athletic activities of the University by the donors. Because these restricted resources held by the Boosters Foundation can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Boosters Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Boosters Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Boosters Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Boosters Foundation distributed \$728,029 to the University for the scholarships and support of University programs. Complete financial statements for the Boosters Foundation can be obtained from the Southern Boosters Cowart Building, Lanier Road, P.O. Box 8115, Statesboro, GA, 30461.

Investments for Component Units

Southern Boosters Inc. holds investments valued at \$6,155.

| | |
|-------------------|--------------------------|
| Common Stock | <u>\$6,155.00</u> |
| Total Investments | <u><u>\$6,155.00</u></u> |

Long-Term Liabilities for Component Units

Southern Boosters, Inc. has a Note Payable to Sea Island Bank, payable in annual installments of \$35,220 including interest at a variable rate (6.25% at June 30, 2005) through September 14, 2013, unsecured. The original note amount was \$279,000.00.

Changes in long-term liabilities for Southern Boosters for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|----------------------------|--------------------------------------|----------------------|---------------------------|------------------------------------|-----------------------------------|
| Note Payable | | | | | |
| Sea Island Bank, Unsecured | <u>\$279,000.00</u> | <u>\$0.00</u> | <u>\$28,447.00</u> | <u>\$250,553.00</u> | <u>\$19,947.00</u> |
| Total Long Term Debt | <u><u>\$279,000.00</u></u> | <u><u>\$0.00</u></u> | <u><u>\$28,447.00</u></u> | <u><u>\$250,553.00</u></u> | <u><u>\$19,947.00</u></u> |

Debt Service Obligations

Annual debt service requirements to maturity for the unsecured Sea Island Bank note payable are as follows:

| | | Note Payable | | |
|----------------------|-------|----------------------------|----------------------------|----------------------------|
| Year Ending June 30: | Year | Principal | Interest | Total |
| 2006 | 1 | \$19,947.00 | \$15,273.00 | \$35,220.00 |
| 2007 | 2 | 20,807.00 | 14,413.00 | 35,220.00 |
| 2008 | 3 | 22,107.00 | 13,113.00 | 35,220.00 |
| 2009 | 4 | 23,489.00 | 11,731.00 | 35,220.00 |
| 2010 | 5 | 24,957.00 | 10,263.00 | 35,220.00 |
| 2011 through 2015 | 6-10 | 139,246.00 | 36,854.00 | 176,100.00 |
| 2016 through 2020 | 11-15 | | | |
| 2021 through 2025 | 16-20 | | | |
| 2026 through 2030 | 21-25 | | | |
| 2031 through 2035 | 26-30 | | | |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | <u><u>\$250,553.00</u></u> | <u><u>\$101,647.00</u></u> | <u><u>\$352,200.00</u></u> |

Valdosta State University

Valdosta State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Valdosta State University (University). The Foundation is also the sole member of VSU Foundation Real Estate I, LLC, a Georgia limited liability company (subsidiary). The Foundation and any other subsidiaries under its control act primarily as fund-raising organizations to supplement the resources that are available to the University in support of its programs. The thirty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation and its subsidiaries can only be used by, or for the benefit of, the University, the Foundation, consolidated with any subsidiaries, is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

Construction in Progress valued at 17 million and the associated long-term debt are included in the consolidated financial statements of the Foundation. The corresponding capital leases and associated long-term debt are included in the University's report.

During the year ended December 31, 2004, the Foundation distributed \$1,415,275.47 to the University or on its behalf for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of University Advancement, 102 Georgia Avenue, Valdosta, Georgia 31698.

Investments for Component Units:

Valdosta State University Foundation (consolidated) holds endowment investments in the amount of \$15 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended per the Foundation's spending plan and as restricted by the donors. Valdosta State University Foundation, in conjunction with the donors, has established a spending plan whereby 4.5% of the previous year's December 31 portfolio value may be expended. Valdosta State University Foundation (consolidated) also holds investments in real property valued at \$6,311,456.00.

Investments:

| | <u>Fair Value</u> |
|-------------------------------------|------------------------|
| Equities | \$9,642,519.00 |
| Fixed Income | 4,636,923.00 |
| Alternative Mutual Funds | 1,059,619.00 |
| Life Income Agreements | <u>603,498.00</u> |
| Endowment Investments | 15,942,559.00 |
| Investments held by Trustee | <u>20,488,512.00</u> |
| Total Investments per Balance Sheet | <u>\$36,431,071.00</u> |

Long Term Liabilities for Component Units

Valdosta State University Foundation issued Bonds to finance the acquisition of facilities for Valdosta State University. The bonds mature serially and are collateralized by real estate. The interest rates for the 95 and 98 bonds are 4.8% and 5.0%, respectfully.

The Foundation also incurred a note payable to a local financial institution to assist with updating University Athletic facilities. For consolidated reporting purposes, the following details must be considered. The Foundation has reported this transaction as a receivable from the University and as a liability. Since the University retains ownership of the facility, the University has recorded a capital asset and liability. The Foundation entry should be eliminated for consolidated reporting.

In June 2004, The Valdosta Housing Authority issued Series 2004 Student Housing Revenue Bonds and loaned the proceeds to VSU Foundation Real Estate I, LLC (a subsidiary). The bonds, serial and term, are secured by pledges of gross receipts from student housing at Valdosta State University. The bonds bear interest at rates ranging from 3.25% to 5.25%. Interest is due semiannually and principal is due annually.

Changes in Long Term Liabilities for the fiscal year ended December 31, 2004 are shown below:

| | Beginning Balance January 1, 2004 | Additions | Reductions | Ending Balance December 31, 2004 | Amounts due within One Year |
|----------------------|---|------------------------|-----------------------|--|-----------------------------------|
| 95 Bond | \$1,839,836.00 | \$0.00 | \$652,375.00 | \$1,187,461.00 | \$250,478.00 |
| 98 Bond | \$2,605,337.00 | | \$771,621.00 | 1,833,716.00 | 201,557.00 |
| Note Payable | 278,083.00 | | 37,391.00 | 240,692.00 | 36,208.00 |
| Housing Bonds | | 35,904,562.00 | | 35,904,562.00 | 452,035.00 |
| Total Long Term Debt | <u>\$4,723,256.00</u> | <u>\$35,904,562.00</u> | <u>\$1,461,387.00</u> | <u>\$39,166,431.00</u> | <u>\$940,278.00</u> |

Albany State University

Albany State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Albany State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under GASB standards, including GASB Statement No. 39 Determining Whether Certain Organizations are Component Units - an

amendment of GASB Statement No. 14. Therefore, there will not be a need to restate these statements in order for them to conform to the accounting convention utilized by the University. The foundation's fiscal year is July 1 through June 30, which is the same as Albany State University's fiscal year.

During the year ended June 30, 2005, the Foundation distributed \$1,080,920 to the University, of which \$600,408.00 was distributed as scholarships to students. The balance was for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of the ASU Foundation at 131 West Oglethorpe Blvd., Albany, GA 31705.

Investments for Component Units:

Albany State University Foundation holds investments in the amount of \$2,538,966. Currently all investments are restricted except for Synovus Trust Company in the amount of \$116,302.

Investments:

| | |
|------------------------------------|------------------------------|
| Common Stock, Bonds and Securities | \$1,408,801.00 |
| Certificate of Deposit | 1,030,165.00 |
| Investments in Real Estate | 100,000.00 |
| Total Investments | <u><u>\$2,538,966.00</u></u> |

Long Term Liabilities:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|---|--------------------------------------|------------------------------|-----------------------------|------------------------------------|-----------------------------------|
| Compensated Absences | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Liabilities under Split Interest Agreements | 1,335,292.00 | 1,181,889.00 | 44,898.00 | 2,472,283.00 | 80,565.00 |
| Other Long Term Debt | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Long Term Debt | <u><u>\$1,335,292.00</u></u> | <u><u>\$1,181,889.00</u></u> | <u><u>\$44,898.00</u></u> | <u><u>\$2,472,283.00</u></u> | <u><u>\$80,565.00</u></u> |

Armstrong Atlantic State University

Armstrong Atlantic State University Foundation (Foundation), Inc. is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. In 2004, Armstrong Atlantic State University Foundation changed its fiscal year-end from June 30 to December 31. As a result, the numbers included herein represent those for the six months ended December 31, 2004. December 31, 2005, Armstrong Atlantic State University will issue audited financial statements for the 18 month period ending December 31, 2005.

During the period ending December 31, 2004, the Foundation distributed \$385,392.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University.

Investments for Component Units:

Armstrong Atlantic State University Foundation, Inc. holds endowment investments in the amount of \$3,287,469. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Armstrong Atlantic State University Foundation, Inc. holds no investments in real property.

Armstrong Atlantic State University Foundation

Investments are comprised of the following amounts at December 31, 2004

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------|
| Cash held by investment organization | \$0.00 | \$0.00 |
| Money Market Accounts | 149,745.00 | 149,745.00 |
| Government and Agency Securities | 1,765,628.00 | 1,779,165.00 |
| Corporate Bonds | | |
| Equity Securities | 2,037,907.00 | 2,371,627.00 |
| Mutual Funds | <u>14,371.00</u> | <u>14,371.00</u> |
| Total Investments | <u>\$3,967,651.00</u> | <u>\$4,314,908.00</u> |

Educational Properties, Inc. (Foundation) is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). The Foundation buys buildings and leases them to the university, manages an apartment complex, and operates student housing. The five-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such,

certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

Education Properties, Inc. (Foundation) holds real estate assets that have been purchased through bonds and bridge financing. The corresponding capital leases and associated long-term debt are included in the University's report. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University.

Investments for Component Units:

Educational Properties Foundation, Inc.

Investments are comprised of the following amounts at December 31, 2004

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|-----------------------|-----------------------|
| Cash held by investment organization | \$1,997,630.00 | \$1,997,630.00 |
| Equity Securities - SEE BELOW | | (23,181.00) |
| | <u>\$1,997,630.00</u> | <u>\$1,974,449.00</u> |

Included in the above caption "equity securities" is the fair value of derivative instruments, which does not have a cost associated with it.

Long Term Liabilities:

Student Housing Bonds are issued by the Educational Properties, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Armstrong Atlantic State University. The two bond issues are variable interest rate bonds.

Changes in long-term liabilities for component units for the fiscal year ended December 31, 2004 are shown below:

| | Beginning Balance January 1, 2004 | Additions | Reductions | Ending Balance December 31, 2004 | Amounts due within One Year |
|------------------------|---|---------------|---------------------|--|-----------------------------------|
| Revenue Bonds Payable | | | | | |
| Real Estate Foundation | | | | | |
| Student Housing | \$17,455,000.00 | \$0.00 | \$205,000.00 | \$17,250,000.00 | \$450,000.00 |
| Res. Instr. & Research | | | | | |
| | <u>\$17,455,000.00</u> | <u>\$0.00</u> | <u>\$205,000.00</u> | <u>\$17,250,000.00</u> | <u>\$450,000.00</u> |
| Total Long Term Debt | | | | | |

Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (EPI Foundation) revenue bonds payable are as follows:

| | | Bonds Payable | | |
|-------------------|-------|------------------------|-----------------------|------------------------|
| | | Principal | Interest | Total |
| 2005 | 1 | \$450,000.00 | \$580,280.00 | \$1,030,280.00 |
| 2006 | 2 | 475,000.00 | 564,773.00 | 1,039,773.00 |
| 2007 | 3 | 495,000.00 | 548,470.00 | 1,043,470.00 |
| 2008 | 4 | 520,000.00 | 531,435.00 | 1,051,435.00 |
| 2009 | 5 | 545,000.00 | 513,556.00 | 1,058,556.00 |
| 2010 through 2014 | 6-10 | 3,165,000.00 | 2,971,090.00 | 6,136,090.00 |
| 2015 through 2019 | 11-15 | 4,030,000.00 | 984,104.00 | 5,014,104.00 |
| 2020 through 2024 | 16-20 | 5,135,000.00 | 532,026.00 | 5,667,026.00 |
| 2025 through 2029 | 21-25 | 2,435,000.00 | 58,212.00 | 2,493,212.00 |
| 2030 through 2034 | 26-30 | | | |
| 2035 through 2039 | 31-35 | | | |
| 2040 through 2044 | 36-40 | | | |
| | | <u>\$17,250,000.00</u> | <u>\$7,283,946.00</u> | <u>\$24,533,946.00</u> |

Augusta State University

Augusta State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Augusta State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is the single member owner of two limited liability companies, ASU Jaguar Student Housing I, LLC and ASU Jaguar Student Center, LLC. ASU Jaguar Student Housing I, LLC is a limited liability company organized for the purpose of constructing and holding an apartment complex for the benefit of students attending Augusta State University. ASU Jaguar Student Center, LLC 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 students attending the school. The 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.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$1,013,163.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 2500 Walton Way.

Investments for Component Units:

Augusta State University Foundation holds endowment investments in the amount of \$12,818,311. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Augusta State University Foundation also holds investments in real property valued at \$20,000.

Augusta State University Foundation

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|------------------------|------------------------|
| Cash held by investment organization | \$0.00 | \$0.00 |
| Money Market Accounts | | |
| Government and Agency Securities | 833,696.00 | 843,043.00 |
| Corporate Bonds | 1,091,100.00 | 1,087,733.00 |
| Equity Securities | 7,149,935.00 | 7,926,057.00 |
| Mutual Funds | 2,790,014.00 | 2,961,477.00 |
| Real Estate | | 20,000.00 |
| | <u>\$11,864,745.00</u> | <u>\$12,838,310.00</u> |
| Total Investments | | |

Long Term Liabilities:

Series 2004 Bonds Payable

Augusta State University Jaguar Student Housing I, LLC issued revenue bonds, Series 2004, dated August 1, 2004 due in annual installments of \$85,000 to \$1,445,000 due through February 1, 2035 with interest at 5% to 5.375%. The bonds are secured by a deed on the University Village Apartments.

Series 2005 Bonds Payable

Augusta State University Jaguar Student Center, LLC issued revenue bonds, Series 2005, dated February 1, 2005, due in annual installments of \$170,000 to \$705,000 due through July 1, 2034 with interest at 3.25 to 5%.

Other Long Term Debt

On April 23, 2003, the Foundation entered into a construction loan in the amount of \$1,250,000 and increased the loan to \$1,600,000 on November 10, 2003. The loan was for real estate improvements at the Forest Hills Golf Club for the benefit of the Augusta State University Athletic Association. The note carries a variable interest rate of LIBOR plus 1.20% (4.705% at June 30, 2005). The loan is secured by the Foundation's investment account with Georgia Bank and Trust.

Long-term liability activity for the year ended June 30, 2005 was as follows:

Long Term Liabilities

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|-----------------------------|--------------------------------------|------------------------|---------------|------------------------------------|-----------------------------------|
| Series 2004 Bonds payable | \$0.00 | \$19,515,000.00 | \$0.00 | \$19,515,000.00 | \$0.00 |
| Series 2005 Bonds payable | | 11,145,000.00 | | 11,145,000.00 | |
| Premium on Bonds payable | | 192,518.00 | | 192,518.00 | |
| Other Long Term Debt | 1,493,332.00 | 15,863.00 | | 1,509,195.00 | 35,500.00 |
| Total Long Term Debt | \$1,493,332.00 | \$30,868,381.00 | \$0.00 | \$32,361,713.00 | \$35,500.00 |

Debt Service Obligations:

Annual debt service requirements to maturity for Student Housing Revenue Bonds, Series 2004 (ASU Jaguar Student Housing I,LLC) bonds payable are as follows:

| | | Bonds Payable | | |
|-------------------|-------|------------------------|------------------------|------------------------|
| | | Principal | Interest | Total |
| 2006 | 1 | \$0.00 | \$1,011,020.00 | \$1,011,020.00 |
| 2007 | 2 | 85,000.00 | 1,011,020.00 | 1,096,020.00 |
| 2008 | 3 | 85,000.00 | 1,007,578.00 | 1,092,578.00 |
| 2009 | 4 | 90,000.00 | 1,003,838.00 | 1,093,838.00 |
| 2010 | 5 | 155,000.00 | 999,563.00 | 1,154,563.00 |
| 2011 through 2015 | 6-10 | 1,340,000.00 | 3,849,713.00 | 5,189,713.00 |
| 2016 through 2020 | 11-15 | 2,280,000.00 | 4,447,013.00 | 6,727,013.00 |
| 2021 through 2025 | 16-20 | 3,870,000.00 | 3,704,719.00 | 7,574,719.00 |
| 2026 through 2030 | 21-25 | 5,065,000.00 | 2,543,363.00 | 7,608,363.00 |
| 2031 through 2035 | 26-30 | 6,545,000.00 | 2,065,748.00 | 8,610,748.00 |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | \$19,515,000.00 | \$21,643,575.00 | \$41,158,575.00 |

Annual debt service requirements to maturity for Educational Facilities Revenue Bonds, Series 2005 (ASU Jaguar Student Center, LLC) bonds payable are as follows:

| | | Bonds Payable | | |
|----------------------|-------|-----------------|----------------|-----------------|
| Year Ending June 30: | Year | Principal | Interest | Total |
| 2006 | 1 | \$0.00 | \$503,864.00 | \$503,864.00 |
| 2007 | 2 | 170,000.00 | 503,864.00 | 673,864.00 |
| 2008 | 3 | 170,000.00 | 497,149.00 | 667,149.00 |
| 2009 | 4 | 175,000.00 | 489,924.00 | 664,924.00 |
| 2010 | 5 | 200,000.00 | 484,236.00 | 684,236.00 |
| 2011 through 2015 | 6-10 | 1,350,000.00 | 2,293,806.00 | 3,643,806.00 |
| 2016 through 2020 | 11-15 | 1,710,000.00 | 1,996,956.00 | 3,706,956.00 |
| 2021 through 2025 | 16-20 | 2,095,000.00 | 1,612,975.00 | 3,707,975.00 |
| 2026 through 2030 | 21-25 | 2,645,000.00 | 1,067,000.00 | 3,712,000.00 |
| 2031 through 2035 | 26-30 | 2,630,000.00 | 336,750.00 | 2,966,750.00 |
| | | \$11,145,000.00 | \$9,786,524.00 | \$17,964,774.00 |

Annual debt service requirements to maturity for construction loan (Augusta State University Foundation) are as follows:

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|------|----------------|--------------|----------------|
| 2006 | 1 | \$35,500.00 | \$82,080.00 | \$117,580.00 |
| 2007 | 2 | 142,000.00 | 64,079.00 | 206,079.00 |
| 2008 | 3 | 142,000.00 | 67,984.00 | 209,984.00 |
| 2009 | 4 | 142,000.00 | 64,426.00 | 206,426.00 |
| 2010 | 5 | 142,000.00 | 60,696.00 | 202,696.00 |
| 2011 through 2015 | 6-10 | 941,195.00 | 56,787.00 | 997,982.00 |
| | | \$1,544,695.00 | \$396,052.00 | \$1,940,747.00 |

Augusta State University Athletic Foundation (Association) is a legally separate, tax-exempt component unit of Augusta State University (University). The Association is a nonprofit organization that promotes the educational, athletic, and physical education programs of the University. The Association leases Forest Hills Golf Club (the “Club”), an 18-hole golf course, from the Board of Regents of the University System of Georgia for a nominal fee. The Association in turn has entered into a management agreement with the Augusta Golf Association, Inc. (the “AGA”) to manage, operate and maintain Forest Hills Golf Club. The income of the Association is solely derived from the revenues of the Golf Club and interest income. Because the resources held by the Association can only be used by, or for the benefit of, the University, the Association is considered a component unit of the University and is discretely presented in the University’s financial statements.

The Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain

revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Association's fiscal year is July 1 through June 30.

Complete financial statements for the Association can be obtained from the Administrative Office at 2500 Walton Way, Augusta, Georgia 30904-2200.

Long Term Liabilities:

Two term notes, bearing no interest, due in monthly payments of \$1,035 through 2008, secured by equipment. Note payable to ASU Foundation dated May 24, 2005 in the original amount of \$1,544,695 secured by first priority security interest. Note is payable in quarterly installments of interest only through May 2006, then in consecutive quarterly payments equal to \$35,500, plus accrued interest at the LIBOR rate plus 1.2% commencing on August 24, 2006 and continuing on the same day each third month thereafter, with the total remaining balance due May 24, 2011.

Changes in long-term liabilities for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|-----------------------|--------------------------------------|-----------|-------------|------------------------------------|-----------------------------------|
| Revenue Bonds Payable | | | | | |
| Athletic Association | | | | | |
| Athletic Facilities | \$1,586,665.00 | \$0.00 | \$14,557.00 | \$1,572,108.00 | \$13,450.00 |
| Total Long Term Debt | \$1,586,665.00 | \$0.00 | \$14,557.00 | \$1,572,108.00 | \$13,450.00 |

Debt Service Obligations:

Annual debt service requirements to maturity for Athletic Facilities (Athletic Association) revenue bonds payable are as follows:

| | | Bonds Payable | | |
|----------------------|------|----------------|--------------|----------------|
| Year Ending June 30: | Year | Principal | Interest | Total |
| 2006 | 1 | \$13,450.00 | \$77,300.00 | \$90,750.00 |
| 2007 | 2 | 154,416.00 | 74,600.00 | 229,016.00 |
| 2008 | 3 | 143,547.00 | 67,500.00 | 211,047.00 |
| 2009 | 4 | 142,000.00 | 60,400.00 | 202,400.00 |
| 2010 | 5 | 142,000.00 | 53,300.00 | 195,300.00 |
| 2011 through 2015 | 6-10 | 976,695.00 | 45,996.00 | 1,022,691.00 |
| | | \$1,572,108.00 | \$379,096.00 | \$1,951,204.00 |

Clayton State University

Clayton State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The twenty-eight-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$313,674 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the following address: Clayton State University Foundation, Inc., Alumni Affairs Office, Harry Downs Continuing Education Building, 5900 North Lee Street, Morrow, Georgia, 30260.

Investments for Component Units

Clayton State University Foundation holds endowment investments in the amount of \$1.92 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------|-----------------------|-----------------------|
| Georgia Investment Pools | | |
| BOR Short Term Fund | \$155,873.00 | \$154,898.00 |
| BOR Total Return Fund | <u>1,837,453.00</u> | <u>1,922,355.00</u> |
| | | |
| Total Investments | <u>\$1,993,326.00</u> | <u>\$2,077,253.00</u> |

The Walter & Emilie Spivey Foundation (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation provides music scholarships and sponsors programming in Spivey Hall, the University's world class music performance hall. The six-member board of the Foundation is self-perpetuating and consists of friends of the University and the University president. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income

thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2004, the Foundation distributed \$450,900 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be requested at the Administrative Office at Clayton State University, 5900 North Lee Street, Morrow, Georgia, 30260.

Investments for Component Units

The Walter & Emilie Spivey Foundation holds investments in the amount of \$7.1 million. Investments consist of marketable securities, bonds and real property as follows:

Investments are comprised of the following amounts at December 31, 2004

| | <u>Cost</u> | <u>Fair Value</u> |
|-----------------------|---------------------------|---------------------------|
| Money Market Accounts | \$157,884.00 | \$157,884.00 |
| Corporate Bonds | 1,615,544.00 | 1,630,589.00 |
| Equity Securities | 4,552,413.00 | 5,101,116.00 |
| Real Estate | <u>277,400.00</u> | <u>277,400.00</u> |
| Total Investments | <u>\$6,603,241.00</u> | <u>\$7,166,989.00</u> |

Columbus State University

Columbus State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Columbus State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The fifty-seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue

recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of the Foundation approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the month ended July 31, 2004.

During the month ended July 31, 2004, the Foundation distributed \$78,564 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Columbus State University Foundation, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Foundation, the amount due from Columbus State University, \$129,569 is not reflected as a payable on the University's Statement of Net Assets. This amount was expensed by the University before its year end, June 30, 2005.

Investments for Component Units:

Columbus State University Foundation, Inc. holds endowment investments in the amount of \$10,456,481. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purpose of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments for Columbus State University Foundation were comprised of the following amounts at July 31, 2004:

| | <u>Cost</u> | <u>Fair Value</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| Money Market Accounts | \$715,000.00 | \$715,000.00 |
| Government and Agency Securities | 4,047,953.00 | 4,052,038.00 |
| Corporate Bonds | 5,253,991.00 | 5,069,362.00 |
| Equity Securities | 9,007,618.00 | 8,922,311.00 |
| Georgia Investment Pools | | |
| BOR Total Return Fund | <u>4,701,676.00</u> | <u>4,528,584.00</u> |
| Total Investments | <u><u>\$23,726,238.00</u></u> | <u><u>\$23,287,295.00</u></u> |

Columbus State University Foundation had no long-term liabilities at 7-31-04.

Foundation Properties, Inc. is a legally separate, tax-exempt component unit of Columbus State University (University). Foundation Properties, Inc. constructs auxiliary buildings and facilities for use by the University and then leases the completed buildings to the Board of Regents of the University System of Georgia. The eleven-member board Foundation Properties,

Inc. is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from Foundation Properties, Inc., the majority of resources or income thereon that Foundation Properties, Inc. holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by Foundation Properties, Inc. can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Foundation Properties, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of Foundation Properties, Inc. approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the month ended July 31, 2004.

During the month ended July 31, 2004, Foundation Properties distributed \$8,111 to the University for both restricted and unrestricted purposes. Complete financial statements for Foundation Properties, Inc. can be obtained from Foundation Properties, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Foundation Properties, the amount due to Columbus State University, \$264,011 is not reflected as a receivable on the University's Statement of Net Assets. This amount was received by the University before its year end, June 30, 2005.

Investments for Component Units:

Foundation Properties, Inc. holds investments in the amount of \$5,451,206. Investments consist of marketable securities and bonds as follows:

Investments for Foundation Properties, Inc. were comprised of the following amounts at July 31, 2004:

| | <u>Cost</u> | <u>Fair Value</u> |
|----------------------------------|-----------------------|-----------------------|
| Government and Agency Securities | \$254,883.00 | \$251,719.00 |
| Corporate Bonds | 1,993,798.00 | 2,063,182.00 |
| Equity Securities | <u>3,097,774.00</u> | <u>3,136,305.00</u> |
| Total Investments | <u>\$5,346,455.00</u> | <u>\$5,451,206.00</u> |

Long-Term Liabilities for Component Units:

Student Housing Bonds are issued by Foundation Properties, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Columbus State University.

Educational Programming Bonds are issued by Foundation Properties, Inc. to finance the purchase of the One Arsenal Property to be incorporated with the future development of the Uptown Campus, as well as the construction of the Cunningham Conference Center.

Changes in long-term liabilities for Foundation Properties, Inc. for the month ended July 31, 2004 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance July 31, 2004 | Amounts due within One Year |
|-----------------------------|--------------------------------------|------------------------|---------------|------------------------------------|-----------------------------------|
| Revenue Bonds Payable | | | | | |
| Foundation Properties, Inc. | | | | | |
| Student Housing | \$5,250,000.00 | \$6,666,000.00 | \$0.00 | \$11,916,000.00 | \$300,000.00 |
| Educational Programming | 7,130,000.00 | 8,334,000.00 | | 15,464,000.00 | 140,000.00 |
| Total Long Term Debt | <u>\$12,380,000.00</u> | <u>\$15,000,000.00</u> | <u>\$0.00</u> | <u>\$27,380,000.00</u> | <u>\$440,000.00</u> |

Annual debt service requirements to maturity for Student Housing (Foundation Properties, Inc.) revenue bonds payable are as follows:

| | | Bonds Payable | | |
|------------|---|------------------------|-----------------------|------------------------|
| | | Principal | Interest | Total |
| 2005 | 1 | \$300,000.00 | \$215,478.00 | \$515,478.00 |
| 2006 | 2 | 366,660.00 | 211,157.00 | 577,817.00 |
| 2007 | 3 | 439,986.00 | 205,489.00 | 645,475.00 |
| 2008 | 4 | 448,874.00 | 198,273.00 | 647,147.00 |
| 2009 | 5 | 6,610,480.00 | 190,828.00 | 6,801,308.00 |
| Thereafter | | <u>3,750,000.00</u> | <u>178,547.00</u> | <u>3,928,547.00</u> |
| | | <u>\$11,916,000.00</u> | <u>\$1,199,772.00</u> | <u>\$13,115,772.00</u> |

Annual debt service requirements to maturity for Educational Programming (Foundation Properties, Inc.) revenue bonds payable are as follows:

| | | Bonds Payable | | |
|------|------|------------------------|-----------------------|------------------------|
| | | Principal | Interest | Total |
| | Year | | | |
| 2005 | 1 | \$140,000.00 | \$849,964.00 | \$989,964.00 |
| 2006 | 2 | 7,073,340.00 | 842,614.00 | 7,915,954.00 |
| 2007 | 3 | 175,014.00 | 176,862.00 | 351,876.00 |
| 2008 | 4 | 186,126.00 | 173,222.00 | 359,348.00 |
| 2009 | 5 | <u>7,889,520.00</u> | <u>169,285.00</u> | <u>8,058,805.00</u> |
| | | <u>\$15,464,000.00</u> | <u>\$2,211,947.00</u> | <u>\$17,675,947.00</u> |

Columbus State University Alumni Association, Inc. (Association) is a legally separate, tax-exempt component unit of Columbus State University (University). The Association seeks to promote the mission of the University through mutually beneficial relations between the University and its alumni. The twenty-member board of the Association is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Association, the majority of resources or income thereon that the Association holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Association can only be used by or for the benefit of the University and their management role is significant to the accomplishment of the University's mission, the Association is considered a component unit of the University and is discretely presented in the University's financial statements.

The Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of the Association approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the month ended July 31, 2004.

During the month ended July 31, 2004, the Association distributed \$12,001 to the University for both restricted and unrestricted purposes. Complete financial statements for the Association can be obtained from Columbus State University Alumni Association, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Association, the amount due from Columbus State University, \$43,204 is not reflected as a payable on the University's Statement of Net Assets. This amount was expensed by the University before its year-end, June 30, 2005.

Investments for Component Units:

Columbus State University Alumni Association, Inc. holds endowment investments in the amount of \$39,990. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Alumni Association, Inc. in conjunction with the donors, has established a spending plan whereby 5% of the trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purposes of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process:

Investments for Columbus State University Alumni Association were comprised of the following amounts at July 31, 2004:

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------|--------------------|--------------------|
| Equity Securities | <u>\$70,019.00</u> | <u>\$39,990.00</u> |
| Total Investments | <u>\$70,019.00</u> | <u>\$39,990.00</u> |

Columbus State University Alumni Association had no long term liabilities at July 31, 2004.

Columbus State University Athletic Fund, Inc. (Athletic Fund) is a legally separate, tax-exempt component unit of Columbus State University (University). The Athletic Fund supports athletic endeavors of the institution. These endeavors include but are not limited to student services and student financial aid. The thirty-three-member board of the Athletic Fund is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Athletic Fund, the majority of resources or income thereon that the Athletic Fund holds and invests is restricted to the athletic activities of the University by the donors. Because these restricted resources held by the Athletic Fund can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Athletic Fund is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of the Athletic Fund approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the month ended July 31, 2004.

During the month ended July 31, 2004 the Athletic Fund distributed \$37,444 to the University for both restricted and unrestricted purposes. Complete financial statements for the Athletic Fund can be obtained from Columbus State University Athletic Fund, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Foundation, the amount due to Columbus State University, \$18,855 is not reflected as a receivable on the University's Statement of Net Assets. This amount was received by the University before its year-end, June 30, 2005.

Investments for Component Units:

Columbus State University Athletic Fund, Inc. holds endowment investments in the amount of \$1,405,378 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Athletic

Fund, Inc., in conjunction with the donors, has established a spending plan whereby 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purposes of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments for the Columbus State University Athletic Fund, Inc. were comprised of the following at July 31, 2004:

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------|-----------------------|-----------------------|
| Corporate Bonds | \$100,000.00 | \$100,000.00 |
| Equity Securities | <u>1,053,754.00</u> | <u>1,305,378.00</u> |
| Total Investments | <u>\$1,153,754.00</u> | <u>\$1,405,378.00</u> |

Columbus State University Athletic Fund, Inc. had no long term liabilities at July 31, 2004.

Georgia College and State University

Georgia College & State University Foundation (foundation) and the Georgia College & State University Alumni Association, Inc. (association) are legally separate, tax-exempt component units of Georgia College & State University (university). The foundation and alumni association act primarily as fund-raising organizations to supplement the resources that are available to the university in support of its programs. The boards of the foundation and association are self-perpetuating and consist of graduates and friends of the university. Although the university does not control the timing or amount of receipts from the foundation or association, the majority of resources or income thereon, which the foundation and association hold and invest, is restricted to the activities of the university by the donors. Because these restricted resources held by the foundation and association can only be used by, or for the benefit of, the university, the foundation and the association are considered component units of the university and are discretely presented in the university's financial statements.

The foundation information includes three single member limited liability companies (LLCs) whose sole member is the foundation. The limited liability companies (LLC I, II, and III) were formed primarily to construct and finance various buildings and improvements located on the property of Georgia College & State University. LLC III was not officially operational until July 14, 2004. On September 1, 2004, the bonds originally financed by the LLC I were redeemed through the issuance of bonds by Property III, LLC.

The foundation and association are private nonprofit organizations that report under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports will be reclassified to the GASB presentation for external financial reporting purposes. The foundation's and association's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the foundation distribution \$278,714 and the association distributed \$186,108 to the University for both restricted and unrestricted purposes. Complete financial statements for both the Foundation and Alumni Association can be obtained from the Georgia College & State University Advancement Office at Campus Box 096, Milledgeville, GA 31061.

Investments for Component Units:

The Georgia College & State University Foundation holds endowment investments of \$8,745,856 and the Alumni Association holds endowment investments of \$5,055,352. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Georgia College & State University Foundation and Alumni Association, in conjunction with the donors, have established a spending plan whereby 4.75% of the fair market value at year end may be used for academic scholarships and .25% may be used for administrative expenses.

The Georgia College & State University Foundation also holds investments in real property and equipment, net of accumulated depreciation valued at \$77,469,008.

Investments:

Georgia College & State University Foundation

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|-----------------------|-----------------------|-----------------------|
| Money Market Accounts | \$633,696.00 | \$633,696.00 |
| Corporate Bonds | 2,795,396.00 | 2,787,990.00 |
| Equity Securities | <u>4,199,085.00</u> | <u>5,324,170.00</u> |
| Total Investments | <u>\$7,628,177.00</u> | <u>\$8,745,856.00</u> |

Georgia College & State University Alumni Association

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|-----------------------|-----------------------|-----------------------|
| Money Market Accounts | \$147,182.00 | \$147,182.00 |
| Corporate Bonds | 2,547,903.00 | 3,245,917.00 |
| Equity Securities | <u>1,666,494.00</u> | <u>1,662,253.00</u> |
| Total Investments | <u>\$4,361,579.00</u> | <u>\$5,055,352.00</u> |

Long Term Liabilities for Component Units:

Student Activities Facilities Bonds are issued by the Georgia College & State University Real Estate Foundation, a component unit of the Georgia College & State University Foundation, to finance a student activities facility at Georgia College & State University. The bonds mature serially and are serviced by a pledge of a portion of student activity fees paid by students each semester at Georgia College & State University.

Lease Revenue Bonds were issued by the Georgia College & State University Foundation Property II, LLC to finance a student center and parking lot at the University. The bonds, serial and term, are secured by a pledge of a portion of rental income to be paid by the Board of Regents of the University of Georgia.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|-------------------------------|---|------------------------|------------------------|---|--|
| Student Housing Revenue Bonds | \$55,875,000.00 | \$89,000,000.00 | \$55,875,000.00 | \$89,000,000.00 | \$0.00 |
| Lease Revenue Bonds | 7,840,000.00 | | | 7,840,000.00 | 265,000.00 |
| Total Long Term Debt | 63,715,000.00 | 89,000,000.00 | 55,875,000.00 | 96,840,000.00 | \$265,000.00 |
| Issuance Premium - Net | 1,624,383.00 | | 1,612,628.00 | 11,755.00 | |
| Bond Discount - Net | | (568,217.00) | 19,538.00 | (548,679.00) | |
| | <u>\$65,339,383.00</u> | <u>\$88,431,783.00</u> | <u>\$57,507,166.00</u> | <u>\$96,303,076.00</u> | |

Annual debt service requirements to maturity for Housing Revenue Bonds:

| | | Bonds Payable | | |
|----------------------|-------|------------------------|------------------------|-------------------------|
| | | Principal | Interest | Total |
| Year Ending June 30: | Year | | | |
| 2006 | 1 | \$0.00 | \$4,969,600.00 | \$4,969,600.00 |
| 2007 | 2 | 0.00 | 4,969,600.00 | 4,969,600.00 |
| 2008 | 3 | 640,000.00 | 4,953,600.00 | 5,593,600.00 |
| 2009 | 4 | 835,000.00 | 4,916,725.00 | 5,751,725.00 |
| 2010 | 5 | 1,045,000.00 | 4,869,725.00 | 5,914,725.00 |
| 2011 through 2015 | 6-10 | 8,955,000.00 | 23,120,088.00 | 32,075,088.00 |
| 2016 through 2020 | 11-15 | 13,315,000.00 | 20,111,688.00 | 33,426,688.00 |
| 2021 through 2025 | 16-20 | 17,415,000.00 | 16,005,139.00 | 33,420,139.00 |
| 2026 through 2030 | 21-25 | 23,010,000.00 | 10,415,156.00 | 33,425,156.00 |
| 2031 through 2035 | 26-30 | 23,785,000.00 | 2,950,069.00 | 26,735,069.00 |
| | | 89,000,000.00 | 97,281,390.00 | 186,281,390.00 |
| Bond Discount - Net | | (548,679.00) | | (548,679.00) |
| | | <u>\$88,451,321.00</u> | <u>\$97,281,390.00</u> | <u>\$185,732,711.00</u> |

Annual debt service requirements to maturity for Student Center and Parking Lot Bonds:

| | | Bonds Payable | | |
|------------------------|-------|-----------------------|-----------------------|------------------------|
| | | Principal | Interest | Total |
| Year Ending June 30: | Year | | | |
| 2006 | 1 | \$265,000.00 | \$300,421.25 | \$565,421.25 |
| 2007 | 2 | 275,000.00 | 294,456.25 | 569,456.25 |
| 2008 | 3 | 275,000.00 | 287,581.25 | 562,581.25 |
| 2009 | 4 | 280,000.00 | 280,706.25 | 560,706.25 |
| 2010 | 5 | 290,000.00 | 272,306.25 | 562,306.25 |
| 2011 through 2015 | 6-10 | 1,610,000.00 | 1,191,443.75 | 2,801,443.75 |
| 2016 through 2020 | 11-15 | 1,935,000.00 | 870,306.25 | 2,805,306.25 |
| 2021 through 2025 | 16-20 | 2,375,000.00 | 443,243.75 | 2,818,243.75 |
| 2026 through 2030 | 21-25 | 535,000.00 | 24,075.00 | 559,075.00 |
| 2031 through 2035 | 26-30 | 0.00 | 0.00 | 0.00 |
| | | 7,840,000.00 | 3,964,540.00 | 11,804,540.00 |
| Issuance Premium - Net | | 11,755.00 | | 11,755.00 |
| | | <u>\$7,851,755.00</u> | <u>\$3,964,540.00</u> | <u>\$11,816,295.00</u> |

Georgia Southwestern State University

Georgia Southwestern Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$1,649,220 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1800 South Lee Street, Americus, Georgia 31709.

Investments for Component Units:

Georgia Southwestern Foundation, Inc. holds endowment investments in the amount of \$22 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. The Foundation has an established investment policy which is monitored by its Trustees.

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|----------------------------|----------------------------|
| Cash held by investment organization | \$1,800,003.00 | \$1,800,000.00 |
| Money Market Accounts | 358,094.57 | 358,095.00 |
| Equity Securities | 7,279,061.95 | 7,807,213.00 |
| Equity Mutual Funds | 6,455,387.18 | 6,931,691.00 |
| Fixed Income Mutual Funds | <u>5,207,338.30</u> | <u>5,167,944.00</u> |
| Total Investments | <u>\$21,099,885.00</u> | <u>\$22,064,943.00</u> |

Georgia Southwestern Research and Development Corporation, Inc. is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Research and Development Corporation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research and Development Corporation. The twelve-member board of the Corporation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Corporation itself. Although the University does not control the timing or amount of receipts from the Research and Development Corporation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research and Development Corporation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is August 1 through July 31.

Complete financial statements for the Research and Development Corporation can be obtained from the Administrative Office at 800 Wheatley Street, Americus, Georgia 31709.

Kennesaw State University

Kennesaw State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Kennesaw State University (University). The Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the institution. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$1,725,376.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1000 Chastain Rd, Kennesaw, GA 30114.

Investments:

Kennesaw State University Foundation, Inc. holds endowment investments in the amount of \$15,281,343. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Kennesaw State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 4% of the earnings may be used for academic scholarships. The remaining 96% of the earnings are set aside as a reserve.

Investments:

| | <u>Estimated Cost</u> | <u>Fair Value</u> |
|----------------------------------|------------------------|------------------------|
| Money Market Accounts | \$2,042,085.24 | \$2,042,085.24 |
| Government and Agency Securities | 2,992,264.37 | 3,278,397.23 |
| Corporate Bonds | 1,023,101.75 | 1,105,569.50 |
| Equity Securities | 5,369,188.36 | 7,488,060.60 |
| Mutual Funds | 1,145,936.97 | 1,367,230.43 |
| Real Estate | 13,800.00 | 13,800.00 |
| Total Investments | <u>\$12,586,376.69</u> | <u>\$15,295,143.00</u> |

Investment cost is an estimate based on available information.

Long Term Liabilities

Student Housing Revenue Bonds are issued by Kennesaw State University Foundation, Inc. to finance student housing on University property. The bonds mature at term and are secured by pledges of gross receipts from student housing. The interest rate is variable.

Parking Facility Revenue Bonds are issued by the Kennesaw State University Foundation, Inc. to finance parking facilities on University property. The bonds mature at term and are secured by pledges of gross receipts from parking deck rents at Kennesaw State University. The interest rate is variable.

Education Facilities Revenue Bonds are issued by the Kennesaw State University Foundation, Inc. to finance the purchase of teaching and administrative facilities. The bonds mature serially and are serviced by a pledge of gross receipts of rents from the facilities financed by the bonds. The interest rate is variable.

Lenders have provided three letters of credit to secure the bonds. The obligations of the Foundation to repay the amounts are secured by a deed to secure debt, an assignment of rents and leases, and by a security agreement which encumbers the Foundation's interest in the projects and its revenues.

The University Manor note payable was issued by Wachovia Bank to finance the purchase of an existing apartment complex. The note is due in monthly installments of \$19,752 through March 1, 2010 with a final payment of the entire outstanding balance on April 1, 2010. The note bears interest at a rate of 8.58%.

Changes in Long-Term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance <u>July 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>June 30, 2005</u> | Amounts due within <u>One Year</u> |
|---|---|-------------------------|-------------------------|---|--|
| Student Housing Facilities Bonds 2003A | \$85,705,785.00 | \$0.00 | \$85,705,785.00 | \$0.00 | \$0.00 |
| University Facilities Bonds 2003B | 25,045,000.00 | | 25,045,000.00 | | |
| Education Facilities Revenue Bonds | 13,655,000.00 | | 650,000.00 | 13,005,000.00 | 680,000.00 |
| University Manor Note Payable | 2,474,836.00 | | 2,474,836.00 | | |
| University Facilities Taxable Senior Series 2004B | | 8,050,000.00 | | 8,050,000.00 | 770,000.00 |
| Student Housing Senior Series 2004A | | 49,715,000.00 | | 49,715,000.00 | |
| Student Housing Subordinate Series 2004C | | 18,240,000.00 | | 18,240,000.00 | |
| Student Housing Subordinate Series 2004D | | 34,275,000.00 | | 34,275,000.00 | |
| Series 2004 Parking Bonds | | 36,380,000.00 | | 36,380,000.00 | 860,000.00 |
| Series 2004 Facilities Bonds | | 8,400,000.00 | | 8,400,000.00 | |
| Unamortized Cost of Issuance | | (5,542,973.00) | | (5,542,973.00) | |
| Unamortized Bond Premium | | 4,279,421.00 | | 4,279,421.00 | |
| Total Long Term Debt | <u>\$126,880,621.00</u> | <u>\$153,796,448.00</u> | <u>\$113,875,621.00</u> | <u>\$166,801,448.00</u> | <u>\$2,310,000.00</u> |

Annual debt service requirements to maturity for Student Housing, Parking, Education and Facilities bonds payable are as follows:

| Year Ending June 30: | Year | Principal | Interest | Total |
|----------------------|-------|-------------------------|-------------------------|-------------------------|
| 2006 | 1 | \$7,504,831.00 | \$7,264,787.50 | \$14,769,618.50 |
| 2007 | 2 | 3,760,000.00 | 7,222,445.50 | 10,982,445.50 |
| 2008 | 3 | 3,885,000.00 | 7,133,970.00 | 11,018,970.00 |
| 2009 | 4 | 4,035,000.00 | 7,017,028.50 | 11,052,028.50 |
| 2010 | 5 | 4,205,000.00 | 6,888,870.50 | 11,093,870.50 |
| 2011 through 2015 | 6-10 | 22,400,000.00 | 32,521,921.75 | 54,921,921.75 |
| 2016 through 2020 | 11-15 | 27,425,000.00 | 27,902,750.00 | 55,327,750.00 |
| 2021 through 2025 | 16-20 | 29,050,000.00 | 21,358,650.00 | 50,408,650.00 |
| 2026 through 2030 | 21-25 | 30,230,000.00 | 13,618,700.00 | 43,848,700.00 |
| 2031 through 2035 | 26-30 | 27,690,000.00 | 6,738,600.00 | 34,428,600.00 |
| 2036 through 2040 | 31-35 | 11,811,448.00 | 645,832.50 | 12,457,280.50 |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$171,996,279.00</u> | <u>\$138,313,556.25</u> | <u>\$310,309,835.25</u> |

North Georgia College and State University

North Georgia College & State University Foundation (Foundation) is a legally separate, tax-exempt component unit of North Georgia College & State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The twenty-five member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$678,650.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 70 Alumni Drive, Dahlonega, GA 30533 or from the Foundation's website at www.ngcsu.edu.

Investments for Component Units:

North Georgia College & State University Foundation holds endowment investments in the amount of \$11,320,995 dollars. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. North Georgia College & State University Foundation, in conjunction with the donors, has established a spending plan

whereby 50% of the earnings may be used for academic scholarships. The remaining 50% of the earnings are set aside as a reserve.

North Georgia College & State University Foundation also holds investments in real property valued at \$1,167,239.

North Georgia College & State University Foundation
Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|----------------------------|----------------------------|
| Cash held by investment organization | \$1,209,406.00 | \$1,209,406.00 |
| Money Market Accounts | 261,198.00 | 261,198.00 |
| Government and Agency Securities | 700,339.00 | 726,278.00 |
| Equity Securities | 2,119.00 | 4,172.00 |
| Mutual Funds | 11,766,166.00 | 12,584,848.00 |
| Real Estate | <u>1,167,239.00</u> | <u>1,167,239.00</u> |
| Total Investments | <u>\$15,106,467.00</u> | <u>\$15,953,141.00</u> |

Long Term Liabilities:

Student Housing Bonds are issued by the North Georgia College & State University Foundation to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at North Georgia College & State University. The interest rate is 4.28%.

Changes in long-term liabilities for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance <u>July 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>June 30, 2005</u> | Amounts due within <u>One Year</u> |
|---|---|-----------------------|-------------------------|---|--|
| Compensated Absences | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Liabilities under Split Interest Agreements | 30,957.00 | 3,080.00 | 5,453.00 | 28,584.00 | |
| Other Long Term Debt | <u>10,895,000.00</u> | | <u>95,000.00</u> | <u>10,800,000.00</u> | <u>100,000.00</u> |
| Total Long Term Debt | <u>\$10,925,957.00</u> | <u>\$3,080.00</u> | <u>\$100,453.00</u> | <u>\$10,828,584.00</u> | <u>\$100,000.00</u> |

Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (Foundation) revenue bonds payable are as follows:

| | | Bonds Payable | | |
|-------------------|-------|------------------------|-----------------------|------------------------|
| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2006 | 1 | \$100,000.00 | \$459,000.00 | \$559,000.00 |
| 2007 | 2 | 100,000.00 | 450,500.00 | 550,500.00 |
| 2008 | 3 | 100,000.00 | 446,250.00 | 546,250.00 |
| 2009 | 4 | 100,000.00 | 442,000.00 | 542,000.00 |
| 2010 | 5 | 200,000.00 | 433,500.00 | 633,500.00 |
| 2011 through 2015 | 6-10 | 1,400,000.00 | 2,010,250.00 | 3,410,250.00 |
| 2016 through 2020 | 11-15 | 2,700,000.00 | 1,538,500.00 | 4,238,500.00 |
| 2021 through 2025 | 16-20 | 3,500,000.00 | 867,000.00 | 4,367,000.00 |
| 2026 through 2030 | 21-25 | 2,600,000.00 | 114,750.00 | 2,714,750.00 |
| 2031 through 2035 | 26-30 | | | |
| 2036 through 2040 | 31-35 | | | |
| 2041 through 2045 | 36-40 | | | |
| | | <u>\$10,800,000.00</u> | <u>\$6,761,750.00</u> | <u>\$17,561,750.00</u> |

Southern Polytechnic State University

Southern Polytechnic State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Southern Polytechnic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The forty member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$510,561 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office, Southern Polytechnic State University, 1100 South Marietta Pkwy., Marietta, GA, 30060-2896.

Investments for Component Units:

Southern Polytechnic State University Foundation holds endowment investments in the amount of \$897,000. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Southern Polytechnic State University Foundation, in conjunction with the donors, has established a spending plan whereby 5% of the rolling three year average of market value may be used for academic scholarships or other academic activities as specified by the endowment agreement.

The Southern Polytechnic State University Foundation Endowments are invested in the Board of Regents Total Return Fund. Total investments held by the Foundation held a fair value of \$6,418,988.16.

Southern Polytechnic State University

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|-----------------------|-----------------------|
| Cash held by investment organization | \$1,230,456.03 | \$1,230,465.03 |
| BOR Total Return Fund | <u>5,140,021.77</u> | <u>5,188,523.13</u> |
| Total Investments | <u>\$6,370,477.80</u> | <u>\$6,418,988.16</u> |

University of West Georgia

University of West Georgia Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of University of West Georgia (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation board consists of approximately forty members and is made up of alumni and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

In accordance with GASB 14, there was a receivable due from the University to the Foundation in the amount of \$2,144. Due to the different fiscal years this transaction was not listed as a payable by the University.

During the year ended December 31, 2004, the Foundation distributed \$1,077,504.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of Development and Alumni Services at 1901 Maple Street Carrollton Georgia 30118.

Investments for Component Units:

University of West Georgia Foundation, Inc. holds endowment investments in the amount of \$12,664,768 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. University of West Georgia Foundation, in conjunction with the donors, has established a spending plan whereby up to 5% of the adjusted corpus balance at year end may be used for academic scholarships. The remaining 95% of the earnings are set aside as a reserve.

University of West Georgia Foundation, Inc. also holds investments in real property valued at \$17,238,148.

Investments are comprised of the following amounts at December 31, 2004:

Investments are comprised of the following amounts at December 31, 2004:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|----------------------------|----------------------------|
| Cash held by investment organization | \$375,944.00 | \$375,944.00 |
| Short Term Investments | 18,684,928.00 | 18,684,928.00 |
| Stocks and options | 7,079,417.00 | 8,721,878.00 |
| Fixed income securities | 3,319,006.00 | 3,308,193.00 |
| Managed Futures | 200,000.00 | 253,644.00 |
| Mutual Funds | <u>5,109.00</u> | <u>5,109.00</u> |
| Total Investments | <u>\$29,664,404.00</u> | <u>\$31,349,696.00</u> |

Long Term Liabilities for Component Units:

Student Housing Bonds have been issued by the University of West Georgia foundation, Inc. to finance student housing on university property. The bonds are secured by pledges of gross receipts from student housing at the University of West Georgia.

Series 2003 bonds were issued on June 30, 2003 for \$13,205,000 to fund the construction of Phase 1. These bonds are variable rate bonds whose rate is the Weekly Swap Index published by the Bond Market Association, adjusted weekly, with a cap of 12.0%. The current rate is 2.09%. The fixed bond rate for the project would have been approximately 6.5%; therefore, the Foundation chose the variable rate bonds in order to take advantage of the low rates available at this time. In addition, the Foundation has the option of doing an “interest rate swap” if the rates increase by swapping all or a part of the debt for fixed rate bonds at a later time.

Series 2004A bonds were issued on October 1, 2004 in the amount of \$19,275,000 to fund the construction of Phase II. The bonds bear interest at rates ranging from 3.0% to 5.0%.

Series 2004B bonds were issued on October 1, 2004 in the amount of \$180,000 to assist in the construction of Phase II. The bonds bear interest at a rate of 3.4%.

Changes in long-term liabilities for the calendar year ended December 31, 2004 are shown below:

| | Beginning Balance <u>January 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>December 31, 2004</u> | Amounts due within <u>One Year</u> |
|------------------------------|--|-------------------------------|----------------------|---|--|
| Mortgage Payable (Brookwood) | \$0.00 | \$5,700,000.00 | \$0.00 | \$5,700,000.00 | \$0.00 |
| Series 2003 Bonds | 13,205,000.00 | | | 13,205,000.00 | 405,791.00 |
| Bond Premium | | 363,667.00 | | 363,667.00 | 0.00 |
| Series 2004A Bonds | | 19,175,000.00 | | 19,175,000.00 | 779,631.00 |
| Series 2004B Bonds | | 180,000.00 | | 180,000.00 | 5,610.00 |
| Total Long Term Debt | <u>\$13,205,000.00</u> | <u>\$25,418,667.00</u> | <u>\$0.00</u> | <u>\$38,623,667.00</u> | <u>\$1,191,032.00</u> |

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

| <u>Series 2003 Bonds Payable</u> | | | |
|----------------------------------|----------------------------|---------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| Year Ending | | | |
| 2005 | \$0 | \$405,791 | \$405,791 |
| 2006 | 375,000 | 401,018 | 776,018 |
| 2007 | 385,000 | 389,366 | 774,366 |
| 2008 | 400,000 | 377,337 | 777,337 |
| 2009 through 2013 | 2,185,000 | 1,692,759 | 3,877,759 |
| 2014 through 2018 | 2,565,000 | 1,329,763 | 3,894,763 |
| 2019 through 2023 | 3,005,000 | 903,774 | 3,908,774 |
| 2024 through 2028 | 3,520,000 | 404,923 | 3,924,923 |
| 2029 | 770,000 | 13,860 | 783,860 |
| | <u>\$13,205,000</u> | <u>\$5,918,591</u> | <u>\$19,123,591</u> |

| <u>Series 2004 A & B Bonds Payable</u> | | | |
|--|----------------------------|----------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| Year Ending | | | |
| 2005 | \$0 | \$785,241 | \$785,241 |
| 2006 | | 856,626 | 856,626 |
| 2007 | 455,000 | 856,626 | 1,311,626 |
| 2008 | 485,000 | 842,256 | 1,327,256 |
| 2009 | 535,000 | 827,706 | 1,362,706 |
| 2010 through 2014 | 3,180,000 | 3,822,730 | 7,002,730 |
| 2015 through 2019 | 3,820,000 | 3,178,806 | 6,998,806 |
| 2020 through 2024 | 4,790,000 | 2,208,375 | 6,998,375 |
| 2025 through 2029 | 6,090,000 | 900,883 | 6,990,883 |
| | <u>\$19,355,000</u> | <u>\$14,279,249</u> | <u>\$33,634,249</u> |

UWG Real Estate Foundation (Foundation) is a legally separate, tax-exempt component unit of the University of West Georgia (University). The Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the University. The nine-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or

amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation is the sole member of UWG Campus Center, LLC, a Georgia limited liability company, who holds title to all assets and associated conduit debt described herein in connection with the Campus Center construction project.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

Complete financial statements for the Foundation can be obtained from the Treasurer, Office of Business and Finance 1601 Maple Street, Carrollton, Georgia 30118.

Investments for Component Units:

UWG Real Estate Foundation holds investments in the amount of \$26.3 million. Investments consist of money market funds and repurchase agreements as follows:

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|---|----------------------------|----------------------------|
| Money Market Accounts | \$127,669.00 | \$127,669.00 |
| FSA-Repurchase Agreement Maturity 11/1/06 | 24,117,452.00 | 24,117,452.00 |
| FSA-Repurchase Agreement Maturity 8/1/05 | 925,387.00 | 925,387.00 |
| AIG-Repurchase Agreement | <u>1,142,106.00</u> | <u>1,142,106.00</u> |
| Total Investments | <u>\$26,312,614.00</u> | <u>\$26,312,614.00</u> |

Long Term Liabilities for Component Units:

Resident Instruction Bonds have been issued by the UWG Real Estate Foundation, Inc. to finance the Student Center facilities at the University of West Georgia. The bonds mature serially and are serviced by a pledge of a student fee and appropriations formerly used for square footage support. The interest rate can fluctuate between 3 and 5% over the term of the bonds.

Changes in long-term liabilities for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance July 1, 2004 | Additions | Reductions | Ending Balance June 30, 2005 | Amounts due within One Year |
|------------------------|--------------------------------------|-----------------|------------|------------------------------------|-----------------------------------|
| Revenue Bonds Payable | | | | | |
| Real Estate Foundation | | | | | |
| Premium on Issue | \$0.00 | \$222,421.00 | \$4,569.00 | \$217,852.00 | \$7,476.00 |
| Student Center | 0.00 | 30,720,000.00 | 0.00 | 30,720,000.00 | 0.00 |
| Total Long Term Debt | \$0.00 | \$30,942,421.00 | \$4,569.00 | \$30,937,852.00 | \$7,476.00 |

Annual debt service requirements to maturity for Student Center (Real Estate Foundation) revenue bonds payable are as follows:

| Year Ending June 30: | Bonds Payable | | |
|----------------------|-----------------|-----------------|-----------------|
| | Principal | Interest | Total |
| 2006 | \$0.00 | \$1,665,440.00 | \$1,665,440.00 |
| 2007 | 0.00 | 1,427,520.00 | 1,427,520.00 |
| 2008 | 360,000.00 | 1,422,120.00 | 1,782,120.00 |
| 2009 | 390,000.00 | 1,410,383.00 | 1,800,383.00 |
| 2010 | 425,000.00 | 1,395,545.00 | 1,820,545.00 |
| 2011 through 2015 | 2,735,000.00 | 6,703,887.00 | 9,438,887.00 |
| 2016 through 2020 | 3,965,000.00 | 6,067,480.00 | 10,032,480.00 |
| 2021 through 2025 | 5,770,000.00 | 4,970,326.00 | 10,740,326.00 |
| 2026 through 2030 | 8,045,000.00 | 3,169,007.00 | 11,214,007.00 |
| 2031 through 2035 | 9,030,000.00 | 1,082,283.00 | 10,112,283.00 |
| | \$30,720,000.00 | \$29,313,991.00 | \$60,033,991.00 |

Annual debt service requirements to maturity for Student Center (Real Estate Foundation) revenue bonds premium on certificates payable are as follows:

Premium on Certificates Payable

| Year Ending June 30: | Premium | Total |
|----------------------|--------------|--------------|
| 2006 | \$7,476.00 | \$7,476.00 |
| 2007 | 7,476.00 | 7,476.00 |
| 2008 | 7,476.00 | 7,476.00 |
| 2009 | 7,476.00 | 7,476.00 |
| 2010 through 2014 | 37,380.00 | 37,380.00 |
| 2015 through 2019 | 37,380.00 | 37,380.00 |
| 2020 through 2024 | 37,380.00 | 37,380.00 |
| 2025 through 2029 | 37,380.00 | 37,380.00 |
| 2030 through 2035 | 38,428.00 | 38,428.00 |
| | \$217,852.00 | \$217,852.00 |

Dalton State College

Dalton State College Foundation (Foundation) is a legally separate, tax-exempt component unit of Dalton State College (College). The organization was incorporated as a non-profit corporation under the Non-Profit Corporation Code of the State of Georgia on December 14, 1967. The organization's purpose is to provide individual grants, scholarships, and educational programs for eligible faculty and residents of the North Georgia area in cooperation with Dalton State College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. In order to provide information to Dalton State College in a timely manner, the Board of Directors of the Foundation voted to change its year end from June 30 to March 31. The foundation's fiscal year is April 1 through March 31. For FY2005, the statements are for a nine month fiscal year.

During the year ended March 31, 2005, the Foundation distributed \$279,317 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 650 College Drive, Dalton, GA 30720-3797.

Investments for Component Units:

The Dalton State College Foundation holds endowment investments in the amount of \$8.9 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|-----------------------|-----------------------|
| Cash held by investment organization | \$0.00 | \$0.00 |
| Money Market Accounts | 33,590.70 | 33,590.70 |
| Government and Agency Securities | 701,299.02 | 684,570.09 |
| Corporate Bonds | 303,377.14 | 302,056.68 |
| Equity Securities | 875,381.27 | 1,006,464.10 |
| Mutual Funds | 898,470.77 | 978,224.72 |
| Georgia Investment Pools | | |
| BOR Total Return Fund | <u>6,569,099.97</u> | <u>5,934,766.99</u> |
| | | |
| Total Investments | <u>\$9,381,218.87</u> | <u>\$8,939,673.28</u> |

Macon State College

Macon State College Foundation (Foundation) is a legally separate, non-profit corporation existing to support and enhance public higher education in the middle Georgia area. The Foundation operates as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code as a charitable organization whereby only unrelated business incomes, as defined by Section 512(a) (1) of the Code, are subject to federal income tax.

Twenty-eight foundation trustees represent central Georgia leaders from business, education, healthcare, and government. New trustees are elected by the current trustees, and members may serve an unlimited number of three year terms.

Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

Investments for Component Units:

Macon State College Foundation's endowment was \$6,002,912 as of June 30, 2005. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Macon State College Foundation, in conjunction with the donors, has

established a spending plan whereby 4-6% of the market value of the investments at year end, averaged over a rolling three year period, may be used within the parameters of the donor's restrictions.

Macon State College Foundation

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------|-----------------------|-----------------------|
| Georgia Investment Pools | | |
| BOR Total Return Fund | <u>\$5,434,120.00</u> | <u>\$5,407,933.00</u> |
| Total Investments | <u>\$5,434,120.00</u> | <u>\$5,407,933.00</u> |

Abraham Baldwin Agricultural College

Abraham Baldwin Agricultural College Foundation (Foundation) is a legally separate, tax-exempt component unit of Abraham Baldwin Agricultural College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$242,811 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2802 Moore Highway - ABAC 13, Tifton, GA. 31793.

Investments for Component Unit:

Abraham Baldwin Agricultural College Foundation

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|----------------------------------|---------------------------|---------------------------|
| Government and Agency Securities | \$678,860.00 | \$682,925.00 |
| Corporate Bonds | 979,207.00 | 941,676.00 |
| Equity Securities | 3,787,545.00 | 4,002,795.00 |
| Mutual Funds | <u>58,750.00</u> | <u>57,645.00</u> |
| Total Investments | <u>\$5,504,362.00</u> | <u>\$5,685,041.00</u> |

Long Term Liabilities:

Student Housing Bonds are issued by the First ABAC, LLC., a wholly-owned subsidiary of the Abraham Baldwin Agricultural College Foundation, to finance student housing on college property. The bonds, serial and term, are secured by pledges of receipts from student housing at Abraham Baldwin Agricultural College. The interest rate is 4.5%.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

| | Beginning Balance <u>July 1, 2004</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>June 30, 2005</u> | Amounts due within <u>One Year</u> |
|--------------------------|---|-------------------|------------------------|---|--|
| Revenue Bonds Payable | | | | | |
| Student Housing | <u>\$31,948,184.00</u> | <u>\$0.00</u> | <u>\$40,113.00</u> | <u>\$31,908,071.00</u> | <u>\$689,220.00</u> |
| Total Long Term Debt | <u>\$31,948,184.00</u> | <u>\$0.00</u> | <u>\$40,113.00</u> | <u>\$31,908,071.00</u> | <u>\$689,220.00</u> |

Debt Service Obligations

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

| | | Bonds Payable | | |
|-------------------|-------|------------------------|------------------------|------------------------|
| | | Principal | Interest | Total |
| 2006 | 1 | \$685,000.00 | \$1,306,344.00 | \$1,991,344.00 |
| 2007 | 2 | 725,000.00 | 1,289,394.00 | 2,014,394.00 |
| 2008 | 3 | 785,000.00 | 1,270,519.00 | 2,055,519.00 |
| 2009 | 4 | 870,000.00 | 1,249,831.00 | 2,119,831.00 |
| 2010 | 5 | 900,000.00 | 1,226,581.00 | 2,126,581.00 |
| 2011 through 2015 | 6-10 | 4,945,000.00 | 5,677,703.00 | 10,622,703.00 |
| 2016 through 2020 | 11-15 | 5,860,000.00 | 4,709,394.00 | 10,569,394.00 |
| 2021 through 2025 | 16-20 | 7,415,000.00 | 3,098,812.00 | 10,513,812.00 |
| 2026 through 2030 | 21-25 | 9,430,000.00 | 1,064,744.00 | 10,494,744.00 |
| | | <u>\$31,615,000.00</u> | <u>\$20,893,322.00</u> | <u>\$52,508,322.00</u> |

The bonds were issued at a premium of \$1,049,632 which is being amortized over the life of the bonds. The accumulated amortization to date is \$80,227.

Bainbridge College

Bainbridge College Foundation (Foundation) is a legally separate, tax-exempt component unit of Bainbridge College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirteen-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$13,118.90 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Communications Office, PO Box 990, Bainbridge, GA 39818-0990.

Investments for Component Units:

Bainbridge College Foundation holds endowment investments in the amount of \$10,000. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Bainbridge College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings may be used for academic scholarships.

Investments are comprised of the following amounts at June 30, 2005:

| | Cost | Fair Value |
|-----------------------|-------------|-------------|
| Money Market Accounts | \$10,000.00 | \$10,000.00 |
| Total Investments | \$10,000.00 | \$10,000.00 |

Coastal Georgia Community College

Coastal Georgia Community College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Coastal Georgia Community College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates, friends, and employees of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2004, the Foundation distributed \$488,165.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3700 Altama Avenue, Brunswick, GA 31520.

Investments for Component Units:

Coastal Georgia Community College Foundation holds endowment investments in the amount of \$3.09 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. The Foundation board determines the amount of earnings to be expended during its annual budgeting process.

Coastal Georgia Community College Foundation
Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|-----------------------|-----------------------|
| Cash held by investment organization | \$652,948.00 | \$645,575.46 |
| Government and Agency Securities | 398,264.27 | 395,680.00 |
| Corporate Bonds | 700,000.00 | 698,900.00 |
| Equity Securities | 8,909.38 | 13,050.00 |
| Mutual Funds | 607,719.36 | 621,800.41 |
| Georgia Investment Pools | | |
| BOR Short Term Fund | 70,516.19 | 69,453.92 |
| BOR Total Return Fund | 3,316,616.82 | 3,321,222.30 |
| | <u>\$5,754,974.02</u> | <u>\$5,765,682.09</u> |
| Total Investments | | |

Darton College

Darton College Foundation (Foundation) is a legally separate, tax-exempt component unit of Darton College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$176,283 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Darton College Business Office, 2400 Gillionville Rd. Albany GA 31707.

Investments for Component Units

Darton College Foundation
Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------|---------------------|
| Cash held by investment organization | \$253,449.90 | \$253,449.90 |
| Money Market Accounts | 75,241.07 | 75,241.07 |
| Government and Agency Securities | 204,243.97 | 204,230.29 |
| Equity Securities | 166,175.61 | 175,200.92 |
| Mutual Funds | 118,315.24 | 115,400.82 |
| Real Estate | 5,000.00 | 5,000.00 |
| | <u>\$822,425.79</u> | <u>\$828,523.00</u> |
| Total Investments | | |

East Georgia College

East Georgia College Foundation (Foundation) is a legally separate, tax-exempt component unit of East Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$25,116.00 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of the Vice President for Fiscal Affairs at 131 College Circle, Swainsboro, GA 30401.

Investments for Component Units

East Georgia College Foundation holds endowment investments in the amount of \$654,182.00. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. East Georgia College Foundation, in conjunction with the donors, has established a spending plan whereby up to 100% of the earnings may be used for academic scholarships. Any remaining earnings are set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2005

| | <u>Fair Value</u> |
|--------------------------------------|----------------------------|
| Cash held by investment organization | \$25.60 |
| Money Market Accounts | 4,094.56 |
| Equity Securities | 37,626.64 |
| Georgia Investment Pools | |
| BOR Balanced Income Fund | 42,129.09 |
| BOR Total Return Fund | <u>570,306.11</u> |
| Total Investments | <u><u>\$654,182.00</u></u> |

Floyd College

Floyd College Foundation (Foundation) is a legally separate, tax-exempt component unit of Floyd College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Cartersville/Bartow Foundation, Inc. combined with the Floyd College Foundation, Inc., in May 2005. In future statements, this combined entity will be known as Georgia Highlands Foundation.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30. (If Foundation has other fiscal year, please correct note).

During the year ended June 30, 2005, the Foundation distributed \$141,958.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3175 Cedartown Highway, Rome, GA 30161.

Investments for Component Units:

Floyd College Foundation holds endowment investments in the amount of \$580,875. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------|---------------------|---------------------|
| Equity Securities | \$547,718.00 | \$547,718.00 |
| Mutual Funds | <u>33,157.00</u> | <u>33,157.00</u> |
| Total Investments | <u>\$580,875.00</u> | <u>\$580,875.00</u> |

Gainesville College

Gainesville College Foundation is a legally separate, tax-exempt component unit of Gainesville College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the college in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the college. Although the college does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the college by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the college, the Foundation is considered a component unit of the college and is discretely presented in the college's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended June 30, 2005, the Foundation distributed \$494,132.00 to the college for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at P.O. Box 1358, Gainesville, GA 30503.

Investments for Component Units:

Gainesville College Foundation holds endowment investments in the amount of \$8.4 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. If the income is restricted, it is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

Gainesville College Foundation also holds investments in real property valued at \$8,400.00.

Investments are comprised of the following amounts at December 31, 2004:

| | <u>Cost</u> | <u>Fair Value</u> |
|----------------------------------|---------------------------|---------------------------|
| Money Market Accounts | \$1,356,709.00 | \$1,356,709.00 |
| Government and Agency Securities | 1,412,957.00 | 1,438,903.00 |
| Corporate Bonds | 455,967.00 | 466,794.00 |
| Equity Securities | 3,091,046.00 | 3,425,781.00 |
| Mutual Funds | <u>1,473,962.00</u> | <u>1,713,924.00</u> |
| Total Investments | <u>\$7,790,641.00</u> | <u>\$8,402,111.00</u> |

Gordon College

Gordon College Foundation (Foundation) is a legally separate, tax-exempt component unit of Gordon College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty four-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2004, the Foundation distributed \$109,173 in scholarships to qualifying students of the College. Complete financial statements for the Foundation can be obtained from the Administrative Office at 419 College Drive, Barnesville, GA 30204.

Investments for Component Units:

The Gordon College Foundation adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, 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 statement of activities.

Gordon College Foundation

Investments are comprised of the following amounts at December 31, 2004

| | <u>Cost</u> | <u>Fair Value</u> |
|---|-----------------------|-----------------------|
| The Common Fund | \$609,588.00 | \$1,220,637.00 |
| Charles Schwab | 2,188,790.00 | 2,159,431.00 |
| State Farm Mutual Fund | 1,690.00 | 5,747.00 |
| Upton Bankshares | 6,000.00 | 6,000.00 |
| Gordon College Properties Foundation, LLC | 130.00 | 130.00 |
| | <hr/> | <hr/> |
| Total Investments | <u>\$2,806,198.00</u> | <u>\$3,391,945.00</u> |

Middle Georgia College

Middle Georgia College Foundation (Foundation) is a legally separate, tax-exempt component unit of Middle Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The fifty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$96,238 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation at 1100 Second St., SE, Cochran, GA 31014.

Investments for Component Units:

Middle Georgia College Foundation holds endowment investments in the amount of \$639,374. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Middle Georgia College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings is available for current and future expenditures, except where restricted by the donor.

Middle Georgia College Foundation, Inc.

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------|
| Cash held by investment organization | | |
| Money Market Accounts | \$34,572.00 | \$34,572.00 |
| Government and Agency Securities | 74,948.00 | 74,685.00 |
| Corporate Bonds | 71,478.00 | 71,882.00 |
| Equity Securities | 322,808.00 | 345,223.00 |
| Mutual Funds | 115,494.00 | 113,012.00 |
| | <u> </u> | <u> </u> |
| Total Investments | <u>\$619,300.00</u> | <u>\$639,374.00</u> |

South Georgia College

South Georgia College Foundation (Foundation) is a legally separate, tax-exempt component unit of South Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$186,115.77 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Vice President for Business Affairs at 100 West College Park Drive, Douglas, GA 31533.

Investments for Component Units:

South Georgia College Foundation holds endowment investments in the amount of \$2.5 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

South Georgia College Foundation also holds investments in real property valued at \$13,500.

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------|
| Cash held by investment organization | \$0.00 | \$0.00 |
| Corporate Bonds | | |
| Equity Securities | 154,978.05 | 154,978.05 |
| Real Estate | 13,500.00 | 13,500.00 |
| Georgia Investment Pools | | |
| BOR Total Return Fund | <u>2,479,397.00</u> | <u>2,370,098.99</u> |
| Total Investments | <u>\$2,647,875.05</u> | <u>\$2,538,577.04</u> |

Waycross College

Waycross College Foundation is a legally separate, tax-exempt component unit of Waycross College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty one-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the University and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed \$60,083 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2001 South Georgia Parkway Waycross, GA 31503.

Investments for Component Units:

Waycross College Foundation holds endowment investments in the amount of \$1.16 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Waycross College Foundation, in conjunction with the donors, has established a spending plan whereby dividend and interest earned on the corpus may be used for academic scholarships. The realized gains are set aside as a reserve.

Waycross College Foundation

Investments are comprised of the following amounts at June 30, 2005:

| | <u>Cost</u> | <u>Fair Value</u> |
|--------------------------|---------------------------|---------------------------|
| Certificates of Deposit | \$29,635.00 | \$29,635.00 |
| Georgia Investment Pools | | |
| BOR Total Return Fund | <u>1,191,375.00</u> | <u>1,132,385.00</u> |
| Total Investments | <u>\$1,221,010.00</u> | <u>\$1,162,020.00</u> |



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