ALBANY STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2019

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CONSOLIDATED FINANCIAL REPORT
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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Albany State University
Foundation, Inc. and Subsidiaries
Albany, Georgia

We have audited the accompanying consolidated financial statements of the **Albany State University Foundation, Inc. and Subsidiaries** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Albany State University Foundation, Inc. and Subsidiaries as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 28 – 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 20, 2019

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 3,450,524	$ 2,272,152
Unconditional promises to give, net	191,084	7,636
Accounts receivable	7,500	-
Net investments in direct financing leases	34,681,100	62,450,591
Investments	2,552,453	2,259,381
Investments in real estate	470,000	470,000
Property and equipment, net	-	596
Assets limited as to use	5,929,994	12,816,369
Total assets	$ 47,282,655	$ 80,276,725
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 47,328	$ 18,570
Accounts payable - related party	21,830	-
Accrued interest payable	936,788	1,656,100
Bonds payable, net	38,034,862	68,035,354
Total liabilities	39,040,808	69,710,024
Net assets		
Without donor restrictions	5,002,634	7,689,050
With donor restrictions	3,239,213	2,877,651
Total net assets	8,241,847	10,566,701
Total liabilities and net assets	$ 47,282,655	$ 80,276,725

See Notes to Consolidated Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND OTHER SUPPORT			
Contributions and special events	$ 93,561	$ 893,999	$ 987,560
Investment income	203,109	50,655	253,764
Net realized and unrealized gains on investments	82,267	84,682	166,949
Donated goods and services	467,458	-	467,458
Loss on sale of property and equipment	-	-	-
Other income	165,192	12,567	177,759
Leasing income:			
Rental income	386,199	-	386,199
Interest income on direct financing leases	3,495,057	-	3,495,057
Total leasing income	3,881,256	-	3,881,256
Net assets released from restrictions:			
Satisfaction of program restrictions	681,990	(681,990)	-
Total operating revenues and other support	5,574,833	359,913	5,934,746
OPERATNG EXPENSES			
Program services			
Academic and education	490,186	-	490,186
Student affairs	93,492	-	93,492
Other program support	399,754	-	399,754
Campus facilities	3,746,787	-	3,746,787
Total program services	4,730,219	-	4,730,219
Supporting services			
Administration and general	471,653	-	471,653
Fundraising	141,790	-	141,790
Total supporting services	613,443	-	613,443
Total operating expenses	5,343,662	-	5,343,662
CHANGE IN NET ASSETS FROM OPERATIING ACTIVITIES	231,171	359,913	591,084
NON-OPERATING ACTIVITIES			
Contribution expense of R&R funds	(1,710,163)	-	(1,710,163)
Loss on extinguishment of debt	(2,274,775)	-	(2,274,775)
FDA termination revenues	1,069,000	-	1,069,000
CHANGE IN NET ASSETS FROM NON-OPERATIING ACTIVITIES	(2,915,938)	-	(2,915,938)
CHANGE IN NET ASSETS	(2,684,767)	359,913	(2,324,854)
NET ASSETS, BEGINNING	7,689,050	2,877,651	10,566,701
CHANGE IN DONOR INTENT	(1,649)	1,649	-
NET ASSETS, ENDING	$ 5,002,634	$ 3,239,213	$ 8,241,847

See Notes to Consolidated Financial Statements.

2018		
Without Donor Restrictions	With Donor Restrictions	Total
$ 49,654	$ 370,100	$ 419,754
249,116	50,315	299,431
11,015	102,226	113,241
268,355	-	268,355
(63,520)	-	(63,520)
57,194	4,346	61,540
391,242	2,153	393,395
3,713,472	-	3,713,472
4,104,714	2,153	4,106,867
242,776	(242,776)	-
4,919,304	286,364	5,205,668
206,274	-	206,274
53,671	-	53,671
149,071	-	149,071
4,891,443	-	4,891,443
5,300,459	-	5,300,459
327,455	-	327,455
73,665	-	73,665
401,120	-	401,120
5,701,579	-	5,701,579
(782,275)	286,364	(495,911)
-	-	-
-	-	-
-	-	-
-	-	-
(782,275)	286,364	(495,911)
8,702,342	2,360,270	11,062,612
(231,017)	231,017	-
$ 7,689,050	$ 2,877,651	$ 10,566,701

ALBANY STATE UNIVERSITY FOUNDATION, INC.
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program services					Supporting services		
	Academic and education	Student affairs	Other program support	Campus facilities	Total program services	Administration and general	Fundraising	Total
Contract services	$ 10,829	$ -	$ -	$ -	$ 10,829	$ 97,462	$ -	$ 108,291
Depreciation	-	-	-	-	-	596	-	596
Donated material and supply expenses	-	-	26,216	-	26,216	-	-	26,216
Donated salary expenses	91,377	91,377	91,377	-	274,131	91,376	91,376	456,883
Donated rent expenses	2,115	2,115	2,115	-	6,345	2,115	2,115	10,575
Dues and subscriptions	-	-	-	-	-	6,862	-	6,862
Fundraising costs	-	-	-	-	-	-	3,948	3,948
Insurance	-	-	-	-	-	1,973	-	1,973
Interest	-	-	-	3,143,639	3,143,639	-	-	3,143,639
Marketing and promotions	-	-	107,932	-	107,932	32,095	23,130	163,157
Other operating expenses	-	-	37,686	19,467	57,153	8,125	-	65,278
Professional fees	3,411	-	-	97,063	100,474	121,756	-	222,230
Property taxes	-	-	-	-	-	4,257	-	4,257
Repairs and maintenance	-	-	1,545	486,618	488,163	-	-	488,163
Scholarships	382,454	-	-	-	382,454	-	-	382,454
Sponsorships	-	-	9,000	-	9,000	-	-	9,000
Supplies and office expenses	-	-	117,420	-	117,420	94,021	21,221	232,662
Travel, conferences, and meetings	-	-	6,463	-	6,463	11,015	-	17,478
Total expenses	$ 490,186	$ 93,492	$ 399,754	$ 3,746,787	$ 4,730,219	$ 471,653	$ 141,790	$ 5,343,662

See Notes to Consolidated Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

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

	Program services					Supporting services		
	Academic and education	Student affairs	Other program support	Campus facilities	Total program services	Administration and general	Fundraising	Total
Banking and processing fees	$ -	$ -	$ -	$ -	$ -	$ 2,585	$ -	$ 2,585
Contract services	5,898	-	-	-	5,898	53,082	-	58,980
Depreciation	-	-	-	-	-	7,392	-	7,392
Donated salary expenses	52,094	52,094	52,094	-	156,282	52,095	52,094	260,471
Donated rent expenses	1,577	1,577	1,577	-	4,731	1,576	1,577	7,884
Dues and subscriptions	-	-	-	-	-	12,427	-	12,427
Fundraising costs	-	-	-	-	-	-	10,066	10,066
Insurance	-	-	601	140,832	141,433	2,887	-	144,320
Interest	-	-	-	3,341,973	3,341,973	2,526	-	3,344,499
Marketing and promotions	-	-	15,633	-	15,633	7,205	5,423	28,261
Other operating expenses	-	-	20,266	4,179	24,445	30	-	24,475
Professional fees	12,406	-	5,070	62,995	80,471	172,206	-	252,677
Property taxes	-	-	-	-	-	5,055	-	5,055
Repairs and maintenance	-	-	465	1,341,464	1,341,929	-	-	1,341,929
Scholarships	134,299	-	-	-	134,299	-	-	134,299
Sponsorships	-	-	12,400	-	12,400	-	-	12,400
Supplies and office expenses	-	-	40,965	-	40,965	5,518	4,505	50,988
Travel, conferences, and meetings	-	-	-	-	-	2,871	-	2,871
Total expenses	$ 206,274	$ 53,671	$ 149,071	$ 4,891,443	$ 5,300,459	$ 327,455	$ 73,665	$ 5,701,579

See Notes to Consolidated Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ (2,324,854)	$ (495,911)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Gain on extinguishment of bond debt	(102,843)	-
Net realized and unrealized (gains) on investments	(166,949)	(113,241)
Depreciation expense	596	7,392
Amortization of bond issuance costs	110,658	63,520
Amortization of original bond issue premium, net	(79,302)	118,152
Contributions restricted for long-term investments	(141,437)	(88,379)
Contribution of land held for investment	-	(43,072)
(Increase) in accounts receivable	(7,500)	-
(Increase) in unconditional promises to give, net	(183,448)	(7,636)
Increase in accounts payable	28,758	18,420
Increase (decrease) in accounts payable - related party	21,830	(86,781)
(Decrease) in accrued interest payable	(158,317)	(32,425)
Net cash used in operating activities	(3,002,808)	(659,961)
INVESTING ACTIVITIES		
Principal received on net investments in direct financing leases	27,769,491	1,559,652
Proceeds from the sale of property and equipment	-	192,367
Net purchases of investments	(126,123)	(385,455)
Net cash provided by investing activities	27,643,368	1,366,564
FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	141,437	43,072
Payments on line of credit	-	(99,631)
Bond redemption	(30,490,000)	(1,830,000)
Net proceeds from funds held by Trustee	6,886,375	1,577,727
Net cash used in financing activities	(23,462,188)	(308,832)
Net increase in cash and cash equivalents	1,178,372	397,771
Cash and cash equivalents, at beginning of year	2,272,152	1,874,381
Cash and cash equivalents, at end of year	$ 3,450,524	$ 2,272,152
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 3,752,293	$ 3,405,494

See Notes to Consolidated Financial Statements.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

Albany State University Foundation, Inc. and Subsidiaries (the "Foundation") is a nonprofit foundation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The Foundation was formed and incorporated under the laws of the state of Georgia in 1969. The purpose of the Foundation is to support Albany State University (the "University") located in Albany, Georgia. The Foundation's support comes primarily from contributions and grants from alumni, corporations, foundations, other individuals and from leasing activities with Albany State University.

Significant accounting policies:

Basis of presentation:

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

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

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues. Board designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes. As of June 30, 2019 and 2018, board designated net assets totaled $822,614 and $212,893, respectively.

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

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

Significant accounting policies: (Continued)

Basis of consolidation:

The consolidated financial statements of Albany State University Foundation, Inc. and Subsidiaries include the accounts of the Albany State University Foundation, Inc., the ASU Real Estate Foundation, LLC (incorporated in February 2005 for the purpose of constructing student housing on the East Campus), and the Campus Facilities I, LLC (incorporated in April 2010 for the purpose of constructing student housing and a student center on the East Campus). The Foundation is the sole member of the LLC. Intercompany accounts and all significant intercompany transactions have been eliminated.

Contributions:

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

Contribution expense of repair and replacement funds:

In May 2019, the University and the Board of Regents informed the Foundation that the related student housing facilities, referred to as East Campus Buildings 1 - 4, would be acquired by USG Real Estate Foundation X, LLC, which is wholly owned by the University System of Georgia Foundation, Inc. (a separate not-for-profit organization within the University System of Georgia). A stipulation of the acquisition was that the repair and replacement (R&R) funds held by trustee shall be transferred to USG Real Estate Foundation X, LLC at the date of acquisition. For the year ending June 30, 2019, the Foundation recognized $1,710,163 in contribution expense of repair and replacement funds in the accompanying consolidated statement of activities.

Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased.

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

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

Significant accounting policies: (Continued)

Property and equipment:

Property and equipment are stated at historical cost. All property is made up of golf cart vehicles that have useful lives of five years. Depreciation is computed on the straight-line method over the estimated useful lives.

Maintenance and repair items are charged to operations and major improvements are capitalized.

Change in donor intent:

During the year ended June 30, 2019, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling $1,649 resulting in transfers from net assets without donor restrictions to net assets with donor restrictions.

During the year ended June 30, 2018, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling $231,017 resulting in transfers from net assets without donor restrictions to net assets with donor restrictions.

Donated goods and services:

Donated goods and services are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Donated goods and service expense, which primarily represents salaries, supplies, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as administration and general and fundraising expenses in the accompanying consolidated statement of activities. Donated goods and services totaled $467,458 and $268,355 for the year ended June 30, 2019 and 2018, respectively.

Investments:

Investments, including investments held by trustees, consist primarily of money market accounts, mutual funds, fixed income securities, equity securities, and pooled funds. Investments are carried at fair value. Investment expenses incurred totaled $3,380 and $15,802 for the year ended June 30, 2019 and 2018, respectively.

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

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk.

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

Significant accounting policies: (Continued)

Investments: (Continued)

Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying consolidated financial statements.

Investments in real estate:

Investment in real estate consists of donated real estate property that the Foundation has received and intends to sell. Donated investments in real estate are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

Investments in direct financing-type leases:

The Foundation leases real estate to the Board of Regents, a related party. The leases are accounted for as direct financing-type leases. The present value of the minimum lease payments is recorded as an asset and is amortized using the effective interest method as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is recorded as unearned income and is amortized as payments are received. In accordance with its stated purpose as a not-for-profit organization, the Foundation structures its lease agreements to provide rental proceeds to meet related debt service, interest expenses, and administrative and operating expenses. The terms of this lease agreement are considered more favorable than commercial terms on similar facilities and equipment. The lessee is responsible for the payment of property taxes, routine maintenance, insurance, and other costs incidental to the use of the facilities. The lease agreements generally provide for an initial rental period with renewable terms that extend over the term of the debt financing the leased property. The lease agreements are cancelable by the lessee at specified times during the lives of the leases. Leases with agencies of the State of Georgia are for no longer than one year, with renewable options.

Lease payments are structured, together with debt service reserves included in assets limited as to use, to provide sufficient funds to meet the debt service provided all renewal terms are exercised.

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

Significant accounting policies: (Continued)

Debt issuance costs:

Debt issuance costs, comprised principally of underwriting, legal, accounting, and printing fees, are recorded as a decrease of the face amount of bonds payable and amortized over the term of the debt using the effective interest method. As of June 30, 2019 and 2018, the accumulated amortization totaled $592,936 and $1,292,017, respectively.

Bond premiums and discounts:

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

Use of estimates:

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

Fair value of financial instruments:

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

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

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

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

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

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

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

Other receivables and payables - The carrying amount approximates fair value because of the short-term maturity of these instruments.

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

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

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

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

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

For the years ended June 30, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Income tax status:

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

ASU Real Estate Foundation, LLC and Campus Facilities I, LLC are both treated as single member LLCs for federal and state income tax purposes. Since the Foundation is the sole member of these LLCs, all income, losses, and credits are reported on the Foundation's income tax returns.

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

The Foundation files the Form 990 in the U.S. federal jurisdiction and the state of Georgia.

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

Significant accounting policies: (Continued)

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis on the consolidated statements of activities and consolidated statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Furthermore, all other costs have been allocated among the programs and supporting services benefited as required by FASB's Not-for-Profit presentation and disclosure guidance. Contract services, donated salary expenses, donated rent expenses, marketing and promotion, professional fees, and supplies and office expenses are allocated based on the department and the percentage of time that the department supports the various programs and supporting services.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year for the consolidated statement of financial position date of June 30, 2019, comprise the following:

Cash and cash equivalents	**$ 2,377,214**
Unconditional promises to give	**15,000**
Board designated endowment distributions and appropriations	**305**
Endowment distributions and appropriations	**6,765**
	$ 2,399,284

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

Board-designated endowment of $822,614 is subject to an annual spending rate (generally not to exceed 5% of the fair value each year as described in Note 14). Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, mainly money market funds.

NOTE 3. CONCENTRATION OF CREDIT RISK

Cash is maintained at multiple financial institutions and, as a result, credit exposure to any one institution is limited. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to $250,000 per depositor.

At times, the balance of the Foundation's accounts may exceed the federally insured limits. As of June 30, 2019 and 2018, the Foundation's uninsured cash balances totaled $3,360,528 and $2,052,764, respectively. The Foundation has not experienced any losses on its cash balances and believes it is not exposed to any significant credit risk on cash.

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2019 and 2018, unconditional promises to give consisted of the following:

	2019	2018
Unrestricted pledges	**$ 15,000**	$ 572
Restricted pledges to future periods	**128,054**	7,064
With donor restriction pledges	**50,000**	-
Unconditional promises to give before discount	**193,054**	7,636
Less unamortized discount	**1,970**	-
	$ 191,084	$ 7,636

	2019	2018
Amount due in:		
Less than one year	**$ 143,054**	$ 7,636
One to three	**40,000**	-
More than three	**10,000**	-
	$ 193,054	$ 7,636

NOTE 5. FAIR VALUE MEASUREMENTS

As of June 30, 2019, investments consist primarily of pooled diversified funds in the amount of $2,527,014. The pooled diversified funds include investments in funds that invest primarily in money markets, fixed income securities, and equity securities. There are no unfunded commitments in the pooled funds as of June 30, 2019.

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 25,439	$ -	$ -	$ 25,439
Investments in real estate	-	-	470,000	470,000
Pooled diversified funds:				
Money market funds	-	40,213	-	40,213
Fixed income	-	2,045,740	-	2,045,740
Equity funds	-	441,061	-	441,061
Total investments at fair value	$ 25,439	$ 2,527,014	$ 470,000	$ 3,022,453

For the year ending June 30, 2019, there were no changes in the fair value of the Foundation's Level 3 assets.

As of June 30, 2018, investments consist primarily of pooled diversified funds and balanced income funds that include investments in funds that invest primarily in money market accounts, fixed income securities, and equity securities..

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 15,390	$ -	$ -	$ 15,390
Investments in real estate	-	-	470,000	470,000
Pooled balance income funds:				
Money market funds	-	14,762	-	14,762
Fixed income	-	355,715	-	355,715
Equity funds	-	751,381	-	751,381
Pooled diversified funds:				
Money market funds	-	13,893	-	13,893
Fixed income	-	806,129	-	806,129
Equity funds	-	302,111	-	302,111
Total investments at fair value	$ 15,390	$ 2,243,991	$ 470,000	$ 2,729,381

For the year ended June 30, 2018, there were no changes in the fair value of the Foundation's Level 3 assets

NOTE 6. INVESTMENTS IN DIRECT FINANCING LEASES

The Foundation's leasing operations consist of leasing real estate with the University and Board of Regents for the operation and management of student housing facilities and a student center facility, located on the East campus, under a direct financing-type lease expiring in June 2040.

Following is a summary of the Foundation's net investment in a direct financing-type lease at June 30, 2019 and 2018:

	2019	2018
Total minimum lease payments to be received	**$ 60,485,718**	$ 104,485,294
Less unearned income	**25,804,618**	42,034,703
Net investment	**$ 34,681,100**	$ 62,450,591

Net minimum lease payments to be received as of June 30, 2019 for each of the next five years and thereafter are:

	Amount
June 30,	
2020	**$ 897,471**
2021	**960,120**
2022	**1,022,590**
2023	**1,086,272**
2024	**1,153,471**
2025-2029	**6,986,742**
2030-2034	**9,519,086**
2035-2039	**12,928,158**
2040	**127,190**
	$ 34,681,100

NOTE 7. PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment consists of the following:

	Life	**2019**	2018
Golf cart	**5**	**$ 8,950**	$ 8,950
		8,950	8,950
Less accumulated depreciation		**8,950**	8,354
		$ -	$ 596

For the years ending June 30, 2019 and 2018, depreciation expense was $596 and $7,392, respectively.

NOTE 8. ASSETS LIMITED AS TO USE

The financing of the purchase of various facilities including student housing and a student center are subject to the terms of Trust Indentures between the Albany-Dougherty Inner City Authority and Trustees. Under the provisions of the Trust Indenture, Debt Service Reserve Funds will be used to pay principal of, premium, if any, and interest on the bonds if insufficient funds are on deposit with the Trustees on the date such payment is due. The Trust Indenture also provides for other funds, including the Replacement Funds.

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

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

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

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

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

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2019 and 2018 is as follows:

	2019	2018
Debt Service Funds	**$ 2,926,339**	$ 5,612,292
Interest Funds	**-**	698,042
Operating Reserve Funds	**-**	1,638,223
Principal Funds	**-**	957,742
Project Construction Funds	**5,398**	5,382
Replacement & Reserve Funds	**1,011,454**	1,945,240
Revenue Funds	**1,986,803**	1,959,448
	$ 5,929,994	$ 12,816,369

NOTE 8. ASSETS LIMITED AS TO USE (Continued)

ASU Real Estate Foundation, LLC (wholly-owned by the Foundation) was the counterparty on two forward delivery agreements (FDAs) with a financial institution. The first agreement funded a debt service reserve fund for certain bonds issued in 2005 (the Series 2005A ASU Real Estate Foundation Student Housing Project Bonds), and the other agreement funded an operating reserve for the related project that was financed by the Series 2005A bonds.

ASU Real Estate Foundation, LLC undertook to terminate the FDAs in early 2019 in conjunction with the bond defeasance of the Series 2005A Bonds (see Note 10). In May 2019, both FDAs were terminated pursuant to termination agreements that were negotiated with the financial institution. As a result of the negotiations, the financial institution agreed to calculate and pay termination amounts pursuant to the underlying FDAs. The settlement of termination payments were considered to be contingent on the outcome of the negotiations, and therefore, were recorded as revenue when received. For the year ending June 30, 2019, the ASU Real Estate Foundation, LLC recognized FDA termination revenues of $1,069,000 in the accompanying consolidated statements of activities.

NOTE 9. LINE OF CREDIT

During the year ended June 30, 2016, the Foundation entered into an open and revolving line of credit of $150,000 with a financial institution to provide financing for the Rams in the Roses campaign. The line of credit was unsecured, bore interest at the 30 day LIBOR plus 4.00%, and was payable on demand. In January 2018, the line of credit was sufficiently paid off in full and immediately closed.

Interest expense incurred from the line of credit totaled $2,526 for the year ended June 30, 2018.

NOTE 10. BONDS PAYABLE

<u>Series 2005 ASU Real Estate Foundation Student Housing Project Bonds Payable:</u>

During the year ended June 30, 2005, the Albany-Dougherty Inner City Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2005A and B bonds were issued to finance the construction of student housing facilities located on the East campus. The bonds were issued in the aggregate principal amount of $34,230,000.

The bonds consist of two series, the “Revenue Bonds 2005A” in the amount of $33,110,000, and the “Taxable Revenue Bonds 2005B” in the amount of $1,210,000.

The Series 2005A bonds will mature on July 1, 2034, subject to mandatory and optional redemption provisions. The Series 2005B bonds matured on July 1, 2012. The bonds bear interest, payable semiannually on January 1st and July 1st, commencing January 1, 2006, at a fixed interest rate set at issuance.

NOTE 10. BONDS PAYABLE (Continued)

Series 2005 ASU Real Estate Foundation Student Housing Project Bonds Payable (Continued):

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

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

In 2019, the University and the Board of Regents informed the Foundation that as of May 30, 2019, the related student housing facilities, referred to as East Campus Buildings 1 - 4, would be acquired by USG Real Estate Foundation X, LLC, which is wholly owned by the University System of Georgia Foundation, Inc. (a separate not-for-profit organization within the University System of Georgia). On May 30, 2019, the Albany Dougherty Inner City Authority issued refunding revenue bonds and loaned the proceeds to the USG Real Estate Foundation X, LLC in the amount of $21,190,000, which was used to service the outstanding bonds payable liability of $28,535,000, which met the legal requirements for defeasance. As of May 30, 2019, the applicable rental agreement and ground lease between the Foundation and the University and Board of Regents was effectively terminated.

Therefore, neither the assets limited as to use held by the Trustee nor the bonds payable are included on the consolidated statement of financial position as of June 30, 2019. The defeasance resulted in a loss on extinguishment of debt of $2,274,775 for the year ending June 30, 2019.

Series 2010 Campus Facilities I Student Housing and Student Center Project Bonds Payable:

During the year ended June 30, 2010, the Albany-Dougherty Inner City Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2010 bonds were issued to finance the construction of student housing facilities and a student center located on the East campus. The bonds were issued in the aggregate principal amount of $45,520,000.

The Series 2010 bonds will mature on July 1, 2040, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 1st and July 1st, commencing January 1, 2011, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 2.00% to 5.00%.

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

NOTE 10. BONDS PAYABLE (Continued)

Series 2010 Campus Facilities I Student Housing and Student Center Project Bonds Payable (Continued):

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2010 non-taxable bonds redeemed in the principal and interest amounts set forth in the following table:

Redemption Date (July 1st of fiscal year,)	Principal	Interest	Total
2020	$ 1,050,000	$ 1,849,950	$ 2,899,950
2021	1,090,000	1,801,800	2,891,800
2022	1,140,000	1,748,775	2,888,775
2023	1,200,000	1,690,275	2,890,275
2024	1,255,000	1,628,900	2,883,900
2025 – 2029	7,200,000	7,235,281	14,435,281
2030 – 2034	9,095,000	5,275,938	14,370,938
2035 – 2039	11,570,000	2,730,250	14,300,250
2040 – 2041	5,445,000	261,605	5,706,605
	$ 39,045,000	$ 24,222,774	$ 63,267,774

A summary of the components of bonds payable at June 30, 2019 and 2018 are as follows:

	2019	2018
Series 2005 Student Housing Facility bonds	**$ -**	$ 29,490,000
Series 2010 Student Housing & Student Center Facility bonds	**39,045,000**	40,045,000
Unamortized bond issuance costs, net	**(780,389)**	(1,349,199)
Unamortized original issue discount, net	**(229,749)**	(150,447)
	$ 38,034,862	$ 68,035,354

Bond interest expense incurred totaled $3,143,639 and $3,341,973 for the year ended June 30, 2019 and 2018, respectively.

NOTE 11. LEASES

The Foundation (the “Lessee”) entered into a ground lease in June 2005 with the Board of Regents of the University System of Georgia (the “Lessor”) for the purpose of erecting, operating, and maintaining student housing facilities located on the East campus.

The primary term of the ground lease is twenty-eight years, with a Lessee option to extend for an additional five years. The Lessee agreed to pay the Lessor the sum of ten dollars per year in advance upon execution of the lease. As of May 30, 2019, the ground lease between the Foundation and the University and Board of Regents was effectively terminated (see Note 10).

NOTE 11. LEASES (Continued)

The Foundation (the “Lessee”) entered into a ground lease in August 2010 with the Board of Regents of the University System of Georgia (the “Lessor”) for the purpose of erecting, operating, and maintaining student housing facilities and a student center facility located on the East campus.

The primary term of the ground lease is thirty years, with a Lessee option to extend for an additional five years. The Lessee agreed to pay the Lessor the sum of ten dollars per year in advance upon execution of the lease.

NOTE 12. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose:		
Chair and professorship	**$ 1,332**	$ 756
Program support	**204,082**	181,189
Scholarship	**995,068**	850,037
Total subject to expenditure for specified purpose:	**1,200,482**	1,031,982
Perpetual in nature:		
Chair and professorship	**9,667**	9,452
Program support	**22,961**	-
Scholarship	**2,006,103**	1,836,217
Total perpetual in nature:	**2,038,731**	1,845,669
Total net assets with donor restrictions:	**$ 3,239,213**	$ 2,877,651

NOTE 12. RESTRICTIONS ON NET ASSETS (Continued)

Net assets with donor restrictions consist of the following as of June 30, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose:		
Cash	$ 473,569	$ 546,002
Unconditional promises to give, net	126,084	7,064
Accounts receivable	7,500	-
Investments	593,329	478,916
Total subject to expenditure for specified purpose:	1,200,482	1,031,982
Endowments (perpetual in nature and purpose restrictions):		
Cash	599,741	25
Unconditional promises to give, net	50,000	-
Investments	1,388,990	1,846,644
Total endowments:	2,038,731	1,846,669
Total net assets with donor restrictions:	$ 3,239,213	$ 2,877,651

NOTE 13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2019	2018
Chair and professorship	$ 18	$ 78
Program support	312,065	114,859
Scholarships	369,907	127,839
	$ 681,990	$ 242,776

NOTE 14. ENDOWMENT

Interpretation of Relevant Law

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

NOTE 14. ENDOWMENT (Continued)

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

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

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with FASB's *Not-For-Profit* presentation and disclosure guidance, deficiencies of this nature are reported in without donor restriction net assets. At June 30, 2019 and 2018, the Foundation did not have any deficiencies in the endowment.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation's Board of Trustees determines the method to be used to appropriate endowment funds for expenditure. The Foundation has a spending policy whereby a certain percentage (generally not to exceed 5% of the fair value of endowment net assets each year) may be distributed for purposes of supporting without donor restriction and with donor restriction activities.

NOTE 14. ENDOWMENT (Continued)

The Endowment Net Asset Composition by type of Fund as of June 30, 2019 and 2018 is as follows:

	Quasi-Endowment *(Without Donor Restrictions)*	Endowment *(With Donor Restrictions)*	Total
June 30, 2019			
Board-designated endowment funds	**$ 822,614**	**$ -**	**$ 822,614**
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	**-**	**1,988,731**	**1,988,731**
Accumulated investment gains	**-**	**397,252**	**397,252**
Endowment net assets, end of year	**$ 822,614**	**$ 2,385,983**	**$ 3,208,597**
June 30, 2018			
Board-designated endowment funds	$ 212,893	$ -	$ 212,893
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,845,669	1,845,669
Accumulated investment gains	-	283,573	283,573
Endowment net assets, end of year	$ 212,893	$ 2,129,242	$ 2,342,135

The Changes in Endowment Net Assets for the year ended June 30, 2019 are:

	Quasi-Endowment *(Without Donor Restriction)*	Endowment *(With Donor Restriction)*	Total
Endowment net assets, beginning of year	**$ 212,893**	**$ 2,129,242**	**$ 2,342,135**
Investment return (including investment income, realized and unrealized net gains)	**12,658**	**146,312**	**158,970**
Contributions	**-**	**91,437**	**91,437**
Change in donor intent	**597,368**	**25,756**	**623,125**
Appropriation of endowment assets for expenditure	**(305)**	**(6,765)**	**(7,069)**
Endowment net assets, end of year	**$ 822,614**	**$ 2,385,982**	**$ 3,208,596**

NOTE 14. ENDOWMENT (Continued)

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

	Quasi-Endowment *(Without Donor Restriction)*	Endowment *(With Donor Restriction)*	Total
Endowment net assets, beginning of year	$ 197,902	$ 1,820,917	$ 2,018,819
Investment return (including investment income, realized and unrealized net gains)	17,418	112,868	130,286
Contributions	-	43,072	43,072
Change in donor intent	-	230,334	230,334
Appropriation of endowment assets for expenditure	(2,427)	(77,949)	(80,376)
Endowment net assets, end of year	$ 212,893	$ 2,129,242	$ 2,342,135

NOTE 15. RELATED PARTY TRANSACTIONS

At June 30, 2019, the Foundation had payables of $21,830 to the University for department and athletic expense reimbursement payments.

NOTE 16. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through September 20, 2019, the date on which the consolidated financial statements were available to be issued.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Albany State University Foundation, Inc.	ASU Real Estate Foundation, LLC	Campus Facilities I, LLC	Eliminations	Total
ASSETS					
Cash and cash equivalents	$ 3,450,524	$ -	$ -	$ -	$ 3,450,524
Unconditional promises to give, net	191,084	-	-	-	191,084
Accounts receivable	7,500	-	-	-	7,500
Inter-company receivables	-	-	1,548,458	1,548,458	-
Net investments in direct financing leases	-	-	34,681,100	-	34,681,100
Investments	2,552,453	-	-	-	2,552,453
Investments in real estate	470,000	-	-	-	470,000
Property and equipment, net	-	-	-	-	-
Assets limited as to use	-	-	5,929,994	-	5,929,994
Total assets	$ 6,671,561	$ -	$ 42,159,552	$ 1,548,458	$ 47,282,655
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	$ 47,328	$ -	$ -	$ -	$ 47,328
Accounts payable - related party	21,830	-	-	-	21,830
Inter-company payables	1,548,458	-	-	1,548,458	-
Accrued interest payable	-	-	936,788	-	936,788
Bonds payable, net	-	-	38,034,862	-	38,034,862
Total liabilities	1,617,616	-	38,971,650	1,548,458	39,040,808
Net assets					
Without donor restrictions	1,814,732	-	3,187,902	-	5,002,634
With donor restrictions	3,239,213	-	-	-	3,239,213
Total net assets	5,053,945	-	3,187,902	-	8,241,847
Total liabilities and net assets	$ 6,671,561	$ -	$ 42,159,552	$ 1,548,458	$ 47,282,655

See Note to Supplemental Information.

ALBANY STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	Albany State University Foundation, Inc.	ASU Real Estate Foundation, LLC	Campus Facilities I, LLC	Eliminations	Total
ASSETS					
Cash and cash equivalents	$ 2,272,152	$ -	$ -	$ -	$ 2,272,152
Unconditional promises to give, net	7,636			-	7,636
Inter-company receivables	-	374,312	1,202,870	1,577,182	-
Net investments in direct financing leases	-	26,920,576	35,530,015	-	62,450,591
Investments	2,259,381	-	-	-	2,259,381
Investments in real estate	470,000	-	-	-	470,000
Property and equipment, net	596	-	-	-	596
Assets limited as to use	-	6,836,156	5,980,213	-	12,816,369
Total assets	$ 5,009,765	$ 34,131,044	$ 42,713,098	$ 1,577,182	$ 80,276,725
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	$ 18,570	$ -	$ -	$ -	$ 18,570
Inter-company payables	1,577,182	-	-	1,577,182	-
Accrued interest payable	-	696,812	959,288	-	1,656,100
Bonds payable, net	-	28,983,980	39,051,374	-	68,035,354
Total liabilities	1,595,752	29,680,792	40,010,662	1,577,182	69,710,024
Net assets					
Without donor restrictions	536,362	4,450,252	2,702,436	-	7,689,050
With donor restrictions	2,877,651	-	-	-	2,877,651
Total net assets	3,414,013	4,450,252	2,702,436	-	10,566,701
Total liabilities and net assets	$ 5,009,765	$ 34,131,044	$ 42,713,098	$ 1,577,182	$ 80,276,725

See Note to Supplemental Information.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Albany State University Foundation, Inc.	ASU Real Estate Foundation, LLC	Campus Facilities I, LLC	Eliminations	Total
OPERATING REVENUES AND OTHER SUPPORT					
Contributions and special events	$ 987,560	$ -	$ -	$ -	$ 987,560
Investment income	57,190	133,959	62,615	-	253,764
Net realized and unrealized gains on investments	91,460	75,489	-	-	166,949
Donated goods and services	467,458	-	-	-	467,458
Management fee income	65,411	-	-	65,411	-
Loss on sale of property and equipment	-	-	-	-	-
Other income	12,575	-	165,184	-	177,759
Leasing income:					
Rental income	-	184,574	201,625	-	386,199
Interest income on direct financing leases	-	1,357,698	2,137,359	-	3,495,057
Forgiveness of inter-company debt	276,957	-	-	276,957	-
Total leasing income	276,957	1,542,272	2,338,984	276,957	3,881,256
Total operating revenues and other support	1,958,611	1,751,720	2,566,783	342,368	5,934,746
OPERATING EXPENSES					
Program services					
Academic and education	490,186	-	-	-	490,186
Student affairs	93,492	-	-	-	93,492
Other program support	399,754	-	-	-	399,754
Campus facilities	-	2,007,838	2,081,317	342,368	3,746,787
Total program services	983,432	2,007,838	2,081,317	342,368	4,730,219
Supporting services					
Administration and general	471,653	-	-	-	471,653
Fundraising	141,790	-	-	-	141,790
Total supporting services	613,443	-	-	-	613,443
Total operating expenses	1,596,875	2,007,838	2,081,317	342,368	5,343,662
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	361,736	(256,118)	485,466	-	591,084
NON-OPERATING ACTIVITIES					
Contribution expense of R&R funds	-	(1,710,163)	-	-	(1,710,163)
Loss on extinguishment of debt	-	(2,274,775)	-	-	(2,274,775)
FDA termination revenues	-	1,069,000	-	-	1,069,000
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	-	(2,915,938)	-	-	(2,915,938)
CHANGE IN NET ASSETS	361,736	(3,172,056)	485,466	-	(2,324,854)
NET ASSETS, BEGINNING	3,414,013	4,450,252	2,702,436	-	10,566,701
TRANSFERS	1,278,196	(1,278,196)	-		-
NET ASSETS, ENDING	$ 5,053,945	$ -	$ 3,187,902	$ -	$ 8,241,847

See Note to Supplemental Information.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

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

	Albany State University Foundation, Inc.	ASU Real Estate Foundation, LLC	Campus Facilities I, LLC	Eliminations	Total
OPERATING REVENUES AND OTHER SUPPORT					
Contributions and special events	$ 419,754	$ -	$ -	$ -	$ 419,754
Investment income	41,761	196,284	61,386	-	299,431
Net realized and unrealized gains on investments	113,241	-	-	-	113,241
Donated goods and services	268,355	-	-	-	268,355
Management fee income	352,468	-	-	352,468	-
Loss on sale of property and equipment	(63,520)	-	-	-	(63,520)
Other income	32,627	28,900	13	-	61,540
Leasing income:					
Rental income	2,153	195,488	195,754	-	393,395
Interest income on direct financing leases	-	1,527,210	2,186,262	-	3,713,472
Total leasing income	2,153	1,722,698	2,382,016	-	4,106,867
Total operating revenues and other support	1,166,839	1,947,882	2,443,415	352,468	5,205,668
OPERATING EXPENSES					
Program services					
Academic and education	206,274	-	-	-	206,274
Student affairs	53,671	-	-	-	53,671
Other program support	149,071	-	-	-	149,071
Campus facilities	-	2,905,460	2,338,451	352,468	4,891,443
Total program services	409,016	2,905,460	2,338,451	352,468	5,300,459
Supporting services					
Administration and general	327,455	-	-	-	327,455
Fundraising	73,665	-	-	-	73,665
Total supporting services	401,120	-	-	-	401,120
Total operating expenses	810,136	2,905,460	2,338,451	352,468	5,701,579
CHANGE IN NET ASSETS	356,703	(957,578)	104,964	-	(495,911)
NET ASSETS, BEGINNING	3,057,310	5,407,830	2,597,472	-	11,062,612
NET ASSETS, ENDING	$ 3,414,013	$ 4,450,252	$ 2,702,436	$ -	$ 10,566,701

See Note to Supplemental Information.

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018, the Foundation has presented the investment in subsidiaries at cost in the consolidating financial statements.