

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

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2015

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

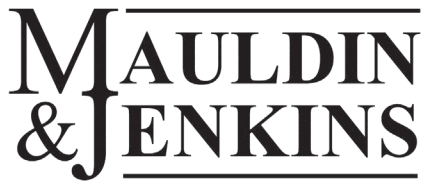
CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees of
the University of West Georgia
Foundation, Inc. and Subsidiaries
Carrollton, Georgia**

We have audited the accompanying consolidated financial statements of the **University of West Georgia Foundation, Inc. and Subsidiaries** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statement of activities and cash flows for the year ended June 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the **University of West Georgia Foundation, Inc. and Subsidiaries** as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 26 - 40 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 2, 2015

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | | |
| Operating | \$ 2,328,241 | \$ 1,841,931 |
| Money market deposits | 2,611,954 | 2,529,659 |
| Agency fund assets | 17,977 | 237,768 |
| Unconditional promises to give, net | 3,836,763 | 4,474,450 |
| Accrued interest receivable | 40,977 | 40,859 |
| Accounts receivable - related party | 103,182 | 163,322 |
| Net investments in direct financing leases | 45,392,100 | 46,686,347 |
| Investments | 27,205,550 | 25,997,891 |
| Assets held under split interest agreements | 142,942 | 148,094 |
| Land at cost | 73,578 | 73,578 |
| Debt issuance costs, net | 721,818 | 783,605 |
| Assets limited as to use | 10,172,829 | 10,006,040 |
| Total assets | \$ 92,647,911 | \$ 92,983,544 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 10,994 | \$ 211,802 |
| Agency fund payable | 17,977 | 237,768 |
| Liabilities under split interest agreements | 73,623 | 75,818 |
| Accrued interest payable | 1,071,926 | 1,090,303 |
| Bonds payable, net | 50,101,680 | 51,319,009 |
| Total liabilities | 51,276,200 | 52,934,700 |
| Net assets | | |
| Unrestricted | 10,297,060 | 9,223,815 |
| Temporarily restricted | 11,900,329 | 12,281,502 |
| Permanently restricted | 19,174,322 | 18,543,527 |
| Total net assets | 41,371,711 | 40,048,844 |
| Total liabilities and net assets | \$ 92,647,911 | \$ 92,983,544 |

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| Contributions and special events | \$ 273,806 | \$ 1,423,071 | \$ 553,371 | \$ 2,250,248 |
| Investment income, net of investment fees | 655,203 | (221,527) | - | 433,676 |
| Net realized and unrealized gains on investments | 65,654 | 546,672 | - | 612,326 |
| Donated goods and services | 1,362,535 | 101,091 | - | 1,463,626 |
| Leasing income: | | | | |
| Rental revenue | 547,106 | - | - | 547,106 |
| Interest income on direct financing leases | 2,723,239 | - | - | 2,723,239 |
| Other income | 100,000 | - | - | 100,000 |
| Total leasing income | 3,370,345 | - | - | 3,370,345 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program restrictions | 2,153,056 | (2,153,056) | - | - |
| Total revenues and other support | 7,880,599 | (303,749) | 553,371 | 8,130,221 |
| EXPENSES | | | | |
| Program services | | | | |
| Academic and education | 981,630 | - | - | 981,630 |
| Other program support | 1,292,579 | - | - | 1,292,579 |
| Campus facilities: | | | | |
| Insurance | 34,962 | - | - | 34,962 |
| Interest expense | 2,450,411 | - | - | 2,450,411 |
| Amortization | 61,787 | - | - | 61,787 |
| Professional fees | 49,357 | - | - | 49,357 |
| Other operating expenses | 48,736 | - | - | 48,736 |
| Total campus facilities | 2,645,253 | - | - | 2,645,253 |
| Total program services | 4,919,462 | - | - | 4,919,462 |
| Support services | | | | |
| Administration and general | 830,766 | - | - | 830,766 |
| Fundraising | 1,057,126 | - | - | 1,057,126 |
| Total support services | 1,887,892 | - | - | 1,887,892 |
| Total expenses | 6,807,354 | - | - | 6,807,354 |
| CHANGE IN NET ASSETS | 1,073,245 | (303,749) | 553,371 | 1,322,867 |
| NET ASSETS, BEGINNING | 9,223,815 | 12,281,502 | 18,543,527 | 40,048,844 |
| CHANGE IN DONOR INTENT | - | (77,424) | 77,424 | - |
| NET ASSETS, ENDING | \$ 10,297,060 | \$ 11,900,329 | \$ 19,174,322 | \$ 41,371,711 |

See Notes to Consolidated Financial Statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

| | |
|---|---------------------|
| OPERATING ACTIVITIES | |
| Change in net assets | \$ 1,322,867 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Net realized and unrealized gains on investments | (612,326) |
| Amortization of bond issuance costs | 61,787 |
| Amortization of original bond issue net premium | (2,329) |
| Contributions restricted for long-term investments | (553,371) |
| Change in value of split interest agreements | 2,957 |
| Decrease in unconditional promises to give | 637,687 |
| Increase in accrued interest receivable | (118) |
| Decrease in accounts receivable - related party | 60,140 |
| Decrease in accounts payable | (14,592) |
| Decrease in accrued interest payable | (18,377) |
| | 884,325 |
| INVESTING ACTIVITIES | |
| Principal received on net investments in direct financing leases | 1,108,031 |
| Sales proceeds of investments | 6,669,635 |
| Purchases of investments | (7,264,968) |
| | 512,698 |
| FINANCING ACTIVITIES | |
| Proceeds from contributions restricted for investment in endowment | 553,371 |
| Bond redemption | (1,215,000) |
| Net proceeds from funds held by Trustee | (166,789) |
| | (828,418) |
| Net increase in cash and cash equivalents | 568,605 |
| Cash and cash equivalents, at beginning of year | 4,371,590 |
| Cash and cash equivalents, at end of year | \$ 4,940,195 |
| Operating | 2,328,241 |
| Money market deposits | 2,611,954 |
| | \$ 4,940,195 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | |
| Interest paid | \$ 2,468,788 |

See Notes to Consolidated Financial Statements.

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

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

Significant accounting policies:

Basis of presentation:

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

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Foundation in accordance with the limitations of its bylaws. Board designated net assets are unrestricted but are designated by the Board to be spent for specific purposes. As of June 30, 2015 and 2014, board designated net assets totaled \$4,648,665 and \$3,932,503, respectively. Temporarily restricted net assets are subject to donor-imposed restrictions that may be met either by the actions of the Foundation or the passage of time. Permanently restricted net assets are permanently subject to donor imposed restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Basis of consolidation:

The consolidated financial statements of the University of West Georgia Foundation, Inc. and subsidiaries includes the accounts of the University of West Georgia Foundation, Inc., University of West Georgia Student Housing, LLC (incorporated in October 2002 for the purpose of constructing student housing), West Georgia Foundation for Student Housing, LLC (incorporated in August 2004 for the purpose of constructing student housing), Evergreen Complex, LLC (incorporated in August 2005 for the purpose of constructing student housing and parking lots), and Wolves Retail, LLC (incorporated in August 2008 for the purpose of purchasing land for future development). The Foundation is the sole member of all of the LLC's. Intercompany accounts and all significant intercompany transactions have been eliminated.

Contributions:

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

Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. The Foundation believes it mitigates risks by depositing cash and investing in cash equivalents with major financial institutions.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Split interest agreements:

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

Donor imposed restrictions:

The Foundation recognizes the expiration of donor-imposed restrictions in the period in which the restrictions expire.

Temporarily restricted accounting:

Endowment and other income, including investment returns, along with private gifts which have donor stipulations that limit their use are recorded as revenue under temporarily restricted net assets and released from restrictions when a stipulated time restriction ends or purpose restriction expires. The related expenses are presented as changes in unrestricted net assets.

Endowment accounting:

Permanent endowment funds are subject to the restrictions of the gift instruments which require that the principal be invested in perpetuity. Unless explicitly stated in the gift instrument, accumulated investment income and realized and unrealized gains of the permanent endowment funds have been classified as temporarily restricted net assets. Transfers reflect a change in donor intent. See Note 11 for discussion on endowment accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Change in donor intent:

During the year ended June 30, 2015, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling \$77,424, resulting in transfers from temporarily restricted net assets to permanently restricted net assets in the amount of \$77,424.

Donated goods and services:

Donated goods and services are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Donated goods and service expense, which primarily represents salaries, supplies, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as administration and general and fundraising expenses in the accompanying consolidated statement of activities. Donated goods and services totaled \$1,463,626 for the year ended June 30, 2015.

Investments:

Investments, including investments held by the Trustee, consist primarily of money market accounts, mutual funds, fixed income securities, and equity securities and are carried at fair value. Investment expenses incurred totaled \$247,950 for the year ended June 30, 2015.

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

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying consolidated financial statements.

Investments in direct financing-type leases:

The Foundation leases real estate to the Board of Regents, a related party. The leases are accounted for as direct financing-type leases. The present value of the minimum lease payments is recorded as an asset and is amortized under the effective interest method as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is recorded as unearned income and is amortized as payments are received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Investments in direct financing-type leases: (Continued)

In accordance with its stated purpose as a not-for-profit organization, the Foundation structures its lease agreements to provide rental proceeds to meet related debt service, interest expenses, and administrative and operating expenses. The terms of these lease agreements are considered more favorable than commercial terms on similar facilities and equipment. The lessees are responsible for the payment of property taxes, routine maintenance, insurance, and other costs incidental to the use of the facilities. The lease agreements generally provide for an initial rental period with renewable terms that extend over the term of the debt financing the leased property. The lease agreements are cancelable by the lessees at specified times during the lives of the leases. Leases with agencies of the State of Georgia are for no longer than one year, with renewable options. Lease payments are structured, together with debt service reserves included in assets limited as to use, to provide sufficient funds to meet the debt service provided all renewal terms are exercised.

Debt issuance costs:

Debt issuance costs, comprised principally of underwriting, legal, accounting, and printing fees, are recorded as deferred charges and amortized over the term of the debt using the interest method. The accumulated amortization totaled \$680,577 and \$618,790 as of June 30, 2015 and 2014, respectively.

Bond premiums and discounts:

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

Agency relationship:

From time to time, the Foundation acts as agent on behalf of another nonprofit foundation affiliated with the University of West Georgia. In certain instances, the Foundation collects cash funds from UWG Athletic Foundation, Inc. (the "Athletic Foundation") to pay scholarship expenses and other operating costs on their behalf. At June 30, 2015 and 2014, the related cash held for the Athletic Foundation was \$17,977 and \$237,768, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

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

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

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

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

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

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income and cost approaches.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

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

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

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

For the year ended June 30, 2015 and 2014, 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.

University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, Evergreen Complex, LLC, and Wolves Retail, LLC are treated as single member LLCs for federal and state income tax purposes. Since the Foundation is the sole member of the University of West Georgia Student Housing, LLC, West Georgia Foundation for Student Housing, LLC, Evergreen Complex, LLC, and Wolves Retail, LLC, all income, losses, and credits for these LLC's are reported on the Foundation's income tax returns.

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

The Foundation files Forms 990 in the U.S. federal jurisdiction and the State of Georgia.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Foundation had a total of \$4,751,134 and \$4,439,860 on deposit with multiple banks as of June 30, 2015 and 2014, respectively. Of this total, \$2,812,844 and \$2,958,325, respectively, was in excess of federally insured limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2015 and 2014, unconditional promises to give consisted of the following:

| | 2015 | 2014 |
|---|--------------|--------------|
| Unrestricted pledges | \$ 11,803 | \$ 16,547 |
| Restricted pledges | 2,638,143 | 3,025,620 |
| Endowment pledges | 1,692,373 | 2,020,094 |
| Unconditional promises to give before discount and allowance for uncollectible pledges | 4,342,319 | 5,062,261 |
| Less unamortized discount | 79,126 | 100,517 |
| Subtotal | 4,263,193 | 4,961,744 |
| Less allowance for uncollectible pledges | 426,430 | 487,294 |
| | \$ 3,836,763 | \$ 4,474,450 |
| | 2015 | 2014 |
| Amount due in: | | |
| Less than one year | \$ 1,101,200 | \$ 1,086,260 |
| One to three years | 1,776,040 | 2,154,127 |
| More than three years | 1,465,079 | 1,821,874 |
| Total | \$ 4,342,319 | \$ 5,062,261 |

Discount rate used was 1.00 percent as a risk-free interest rate.

NOTE 4. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2015:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|-----------|------------|---------------|
| Money market funds | \$ 716,322 | \$ - | \$ - | \$ 716,322 |
| Mutual funds | 5,815,389 | - | - | 5,815,389 |
| Equity securities | 14,288,299 | - | - | 14,288,299 |
| Fixed income securities | 5,655,998 | - | - | 5,655,998 |
| Hedge funds | - | - | 508,543 | 508,543 |
| Partnership funds: | | | | |
| Private investment fund | - | - | 220,999 | 220,999 |
| Total investments | 26,476,008 | - | 729,542 | 27,205,550 |
| Gift annuity trusts | 51,001 | - | - | 51,001 |
| Charitable remainder trusts | - | 91,941 | - | 91,941 |
| Total assets held under split interest agreements | 51,001 | 91,941 | - | 142,942 |
| Total assets at fair value | \$ 26,527,009 | \$ 91,941 | \$ 729,542 | \$ 27,348,492 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2015:

| | Partnership Funds | Hedge Funds | Total |
|---------------------------------|------------------------------|------------------------|-------------------|
| Balances, beginning of the year | \$ 118,817 | \$ - | \$ 118,817 |
| Capital contributions | 112,894 | 500,000 | 612,894 |
| Withdrawals & fees | (10,712) | - | (10,712) |
| Unrealized gains | - | 8,543 | 8,543 |
| Balance, end of the year | <u>\$ 220,999</u> | <u>\$ 508,543</u> | <u>\$ 729,542</u> |

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2014:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------------|------------------|-------------------|----------------------|
| Money market funds | \$ 838,185 | \$ - | \$ - | \$ 838,185 |
| Mutual funds | 5,108,295 | - | - | 5,108,295 |
| Equity securities | 13,867,171 | - | - | 13,867,171 |
| Fixed income securities | 6,065,423 | - | - | 6,065,423 |
| Partnership funds: | | | | |
| Private investment fund | - | - | 118,817 | 118,817 |
| Total investments | <u>25,879,074</u> | <u>-</u> | <u>118,817</u> | <u>25,997,891</u> |
| Gift annuity trusts | 52,821 | - | - | 52,821 |
| Charitable remainder trusts | - | 95,273 | - | 95,273 |
| Total assets held under split interest agreements | <u>52,821</u> | <u>95,273</u> | <u>-</u> | <u>148,094</u> |
| Total assets at fair value | <u>\$ 25,931,895</u> | <u>\$ 95,273</u> | <u>\$ 118,817</u> | <u>\$ 26,145,985</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The private investment fund includes investments in private bank equity, private lending and private real estate offerings, both domestic and international. The unfunded commitment related to these funds was \$773,830 and \$900,000 as of June 30, 2015 and 2014, respectively. Due to the nature of the fund, it is illiquid and does not have a pre-established redemption period. The fair value of the investment has been estimated using the net asset value per share of the investment.

The hedge fund includes investments in pooled investment funds both domestic and international. There is no unfunded commitment related to these funds. The fund has a quarterly redemption frequency and a 45 day prior to trade date redemption notification. The fair value of the investment has been estimated using the net asset value per share of the investment.

NOTE 5. INVESTMENT IN DIRECT FINANCING LEASES

The Foundation's leasing operations consist of leasing real estate with the University and Board of Regents for the operation and management of the student housing facilities and parking lots under direct financing-type leases expiring in various years through June 2039.

Following is a summary of the components of the Foundation's net investment in direct financing-type leases as of June 30, 2015 and 2014:

| | 2015 | 2014 |
|---|---------------|---------------|
| Total minimum lease payments to be received | \$ 82,516,332 | \$ 86,347,623 |
| Less unearned income | 37,124,232 | 39,661,276 |
| Net investment | \$ 45,392,100 | \$ 46,686,347 |

Net minimum lease payments to be received as of June 30, 2015 for each of the next five years and thereafter are:

| | Amount |
|-----------------|---------------|
| June 30, | |
| 2016 | \$ 1,098,200 |
| 2017 | 1,203,160 |
| 2018 | 1,316,718 |
| 2019 | 1,417,032 |
| 2020 | 1,544,119 |
| Thereafter | 38,812,871 |
| | \$ 45,392,100 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. ASSETS LIMITED AS TO USE

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

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

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, 2015 and 2014 is as follows:

| | 2015 | 2014 |
|---------------------------------|----------------------|---------------|
| Debt Service Funds | \$ 5,036,630 | \$ 4,901,023 |
| Interest Funds | 1,071,927 | 1,040,429 |
| Operating and Maintenance Funds | 49,903 | 51,735 |
| Principal Funds | 1,170,418 | 1,064,172 |
| Project Construction Funds | - | 312,223 |
| Replacement Funds | 2,601,094 | 2,305,000 |
| Surplus Funds | 242,857 | 331,458 |
| | \$ 10,172,829 | \$ 10,006,040 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE

Series 2004 West Georgia Foundation for Student Housing Bonds Payable:

During the year ended December 31, 2004, the Carrollton Payroll Development Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2004 bonds were issued to finance the construction of the student housing facility known as Arbor View, Phase II. The bonds were issued in the aggregate principal amount of \$19,355,000. The bonds consist of two series, the "Revenue Bonds 2004A" in the amount of \$19,175,000, and the "Taxable Revenue Bonds 2004B" in the amount of \$180,000.

The Series 2004A bonds will mature on September 1, 2029, subject to mandatory and optional redemption provisions. The Series 2004B bonds matured in September 1, 2007. The bonds bear interest, payable semiannually on March 1st and September 1st, commencing March 1, 2005, at a fixed interest rate set at issuance.

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

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2004A bonds redeemed in the principal and interest amounts set forth in the following table:

| Redemption Date (September 1.) | Principal | Interest | Total |
|-----------------------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 705,000 | \$ 681,819 | \$ 1,386,819 |
| 2017 | 730,000 | 652,301 | 1,382,301 |
| 2018 | 765,000 | 620,598 | 1,385,598 |
| 2019 | 795,000 | 589,876 | 1,384,876 |
| 2020 | 825,000 | 553,351 | 1,378,351 |
| Thereafter | 10,880,000 | 2,842,890 | 13,722,890 |
| | <u>\$ 14,700,000</u> | <u>\$ 5,940,835</u> | <u>\$ 20,640,835</u> |

Series 2005 University of West Georgia Student Housing Bonds Payable:

During the year ended December 31, 2005, the Carrollton Payroll Development Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2005 bonds were issued to refund the Series 2003 Bonds. The original Series 2003 bonds were issued to finance the construction of the student housing facility known as University Suites, Phase I. The bonds were issued in the aggregate principal amount of \$13,860,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

The Series 2005 bonds will mature on August 1, 2029, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on February 1st and August 1st, commencing March 1, 2005, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 3.38% to 5.00%.

Under the Loan Agreement and Indenture of Series 2005, the bonds principal payment amounts are set forth in the following table:

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2005 bonds redeemed in the principal and interest amounts set forth in the following table:

| Redemption Date (August 1,) | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 505,000 | \$ 417,706 | \$ 922,706 |
| 2017 | 525,000 | 396,172 | 921,172 |
| 2018 | 545,000 | 375,441 | 920,441 |
| 2019 | 570,000 | 353,482 | 923,482 |
| 2020 | 590,000 | 330,282 | 920,282 |
| Thereafter | <u>7,450,000</u> | <u>1,723,312</u> | <u>9,173,312</u> |
| | <u>\$ 10,185,000</u> | <u>\$ 3,596,395</u> | <u>\$ 13,781,395</u> |

Series 2008 Evergreen Complex Bonds Payable:

During the year ended December 31, 2008, the Carrollton Payroll Development Authority issued revenue bonds and loaned the proceeds to the Foundation. The Series 2008 bonds were issued to finance the construction of parking lots and student housing facilities known as the Greek Village. The bonds were issued in the aggregate principal amount of \$26,440,000.

The Series 2008 bonds will mature on July 1, 2039, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 1st and July 1st, commencing August 1, 2008, at a fixed interest rate set at issuance.

Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 3.00% to 5.25%.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2008 bonds redeemed in the principal and interest amounts set forth in the following table:

| Redemption Date (July 1,) | Principal | Interest | Total |
|------------------------------|----------------------|----------------------|----------------------|
| 2016 | \$ 120,000 | \$ 1,321,076 | \$ 1,441,076 |
| 2017 | 155,000 | 1,315,726 | 1,470,726 |
| 2018 | 200,000 | 1,308,501 | 1,508,501 |
| 2019 | 245,000 | 1,299,170 | 1,544,170 |
| 2020 | 280,000 | 1,286,964 | 1,566,964 |
| Thereafter | <u>24,625,000</u> | <u>17,327,496</u> | <u>41,952,496</u> |
| | <u>\$ 25,625,000</u> | <u>\$ 23,858,933</u> | <u>\$ 49,483,933</u> |

Summary:

A summary of the components of bonds payable at June 30, 2015 and 2014 is as follows:

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| Series 2004A West Georgia Foundation Student Housing bonds | \$ 14,700,000 | \$ 15,380,000 |
| Series 2005 University of West Georgia Student Housing bonds | 10,185,000 | 10,635,000 |
| Series 2008 Evergreen Complex bonds | 25,625,000 | 25,710,000 |
| Unamortized original issue discount, net | <u>(408,320)</u> | <u>(405,991)</u> |
| | <u>\$ 50,101,680</u> | <u>\$ 51,319,009</u> |

Bond interest expense incurred totaled \$2,450,411 for the year ended June 30, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. LEASES

The Foundation entered into a ground lease in June 2003 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining the University Suites (Phase I) student housing facility. The primary term of the ground lease is twenty-seven years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

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

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

NOTE 9. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|--------------------------|----------------------|----------------------|
| Chair and professorship | \$ 561,625 | \$ 631,979 |
| Program support | 4,418,865 | 4,384,126 |
| Scholarship | 5,805,699 | 5,940,311 |
| Other University support | 1,114,140 | 1,325,086 |
| | <u>\$ 11,900,329</u> | <u>\$ 12,281,502</u> |

Temporarily restricted net assets consist of the following as of June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 2,841,029 | \$ 1,666,805 |
| Unconditional promises to give | 2,333,360 | 2,676,850 |
| Investments | 6,703,140 | 7,913,818 |
| Assets held under split interest agreements | 22,800 | 24,029 |
| | <u>\$ 11,900,329</u> | <u>\$ 12,281,502</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. RESTRICTIONS ON NET ASSETS (Continued)

Permanently restricted net assets are available for the following purposes as of June 30, 2015 and 2014:

| | 2015 | 2014 |
|--------------------------|---------------|---------------|
| Chair and professorship | \$ 1,762,715 | \$ 1,758,160 |
| Program support | 4,215,805 | 4,113,571 |
| Scholarship | 13,054,551 | 12,580,110 |
| Other University support | 141,251 | 91,686 |
| | \$ 19,174,322 | \$ 18,543,527 |

Permanently restricted net assets consist of the following as of June 30, 2015 and 2014:

| | 2015 | 2014 |
|---|---------------|---------------|
| Unconditional promises to give | \$ 1,491,958 | \$ 1,781,466 |
| Investments | 17,635,867 | 16,713,813 |
| Assets held under split interest agreements | 46,497 | 48,248 |
| | \$ 19,174,322 | \$ 18,543,527 |

NOTE 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the year ended June 30, 2015 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

| | |
|--------------------------|--------------|
| Chair and professorship | \$ 95,685 |
| Program support | 541,569 |
| Scholarship | 905,038 |
| Other University support | 610,764 |
| | \$ 2,153,056 |

NOTE 11. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. 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 GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2015 and 2014, the Foundation did not have any such 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. Under this policy, as approved by the Finance Committee of the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation's Finance and Investment Committee of the Board of Trustees (the "Committee") determines the 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 unrestricted and temporarily restricted activities. In addition, the Foundation charges a 1.3% administration fee to support unrestricted activities, which is calculated based on the fair market value of the endowment investments. Historically, the administrative fee was calculated based on the fair market value of the endowment investments on December 31st of each calendar year. As of January 1, 2015, the administrative fee is calculated based on the fair market value of the endowment investments quarterly. In May 2014, the Committee recommended, and the Board of Trustees approved, a spending policy of 4.5% for the 2015 / 2016 academic school year.

The Changes in Endowment Net Assets for the year ended June 30, 2015 are:

| | Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015 | | | |
|--|--|-----------------------------------|-----------------------------------|----------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
| Endowment net assets, beginning of year | <u>\$ 3,042,991</u> | <u>\$ 6,957,034</u> | <u>\$ 18,543,527</u> | <u>\$ 28,543,552</u> |
| Investment return: | | | | |
| Investment income, net of investment fees | 17,966 | (163,135) | - | (145,169) |
| Realized and unrealized gains | <u>5,587</u> | <u>546,672</u> | - | <u>552,259</u> |
| Total investment return | 23,553 | 383,537 | - | 407,090 |
| Contributions | - | - | 553,371 | 553,371 |
| Transfers | 100,000 | - | - | 100,000 |
| Change in donor intent | - | (7,685) | 77,424 | 69,739 |
| Appropriation of endowment assets for expenditure | - | <u>(833,904)</u> | - | <u>(833,904)</u> |
| Endowment net assets, end of year | <u>\$ 3,166,544</u> | <u>\$ 6,498,982</u> | <u>\$ 19,174,322</u> | <u>\$ 28,839,848</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. ENDOWMENT (Continued)

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA totaled \$19,174,322 and \$18,543,527 at June 30, 2015 and 2014, respectively. The portion of perpetual endowment funds subject to a time and purpose restriction under UPMIFA totaled \$6,498,982 and \$6,957,034 at June 30, 2015 and 2014, respectively.

NOTE 12. RELATED PARTY TRANSACTIONS

The Foundation holds funds at various financial institutions in order to minimize credit risk. The Foundation has funds in two local financial institutions as of June 30, 2015 and 2014, of which members of their upper management were also members of the Foundation's Board of Trustees. Deposits held at the two financial institutions totaled \$2,020,432 and \$3,089,856 at June 30, 2015 and 2014, respectively.

A member of the Foundation's Board of Trustees is also a partner in the Foundation's legal counsel's firm. Total fees paid to the firm was \$11,816 during the year ended June 30, 2015.

NOTE 13. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through September 2, 2015, the date on which the financial statements were available to be issued.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015**

| | University of West Georgia Foundation, Inc. | University of West Georgia Student Housing, LLC | West Georgia Foundation for Student Housing, LLC | Evergreen Complex, LLC | Wolves Retail, LLC | Eliminations | Total |
|---|---|--|---|---------------------------|-----------------------|-------------------|----------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | | | | | | | |
| Operating | \$ 2,322,052 | \$ - | \$ - | \$ 6,189 | \$ - | \$ - | \$ 2,328,241 |
| Money market deposits | 2,611,954 | - | - | - | - | - | 2,611,954 |
| Agency fund assets | 17,977 | - | - | - | - | - | 17,977 |
| Unconditional promises to give, net | 3,836,763 | - | - | - | - | - | 3,836,763 |
| Accrued interest receivable | - | 17,764 | 23,213 | - | - | - | 40,977 |
| Accounts receivable - related party | 103,182 | - | - | - | - | - | 103,182 |
| Inter-company receivables | - | 334,853 | 344,825 | 6,860 | - | 686,538 | - |
| Net investments in direct financing leases | - | 8,935,972 | 14,150,200 | 22,305,928 | - | - | 45,392,100 |
| Investments | 27,205,550 | - | - | - | - | - | 27,205,550 |
| Assets held under split interest agreements | 142,942 | - | - | - | - | - | 142,942 |
| Land at cost | - | - | - | - | 73,578 | - | 73,578 |
| Debt issuance costs, net | - | 145,054 | 227,461 | 349,303 | - | - | 721,818 |
| Assets limited as to use | - | 3,013,939 | 3,620,953 | 3,537,937 | - | - | 10,172,829 |
| Total assets | <u>\$ 36,240,420</u> | <u>\$ 12,447,582</u> | <u>\$ 18,366,652</u> | <u>\$ 26,206,217</u> | <u>\$ 73,578</u> | <u>\$ 686,538</u> | <u>\$ 92,647,911</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 10,994 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,994 |
| Agency fund payable | 17,977 | - | - | - | - | - | 17,977 |
| Inter-company payables | 6,860 | - | - | 679,678 | - | 686,538 | - |
| Liabilities under split interest agreements | 73,623 | - | - | - | - | - | 73,623 |
| Accrued interest payable | - | 178,779 | 231,485 | 661,662 | - | - | 1,071,926 |
| Bonds payable, net | - | 10,030,967 | 14,809,468 | 25,261,245 | - | - | 50,101,680 |
| Total liabilities | <u>109,454</u> | <u>10,209,746</u> | <u>15,040,953</u> | <u>26,602,585</u> | <u>-</u> | <u>686,538</u> | <u>51,276,200</u> |
| Net assets (deficit) | | | | | | | |
| Unrestricted | 5,056,315 | 2,237,836 | 3,325,699 | (396,368) | 73,578 | - | 10,297,060 |
| Temporarily restricted | 11,900,329 | - | - | - | - | - | 11,900,329 |
| Permanently restricted | 19,174,322 | - | - | - | - | - | 19,174,322 |
| Total net assets (deficit) | <u>36,130,966</u> | <u>2,237,836</u> | <u>3,325,699</u> | <u>(396,368)</u> | <u>73,578</u> | <u>-</u> | <u>41,371,711</u> |
| Total liabilities and net assets | <u>\$ 36,240,420</u> | <u>\$ 12,447,582</u> | <u>\$ 18,366,652</u> | <u>\$ 26,206,217</u> | <u>\$ 73,578</u> | <u>\$ 686,538</u> | <u>\$ 92,647,911</u> |

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

| | University of West Georgia Foundation, Inc. | University of West Georgia Student Housing, LLC | West Georgia Foundation for Student Housing, LLC | Evergreen Complex, LLC | Wolves Retail, LLC | Eliminations | Total |
|---|---|--|---|---------------------------|-----------------------|-------------------|----------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | | | | | | | |
| Operating | \$ 1,835,742 | \$ - | \$ - | \$ 6,189 | \$ - | \$ - | \$ 1,841,931 |
| Money market deposits | 2,529,659 | - | - | - | - | - | 2,529,659 |
| Agency fund assets | 237,768 | - | - | - | - | - | 237,768 |
| Unconditional promises to give, net | 4,474,450 | - | - | - | - | - | 4,474,450 |
| Accrued interest receivable | - | 17,646 | 23,213 | - | - | - | 40,859 |
| Accounts receivable - related party | 163,322 | - | - | - | - | 764,691 | 163,322 |
| Inter-company receivables | - | 419,850 | 344,824 | 17 | - | - | - |
| Net investments in direct financing leases | - | 9,430,317 | 14,696,915 | 22,559,115 | - | - | 46,686,347 |
| Investments | 25,997,891 | - | - | - | - | - | 25,997,891 |
| Assets held under split interest agreements | 148,094 | - | - | - | - | - | 148,094 |
| Land at cost | - | - | - | - | 73,578 | - | 73,578 |
| Debt issuance costs, net | - | 162,180 | 253,467 | 367,958 | - | - | 783,605 |
| Assets limited as to use | - | 2,841,411 | 3,400,013 | 3,764,616 | - | - | 10,006,040 |
| Total assets | <u>\$ 35,386,926</u> | <u>\$ 12,871,404</u> | <u>\$ 18,718,432</u> | <u>\$ 26,697,895</u> | <u>\$ 73,578</u> | <u>\$ 764,691</u> | <u>\$ 92,983,544</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 25,585 | \$ - | \$ - | \$ 186,217 | \$ - | \$ - | \$ 211,802 |
| Agency fund payable | 237,768 | - | - | - | - | - | 237,768 |
| Inter-company payables | 18 | 84,997 | - | 679,676 | - | 764,691 | - |
| Liabilities under split interest agreements | 75,818 | - | - | - | - | - | 75,818 |
| Accrued interest payable | - | 187,216 | 239,884 | 663,203 | - | - | 1,090,303 |
| Bonds payable, net | - | 10,471,772 | 15,511,482 | 25,335,755 | - | - | 51,319,009 |
| Total liabilities | <u>339,189</u> | <u>10,743,985</u> | <u>15,751,366</u> | <u>26,864,851</u> | <u>-</u> | <u>764,691</u> | <u>52,934,700</u> |
| Net assets (deficit) | | | | | | | |
| Unrestricted | 4,222,708 | 2,127,419 | 2,967,066 | (166,956) | 73,578 | - | 9,223,815 |
| Temporarily restricted | 12,281,502 | - | - | - | - | - | 12,281,502 |
| Permanently restricted | 18,543,527 | - | - | - | - | - | 18,543,527 |
| Total net assets (deficit) | <u>35,047,737</u> | <u>2,127,419</u> | <u>2,967,066</u> | <u>(166,956)</u> | <u>73,578</u> | <u>-</u> | <u>40,048,844</u> |
| Total liabilities and net assets | <u>\$ 35,386,926</u> | <u>\$ 12,871,404</u> | <u>\$ 18,718,432</u> | <u>\$ 26,697,895</u> | <u>\$ 73,578</u> | <u>\$ 764,691</u> | <u>\$ 92,983,544</u> |

See Note to Supplemental Information.

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

| | University of West Georgia Foundation, Inc. | University of West Georgia Student Housing, LLC | West Georgia Foundation for Student Housing, LLC | Evergreen Complex, LLC | Wolves Retail, LLC | Eliminations | Total |
|--|---|--|---|---------------------------|-----------------------|--------------|---------------|
| REVENUES AND OTHER SUPPORT | | | | | | | |
| Contributions and special events | \$ 2,243,388 | - | - | \$ 6,860 | - | - | \$ 2,250,248 |
| Investment income (loss), net of investment fees | (238,067) | 42,436 | 122,817 | 95,725 | - | (410,765) | 433,676 |
| Net realized and unrealized gain on investments | 612,326 | - | - | - | - | - | 612,326 |
| Donated goods and services | 1,463,626 | - | - | - | - | - | 1,463,626 |
| Administrative fees | 410,765 | - | - | - | - | 410,765 | - |
| Leasing income: | | | | | | | |
| Rental revenue | - | 356,498 | 137,455 | 53,153 | - | - | 547,106 |
| Interest income on direct financing leases | - | 396,379 | 895,421 | 1,431,439 | - | - | 2,723,239 |
| Other income | - | - | 100,000 | - | - | - | 100,000 |
| Total leasing income | - | 752,877 | 1,132,876 | 1,484,592 | - | - | 3,370,345 |
| Total revenues and other support | 4,492,038 | 795,313 | 1,255,693 | 1,587,177 | - | - | 8,130,221 |
| EXPENSES | | | | | | | |
| Program services: | | | | | | | |
| Academic and education | 981,630 | - | - | - | - | - | 981,630 |
| Other program support | 1,292,579 | - | - | - | - | - | 1,292,579 |
| Campus facilities: | | | | | | | |
| Insurance | - | - | - | 34,962 | - | - | 34,962 |
| Interest expense | - | 439,952 | 676,643 | 1,333,816 | - | - | 2,450,411 |
| Amortization | - | 17,126 | 26,006 | 18,655 | - | - | 61,787 |
| Professional fees | - | 5,544 | 43,813 | - | - | - | 49,357 |
| Other operating expenses | - | 5,274 | 17,411 | 26,051 | - | - | 48,736 |
| Total campus facilities | - | 467,896 | 720,060 | 1,457,297 | - | - | 2,645,253 |
| Total program services | 2,274,209 | 467,896 | 720,060 | 1,457,297 | - | - | 4,919,462 |
| Support services | | | | | | | |
| Administration and general Fundraising | 830,766 | - | - | - | - | - | 830,766 |
| | 1,057,126 | - | - | - | - | - | 1,057,126 |
| Total support services | 1,887,892 | - | - | - | - | - | 1,887,892 |
| Total expenses | 4,162,101 | 467,896 | 720,060 | 1,457,297 | - | - | 6,807,354 |
| CHANGE IN NET ASSETS | 329,937 | 327,417 | 535,633 | 129,850 | - | - | 1,322,867 |
| NET ASSETS (DEFICIT), BEGINNING | 35,047,737 | 2,127,419 | 2,967,066 | (166,956) | 73,578 | - | 40,048,844 |
| TRANSFERS | 753,292 | (217,000) | (177,000) | (359,292) | - | - | - |
| NET ASSETS (DEFICIT), ENDING | \$ 36,130,966 | \$ 2,237,836 | \$ 3,325,699 | \$ (396,368) | \$ 73,578 | \$ - | \$ 41,371,711 |

See Note to Supplemental Information.

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

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the year ended June 30, 2015, the Foundation has presented the investments in subsidiaries at cost on the consolidating financial statements.

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | | |
| Operating | \$ 2,322,052 | \$ 1,835,742 |
| Money market deposits | 2,611,954 | 2,529,659 |
| Agency fund assets | 17,977 | 237,768 |
| Unconditional promises to give, net | 3,836,763 | 4,474,450 |
| Accounts receivable - related party | 103,182 | 163,322 |
| Investments | 27,205,550 | 25,997,891 |
| Assets held under split interest agreements | 142,942 | 148,094 |
| Total assets | \$ 36,240,420 | \$ 35,386,926 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 10,994 | \$ 25,585 |
| Agency fund payable | 17,977 | 237,768 |
| Inter-company payables | 6,860 | 18 |
| Liabilities under split interest agreements | 73,623 | 75,818 |
| Total liabilities | 109,454 | 339,189 |
| Net assets | | |
| Unrestricted | 5,056,315 | 4,222,708 |
| Temporarily restricted | 11,900,329 | 12,281,502 |
| Permanently restricted | 19,174,322 | 18,543,527 |
| Total net assets | 36,130,966 | 35,047,737 |
| Total liabilities and net assets | \$ 36,240,420 | \$ 35,386,926 |

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------------|---------------------------|---------------------------|----------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| Contributions and special events | \$ 266,946 | \$ 1,423,071 | \$ 553,371 | \$ 2,243,388 |
| Investment income (loss), net of investment fees | (16,540) | (221,527) | - | (238,067) |
| Net realized and unrealized gain on investments | 65,654 | 546,672 | - | 612,326 |
| Donated goods and services | 1,362,535 | 101,091 | - | 1,463,626 |
| Administrative fees | 410,765 | - | - | 410,765 |
| | <u>2,089,360</u> | <u>1,849,307</u> | <u>553,371</u> | <u>4,492,038</u> |
| Net assets released from restrictions: | | | | |
| Satisfaction of program restrictions | 2,153,056 | (2,153,056) | - | - |
| Total revenues and other support | <u>4,242,416</u> | <u>(303,749)</u> | <u>553,371</u> | <u>4,492,038</u> |
| EXPENSES | | | | |
| Program services | | | | |
| Academic and education | 981,630 | - | - | 981,630 |
| Other program support | 1,292,579 | - | - | 1,292,579 |
| Total program services | <u>2,274,209</u> | <u>-</u> | <u>-</u> | <u>2,274,209</u> |
| Support services | | | | |
| Administration and general | 830,766 | - | - | 830,766 |
| Fundraising | 1,057,126 | - | - | 1,057,126 |
| Total support services | <u>1,887,892</u> | <u>-</u> | <u>-</u> | <u>1,887,892</u> |
| Total expenses | <u>4,162,101</u> | <u>-</u> | <u>-</u> | <u>4,162,101</u> |
| CHANGE IN NET ASSETS | <u>80,315</u> | <u>(303,749)</u> | <u>553,371</u> | <u>329,937</u> |
| NET ASSETS, BEGINNING | <u>4,222,708</u> | <u>12,281,502</u> | <u>18,543,527</u> | <u>35,047,737</u> |
| CHANGE IN DONOR INTENT | <u>-</u> | <u>(77,424)</u> | <u>77,424</u> | <u>-</u> |
| TRANSFERS | <u>753,292</u> | <u>-</u> | <u>-</u> | <u>753,292</u> |
| NET ASSETS, ENDING | <u>\$ 5,056,315</u> | <u>\$ 11,900,329</u> | <u>\$ 19,174,322</u> | <u>\$ 36,130,966</u> |

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|--|-------------------|-------------------|
| ASSETS | | |
| Accrued interest receivable | \$ 17,764 | \$ 17,646 |
| Inter-company receivables | 334,853 | 419,850 |
| Net investments in direct financing leases | 8,935,972 | 9,430,317 |
| Debt issuance costs, net | 145,054 | 162,180 |
| Assets limited as to use | 3,013,939 | 2,841,411 |
| Total assets | \$ 12,447,582 | \$ 12,871,404 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Inter-company payables | \$ - | \$ 84,997 |
| Accrued interest payable | 178,779 | 187,216 |
| Bonds payable, net | 10,030,967 | 10,471,772 |
| Total liabilities | 10,209,746 | 10,743,985 |
| Net Assets | | |
| Unrestricted | 2,237,836 | 2,127,419 |
| Total liabilities and net assets | \$ 12,447,582 | \$ 12,871,404 |

UNIVERSITY OF WEST GEORGIA STUDENT HOUSING, LLC

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

REVENUES AND OTHER SUPPORT

| | | |
|--|----|----------------|
| Investment income | \$ | 42,436 |
| Leasing income: | | |
| Rental revenue | | 356,498 |
| Interest income on direct financing leases | | 396,379 |
| Total leasing income | | <u>752,877</u> |
| Total revenues and other support | | <u>795,313</u> |

EXPENSES

Program services:

| | | |
|--------------------------|--|----------------|
| Campus facilities: | | |
| Interest expense | | 439,952 |
| Amortization | | 17,126 |
| Professional fees | | 5,544 |
| Other operating expenses | | 5,274 |
| Total campus facilities | | <u>467,896</u> |
| Total expenses | | <u>467,896</u> |

CHANGE IN UNRESTRICTED NET ASSETS

327,417

NET ASSETS, BEGINNING

2,127,419

TRANSFERS

(217,000)

NET ASSETS, ENDING

\$ 2,237,836

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Accrued interest receivable | \$ 23,213 | \$ 23,213 |
| Inter-company receivables | 344,825 | 344,824 |
| Net investments in direct financing leases | 14,150,200 | 14,696,915 |
| Debt issuance costs, net | 227,461 | 253,467 |
| Assets limited as to use | <u>3,620,953</u> | <u>3,400,013</u> |
| Total assets | <u>\$ 18,366,652</u> | <u>\$ 18,718,432</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accrued interest payable | \$ 231,485 | \$ 239,884 |
| Bonds payable, net | <u>14,809,468</u> | <u>15,511,482</u> |
| Total liabilities | <u>15,040,953</u> | <u>15,751,366</u> |
| | | |
| Net Assets | | |
| Unrestricted | <u>3,325,699</u> | <u>2,967,066</u> |
| Total liabilities and net assets | <u>\$ 18,366,652</u> | <u>\$ 18,718,432</u> |

WEST GEORGIA FOUNDATION FOR STUDENT HOUSING, LLC

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

REVENUES AND OTHER SUPPORT

| | | |
|--|----|------------------|
| Investment income | \$ | 122,817 |
| Leasing income: | | |
| Rental revenue | | 137,455 |
| Interest income on direct financing leases | | 895,421 |
| Other income | | 100,000 |
| Total leasing income | | <u>1,132,876</u> |
| Total revenues and other support | | <u>1,255,693</u> |

EXPENSES

Program services:

| | | |
|--------------------------|--|----------------|
| Campus facilities: | | |
| Interest expense | | 676,643 |
| Amortization | | 26,006 |
| Other operating expenses | | 17,411 |
| Total campus facilities | | <u>720,060</u> |
| Total expenses | | <u>720,060</u> |

CHANGE IN UNRESTRICTED NET ASSETS

535,633

NET ASSETS, BEGINNING

2,967,066

TRANSFERS

(177,000)

NET ASSETS, ENDING

\$ 3,325,699

EVERGREEN COMPLEX, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Cash and cash equivalents | | |
| Operating | \$ 6,189 | \$ 6,189 |
| Inter-company receivables | 6,860 | 17 |
| Net investments in direct financing leases | 22,305,928 | 22,559,115 |
| Debt issuance costs, net | 349,303 | 367,958 |
| Assets limited as to use | <u>3,537,937</u> | <u>3,764,616</u> |
| Total assets | <u>\$ 26,206,217</u> | <u>\$ 26,697,895</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ - | \$ 186,217 |
| Inter-company payables | 679,678 | 679,676 |
| Accrued interest payable | 661,662 | 663,203 |
| Bonds payable, net | <u>25,261,245</u> | <u>25,335,755</u> |
| Total liabilities | <u>26,602,585</u> | <u>26,864,851</u> |
| Net (Deficit) | | |
| Unrestricted | <u>(396,368)</u> | <u>(166,956)</u> |
| Total liabilities and net assets | <u>\$ 26,206,217</u> | <u>\$ 26,697,895</u> |

EVERGREEN COMPLEX, LLC

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

REVENUES AND OTHER SUPPORT

| | | |
|--|----|------------------|
| Contributions and special events | \$ | 6,860 |
| Investment income | | 95,725 |
| Leasing income: | | |
| Rental revenue | | 53,153 |
| Interest income on direct financing leases | | 1,431,439 |
| Total leasing income | | <u>1,484,592</u> |
| Total revenues and other support | | <u>1,587,177</u> |

EXPENSES

Program services:

| | | |
|--------------------------|--|------------------|
| Campus facilities: | | |
| Insurance | | 34,962 |
| Interest expense | | 1,333,816 |
| Amortization | | 18,655 |
| Board of Regents fees | | 43,813 |
| Other operating expenses | | 26,051 |
| Total campus facilities | | <u>1,457,297</u> |
| Total expenses | | <u>1,457,297</u> |

CHANGE IN UNRESTRICTED NET ASSETS

129,880

NET ASSETS, BEGINNING

(166,956)

TRANSFERS

(359,292)

NET ASSETS, ENDING

\$ (396,368)

WOLVES RETAIL, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|-----------------------|-------------------------|-------------------------|
| ASSETS | | |
| Land at cost | \$ <u>73,578</u> | \$ <u>73,578</u> |
| Total assets | \$ <u><u>73,578</u></u> | \$ <u><u>73,578</u></u> |
| NET ASSETS | | |
| Net Assets | | |
| Unrestricted | \$ <u>73,578</u> | \$ <u>73,578</u> |
| Total net assets | \$ <u><u>73,578</u></u> | \$ <u><u>73,578</u></u> |

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.
SCHEDULE OF ADMINISTRATION AND GENERAL EXPENSES
YEAR ENDED JUNE 30, 2015

| | | |
|------------------------------|-----------|----------------|
| Advertising | \$ | 431 |
| Audit & tax | | 37,469 |
| Bank charges | | 681 |
| Consulting | | 30,113 |
| Honorarium | | 14,797 |
| Insurance | | 12,602 |
| Legal | | 8,775 |
| Membership dues | | 16,552 |
| Miscellaneous | | 13,648 |
| Postage | | 10,527 |
| President auto allowance | | 12,000 |
| Property & tax expenses | | 2,936 |
| Recognition items/memorial | | 3,465 |
| Registration | | 5,985 |
| Rental | | 2,592 |
| Repairs and maintenance | | 4,002 |
| Salaries & benefits | | 527,876 |
| Software | | 7,954 |
| Special events/entertainment | | 42,977 |
| Staff development | | 1,303 |
| Subscriptions | | 4,315 |
| Supplies | | 53,854 |
| Telecommunications | | 2,557 |
| Travel | | 13,355 |
| | | <hr/> |
| Total | \$ | 830,766 |
| | | <hr/> <hr/> |

UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

SCHEDULE OF FUNDRAISING EXPENSES YEAR ENDED JUNE 30, 2015

| | | |
|--------------------------------|-----------|------------------|
| A-Day expenses | \$ | 10,162 |
| Advertising | | 4,243 |
| Apparel | | 1,046 |
| Consulting | | 19,113 |
| Equipment expenses | | 1,117 |
| Honorarium | | 14,797 |
| Hospitality expenses | | 5,141 |
| Membership dues | | 154 |
| Miscellaneous expenses | | 8,225 |
| Other fundraising expenses | | 16,922 |
| Phonathon | | 1,045 |
| Postage | | 16,356 |
| Publications and printing | | 11,309 |
| Recognition items | | 10,594 |
| Registration fees | | 7,028 |
| Rentals | | 1,751 |
| Salaries & benefits | | 693,673 |
| Software | | 7,954 |
| Special events / entertainment | | 98,783 |
| Subscriptions | | 8,189 |
| Supplies | | 50,851 |
| Telecommunications | | 6,576 |
| Travel | | 62,097 |
| Total | \$ | 1,057,126 |