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### Notes to Financial Statements

June 30, 2019 and 2018

#### Note 7 – Related Party Transactions

During the years ended June 30, 2019 and 2018, the Rutherford Entity leased the Rutherford Entity's facility to the Board of Regents for a semiannual lease payment of \$636,697 and \$635,328, respectively, which includes a semiannual repair and replacement component of \$35,587 and \$34,218, respectively. During the years ended June 30, 2019 and 2018, capital lease interest income of \$601,404 and \$629,006, respectively, capital lease principal of \$600,816 and \$573,213, respectively, and rental income of \$71,174 and \$68,437, respectively, were recorded under this lease agreement. The lease agreement with the Board of Regents is the sole source of revenue for the Rutherford Entity, which constitutes a concentration of credit risk, and is renewable on an annual basis after inception for a period of 19 years with escalating rents.

The lease agreement provides that certain amounts paid by the Rutherford Entity be reimbursed by the Board of Regents. During the years ended June 30, 2019 and 2018, these amounts were \$31,795 and \$35,064, respectively.

The Rutherford Entity also leases the use of land from the Board of Regents where it has constructed property on Board of Regents' land. This ground lease is for a period of up to 2 years during construction and continues for 20 years after construction is complete for a base rental of \$10 per year. Under the ground lease, the ownership of any building or structure constructed on the land passes to the Board of Regents at the end of the ground lease.

The Rutherford Entity signed an agreement with the Real Estate Foundation to pay for management services of \$2,750 per month, with periods to coincide with the lease. This agreement can be terminated by either party upon a 30 day written notice. During each of the years ended June 30, 2019 and 2018, the Rutherford Entity paid \$33,000 to the Real Estate Foundation for services related to this agreement.